

19/11/2008

ACQUISITION OF EQUITY INTERESTS IN CERTAIN SUBSIDIARY/ASSOCIATED COMPANIES IN THE UMW GROUP

Announcement Details :

1. INTRODUCTION

UMW wishes to announce that its wholly-owned subsidiary, UMW Petropipe (L) Ltd (“UMW Petropipe”), has today entered into two separate Share Purchase Agreements (“SPA”) with ACE Technologies (L) Ltd (“ATLL”) and ACE Tubular Technologies Pte Ltd (“ATTPL”), respectively, for the acquisition of the equity interests in the following subsidiary/associated companies of the UMW Group from ATLL and ATTPL, for a total cash consideration of USD33.592 million (equivalent to approximately RM121.02 million) (“Proposed Acquisition”) -

- i) Shanghai Tube-Cote Petroleum Pipe Coating Co, Ltd (“STPPC”);
- ii) Jiangsu Tube-Cote Shuguang Coating Co, Ltd (“JTSC”);
- iii) UMW Linepipe (L) Ltd (“UMW Linepipe”); and
- iv) UMW ACE (BVI) Ltd (“UMW ACE”).

Consequent to the Proposed Acquisition, the shareholding of UMW in the said subsidiary/associated companies will be as reflected in Table A.

2. DETAILS OF THE PROPOSED ACQUISITION

UMW Petropipe entered into the first SPA with ATLL for the acquisition of 1,512 ordinary shares USD1.00 each, representing 15.12% of the share capital in UMW Linepipe and 1,070,800 ordinary shares of USD1.00 each, representing 10% of the share capital in UMW ACE by UMW Petropipe from ATLL, for a total consideration of USD4.322 million and USD21.682 million, respectively.

The second SPA was entered into between UMW Petropipe and ATTPL for the acquisition of 9% equity interest in STPPC and 4.44% equity interest in JTSC by UMW Petropipe from ATTPL, for a total consideration of USD4.2 million and USD3.388 million, respectively.

2.1 Information on UMW Petropipe

UMW Petropipe is a company incorporated in the Federal Territory of Labuan on 21st May 2003 and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Federal Territory of Labuan.

The principal activity of UMW Petropipe is investment holding.

The issued and paid-up share capital of UMW Petropipe is USD94,073,671 divided into 94,073,671 ordinary shares of par value USD1.00 each.

2.2 Information on ATLL

ATLL is a company incorporated in the Federal Territory of Labuan and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Labuan F.T., Malaysia.

The principal activity of ATLL is investment holding.

Ooi Koe Leong is the sole beneficial shareholder of ATLL.

2.3 Information on ATTPL

ATTPL is a company incorporated in Singapore and has its registered office at 190, Clemenceau Avenue, #05-01, Singapore Shopping Centre, Singapore 239924.

The principal activity of ATTPL is the provision of inspection services.

Ooi Koe Leong is the sole beneficial shareholder of ATTPL.

2.4 Information on STPPC

STPPC is a sino-foreign equity joint venture enterprise incorporated in the People’s Republic of China (“PRC”) on 8th March 2002 and having its registered address at No. 669 Jin Le Road, Yuepu Industrial Park, Baoshan District, Shanghai, China.

The principal activity of STPPC is the provision of internal epoxy coating for OCTG and line pipes for the Oil & Gas industry.

The shareholders of STPPC are Beijing Huashi Hailong Petroleum Machinery Equipment Company Limited (51%), UMW Petropipe (40%) and ATTPL (9%).

2.5 Information on JTSC

JTSC is a sino-foreign equity joint venture enterprise incorporated in the People's Republic of China ("PRC") on 22nd October 2003 and having its registered address at Shuguang Industrial Park, Shuguang Avenue, Baimi Township, Jiangyan City, Jiangsu, China.

The principal activity of JTSC is the provision of internal epoxy coating for OCTG and line pipes for the Oil & Gas industry.

The shareholders of JTSC are STPPC (41%), Jiangsu Shuguang Group Co Ltd (33.78%), ATTPL (4.44%), UMW Petropipe (3.6%) and Hailong International (L) Ltd (17.18%).

2.6 Information on UMW Linepipe

UMW Linepipe is a company incorporated in the Federal Territory of Labuan on 2nd November 2006 and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Labuan F.T., Malaysia. The principal activity of UMW Linepipe is investment holding.

The issued and paid-up share capital of UMW Linepipe is USD10,000 divided into 10,000 ordinary shares of par value USD1.00 each. The shareholders of UMW Linepipe are UMW Petropipe (51%), Hailong International (L) Ltd (33.88%) and ATL (15.12%).

UMW Linepipe owns 49% equity interest in Shanghai BSW Petro-pipe Co, Ltd ("BSW"), a sino-foreign equity joint venture enterprise incorporated in the People's Republic of China ("PRC") on 16th May 2003 and having its registered address at No. 288, YuanHe Road, Yuepu Industrial Park, Baoshan, Shanghai, China 200941.

The principal activities of BSW are the manufacturing and trading of spiral welded pipes for the Oil & Gas industry.

The shareholders of BSW are Baoji Petroleum Steel Pipe Co, Ltd (51%) and UMW Linepipe (49%).

2.7 Information on UMW ACE

UMW ACE is an International Business Company incorporated in the British Virgin Islands ("BVI") on 18th April 2005 and has its registered office at Palm Grove House, P.O. Box 438, Road Town, Tortola, BVI.

The principal activity of UMW ACE is investment holding.

The issued and paid-up share capital of UMW ACE is USD10,708,000 divided into 10,708,000 shares of par value USD1.00 each. The shareholders of UMW ACE are UMW Petropipe (60%) and ATLL (40%).

UMW ACE owns 49% of the equity interest in Zhongyou BSS (Qinhuangdao) Petropipe Co, Ltd ("Zhongyou BSS"), a sino-foreign equity joint venture enterprise incorporated in the PRC and having its legal office at Zhujiang Road, No.29, Economic and Technical Development Zone, Qinhuangdao City, Hebei Province, PRC.

The principal activities of Zhongyou BSS are as follows -

- i) Manufacturing and marketing of Longitudinal Submerged Arc Welded ("LSAW") steel pipes for oil and gas transmission lines and structural pipes for oil and gas applications; and
- ii) Internal and external pipe coating services.

The shareholders of Zhongyou BSS are Baoji Petroleum Steel Pipe Co, Ltd (51%) and UMW ACE (49%).

2.8 Purchase Consideration

The purchase consideration of USD33.592 million for the Proposed Acquisition by UMW Petropipe from ATLL and ATTPL was arrived at on a willing-buyer willing-seller basis.

3. SOURCE OF FUNDS

The Proposed Acquisition will be financed via internally-generated funds and bank borrowings.

4. RATIONALE

The Proposed Acquisition will increase UMW's effective shareholding in the four (4) companies that would translate into potential value creation opportunities in the future.

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 SPA 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 20th November 2008 to 1st December 2008.

Table A

UMW's Shareholding	Pre-Acquisition (%)	Post-Acquisition (%)
STPPC	40	49
JTSC	20	24.44
UMW Linepipe	51	66.12
UMW ACE	60	70

cc-Securities Commission
(Issues & Investment Division)

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