

- (i) EXECUTION OF A MASTER INVESTMENT AGREEMENT BETWEEN UMW CHINA VENTURES (L) LTD, MR ZHANG JUN, HILONG GROUP LIMITED AND HILONG HOLDING LIMITED**
- (ii) EXECUTION OF A SHARE SUBSCRIPTION AGREEMENT AND A SHAREHOLDERS AGREEMENT BETWEEN UMW CHINA VENTURES (L) LTD, HILONG GROUP LIMITED AND HILONG HOLDING LIMITED**
- (iii) EXECUTION OF ASSET PLEDGE AGREEMENT – ECUADOR BETWEEN UMW CHINA VENTURES (L) LTD AND HILONG OIL SERVICE & ENGINEERING ECUADOR CO., LTD**
- (iv) EXECUTION OF ASSET PLEDGE AGREEMENT – KAZAKHSTAN BETWEEN UMW CHINA VENTURES (L) LTD AND HILONG PETROLEUM TECHNOLOGY AND ENGINEERING COMPANY**

1. INTRODUCTION

UMW is pleased to announce that UMW China Ventures (L) Ltd (“UMWCV”), a wholly-owned subsidiary of UMW Petropipe (L) Ltd, which is in turn wholly-owned by UMW, has today, entered into the following agreements -

- Master Investment Agreement (“MIA”) with Mr Zhang Jun (“ZHJ”), Hilong Group Limited (“HL BVI 1”) and Hilong Holding Limited (“HL CAYMAN”);
- Share Subscription Agreement (“SSA”) with HL BVI 1 and HL CAYMAN;
- Shareholders Agreement (“SHA”) with HL BVI 1 and HL CAYMAN;
- Asset Pledge Agreement - Ecuador (“APA-EC”) with Hilong Oil Service & Engineering Ecuador Co., Ltd (“HL ECUADOR”);
- Asset Pledge Agreement - Kazakhstan (“APA-KZ”) with Hilong Petroleum Technology and Engineering Company (“HL KAZAKHSTAN”),

to undertake the business of special steel manufacture, petroleum drilling tools manufacture, coating materials, coating and anti-corrosion and oil services (“the Business”), which is currently owned and controlled by Hilong International (L) Limited (“HL INTERNATIONAL”). HL CAYMAN and HL INTERNATIONAL are wholly-owned subsidiaries of HL BVI 1.

Pursuant to the MIA, HL CAYMAN agrees to issue, and HL BVI 1 being the sole shareholder of HL CAYMAN agrees that, UMWCV will subscribe for 46,700 Preferred Shares of HL CAYMAN at par value HK\$0.10 (“Series A Preferred Shares”), representing 4.67% in the share capital of HL CAYMAN for a total consideration of RMB167.89 million (equivalent to approximately USD24.68 million) (“Proposed Subscription”). The Proposed Subscription will result in UMWCV indirectly holding 4.67% of Hilong Energy Holding Limited (“HL BVI 2”), a wholly-owned subsidiary of HL CAYMAN, and also 4.67% of Hilong Energy Limited (“HL HONG KONG”), which is in turn a wholly-owned subsidiary of HL BVI 2.

The parties agreed that the Business will be transferred from HL INTERNATIONAL to HL HONG KONG, including 100% equity interest in Hilong Group of Companies (“HL CHINA”), owned by HL INTERNATIONAL. Upon completion, HL CAYMAN will be the ultimate holding company of HL BVI 2, HL HONG KONG AND HL CHINA (collectively referred to as “HL CAYMAN GROUP”), and the shareholding of HL BVI 1 and UMWCV in HL CAYMAN will be in the proportion of 95.33% and 4.67%, respectively.

Under the APA-EC and APA-KZ, as part of the consideration of entering into the MIA, HL ECUADOR and HL KAZAKHSTAN, both wholly-owned subsidiaries of Hilong Oil Service Ltd (“HL OIL SERVICE”), which is in turn wholly-owned by HL INTERNATIONAL, have agreed to charge their assets to UMWCV, in favour of UMWCV, for the prompt payment of indebtedness by HL CAYMAN in the event of redemption of the Series A Preferred Shares.

The Proposed Subscription will be undertaken in one lump-sum payment upon satisfaction of the conditions precedent set out in the MIA.

The SSA and the SHA were entered into between the parties to regulate the Proposed Subscription and the conduct of business and affairs of HL CAYMAN GROUP, respectively.

The pre and post Hilong Group structure is enclosed herewith as Annexure 1.

2. DETAILS OF PARTIES

2.1 Information on UMWCV

UMWCV is a limited liability company incorporated on 25th July 2006 in Labuan under the Labuan Companies Act, 1990 and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Labuan Federal Territory, Malaysia.

The principal activity of UMWCV is investment holding.

2.2 Information on ZHJ

ZHJ is a Chinese National of Room 2101, Block 1, No. 88, Jianguo Road, Chaoyang District, Beijing 100025, People's Republic of China. He is the founder, and direct or indirect owner of all of the legal and beneficial interests in HL BVI 1, HL CAYMAN, HL BVI 2, HL HONG KONG, HL INTERNATIONAL, HL CHINA, HL OIL SERVICE, HL ECUADOR and HL KAZAKHSTAN.

2.3 Information on HL BVI 1

HL BVI 1 is a limited liability company incorporated on 15th October 2008 in the British Virgin Islands and has its registered office at Romasco Place, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG 1110.

The principal activity of HL BVI 1 is investment holding.

2.4 Information on HL CAYMAN

HL CAYMAN is a limited liability company incorporated on 15th October 2008 in the Cayman Islands and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The principal activity of HL CAYMAN is investment holding.

2.5 Information on HL HONG KONG

HL HONG KONG is a limited company incorporated on 8th July 2008 in Hong Kong and has its registered office at 9/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

The principal activity of HL HONG KONG is investment holding.

2.6 Information on HL BVI 2

HL BVI 2 is a limited liability company incorporated on 15th October 2008 in the British Virgin Islands and has its registered office at Romasco Place, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG 1110.

The principal activity of HL BVI 2 is investment holding.

2.7 Information on HL INTERNATIONAL

HL INTERNATIONAL is a limited liability company incorporated on 23rd May 2003 in Labuan under the Labuan Companies Act, 1990 and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Labuan Federal Territory, Malaysia.

The principal activity of HL INTERNATIONAL is investment holding and trading.

2.8 Information on HL CHINA

HL CHINA is a limited liability company incorporated on 14th January 2005 in Shanghai, People's Republic of China and has its registered office at No. 8889, Hutai Road, Baoshan District, Shanghai, People's Republic of China.

The principal activity of HL CHINA is trading, manufacturing of all oil and gas related products, special steel manufacture, petroleum drilling tools manufacture, coating materials, coating and anti-corrosion and oil services.

2.9 Information on HL OIL SERVICE

HL OIL SERVICE is a limited liability company incorporated on 4th March 2009 in Labuan under the Labuan Companies Act, 1990 and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Labuan Federal Territory, Malaysia.

The principal activity of HL OIL SERVICE is investment holding.

2.10 Information on HL ECUADOR

HL ECUADOR is a limited liability company incorporated on 20th March 2009 under the laws of the Republic of Ecuador and has its registered office at Av. De los Shyris N35-174 and Suecia St. Renazzo Plaza Building, Floor 5th, Office 506/Quito, Ecuador.

The principal activity of HL ECUADOR is operation of drilling activities in the Oil and Gas industry.

2.11 Information on HL KAZAKHSTAN

HL KAZAKHSTAN is a limited liability company incorporated on 22nd August 2008 under the laws of the Republic of Kazakhstan and has its registered office at 14 Mircodistrict, Aktua City, Mangystau Region, Republic of Kazakhstan.

The principal activity of HL KAZAKHSTAN is operation of drilling activities in the Oil and Gas industry.

3. RATIONALE

The Proposed Subscription will be a strategic investment for UMWCV and will create value, synergies and future business opportunities for UMWCV. It will also broaden UMWCV's investment base to a wider range of oilfield products and services in the People's Republic of China, with an opportunity for expansion into Algeria, Nigeria, Ecuador, Kazakhstan and other countries, in joint venture with ZHJ, thereby complementing UMW's five oil and gas core businesses.

4. APPROVALS

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

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Apart from ZHJ's direct and indirect interest as per Table A, 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 Subscription.

6. FINANCIAL EFFECTS

The Proposed Subscription 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 Subscription is in the best interests of the UMW Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the MIA, SSA, SHA, APA-EC and APA-KZ 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 24th August 2010 to 4th September 2010.

cc - Securities Commission
(Issues & Investment Division)

Table A**DIRECTOR'S INTEREST**

Name : Zhang Jun
Passport Number : G 26219771
Residential Address : Room 2102, Block 1, No. 88, Jianguo Road,
Chaoyang District, Beijing 100025, P.R. of China

Name of Company	Shareholdings/Interests			
	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
<u>Directorships</u> Hilong Group Limited (HL BVI 1)	100	100	Nil	Nil
Hilong Holding Limited (HL CAYMAN)	Nil	Nil	1 Deemed interest - by virtue of interest in HL BVI 1	100
Hilong Energy Holding Limited (HL BVI 2)	Nil	Nil	1 Deemed interest - by virtue of interest in HL CAYMAN	100
Hilong Energy Limited (HL HONG KONG)	Nil	Nil	1 Deemed interest - by virtue of interest in HL BVI 2	100
Hailong International (L) Ltd. (HL INTERNATIONAL)	Nil	Nil	1 Deemed interest - by virtue of interest in HL BVI 1	100
Hilong Group of Companies (HL CHINA)	Nil	Nil	RMB150 million Deemed interest - by virtue of interest in HL INTERNATIONAL	100
Hilong Oil Service Ltd. (HL OIL SERVICE)	Nil	Nil	1 Deemed interest – by virtue of interest in HL INTERNATIONAL	100
Hilong Oil Service & Engineering Ecuador Co., Ltd (HL ECUADOR)	Nil	Nil	400 Deemed interest - by virtue of interest in HL OIL SERVICE	100

Name of Company	Shareholdings/Interests			
	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
<u>Directorships</u> Hilong Petroleum Technology and Engineering Company (HL KAZAKHSTAN)	Nil	Nil	KZT100,000 Deemed interest - by virtue of interest in HL OIL SERVICE	100