

12/12/2008

EXECUTION OF A JOINT VENTURE AGREEMENT BETWEEN UMW PETRODRIL (MALAYSIA) SDN BHD AND SNUBCO PRESSURE CONTROL INTERNATIONAL LTD

Announcement Details :

1. INTRODUCTION

UMW wishes to announce that UMW Petrodril (Malaysia) Sdn Bhd ("UMW Petrodril"), a 99%-owned subsidiary of UMW Corporation Sdn Bhd, which is in turn wholly-owned by UMW, has today entered into a Joint Venture Agreement with Snubco Pressure Control International Ltd ("Snubco International"), for the establishment of a joint venture to carry on the business of providing pressure control related services to the Oil & Gas industry such as hot-tapping, under-balance intervention, snubbing and other services ("Proposed Joint Venture").

2. DETAILS OF THE PROPOSED JOINT VENTURE

Under the Joint Venture Agreement, UMW Petrodril and Snubco International will establish a joint venture company to be known as UMW Petrodril Pressure Control Sdn Bhd ("UPPC"), with a proposed paid-up share capital of RM600,000 divided into 600,000 ordinary shares of RM1.00 each, in the proportion of 51% UMW Petrodril and 49% Snubco International. UMW Petrodril and Snubco International will subscribe to 306,000 and 294,000 new ordinary shares of par value RM1.00 each in UPPC, respectively ("the Subscription"). The cash consideration for the Subscription by UMW Petrodril will be financed by internally-generated funds.

3. DETAILS OF THE JOINT VENTURE PARTNERS

3.1 Information on UMW Petrodril

UMW Petrodril is a company incorporated under the Companies Act, 1965 on 29th December 1983 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 UMW Petrodril is the provision of onshore and offshore drilling rigs and workover related services, supply of drilling related equipment and services, and provision of drilling and well completion consultancy services.

The issued and paid-up share capital of UMW Petrodril is RM10,000,000 divided into 10,000,000 ordinary shares of par value RM1.00 each.

3.2 Information on Snubco International

Snubco International is an affiliate of Snubco Pressure Control Ltd ("Snubco Canada"), a privately owned company that has been active in the Canadian pressure control industry since its incorporation in 1996.

The shareholders of Snubco Canada incorporated Snubco International on 28th December 2000 to expand its pressure control business into international markets. Both corporations provide pressure control related services to the Oil and Gas industry including under-balance intervention, snubbing, hot-tapping and freezing. Another affiliate, Snubco Well Services Ltd offers coil tubing and nitrogen pumping services to oil production companies within Canada. Snubco International has its head office at 502-23A Avenue, Nisku, Alberta, Canada T9E 8G2 and registered office at 2350, 10104-103 Avenue, Edmonton, Alberta, Canada, T5J 0H8.

The above-mentioned corporations are privately owned and the beneficial owners of 78% of the issued share capital are actively involved in the business operations of the Company. The individual shareholders who are actively involved in the operations are John A. Taskinen, Alan MacDonald, A.J. Grant, Karl Bauer, John S. Huckell and Doug McPherson, all of whom are Canadian residents.

4. RATIONALE

The Proposed Joint Venture is part of UMW Oil & Gas Division's expansion plan to tap into opportunities arising from UMW Petrodril's expertise in offshore workover operations and Snubco's expertise in pressure control for operations in Malaysia and other areas within which the parties hereafter agree.

5. APPROVALS

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

6. 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.

7. FINANCIAL EFFECTS OF THE PROPOSED JOINT VENTURE

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

8. 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.

9. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Joint Venture 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 from 9.00 a.m. to 5.00 p.m. on any weekday (except public holidays) from 15th December 2008 to 26th December 2008.

cc-Securities Commission
(Issues & Investment Division)
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