

**02/09/2009**

**EXECUTION OF A CONFIDENTIALITY, COMMITMENT TO NON-COMPETITION AND GOODWILL AGREEMENT**

**1. INTRODUCTION**

UMW wishes to announce that UMW Singapore Ventures Pte Ltd (“UMWSV”), a wholly-owned subsidiary of UMW Petropipe (L) Ltd, which is in turn wholly-owned by UMW, has today entered into a Confidentiality, Commitment to Non-Competition and Goodwill Agreement (“CCGA”) with Mr Wu Xuewen (“WXW”), Sichuan Jinyang Antisepsis Engineering Co., Ltd (“SJCY”), Gangcheng International Oil & Gas Holdings Limited (“GCI”) and Elite International Investment (HK) Limited (“EII”) for the establishment of a Sino-Foreign Equity Joint Venture Company (“SFEJV”) in Guanghan County, Sichuan Province, People’s Republic of China (“PRC”) to undertake the business of steel pipe manufacturing, coating for pipes used in transportation of oil, gas, water and other fluids, and to supply steel pipes, fittings and anti-corrosion, anti-sepsis technical services and selling of its manufactured products and by-products (“Proposed Joint Venture”).

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

Pursuant to the CCGA, WXW will prepare a business plan and feasibility study report for the establishment of the SFEJV. WXW will also source for a suitable land of not less than 50 mu (equivalent to approximately 8.2369 acres) for the setting up of a production plant and will negotiate with the local government of Guanghan County to secure the land-use rights. WXW will also negotiate with the local government for potential subsidies and incentives for the SFEJV.

Upon completion of the above, UMWSV and/or its nominees/subsidiary, SJCY and EII will enter into an Equity Joint Venture Contract and other relevant documents for the establishment of the SFEJV.

Subsequent to the establishment of the SFEJV, WXW will undertake the necessary steps to complete the construction of the anti-sepsis plant of the SFEJV and to obtain the necessary certification and licences for SFEJV to become a panel supplier to major oil producers in PRC, including China National Petroleum Corporation (“CNPC”) and China Petroleum and Chemical Corporation (“SINOPEC”).

SJCY will transfer all its existing and future customers and contractual arrangements relating to the business of carrying out anti-sepsis insulation construction (second level), producing and selling anti-sepsis materials and related businesses (“the Coating Business”) to the SFEJV.

In the CCGA, WXW, SJCY and GCI undertake to UMWSV, EII and the SFEJV that they will maintain strictest confidentiality of information relating to the Coating Business and other business secrets belonging to SFEJV and will not carry on any business similar to the Coating Business or business carried on by the SFEJV for a period of ten (10) years after the establishment of the SFEJV.

Considering the connection and network of WXW in the Coating Business in PRC and his commitment to carry out certain obligations prior to and after the establishment of SFEJV, and adhering to the principles of confidentiality, as well as his commitment to non-competition with the proposed SFEJV, UMWSV and/or its nominees/subsidiary agree to pay WXW a sum of RMB27.33 million (equivalent to approximately RM14.14 million) as an incentive to and in consideration of the aforesaid goodwill.

**2.1 Information on UMWSV**

UMWSV is a limited company incorporated under the laws of the Republic of Singapore on 25th March 2009 and has its registered office at 1 North Bridge Road #17-02 High Street Centre Singapore 179094.

The principal activity of UMWSV is investment holding.

## 2.2 Information on WXW

WXW is a citizen of the PRC and the Legal Representative as well as the 84% controlling shareholder of SCJY.

## 2.3 Information on SCJY

SCJY is a limited liability company duly registered under the laws of the PRC in Sichuan Province, Chengdu City and having its address at No. 10, Jiancaohe Village, Jinniu Town, Jinniu District, Chengdu City, Sichuan Province, PRC.

The principal activities of SCJY are carrying out anti-sepsis insulation construction (second level), producing and selling anti-sepsis materials, selling metallic materials, construction and other chemical materials and related businesses.

## 2.4 Information on GCI

GCI is a limited liability company incorporated under the laws of Hong Kong Special Administrative Region of PRC ("SAR") and has its registered office at Room 1301, 13th Floor, Blissful Building, 243-247 Des Voeux Road Central, Hong Kong SAR.

The principal activity of GCI is investment holding.

## 2.5 Information on EII

EII is a limited liability company incorporated under the laws of Hong Kong SAR and has its registered office at Room 1301, 13th Floor, Blissful Building, 243-247 Des Voeux Road Central, Hong Kong SAR.

The principal activity of EII is investment holding.

## 3. RATIONALE

The Proposed Joint Venture is to expand the market presence and coverage in the South West region of the PRC and expanding into the coating for sub pipelines of the natural gas and petrochemical sectors. This move into coating of the sub pipelines is going downstream whereby the sub pipelines are for gas distribution for commercial, industrial and residential sectors.

## 4. APPROVALS

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

## 5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of UMW and/or persons connected with the Directors and/or major 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. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the CCGA 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 (9.00 a.m. to 5.00 p.m.) on any weekday (except public holidays) from 3rd September 2009 to 11th September 2009.

cc - Securities Commission  
(Issues & Investment Division)