

30/11/2009

EXECUTION OF SHARE PURCHASE AGREEMENTS WITH SINGAPORE DRILLING AS

1. INTRODUCTION

UMW wishes to announce that UMW Naga Two (L) Ltd ("UMW N2"), UMW Naga Three (L) Ltd ("UMW N3"), both wholly-owned subsidiaries of UMW Petropipe (L) Ltd, which is in turn wholly-owned by UMW, and UMW Malaysian Ventures Sdn Bhd ("UMW MV"), a wholly-owned subsidiary of UMW, have today entered into three (3) separate Share Purchase Agreements with Singapore Drilling AS ("SDA") for the acquisition of the total shareholdings of SDA in UMW Standard 1 Pte Ltd ("UMWS1"), UMW Standard 3 Pte Ltd ("UMWS3") and UMW Standard Drilling Sdn Bhd ("UMWSD"), respectively, for a total consideration of USD46.5 million (equivalent to approximately RM157.26 million) ("Proposed Acquisition"). Upon completion of the Proposed Acquisition, UMW will have full ownership of the two Jack-Up Drilling Rigs namely "NAGA 2" and "NAGA 3".

UMW is presently undertaking active negotiations with certain parties on the leasing of NAGA 2. Barring any unforeseen circumstances, UMW expects NAGA 2 to be in operation in the first quarter of 2010.

NAGA 3 is currently in the advanced stages of construction and is expected to be completed and delivered to UMW by March 2010. UMW has already commenced negotiations with certain parties on the leasing of NAGA 3.

2. DETAILS OF THE PROPOSED ACQUISITION

The following Share Purchase Agreements have today been entered into between -

i) SDA and UMW N2

Acquisition by UMW N2 of 37,116,132 ordinary shares, representing 49% of the issued and paid-up share capital of UMWS1 for a total consideration of USD23,671,005 (equivalent to approximately RM80,055,339);

ii) SDA and UMW N3

Acquisition by UMW N3 of 35,795,860 ordinary shares, representing 49% of the issued and paid-up share capital of UMWS3 for a total consideration of USD22,828,995 (equivalent to approximately RM77,207,662);

iii) SDA and UMW MV

Acquisition by UMW MV of 393,750 ordinary shares of RM1.00 each, representing 15% of the issued and paid-up share capital of UMWSD for a nominal consideration of RM1.00.

2.1 Details of SDA

SDA is a company incorporated under the laws of Norway and has its registered office at Sjølyst Plass 2, 0278 Oslo, Norway.

The principal activity of SDA is investment holding.

2.2 UMW N2

UMW N2 is a company incorporated in the Federal Territory of Labuan on 8th January 2007 and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Federal Territory of Labuan.

The principal activity of UMW N2 is investment holding.

2.3 UMW N3

UMW N3 is a company incorporated in the Federal Territory of Labuan on 8th January 2007 and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Federal Territory of Labuan.

The principal activity of UMW N3 is investment holding.

2.4 UMW MV

UMW MV is a company incorporated under the Companies Act, 1965 on 26th September 2008 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 MV is investment holding.

2.5 Details of UMWS1

UMWS1 is a company incorporated under the laws of Singapore on 29th November 2006 and has its registered office at No. 4 Robinson Road, #05-01, The House of Eden, Singapore 048543.

The principal activity of UMWS1 is ownership, construction and operation of drilling rigs, and related activities. UMWS1 is the owner of jack-up rig NAGA 2.

2.6 Details of UMWS3

UMWS3 is a company incorporated under the laws of Singapore on 29th November 2006 and has its registered office at No. 4 Robinson Road, #05-01, The House of Eden, Singapore 048543.

The principal activity of UMWS3 is ownership, construction and operation of drilling rigs, and related activities. UMWS3 is the owner of jack-up rig NAGA 3.

2.7 Details of UMWSD

UMWSD is a company incorporated under the Companies Act, 1965 on 29th July 2003 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 UMWSD is to perform contract offshore drilling business and operations and other engineering services for oil and gas exploration, development and production in Malaysia and overseas.

2.8 Purchase Consideration

The total purchase consideration of USD46.5 million for the Proposed Acquisition was arrived at on a willing-buyer willing-seller basis.

3. SOURCE OF FUNDING

The Proposed Acquisition will be financed via external borrowings.

4. RATIONALE

UMW is exercising its first right of refusal to purchase the shares under the Shareholders' Agreement entered into with SDA.

The Board feels that this acquisition would be beneficial to the Group, for the following reasons -

- i) The acquisition price is very reasonable, taking into account the net tangible assets of UMWS1, UMWS3 and UMWSD.
- ii) The marketability of NAGA 2 and NAGA 3.

iii) Ability to have full control over the operations of the two rigs and to make strategic decisions with regard thereto, in the best interests of the UMW Group.

iv) The potential added value to the listing of UMW Oil & Gas Berhad arising as a result of the inclusion of NAGA 2 and NAGA 3.

5. APPROVAL

The above transactions do not require the approval of the shareholders of UMW.

6. 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 Acquisition.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is not expected to have any material impact on the net assets of the UMW Group and earnings for the financial year ending 31 December 2009.

8. STATEMENT BY DIRECTORS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy each of the Share Purchase Agreements 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 1st December 2009 to 11th December 2009.

cc - Securities Commission
(Issues & Investment Division)