

22/04/2008

EXECUTION OF SHARE SALE AGREEMENTS BETWEEN UMW CORPORATION SDN BHD AND DATO' MUTHUKUMAR AYARPADDE

Announcement Details :

1. INTRODUCTION

UMW wishes to announce that UMW Corporation Sdn Bhd ("UMWC"), a wholly-owned subsidiary of UMW, has today entered into two separate Share Sale Agreements ("SSAs") with Dato' Muthukumar a/l Ayarpadde ("DMK") for the acquisition of 51% of the issued and paid-up share capital in MK Autocomponents Limited ("MKAL") and 50% of the issued and paid-up share capital in MK Automotive Industries Limited ("MKD") from DMK ("Proposed Acquisition").

2. DETAILS OF THE PROPOSED ACQUISITION

Under the SSAs, UMWC will acquire 1,114,078 ordinary shares of USD1.00 each, representing 51% of the issued and paid-up share capital of MKAL for a total consideration of USD22.521 million (equivalent to approximately RM71.62 million) and 970,993 ordinary shares of USD1.00 each, representing 50% of the issued and paid-up share capital of MKD for a total consideration of USD970,993 (equivalent to approximately RM3.09 million) from DMK. Upon completion of the Proposed Acquisition, DMK will remain as the 49% and 50% shareholder in MKAL and MKD, respectively.

MKAL owns the entire share capital of Sathya Auto Private Limited ("SAPL") and Castwel Autoparts Private Limited ("CAPL"), both of which were incorporated and existing under the laws of India. SAPL manufactures mechanical jacks, radiator caps and sheet metal components for major automotive manufacturers in India. CAPL manufactures aluminium gravity die castings, aluminium alloys, water pump body, cover and brackets for major automotive manufacturers in India.

MKD owns 50% equity interest in Dongshin Motech Private Limited ("DMPL"), a company incorporated under the laws of India. DMPL is the major original equipment manufacturer ("OEM") for stamped automotive body parts for Korean car manufacturers.

3. DETAILS OF THE JOINT VENTURE PARTNERS

3.1 Information on UMWC

UMWC is a company incorporated under the Companies Act, 1965 on 8th August 1970 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 UMWC is the provision of full corporate, administrative, professional, security services and financial support to its subsidiaries and associated companies. UMWC also trades in a range of light and heavy equipment.

The issued and paid-up share capital of UMWC is RM238,503,375 divided into 238,503,375 ordinary shares of par value RM1.00 each.

3.2 Information on MKAL

MKAL is a company incorporated in the Federal Territory of Labuan on 13th March 2008 and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Federal Territory of Labuan.

The principal activity of MKAL is investment holding.

The issued and paid-up share capital of MKAL is USD2,184,465 divided into 2,184,465 ordinary shares of par value USD1.00 each.

3.3 Information on MKD

MKD is a company incorporated in the Federal Territory of Labuan on 21st September 2007 and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Federal Territory of Labuan.

The principal activity of MKD is investment holding.

The issued and paid-up share capital of MKD is USD1,941,986 divided into 1,941,986 ordinary shares of par value USD1.00 each.

3.4 Purchase Consideration

The total consideration of USD22.521 million and USD970,993 for the acquisition of 51% equity interest in MKAL and 50% equity interest in MKD, respectively, were arrived at on a willing-buyer willing-seller basis.

4. RATIONALE

The rationale of the Proposed Acquisition is to strengthen UMW's Manufacturing & Engineering Division by investing in India's fast growing automotive components sector with potential to increase its revenue and profit stream.

5. APPROVALS

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

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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 Acquisition.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is not expected to have any material impact on the earnings and net assets of the UMW Group.

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 SSAs 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 23rd April 2008 to 7th May 2008.

cc-Securities Commission
(Issues & Investment Division)

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