

- (i) **EXECUTION OF A CONTRACT FOR THE PROVISION OF SEMI-SUBMERSIBLE DRILLING RIG “HAKURYU-5” FOR PETRONAS CARIGALI DRILLING PROGRAMME**
  - (ii) **EXECUTION OF BARE-BOAT CHARTER AGREEMENT WITH HAKURYU 5, INC. IN RESPECT OF THE PROVISION OF SEMI-SUBMERSIBLE DRILLING RIG “HAKURYU-5” FOR PETRONAS CARIGALI DRILLING PROGRAMME**
  - (iii) **RELATED PARTY TRANSACTION IN RESPECT OF THE EXECUTION OF BARE-BOAT CHARTER AGREEMENT BETWEEN UMW JDC DRILLING SDN BHD AND HAKURYU 5, INC**
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## **1. INTRODUCTION**

UMW is pleased to announce that UMW JDC Drilling Sdn Bhd (“UJD”), a subsidiary in the UMW Group, has entered into a contract (Contract No. CHO/2010/DDR/389(A)) with Petronas Carigali Sdn Bhd (“PCSB”) of Tower 1, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia, (“the Contract”), for the provision of the Semi-Submersible Drilling Rig “HAKURYU-5” for the Petronas Carigali Drilling Programme. The contract value is approximately USD72 million.

Under the Contract, UJD is to provide its expertise, equipment, materials, consumables and personnel required to perform the mobilisation, anchoring and positioning, drilling services, rig move between well locations, completion of drilling services and demobilisation of equipment and personnel, to PCSB for its drilling programme.

“HAKURYU-5” is a twin lower hull, column stabilised, propulsion-assisted semi-submersible drilling rig that has drilling depth capability of 30,000 feet. “HAKURYU-5” is designed to perform drilling operations at maximum 1,640 feet of water depth with 3,500 metric tons of deck load. “HAKURYU-5” is bare-boat chartered by UJD from Hakuryu 5, Inc, a wholly-owned subsidiary of Japan Drilling Co, Ltd (“JDC”). JDC has 15% equity interest in UJD.

Following the execution of the Contract with PCSB, UJD has also entered into a Bare-Boat Charter Agreement (“BBC Agreement”) with Hakuryu 5, Inc, in respect of the provision of the Semi-Submersible Drilling Rig “HAKURYU-5” for the Petronas Carigali Drilling Programme.

## **2. INFORMATION ON PARTIES**

### **2.1 Information on UJD**

UJD is a company incorporated under the Companies Act, 1965 on 12th June 1987 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 activities of UJD are provision of drilling and other engineering services for the purpose of oil and gas exploration, development and production.

### **2.2 Information on PCSB**

PCSB is a company incorporated under the Companies Act, 1965 on 11th May 1978 and has its registered office at Tower 1, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.

The principal activities of PCSB are the exploration, development and production of oil and gas.

### **2.3 Information on Hakuryu 5, Inc**

Hakuryu 5, Inc is a company incorporated under Laws of Panama on 1st July 2008 and has its registered office at 53rd E Street, Urbanizacion Marbella, MMG Tower, 16<sup>th</sup> Floor, Panama, Republic of Panama.

The principal activities of Hakuryu 5, Inc is to own and charter the Semi-Submersible Drilling Rig, "HAKURYU-5".

### **3. DURATION OF THE CONTRACT**

The Contract is for a duration of one (1) year with a one (1) year extension option, with effect from the Letter of Award which is dated 27th June 2011.

### **4. FINANCIAL EFFECTS**

The Contract is expected to contribute positively to the earnings and net assets of UMW for the financial years ending 31st December 2011 and 2012.

### **5. INTEREST OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM**

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#### **5.1 Execution of Contract with PCSB**

Apart from Mr Minoru Murata and Mr Akio Kawase, who are Directors of UJD and Directors/shareholders of JDC and Mr Toru Inoue, who is Managing Director/Director of UJD and shareholder of JDC, none of the Directors and/or substantial shareholders of UMW and/or persons connected with the Directors and/or substantial shareholders, has any interest, direct or indirect, in the above-mentioned Contract.

#### **5.2 Execution of BBC Agreement with Hakuryu 5, Inc**

The execution of the above-mentioned BBC Agreement between UJD and Hakuryu 5, Inc is deemed to be a related party transaction for the following reasons -

- JDC has 15% direct interest in UJD; and
- Hakuryu 5, Inc is a wholly-owned subsidiary of JDC.

Except for the above and apart from Mr Minoru Murata and Mr Akio Kawase, who are Directors of UJD and Directors/shareholders of JDC and Mr Toru Inoue, who is Managing Director/Director of UJD and shareholder of JDC, none of the Directors and/or substantial shareholders of UMW and/or person connected with the Directors and/or substantial shareholders, has any interest, direct or indirect, in the above-mentioned transaction.

### **6. STATEMENT OF DIRECTORS**

The Board of Directors of UMW is of the opinion that the above-mentioned Contract is in the best interests of the UMW Group.