

**30/04/2008**

**EXECUTION OF AGREEMENTS BETWEEN UMW CORPORATION SDN BHD AND DKLS OIL & GAS SDN BHD (FORMERLY KNOWN AS DKLS HOMEFIELDS SDN BHD)**

Announcement Details :

**1. INTRODUCTION**

Further to our announcement on 21<sup>st</sup> February 2008 in respect of the execution of a Heads of Agreement in relation to the establishment of a joint venture between UMW Corporation Sdn Bhd (“UMWC”), a wholly-owned subsidiary of UMW and DKLS Oil & Gas Sdn Bhd (formerly known as DKLS Homefields Sdn Bhd) (“DKLS O&G”), a wholly-owned subsidiary of DKLS Industries Berhad, to undertake the business of fabrication of oil and gas offshore structures in Malaysia, we wish to announce that, UMWC has today entered into a Sale of Shares Agreement (“SSA”) and a Joint Venture and Shareholders’ Agreement (“JVSA”) with DKLS O&G, for the purpose of the above-mentioned joint venture, through UMW Fabritech Sdn Bhd (formerly known as UMW Coating Technologies Sdn Bhd) (“UFSB”), a company presently wholly-owned by UMWC (“Proposed Joint Venture”).

**2. DETAILS OF THE PROPOSED JOINT VENTURE**

Under the SSA, UMWC will dispose 3,000,000 ordinary shares of RM1.00 each in UFSB, representing 30% of the total issued and paid-up share capital of UFSB, to DKLS O&G, for a total consideration of RM1,000,000 (“Proposed Disposal”).

The execution of the JVSA between UMWC and DKLS O&G (hereinafter referred to as “the Parties”) is to give effect to the intentions of the Parties in the smooth running of the business operations of UFSB and the manner in which the affairs of UFSB shall be regulated.

Upon execution of the JVSA, UFSB will enter into two separate Sale and Purchase Agreements (“SPAs”) for the acquisition of two pieces of land to be developed into an oil and gas fabrication yard in Lumut, Manjung, Perak (“Proposed Acquisition of Land”). Details of the Proposed Acquisition of Land will be announced upon finalisation and execution of the SPAs.

UFSB is a company incorporated under the Companies Act, 1965 on 12<sup>th</sup> March 2004 and has its registered office at 3<sup>rd</sup> Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan. The existing paid-up capital of UFSB is RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each. The principal activity of UFSB will be the provision sandblasting, testing, priming, coating, inspection, maintenance and repair services of equipment and tubes as well as the provision of fabrication services to the oil and gas industry.

**3. DETAILS OF THE PARTIES OF THE JOINT VENTURE**

**3.1 Information on UMWC**

UMWC is a company incorporated under the Companies Act, 1965 on 8<sup>th</sup> August 1970 and has its registered office at 3<sup>rd</sup> Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan.

The principal activity of UMWC is the provision of full corporate, administrative, professional, security services and financial support to its subsidiaries and associated companies. UMWC also trades in a range of light and heavy equipment.

The issued and paid-up share capital of UMWC is RM238,503,375 divided into 238,503,375 ordinary shares of par value RM1.00 each.

**3.2 Information on DKLS O&G**

DKLS O&G is a company incorporated under the Companies Act, 1965 on 22<sup>nd</sup> February 2005 and has its registered office at 51E, Tingkat Satu, Jalan Raja Omar, 32000 Sitiawan, Perak.

DKLS O&G is an investment holding company.

The existing paid-up capital of DKLS O&G is RM2.00 divided into 2 ordinary shares of RM1.00 each.

#### **4. CONSIDERATION**

The total consideration of RM1,000,000 for the Proposed Disposal was arrived at on a willing-buyer willing-seller basis.

#### **5. RATIONALE**

The rationale of the Proposed Joint Venture is for the setting up of a Malaysian-based fabrication yard, as part of the UMW Oil & Gas Division's strategy to take advantage of the growing potential in this market segment.

#### **6. APPROVALS**

The Proposed Disposal is not subject to the approval of the shareholders of UMW. However, the Proposed Joint Venture is subject to the approval of the Foreign Investment Committee.

#### **7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

None of the Directors or substantial shareholders of UMW and/or persons connected with the Directors and/or substantial shareholders, has any interest, direct or indirect, in the Proposed Disposal.

#### **8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

The Proposed Disposal is not expected to have any material impact on the earnings and net assets of the UMW Group.

#### **9. STATEMENT BY DIRECTORS**

The Board of Directors of UMW is of the opinion that the Proposed Disposal and Proposed Joint Venture are in the best interests of the UMW Group.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy each of the SSA and JVSA will be available for inspection, in accordance with UMW's Documents Inspection Policy, at the registered office of UMW Holdings Berhad at 3<sup>rd</sup> Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, during normal office hours (8.00 a.m. to 5.30 p.m.) on any weekday (except public holidays) from 2<sup>nd</sup> May 2008 to 15<sup>th</sup> May 2008.

cc-Securities Commission

(Issues & Investment Division)

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