

23/12/2008

EXECUTION OF A SHARE SALE AGREEMENT BETWEEN UMW AUSTRALIA VENTURES (L) LTD, UMW PETROPIPE (L) LTD, PFP TECH HOLDINGS PTY LTD, MONTAGUE HOLDINGS (INT) PTY LTD, PAUL ANTHONY MONTAGUE, PFP HOLDINGS PTY LTD AND CLADTEK INTERNATIONAL PTY LTD

Announcement Details :

1. INTRODUCTION

UMW wishes to announce that its wholly-owned subsidiary, UMW Australia Ventures (L) Ltd (“UMW Australia” or “the Purchaser”), has today entered into a Share Sale Agreement (“SSA”) with UMW Petropipe (L) Ltd (“UMW Petropipe”), a wholly-owned subsidiary of UMW, PFP Tech Holdings Pty Ltd (“PFP Tech”), Montague Holdings (Int) Pty Ltd (“MH” or “the Vendor”), Paul Anthony Montague (“Paul Montague”), PFP Holdings Pty Ltd (“PFP Holdings”) and Cladtek International Pty Ltd (“Cladtek”) to undertake an internal group restructuring exercise (“Proposed Internal Group Restructuring”).

2. DETAILS OF THE PROPOSED INTERNAL GROUP RESTRUCTURING

2.1 Proposed Internal Group Restructuring

Under the SSA, the Proposed Internal Group Restructuring involves the acquisition of 1,152 ordinary shares, representing 40% equity interest in PFP Holdings, by UMW Australia from MH, for a total cash consideration of AUD8.0 million (“the Proposed Acquisition”).

The consideration for the Proposed Acquisition, which was arrived at on a willing-buyer willing-seller basis, will be financed by internally-generated funds.

Pursuant to our announcement made on 6th June 2008 on the execution of a Sale and Purchase Agreement (“SPA”) between UMW Petropipe and UMW Australia, UMW Petropipe had proposed to dispose its 60% shareholding in PFP Holdings to UMW Australia (“the Proposed Transfer”). The Proposed Transfer is yet to be completed pending fulfillment of certain conditions in the SPA.

Upon completion of the Proposed Acquisition and the Proposed Transfer, UMW Australia, which will then own 100% of the issued and paid-up share capital of PFP Holdings, will dispose its 51% effective interest in the Cladtek Group, comprising PFP Tech, Cladtek, PFP Technologies Pty Ltd (“PFP Technologies”), PT Cladtek Bi Metal Manufacturing (“Cladtek Bi Metal”), PT Cladtek International (“PT Cladtek”) and Cladtek Malaysia Sdn Bhd (“Cladtek Malaysia”) to MH, for a nominal value of AUD1.00, upon full settlement of the loans granted by the UMW Group to the Cladtek Group and all financial obligations being fully discharged by 31st March 2009 or such extension of time as stipulated in the SSA.

In the event any outstanding loans from the UMW Group to the Cladtek Group are not fully repaid or the financial obligations are not fully discharged by 31st March 2009 or such extension of time as stipulated in the SSA, UMW Australia will acquire 49% of the equity interest in the Cladtek Group, comprising PFP Tech, Cladtek, PFP Technologies, Cladtek Bi Metal, PT Cladtek and Cladtek Malaysia from MH, for a nominal value of AUD1.00.

The completion of the Proposed Acquisition is subject to the fulfilment of the terms and conditions set out in the Share Sale Agreement by the Purchaser and Vendor (as may be applicable) which, amongst others, include the approvals of regulatory authorities (if required).

2.2 Brief Information on Parties to the SSA

UMW Australia

UMW Australia is a company incorporated in the Federal Territory of Labuan, Malaysia under the Offshore Companies Act, 1990 on 6th May 2008, and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, Federal Territory of Labuan, Malaysia.

The principal activity of UMW Australia is investment holding.

The existing issued and paid-up share capital of UMW Australia is USD1.00, i.e., one (1) ordinary share of USD1.00.

UMW Petropipe

UMW Petropipe is a company incorporated in the Federal Territory of Labuan, Malaysia under the Offshore Companies Act, 1990 on 21st May 2003, and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, Federal Territory of Labuan, Malaysia.

The principal activity of UMW Petropipe is investment holding.

The existing issued and paid-up share capital of UMW Petropipe is USD97,432,871 divided into 97,432,871 ordinary shares of USD1.00 each.

PFP Tech

PFP Tech, a wholly-owned subsidiary of PFP Holdings, was incorporated in Western Australia under the Corporations Act, 2001 of Australia, on 12th September 2005, and has its registered office at Level 2, 62 Colin Street, West Perth, Western Australia 6005.

The principal activity of PFP Tech is investment holding.

The existing issued and paid-up share capital of PFP Tech is AUD2.00 divided into two (2) ordinary shares.

MH

MH is a company incorporated in Western Australia under the Corporations Act, 2001 of Australia, on 22nd July 1991, and has its registered office at Level 2, Colin Street, West Perth, Western Australia 6000.

MH is acting as trustee for PA & VF Family Trust.

The existing issued and paid-up share capital of MH is AUD2.00 divided into two (2) ordinary shares. The shareholders of MH are Paul Montague and Vanessa Montague, each holding one share in MH.

Paul Montague

Paul Montague is the sole Director of MH and is a member of the Board of the PFP Group of Companies as well as the Cladtek Group of companies.

PFP Holdings

PFP Holdings is a company incorporated in Western Australia under the Corporations Act, 2001 of Australia, on 23rd January 1990, and has its registered office at Level 2, 62 Colin Street West Perth WA 6005.

The principal activity of PFP Holdings is investment holding.

The existing issued and paid-up share capital of PFP Holdings is AUD288.00 divided into 2,880 ordinary shares. The present shareholders of PFP Holdings are UMW Petropipe and MH, holding 1,728 shares (i.e. 60% of PFP Holdings' equity interest) and 1,152 shares (i.e., 40% of PFP Holdings' equity interest), respectively.

Cladtek

Cladtek is a company incorporated in Western Australia under the Corporations Act, 2001 of Australia, on 11th April 2003, and has its registered office at Sygnum Financial Services Level 2, 62 Colin Street West Perth WA 6005.

Cladtek is principally engage in the manufacturing of cladded pipes for the oil and gas industry.

The existing issued and paid-up share capital of Cladtek is AUD200.00 divided into 200 ordinary shares, of which 140 shares (i.e. 70% of Cladtek's equity interest) is owned by PFP Tech, 42 shares (i.e. 21% of Cladtek's equity interest) is owned by MH, while the remaining 18 shares (i.e. 9% of Cladtek's equity interest) is owned by UMW Petropipe.

PFP Technologies

PFP Technologies, a wholly-owned subsidiary of PFP Tech, is incorporated in Western Australia under the Corporations Act, 2001 of Australia, on 28th November 2002, and has its registered office at Sygnum Financial Services Level 2, 62 Colin Street, West Perth, Western Australia 6005.

The principal activity of PFP Technologies is manufacturing of computerised machineries.

The existing issued and paid-up share capital of PFP Technologies is AUD1.00, i.e., one (1) ordinary share.

PT Cladtek

PT Cladtek is a company incorporated in the Republic of Indonesia on 25th April 2007, and has its registered office at Jalan Bawal Kacaleng 5, Keluharan Batu Merah, Batam City, Indonesia.

The principal activities of PT Cladtek is cladding pipe and overlay.

The existing issued and paid-up share capital of PT Cladtek is USD500,000 divided into 5,000 shares of USD100.00 each. The present shareholders of PT Cladtek are PFP Holdings and Dr Koentjahja Widjaja, holding 4,750 shares (i.e. 95% of PT Cladtek's equity interest) and 250 shares (i.e. 5% of PT Cladtek's equity interest), respectively.

Cladtek Bi Metal

Cladtek Bi Metal is a company incorporated in the Republic of Indonesia on 3rd September 2007, and has its registered office at Jl. Bawal Kav. IV Batu Merah Batu Ampar Batam.

The principal activity of Cladtek Bi Metal is engaged in the industry of various specific works of metal and goods from metal.

The existing issued and paid-up share capital of Cladtek Bi Metal is USD250,000.00 divided into 2,500 shares of USD100.00 each, of which, Cladtek holds 2,375 shares (i.e. 95% of Cladtek Bi Metal's equity interest), while PFP Holdings holds the remaining 125 shares (i.e. 5% of Cladtek Bi Metal's equity interest).

Cladtek Malaysia

Cladtek Malaysia, a wholly-owned subsidiary of PFP (Aust) Holdings Pty Ltd, which in turn is wholly-owned by PFP Holdings, is a company incorporated under the Companies Act, 1965, on 31st March 1997, 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 Malaysia.

Cladtek Malaysia, which has ceased operations since 2003, was principally a commission agent in the supply of material to the marine process and petrol chemical industries.

The existing issued and paid-up share capital of Cladtek Malaysia is RM20,000.00 divided into 20,000 ordinary shares of RM1.00 each.

3. RATIONALE

The Proposed Internal Group Restructuring is to create a more efficient organisational structure in an effort to further enhance UMW's shareholder value.

4. APPROVALS REQUIRED

The Proposed Internal Group Restructuring pursuant to the SSA does not require the approval of the shareholders of UMW.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors and/or substantial shareholders of UMW and PFP Holdings Group of Companies and/or persons connected with the Directors and/or substantial shareholders, have any interest, direct or indirect, in the Proposed Internal Group Restructuring.

6. FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

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

7. STATEMENT BY DIRECTORS

The Board of Directors of UMW is of the opinion that the Proposed Internal Group Restructuring is in the best interests of the UMW Group.

8. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Share Sale Agreement 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 from 9.00 a.m. to 5.00 p.m. on any weekday (except public holidays) from 24th December 2008 to 2nd January 2009.

cc-Securities Commission
(Issues & Investment Division)

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