

UPDATE ON WSP HOLDINGS LIMITED NYSE ticker symbol WH



Company

- Manufacturer of API (American Petroleum Institute) and non-API seamless casing, tubing and drill pipes used in oil and natural gas exploration, drilling and extraction ("Oil Country Tubular Goods" or "OCTG"), and other pipes and connectors in China.
- Listed on New York Stock Exchange on 6 December 2007.
- UMW holds a 22.3% in this listed company.

Issues

- The United States was WSP's biggest market for its products.
- WSP was hit by significant decline in sales and lower capacity utilisation largely because of the anti-dumping and countervailing duties imposed by the US government against seamless steel pipes made in China in 2009.
- As a result, WSP has been suffering losses since 2010.
- The share price, which was USD8.50 at IPO, closed at USD0.68 on 26 August 2014.
- On 21 February 2013, WSP announced plans to take the company private. However, on 30 May 2014, WSP announced the termination of its privatisation plan.

Impact on UMW

- UMW has been providing for its share of losses in WSP.
- We also had to provide impairment on marked to market of WSP's share price. Accounting standards require us to value all our quoted investments at fair value.

Latest update (as at 30 June 2014)

- The provision for impairment of investment was RM28 million and another RM13 million was the share of losses during 1H 2014.
- With that, the book value of our investment in WSP is reduced to zero.
- As such, there is no further provision required for WSP moving forward.