

10/10/2008

EXECUTION OF A JOINT VENTURE AND SHAREHOLDERS' AGREEMENT BETWEEN UMW CORPORATION SDN BHD AND DAH CHONG HONG (MOTOR SERVICE CENTRE) LIMITED

Announcement Details :

1. INTRODUCTION

Further to our announcement on 25th July 2008 in respect of the execution of a Letter of Intent in relation to the proposed setting up of a joint venture company to develop the business of manufacturing and processing of lubricants in the People's Republic of China ("PRC"), we wish to announce that UMW Corporation Sdn Bhd ("UMWC"), a wholly-owned subsidiary in the UMW Group, has today entered into a Joint Venture and Shareholders' Agreement with Dah Chong Hong (Motor Service Centre) Limited ("DCHMSC") for the establishment of a joint venture company to manufacture and process lubricants in the PRC ("Proposed Joint Venture").

Under the Joint Venture and Shareholders' Agreement, UMWC and DCHMSC will jointly establish a joint venture company to be known as Lubritech International (Holdings) Limited ("LIHL") in Hong Kong Special Administrative Region of PRC, with an initial paid-up share capital of HKD1,000,000 divided into 1,000,000 ordinary shares of HKD1.00 each, in the proportion of 60% UMWC and 40% DCHMSC. The paid-up share capital of LIHL will eventually be increased to HKD128,000,000 divided into 128,000,000 ordinary shares of HKD1.00 each. Subsequent to the increase, UMWC will hold a total of 76,800,000 ordinary shares of HKD1.00 each, representing 60% of the enlarged share capital in LIHL.

LIHL will subsequently register a company to be known as Lubritech China Limited ("LCL") in the PRC. LCL will build a plant for manufacturing and processing of lubricants with an initial annual output capacity of 50 million litres in Xinhui, Guangdong Province, PRC, at an estimated total cost of USD16.5 million (equivalent to approximately RM58 million).

2. DETAILS OF THE JOINT VENTURE PARTNERS

2.1 Information on UMWC

UMWC is a company incorporated under the Companies Act, 1965 on 8th August 1970 and has its registered office at 3rd 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.

2.2 Information on DCHMSC

DCHMSC is a company incorporated under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) on 4th July 1972 and has its registered office at 8th floor, DCH Building, 20, Kai Cheung Road, Kowloon Bay, Hong Kong.

DCHMSC is a wholly-owned subsidiary of Dah Chong Hong Holdings Ltd, a company listed on the Hong Kong Stock Exchange, and principally involved in the motor and motor-related business, foods and consumer products, as well as logistics services in Hong Kong, Macau, PRC, Japan, Singapore and Canada.

The principal activity of DCHMSC is the provision of motor related services.

The issued and paid-up share capital of DCHMSC is HKD200,000 divided into 2,000 ordinary shares of par value HKD100.00 each.

3. RATIONALE

The Proposed Joint Venture is part of UMW's Manufacturing & Engineering Division's expansion plan to tap into the fast-growing lubricant market in PRC, leveraging on its joint venture partner, DCHMSC's wide distribution network and marketing strength in Hong Kong, Macau and PRC.

4. APPROVALS

The Proposed Joint Venture is not subject to the approval of the shareholders of UMW.

5. 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 Joint Venture.

6. FINANCIAL EFFECTS OF THE PROPOSED JOINT VENTURE

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

7. STATEMENT BY DIRECTORS

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

8. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Joint Venture and Shareholders' Agreement will be available for inspection, in accordance with UMW's Documents Inspection Policy, at the registered office of UMW Holdings Berhad at 3rd 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 13th October 2008 to 23rd October 2008.

cc-Securities Commission

(Issues & Investment Division)

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