

DNP HOLDINGS BERHAD (“DNP” OR THE “COMPANY”)

PROPOSED JOINT VENTURE BETWEEN DNP AND USI HOLDINGS LIMITED (“USI”), A RELATED PARTY OF DNP, VIA KUALITI GOLD SDN BHD (“JVCO”), AN EXISTING WHOLLY OWNED SUBSIDIARY OF DNP INCLUDING THE PROPOSED ACQUISITION OF 115 CONDOMINIUM UNITS TOGETHER WITH 115 CAR PARKING BAYS AND AN OPTION TO ACQUIRE ADDITIONAL UP TO 115 CAR PARKING BAYS BY THE JVCO (“PROPOSED JOINT VENTURE”)

1. INTRODUCTION

The Board of Directors of DNP (“**Board**”) wishes to announce that the Company had on 23 April 2008 entered into a conditional Joint Venture and Shareholders Agreement (“**JVSA**”) with USI (a related party of DNP) and the JVCo (an existing wholly owned subsidiary of DNP) which sets out the terms governing their relationship with each other and to set out their, or where appropriate, members of their group’s, respective rights, duties and obligations, and mutual covenants relating to their relationship inter se, as shareholders of the JVCo.

2. THE PROPOSED JOINT VENTURE

2.1 Details of the Proposed Joint Venture

The Proposed Joint Venture shall involve the proposed acquisition by the JVCo of the 115 condominium units in the 43-storey building identified as Tower C together with 115 car parking bays on an en bloc basis (“**Condominium**”) and an option to acquire additional up to 115 car parking bays to be developed by Starpuri Development Sdn Bhd, a wholly owned subsidiary of DNP (“**Starpuri**”), on that piece of land held under Title No. Geran 49875, Lot 1315, Section 57, Town and District of Kuala Lumpur, State of Wilayah Persekutuan, measuring approximately 9,764 square metres in area (“**Land**”), to operate the Condominium as serviced apartments and to carry on activities ancillary thereto.

Pursuant to the above, the JVCo shall:-

- (i) enter into the Purchase Agreements (“**PA**”) to purchase the Condominium on an en bloc basis to be erected on the Land within six (6) months from the date of the JVSA or such other time period as DNP and USI may mutually agree in writing for a total cash consideration of RM139,750,000 for the total net floor area of approximately 199,639 square feet (excluding the floor area of the 115 car parking bays) calculated based on RM700 per square foot of the net floor area. In this respect, DNP undertakes with USI and the JVCo that DNP shall ensure that Starpuri enters into the PA with the JVCo to sell the Condominium for the abovementioned consideration and that Starpuri grants to the JVCo an option to acquire additional up to 115 car parking bays to be erected on the Land at a price to be mutually agreed in writing between the JVCo and Starpuri within six (6) months from the date of the JVSA (“**Proposed Acquisition**”),
- (ii) enter into the Apartment Operating Agreement and the Licence Agreement within six (6) months from the date of the JVSA; and
- (iii) undertake all matters ancillary to the holding, operation and maintenance of the Condominium acquired by the JVCo under the PA as may be required from time to time.

The proposed shareholding structure and the issued and paid-up share capital of the JVCo shall be as follows:-

Shareholders	Par Value (RM)	No. of Ordinary Shares of RM1.00 Each ("Shares")	Equity Interest (%)	Investment Outlay (RM)
DNP	1.00	^(a) 125,000	50.00	125,000
USI ^(b)	1.00	125,000	50.00	125,000
Total		250,000	100.00	250,000

Note:-

- (a) Inclusive of the 2 Shares pursuant to the incorporation of the JVCo.
- (b) Pursuant to Sections 2.4.2 (ii) and 2.4.3 (ii) of this Announcement, USI shall procure Glory Strength International Limited ("**Glory**"), of which USI is the ultimate holding company of Glory, to discharge its duties and to perform its obligations as a shareholder under the JVSA and USI shall be deemed to have bound itself as the guarantor of all Glory's obligations as a shareholder under the terms of the JVSA. USI shall be entitled to enforce for and on behalf of Glory its rights and powers as a shareholder under the JVSA.

The proposed investments by DNP and USI in the share capital of the JVCo are at par value via the allotment of 124,998 new Shares and 125,000 new Shares to DNP and USI respectively (collectively known as the "**New Shares**"), and will be wholly satisfied by cash. DNP will finance its entitlement to the allotment of the 124,998 new Shares via its internally generated funds.

Further to the cash investment by DNP and USI amounting to a total of RM249,998 via the subscription of the New Shares in the JVCo, the additional cost of investment for the Proposed Joint Venture is estimated to be up to RM207.0 million, of which approximately RM139.75 million will be utilised to finance the proposed acquisition of the Condominium while the balance of up to approximately RM67.25 million will be utilised to finance the optional purchase of additional up to 115 car parking bays, the upgrading cost of the Condominium before it becomes operational, project management cost and preliminary and stamp duty expenses.

The additional cost of investment for the Proposed Joint Venture of up to RM207.0 million will be financed via borrowings from financial institutions and cash to be injected by DNP and USI via subscription for or providing loan capital including, without limitation, redeemable preference shares or other means of funding to be provided by DNP and USI to the JVCo ("**Loan Capital**") on terms to be mutually agreed between DNP and USI in writing, both acting reasonably and as approved by the relevant authorities (if required) as disclosed in Section 2.4.4 of this Announcement.

The eventual enlarged issued and paid-up share capital of the JVCo will be dependent on the level of operations and capital requirement subsequent to the completion of the Proposed Joint Venture.

2.2 The JVCo

Kualiti Gold Sdn Bhd, an existing wholly owned subsidiary of DNP, is proposed to be the joint venture company for the Proposed Joint Venture. The JVCo was incorporated in Malaysia on 15 January 1994 under the Companies Act, 1965 (“Act”) as a private limited company. The current principal activity of the JVCo is property investment and pursuant to the Proposed Joint Venture, its principal activities will be extended to include hospitality business. The JVCo, however, has not commenced operations since the date of incorporation.

The JVCo has a present authorised share capital of RM100,000 comprising 100,000 Shares, of which RM2 comprising 2 Shares have been issued and fully paid-up. The unaudited profit after taxation and net assets of the JVCo for the nine (9) months period ended 31 March 2008 were RM21,039 and RM459 respectively.

The JVCo does not have any subsidiary and/or associated company.

2.3 The Condominium

The Condominium pursuant to the proposed acquisition of the Condominium is a proposed condominium block, forming part of an on-going high-end condominium and service apartment development by Starpuri comprising of the following:-

- (i) 3 blocks of 43-storey condominium (Tower A, B and C);
- (ii) 1 block of 4-storey service apartment (Tower D);
- (iii) 5-storey multiple level car park block;
- (iv) 2 basement levels car park; and
- (v) Swimming pool and condominium/ service apartment facilities.

The aforesaid proposed development comprises a total of 417 condominium units and 6 service apartment units together with a total of 988 car parking bays.

The proposed development is to be sited on the Land, with tenure of interest in perpetuity. The proposed development is currently at the initial stage of construction, i.e. with the infrastructure, earthwork and sub-structure piling being carried out by Starpuri.

The purchase consideration of approximately RM139,750,000 for the Condominium was arrived at on a willing-buyer willing-seller basis after taking into consideration of the following:-

- (i) The market value of the Condominium of approximately RM139,750,000 on an en bloc basis after taking into account of bulk discount, based on the valuation report dated 19 March 2008 by the independent registered valuer, Knight Frank (Ooi & Zaharin Sdn Bhd); and
- (ii) The expected future cash flows and earnings contribution of the Condominium to the JVCo as mentioned in Section 5 of this Announcement.

The development of the Condominium is expected to be completed within three (3) years from the date of the signing of the PA.

2.4 Salient Terms of the JVSA

The salient terms of the JVSA in relation to the Proposed Joint Venture are as follows:-

2.4.1 Conditions Precedent

- (i) The JVSA is conditional upon and subject to the fulfilment of the following conditions precedent (“**Conditions Precedent**”) on or before the date falling three (3) months from the date of the JVSA (“**Cut-Off Date**”):-
 - (a) the approval of the Foreign Investment Committee (“**FIC**”) for DNP and USI (via Glory) to subscribe for Shares in the issued and paid up share capital of the JVCo in the equity proportion as set out in Section 2.1 of this Announcement (“**FIC Approval**”);
 - (b) the approval of the shareholders of DNP at an extraordinary general meeting (“**EGM**”) to be convened;
 - (c) the approval of the shareholders of USI at a special general meeting to be convened, if so required by the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited; and
 - (d) all other necessary regulatory approval under the law having been obtained.

The date on which the last of the Conditions Precedent is fulfilled or deemed to have been satisfied (or waived by DNP and USI) in accordance with the provisions of the JVSA shall hereinafter be referred to as the “**Unconditional Date**”.

- (ii) In the event any one of the Conditions Precedent is not fulfilled by the Cut-Off Date for whatever reason, the date for fulfilment of the Conditions Precedent shall be automatically extended by a further two (2) months from the Cut-Off Date or such later date as may be mutually agreed by DNP and USI in writing (such extended date shall hereinafter be referred to as the “**Extended Cut-Off Date**”).
- (iii) In the event that any one of the Conditions Precedent is not fulfilled on or before the Extended Cut-Off Date, either USI or DNP shall be entitled, by written notice to the other, to terminate the JVSA and, upon such notice being served on the other, the JVSA shall be deemed to be of no further effect and the respective obligations of DNP and USI under the JVSA shall wholly cease and neither DNP nor USI shall have any claim against the other party save for antecedent breaches.
- (iv) If, as a condition of the FIC Approval, the approval(s) of some other governmental authority shall be required to be obtained, the provisions of the JVSA shall mutatis mutandis apply to the obtaining of such further approval(s).

2.4.2 Subscription of New Shares in the JVCo

Within thirty (30) days from the Unconditional Date or such other time period as DNP and USI may mutually agree in writing, DNP and USI shall cause the following to be done:-

- (i) the authorised capital of the JVCo shall be increased to RM1,000,000 divided into 1,000,000 Shares; and
- (ii) the subscription for New Shares by DNP and USI (USI shall cause Glory to subscribe for the New Shares) based on their respective proposed shareholdings structure as set out in Section 2.1 of this announcement.

2.4.3 Completion

- (i) Completion shall take place on the date on which completion of the allotment and issue of the New Shares under the JVSA occurs.
- (ii) On completion, DNP and USI (USI shall cause Glory to subscribe for the New Shares) shall subscribe unconditionally for the New Shares and pay to the JVCo in cash and in full.

2.4.4 Financing

- (i) If deemed necessary, DNP and USI shall contribute to meet the capital requirements of the JVCo in proportion to their respective equity proportion either by way of subscription for Shares and/or by way of subscribing for or providing Loan Capital on terms to be mutually agreed between DNP and USI.
- (ii) In the event that the JVCo requires any additional funds, DNP and USI agree that such funds shall be obtained from banks or financial institutions ("**External Financing**") on the best available commercial terms.
- (iii) In the event that any financial support from DNP and USI is necessary to secure any External Financing for the JVCo, DNP and USI agrees that it shall, to the extent the law permits, either directly or indirectly provide financial support on terms acceptable to DNP and USI on a several (and not joint) basis in proportion to their respective equity proportion.
- (iv) In the event that either DNP or USI (the "**first-mentioned party**") provides either directly or indirectly financial support and either DNP or USI (the "**second-mentioned party**") does not, the second-mentioned party shall nevertheless indemnify and keep indemnified the first-mentioned party against any loss, cost, liability, claim or damage which the first-mentioned party incurs or suffers as a result of any claim in connection with such financial support such that the liabilities of DNP and USI in respect of such claim shall be in proportion to their respective equity proportion.
- (v) In the event both DNP and USI provide either directly or indirectly financial support, each of them shall indemnify and keep indemnified the other shareholder against any loss, cost, liability, claim or damage which the other shareholder incurs or suffers as a direct result of any claim in connection with such financial support such that the liabilities of DNP and USI in respect of such claim shall be in proportion to their respective equity proportion.

2.5 Additional Financial Commitment Required

Save for the estimated cost of investment as set out in Section 2.1 of this announcement, the Board does not expect DNP to incur any material additional financial commitment in putting the assets/ business of the JVCo operational.

3. INFORMATION ON USI

USI was incorporated in Bermuda on 20 August 1991 as a public limited company and is listed on the Hong Kong Stock Exchange. USI is principally an investment holding company whilst its subsidiaries are principally involved in garment manufacturing, garment trading, investment holding, property development, hospitality, property management, licensing, property investment and project management.

As at 31 March 2008, USI has an authorised share capital of Hong Kong Dollar (“HKD”) 1,000,000,000 comprising 2,000,000,000 ordinary shares of HKD0.50 each (“**USI Shares**”), of which HKD493,864,459 comprising 987,728,918 USI Shares have been issued and fully paid-up.

Wing Tai Holdings Limited (“**Wing Tai**”) is a major shareholder of USI, holding approximately 33.63% indirect interest in USI as at 31 March 2008.

USI is deemed related to DNP by virtue that Wing Tai is also a major shareholder of DNP, holding approximately 47.61% direct interest and approximately 7.65% indirect interest in DNP as at 31 March 2008.

4. LIABILITIES TO BE ASSUMED

Save as disclosed in Section 2.4.4 of this Announcement, there are no other liabilities including contingent liabilities and guarantees to be assumed by DNP arising from the Proposed Joint Venture.

5. RATIONALE FOR THE PROPOSED JOINT VENTURE

DNP through its wholly owned subsidiary, Seniharta Sdn Bhd is involved in the condominium rental and hospitality sector. It is presently operating two (2) properties located at Ampang Hilir, Kuala Lumpur, namely Lanson Place Condominium, a 132-unit luxury residential apartment and Lanson Place Ambassador Row, a 221-unit Serviced Residences.

The Proposed Joint Venture complements DNP and its subsidiaries (“**DNP Group**” or the “**Group**”) current property investment and/or hospitality business. This synergistic venture augurs well with the Group’s objectives to expand its hospitality business to generate consistent and recurring stream of rental income to the Group in the future, as well as potential capital appreciation in view of the strategic location of the Condominium.

USI and its subsidiaries (“**USI Group**”) have considerable experience in the hospitality business as the USI Group has been engaged in hospitality investment and management services since 1995 under its Lanson Place brand in Hong Kong, Shanghai, Beijing, Singapore and Kuala Lumpur. As such, the Proposed Joint Venture will also enable the Group to tap on the experience and expertise of the USI Group in the hospitality business, to jointly own and operate the Condominium as serviced apartments via the JVCo.

Besides, the presence of the Condominium to be owned and operated by the JVCo is also expected to enhance the value of the properties in the vicinity, i.e. the proposed development by Starpuri which comprises 2 blocks of high-end condominium (Tower A and B) and 1 block of service apartment (Tower D), as disclosed in Section 2.3 of this announcement.

6. PROSPECTS OF THE JVCO

The JVCo will be in the business of acquiring and operating the Condominium as serviced apartments. The Condominium is located in the town of Kuala Lumpur, within the fringe of the prestigious Golden Triangle of Kuala Lumpur, the city's main commercial precinct which accommodates prime office buildings, prime retail centres and prestigious international class hotels. In view of the strategic location and favourable accessibility of the Condominium, the Board believes that the Condominium will be able to generate consistent and recurring rental income to the Group in the future including potential capital appreciation.

Based on the synergistic values arising from the Proposed Joint Venture, the Board expects the JVCo to contribute positively to the future earnings of the DNP Group, thereby translating to better returns to the shareholders of DNP in the long term.

7. RISK FACTORS

The Directors of DNP are not aware of any risk factors arising from the Proposed Joint Venture other than the normal market and global economic risks as well as the inherent risks in the property investment and hospitality industry.

8. EFFECTS OF THE PROPOSED JOINT VENTURE

8.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Joint Venture will not have any effect on the issued and paid-up share capital of DNP, and the shareholdings of its substantial shareholders in DNP as the Proposed Joint Venture does not involve any issuance of new Shares in DNP.

8.2 Earnings

The JVCo is expected to commence operations upon completion of the development of the Condominium. As such, the Proposed Joint Venture is not expected to have any effect on the earnings and earnings per Share of the DNP Group for the financial year ending 30 June 2008.

The Proposed Joint Venture involving the Proposed Acquisition is not expected to have any material effect on the earnings and earnings per Share of the DNP Group for the financial year ending 30 June 2008 as the PA is expected to be effected within six (6) months from the date of the JVSA or such other time period as DNP and USI may mutually agree. However, the Proposed Acquisition will result in the recognition of sales and earnings by Starpuri on progressive basis depending on the stages of completion and is expected to contribute positively to the earnings of the DNP Group.

Barring unforeseen circumstances, the Board believes that the Proposed Joint Venture is expected to contribute positively to the earnings of the DNP Group in the future.

8.3 Net Assets and Gearing

Based on DNP's consolidated financial statements as at 30 June 2007, the Proposed Joint Venture will not have any material impact on DNP's consolidated net assets and net assets per Share. However, future earnings from the Proposed Joint Venture are expected to contribute positively to the net assets and net assets per Share of the DNP Group.

Based on DNP's consolidated financial statements as at 30 June 2007, the Proposed Joint Venture will not have any material impact on DNP's gearing on the assumption that the JVCo will be accounted for using the equity method of accounting.

8.4 Dividends

The Proposed Joint Venture is not expected to have any material effect on the dividends to be declared by the Company, if any, for the financial year ending 30 June 2008.

The level of dividends to be declared for the future financial years would be determined by the Board after taking into consideration the performance of the Company and the prevailing economic conditions.

9. APPLICATION TO THE RELEVANT AUTHORITIES

An application to the relevant authorities seeking approval for the Proposed Joint Venture is expected to be made within one (1) month from the date of this announcement.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances, the Board expects the Proposed Joint Venture to be completed by the fourth quarter of 2008.

11. APPROVALS REQUIRED

The Proposed Joint Venture is subject to the approvals of the following parties:-

- (i) The FIC;
- (ii) The shareholders of DNP at an EGM to be convened;
- (iii) The shareholders of USI at a special general meeting to be convened ; and
- (iv) Any other relevant authorities, where applicable.

In connection with the Proposed Joint Venture, DNP via Starpuri will enter into the PA as mentioned in Section 2.1 (i) of this Announcement, which is conditional upon the Proposed Joint Venture and is subject to DNP's shareholders approval in the forthcoming EGM.

The Proposed Joint Venture is not conditional upon any other corporate exercises to be undertaken by the Company.

12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the Directors and/or major shareholders and/or persons connected to the Directors and/or major shareholders of DNP have any interest, either direct or indirect, in the Proposed Joint Venture.

The direct and indirect shareholdings of the interested Directors and/or major shareholders and/or persons connected to the Directors and/or major shareholders of DNP as at 31 March 2008 are as follows:-

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Director</u>				
Y Bhg Tan Sri Dato' Mohamed Noordin Bin Hassan	-	-	-	-
<u>Directors and Major Shareholders</u>				
Cheng Wai Keung	-	-	^(a) 172,224,062	55.31
Edmund Cheng Wai Wing	-	-	^(a) 172,224,062	55.31
<u>Major Shareholders</u>				
Wing Tai	148,248,914	47.61	^(b) 23,810,000	7.65
Wing Sun Development Private Limited (" Wing Sun ")	165,148	0.05	^(c) 172,058,914	55.26
<u>Major Shareholders and Persons Connected</u>				
Christopher Cheng Wai Chee	-	-	^(a) 172,224,062	55.31
Edward Cheng Wai Sun	-	-	^(a) 172,224,062	55.31

Notes:-

- (a) Deemed interested by virtue of their substantial shareholdings in Wing Tai, Wing Tai Investment & Development Pte Ltd ("**WTID**") and Wing Sun.
- (b) Deemed interested by virtue that WTID is a wholly owned subsidiary of Wing Tai.
- (c) Deemed interested by virtue of its substantial shareholdings in Wing Tai.

Wing Tai, being a major shareholder of both DNP and USI, is deemed interested in the Proposed Joint Venture. Wing Sun is a major shareholder of both DNP and USI by virtue of its substantial shareholdings in Wing Tai. Wing Tai and Wing Sun shall hereinafter be collectively referred to as the "**Interested Shareholders**".

Y Bhg Tan Sri Dato' Mohamed Noordin Bin Hassan is a Director of DNP and also a Director of Wing Tai. Cheng Wai Keung and Edmund Cheng Wai Wing, the Directors and major shareholders of DNP, are also the Directors of Wing Tai and major shareholders of USI.

As such, the Directors of DNP, namely Y Bhg Tan Sri Dato' Mohamed Noordin Bin Hassan, Cheng Wai Keung and Edmund Cheng Wai Wing (collectively referred to as the "**Interested Directors**") are deemed interested in the Proposed Joint Venture. They have abstained and will continue to abstain from all Board's deliberations and voting on the resolutions pertaining to the Proposed Joint Venture.

Christopher Cheng Wai Chee and Edward Cheng Wai Sun who are the major shareholders of DNP by virtue of their substantial shareholdings in Wing Tai, WTID and Wing Sun, are also the Directors and major shareholders of USI. They are also the brothers of Cheng Wai Keung and Edmund Cheng Wai Wing, the Directors and major shareholders of DNP. Hence, they are deemed persons connected to Cheng Wai Keung and Edmund Cheng Wai Wing.

The Interested Shareholders and/or Interested Directors and/or persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolutions pertaining to the Proposed Joint Venture at the forthcoming EGM. The Interested Shareholders and/or Interested Directors have undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in DNP in relation to the Proposed Joint Venture at the forthcoming EGM.

13. BOARD OF DIRECTORS' STATEMENT

After having considered all aspects of the Proposed Joint Venture, the Board (with the exception of Y Bhg Tan Sri Dato' Mohamed Noordin Bin Hassan, Cheng Wai Keung and Edmund Cheng Wai Wing who are deemed interested in the Proposed Joint Venture) is of the opinion that the Proposed Joint Venture is in the best interest of the Company and its shareholders. Accordingly, the Board (with the exception of Y Bhg Tan Sri Dato' Mohamed Noordin Bin Hassan, Cheng Wai Keung and Edmund Cheng Wai Wing who are deemed interested in the Proposed Joint Venture) after taking into consideration the rationale for the Proposed Joint Venture, recommends that you vote in favour of the resolutions pertaining to the Proposed Joint Venture to be tabled at the forthcoming EGM.

14. DEPARTURE FROM THE SECURITIES COMMISSION'S POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES ("SC GUIDELINES")

To the best of the knowledge and belief of the Board, the Proposed Joint Venture does not involve any departure from the SC Guidelines.

15. DOCUMENTS FOR INSPECTION

Shareholders who wish to inspect the JVSA and the Valuation Report from Knight Frank (Ooi & Zaharin Sdn Bhd) may do so at the registered office of DNP at Suite 18.05, MWE Plaza, No. 8, Lebuhraya Farquhar, 10200 Penang between 9.00 a.m. and 5.00 p.m. from Mondays to Fridays (except for public holidays) for a period of one (1) month from the date of this announcement.

16. INDEPENDENT ADVISER

In view of the interest of the Interested Shareholders and Interested Directors in the Proposed Joint Venture as set out in Section 13 of this announcement, the Proposed Joint Venture is deemed as a related party transaction pursuant to the requirements of Paragraph 10.08 of the Listing Requirements of Bursa Malaysia Securities Berhad. As such, AmlInvestment Bank Berhad (a member of AmlInvestment Bank Group) has been appointed as the Independent Adviser to the non-interested shareholders of DNP in respect of the Proposed Joint Venture.

This announcement is dated 23 April 2008.