

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" OR "THE COMPANY") - ACCEPTANCE OF OFFER FROM BENKERT UK LTD ["BENKERT UK"], THE EXISTING 70% SHAREHOLDER OF BENKERT (MALAYSIA) SDN. BHD. ["BENKERT MALAYSIA"] TO PURCHASE THE BALANCE OF 30% OF THE ISSUED AND PAID-UP SHARE CAPITAL IN BENKERT MALAYSIA, AN ASSOCIATE COMPANY OF THE COMPANY, FROM THE COMPANY

TIEN WAH PRESS HOLDINGS BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" OR "THE COMPANY") - ACCEPTANCE OF OFFER FROM BENKERT UK LTD ["BENKERT UK"], THE EXISTING 70% SHAREHOLDER OF BENKERT (MALAYSIA) SDN. BHD. ["BENKERT MALAYSIA"] TO PURCHASE THE BALANCE OF 30% OF THE ISSUED AND PAID-UP SHARE CAPITAL IN BENKERT MALAYSIA, AN ASSOCIATE COMPANY OF THE COMPANY, FROM THE COMPANY

Reference is made to the announcements made by the Company on 23 January 2003 and 3 April 2003 in respect of the disposal of 1,050,000 Ordinary Shares of RM1.00 each representing 21% of the total issued and paid-up share capital in Benkert Malaysia to Benkert UK, resulting in the Company's shareholdings in Benkert Malaysia reduced to 30%.

In conjunction with the above, the Board of Directors of TWPH ("**Board**") wishes to announce that TWPH has on 23 December 2016 received a Letter of Offer dated 23 December 2016 ("**Letter of Offer**") from Benkert UK indicating their offer to purchase ("**Offer to Purchase**") the Company's remaining 1,500,000 Ordinary Shares of RM1.00 each representing 30% of the issued and paid-up share capital in Benkert Malaysia ("**Balance Shares**"). The Company had on 23 December 2016 accepted the Offer to Purchase. The adjusted Net Tangible Asset ("**NTA**") of Benkert Malaysia as at 30 November 2016 after taking into consideration an interim dividend paid on 21 December 2016 is RM86,043,550 and the estimated consideration for the Balance Shares would be RM25,813,065.

(TWPH and Benkert UK are collectively referred to as "**the Parties**" and "**Party**" means either one of them)

Upon completion of the disposal of Balance Shares ("**Disposal of Balance Shares**"), Benkert Malaysia will cease to be an associate company of the Company.

The details of the above such as the terms and conditions are set out in the attached file and the finalisation of the total consideration for the Disposal of Balance Shares shall be determined and announced in due course.

This announcement is dated 23 December 2016.

Please refer attachment below.

Attachments

[TWPH- Acceptance of Offer from Benkert UK \(Final\).pdf](#)
239.9 kB

Announcement Info

Company Name	TIEN WAH PRESS HOLDINGS BERHAD
Stock Name	TIENWAH
Date Announced	23 Dec 2016
Category	General Announcement for PLC
Reference Number	GA1-22122016-00100

TIEN WAH PRESS HOLDINGS BERHAD (“TWPH” OR “THE COMPANY”)

ACCEPTANCE OF OFFER FROM BENKERT UK LTD [“BENKERT UK”], THE EXISTING 70% SHAREHOLDER OF BENKERT (MALAYSIA) SDN. BHD. [“BENKERT MALAYSIA”] TO PURCHASE THE BALANCE OF 30% OF THE ISSUED AND PAID-UP SHARE CAPITAL IN BENKERT MALAYSIA, AN ASSOCIATE COMPANY OF THE COMPANY, FROM THE COMPANY

1. INTRODUCTION

Reference is made to the announcements made by the Company on 23 January 2003 and 3 April 2003 in respect of the disposal of 1,050,000 Ordinary Shares of RM1.00 each representing 21% of the total issued and paid-up share capital in Benkert Malaysia to Benkert UK, resulting in the Company’s shareholdings in Benkert Malaysia reduced to 30%.

In conjunction with the above, the Board of Directors of TWPH (“**Board**”) wishes to announce that TWPH has on 23 December 2016 received a Letter of Offer dated 23 December 2016 (“**Letter of Offer**”) from Benkert UK indicating their offer to purchase (“**Offer to Purchase**”) the Company’s remaining 1,500,000 Ordinary Shares of RM1.00 each representing 30% of the issued and paid-up share capital in Benkert Malaysia (“**Balance Shares**”). The Company had on 23 December 2016 accepted the Offer to Purchase. The adjusted Net Tangible Asset (“**NTA**”) of Benkert Malaysia as at 30 November 2016 after taking into consideration an interim dividend paid on 21 December 2016 is RM86,043,550 and the estimated consideration for the Balance Shares would be RM25,813,065.

(TWPH and Benkert UK are collectively referred to as “**the Parties**” and “**Party**” means either one of them)

Upon completion of the disposal of Balance Shares (“**Disposal of Balance Shares**”), Benkert Malaysia will cease to be an associate company of the Company.

The details of the above such as the terms and conditions are set out below in Section 3 and the finalisation of the total consideration for the Disposal of Balance Shares shall be determined and announced in due course.

2. INFORMATION ON BENKERT MALAYSIA AND BENKERT UK

2.1 Information on Benkert Malaysia

Benkert Malaysia was incorporated in Malaysia on 8 July 1997 and its principal activities are manufacture and sales of standard and perforated tipping papers. As at the date hereof, the authorised share capital of Benkert Malaysia is RM5,000,000 comprising 5,000,000 Ordinary Shares of RM1.00 each, while the issued and paid-up share capital is RM5,000,000 divided into 5,000,000 Ordinary Shares of RM1.00 each.

The Directors of Benkert Malaysia are as follows:

- a) Mr Neil Stuart Sharpe
- b) Mr Horst Michael Benkert
- c) Mr Horst Paul Bastian Benkert
- d) Dr Arnd Brinker (Alternate Director to Mr Horst Michael Benkert)
- e) Mr Lee Chee Whye
- f) Mr Ong Liang Win

The shareholders of Benkert Malaysia are as follows:

Shareholders	No. of Ordinary Shares of RM1.00 each	Proportion of shareholdings in Benkert Malaysia
Benkert UK	3,500,000	70%
TWPH	1,500,000	30%
Total:	5,000,000	100%

The audited NTA of Benkert Malaysia as of 31 December 2015, is RM88,164,625.

2.2 Information on Benkert UK

Benkert UK was incorporated in England on 30 June 1972. The current authorised and paid-up capital of Benkert UK is Sterling Pound (“GBP”) 250,000 divided into 250,000 ordinary shares of GBP1.00 each.

The principal activities of Benkert UK are manufacture and sales of standard and perforated tipping papers. It is 100% owned by Benkert GmbH – Muri, Switzerland.

The Directors of Benkert UK are as follows:

- a) Mr Neil Stuart Sharpe
- b) Mr Horst Paul Bastian Benkert
- c) Mr Michael Benkert
- d) Dr Arnd Brinker
- e) Colin Morrison

3. DETAILS OF THE OFFER TO PURCHASE

3.1 Salient Terms of the Letter of Offer

The salient terms of the Letter of Offer include, among others, the following:

- a) The Balance Shares shall be sold by TWPH free from encumbrances and together with all rights and advantages to Benkert UK as at Completion (as defined below) (including the right to receive all dividends or distributions declared, made or paid on or after Completion).
- b) Valuation for the Balance Shares shall be based on the Shareholders' Agreement dated 10 June 1997 as supplemented by the Supplemental Shareholders' Agreement dated 23 January 2003 between the Parties in respect of Benkert Malaysia, whereby the valuation of the Balance Shares shall be based on the NTA Value per share of Benkert Malaysia as at 31 December 2016 as certified by the external auditors.
- c) Benkert UK shall pay a deposit of RM10,500,000 for the Balance Shares ("**Deposit**") to TWPH within three (3) working days of TWPH accepting the Letter of Offer. The Deposit shall constitute part payment of the total purchase consideration for the Balance Shares. The details of the total consideration for the Disposal of Balance Shares shall be finalised and announced in due course.
- d) The final valuation of Balance Shares shall be based on the NTA Value per share of Benkert Malaysia as at 31 December 2016 as per its audited accounts, of which shall be issued not later than 28 February 2017.
- e) Balance payment for the total consideration for the Balance Shares, after taking into account and deducting the Deposit, shall be paid within 7 days of issuance of the Benkert Malaysia audited accounts for the year ended 31 December 2016.
- f) Completion shall occur simultaneously with the payment of the aforesaid balance sum whereupon TWPH shall transfer the Balance Shares to Benkert UK or its nominees upon its receipt of full payment of the total consideration for the Balance Shares ("**Completion**").

3.2 Basis and Justification of Arriving at the Balance Shares Consideration

Subject to the terms and conditions contained in the Letter of Offer, the estimated consideration of RM25,813,065 is calculated based on the adjusted unaudited NTA of Benkert Malaysia as at 30 November 2016 amounting to RM101,043,550 and adjustment of an interim dividend paid on 22 December 2016. The final consideration shall be determined after the issuance of the Benkert Malaysia audited accounts as at 31 December 2016.

The Balance Shares consideration shall be fully satisfied by cash within 7 days from the date of the Benkert Malaysia audited accounts for the year ended 31 December 2016.

3.3 Expected Gains Arising from the Disposal of Balance Shares

The estimated gain on disposal of Benkert Malaysia is RM935,664 for TWPH and its subsidiaries (“**TWPH Group**”).

3.4 Utilisation of Proceeds from the Disposal of Balance Shares

The proceeds arising from the disposal shall be utilised for working capital and/or reduction of loans of TWPH Group.

3.5 Liabilities to be assumed

The Company will not be assuming any liabilities, including contingent liabilities and guarantees arising from the Disposal of Balance Shares.

3.6 Date and Original Cost of Investment

The cost of investment of the Company’s 30% shareholding in Benkert Malaysia is RM1,500,000 invested since the date of incorporation.

4. RATIONALE FOR THE OFFER TO PURCHASE

Pursuant to the Company’s announcements dated 5 October 2016, 24 October 2016 and 3 November 2016 in relation to the proposed acquisition of 100% equity interest in PT Bintang Pesona Jagat, Indonesia (“**BPJ**”) by TWPH Group, BPJ may be in direct competition with Benkert Malaysia. As such, the Board has decided to divest its investment in Benkert Malaysia to avoid any potential conflict of interest.

5. RISK FACTOR

Barring any unforeseen circumstances, the Board does not envisage any specific risks associated with the Disposal of Balance Shares.

6. EFFECTS OF THE DISPOSAL OF BALANCE SHARES

(i) Share Capital

The Disposal of Balance Shares will not have any effect on the issued and paid-up share capital of TWPH Group.

(ii) Shareholdings of Substantial Shareholders

The Disposal of Balance Shares will not have any effect on the shareholdings of the substantial shareholders of TWPH Group.

(iii) Net Assets (“NA”) per Share and Gearing

The Disposal of Balance Shares is not expected to have material effects on the NA per share TWPH Group for the financial year ending 31 December 2016 and the proforma impact on the borrowings and gearing for TWPH Group are set out as follows:

	RM'million	Gearing Ratio
As per Abridged Prospectus dated 30 June 2016 (*)	57.66	0.17
Application of Renounceable Rights Issue Proceeds	(17.45)	
	<hr/> 40.21	0.12
Proceeds from disposal of Benkert Malaysia (#)	(25.81)	
	<hr/> 14.40	0.04
Total Shareholders' Funds (@)	<hr/> 331.72	

Notes

* - Latest Practical Date 23 May 2016

- Assumes full proceeds is applied to reduce borrowings

@ - As adjusted for Renounceable Rights Issue

(iv) Earnings and Earnings per Share (“EPS”)

The Disposal of Balance Shares is expected to result in a gain on disposal of RM935,664 in the consolidated earnings and contributing 0.70 sen per share of TWPH Group for the financial year ending 31 December 2016.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders and/or persons connected with a director and major shareholder of TWPH Group has any interest, direct or indirect, in the aforesaid.

8. APPROVALS REQUIRED

The aforesaid is not subject to the approvals of the shareholders of TWPH or any regulatory authorities.

9. STATEMENT BY BOARD OF DIRECTORS

The Board, having considered all aspects of the aforesaid, is of the opinion that the acceptance of the Offer to Purchase is in the best interest of TWPH.

10. ESTIMATED TIME FRAME FOR COMPLETION

The completion for the Disposal of the Balance Shares in Benkert Malaysia is by end of Q1 2017.

11. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable for the Disposal of Balance Shares pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) is 7.78% based on the audited consolidated financial statements of TWPH for the financial year ended 31 December 2015 adjusted to take into account subsequent completed transaction in respect of the rights issue of the Company completed in August 2016, which adequate information had already been issued to the shareholders and the adjustments had been reviewed by the Company’s external auditors and a copy of the external auditors’ review report is furnished to Bursa Securities.

This announcement is dated 23 December 2016.