

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" OR "THE COMPANY") - PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN PT BINTANG PESONA JAGAT ("BPJ") BY MAX EASE INTERNATIONAL LIMITED AND MAX VIEW HOLDINGS LIMITED

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") - PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN PT BINTANG PESONA JAGAT ("BPJ") BY MAX EASE INTERNATIONAL LIMITED AND MAX VIEW HOLDINGS LIMITED

Reference is made to the Company's announcements dated 5 October 2016 and 24 October 2016 in relation to the proposed acquisition of 100% equity interest in BPJ by TWPH or its subsidiaries, and provision of financial assistance to the subsidiary of the Company.

The Board of Directors of TWPH ("**the Board**") wishes to announce that Max Ease International Limited ("**MEIL**"), a 51%-owned subsidiary company of TWPH, and Max View Holdings Limited ("**MVHL**"), a wholly-owned subsidiary of MEIL (collectively "**the Purchasers**") had on 3 November 2016 entered into a Conditional Sale and Purchase of Shares Agreement ("**CSPA**") with PT Bentoel Prima ("**PTBP**") and PT Lestari Putra Wirasejati ("**PTLW**") (collectively "**the Sellers**") for the proposed acquisition of 100% of the issued and paid-up share capital in BPJ ("**Proposed Acquisition**"). The Sellers and BPJ are subsidiary companies of PT Bentoel Internasional Investama Tbk ("**PTBINI**"), a listed company in Bursa Efek Indonesia ("**BEI**") or Indonesian Stock Exchange.

(The Purchasers and the Sellers are collectively referred to as "**the Parties**" and "**Party**" means either one of them.)

The Proposed Acquisition comes with a Manufacturing and Supply of Packaging Materials Agreement ("**MSPMA**") whereby PTBINI and its affiliates will appoint BPJ as the exclusive supplier to supply the print supplies of the British American Tobacco group of companies ("**BAT Group**") in Indonesia for a fixed period of six (6) years commencing 1 January 2017 until 31 December 2022 when it shall expire.

Upon the completion of the sale and transfer of the above issued and paid-up share capital in BPJ, BPJ shall be a subsidiary of the Company.

Please refer to the attached file for details of the announcement.

This announcement is dated 3 November 2016.

Please refer attachment below.

Attachments

[TWPH - Proposed Acquisition \(Final\).pdf](#)
227.2 kB

Company Name	TIEN WAH PRESS HOLDINGS BERHAD
Stock Name	TIENWAH
Date Announced	03 Nov 2016
Category	General Announcement for PLC
Reference Number	GA1-03112016-00046

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

PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN PT BINTANG PESONA JAGAT (“BPJ”) BY MAX EASE INTERNATIONAL LIMITED AND MAX VIEW HOLDINGS LIMITED

1. INTRODUCTION

Reference is made to the Company’s announcements dated 5 October 2016 and 24 October 2016 in relation to the proposed acquisition of 100% equity interest in BPJ by TWPH or its subsidiaries, and provision of financial assistance to the subsidiary of the Company.

The Board of Directors of TWPH (**“the Board”**) wishes to announce that Max Ease International Limited (**“MEIL”**), a 51%-owned subsidiary company of TWPH, and Max View Holdings Limited (**“MVHL”**), a wholly-owned subsidiary of MEIL (collectively **“the Purchasers”**) had on 3 November 2016 entered into a Conditional Sale and Purchase of Shares Agreement (**“CSPA”**) with PT Bentoel Prima (**“PTBP”**) and PT Lestariputra Wirasejati (**“PTLW”**) (collectively **“the Sellers”**) for the proposed acquisition of 100% of the issued and paid-up share capital in BPJ (**“Proposed Acquisition”**). The Sellers and BPJ are subsidiary companies of PT Bentoel Internasional Investama Tbk (**“PTBINI”**), a listed company in Bursa Efek Indonesia (**“BEI”**) or Indonesian Stock Exchange.

(The Purchasers and the Sellers are collectively referred to as **“the Parties”** and **“Party”** means either one of them.)

The Proposed Acquisition comes with a Manufacturing and Supply of Packaging Materials Agreement (**“MSPMA”**) whereby PTBINI and its affiliates will appoint BPJ as the exclusive supplier to supply the print supplies of the British American Tobacco group of companies (**“BAT Group”**) in Indonesia for a fixed period of six (6) years commencing 1 January 2017 until 31 December 2022 when it shall expire.

Upon the completion of the sale and transfer of the above issued and paid-up share capital in BPJ, BPJ shall be a subsidiary of the Company.

2. THE PROPOSED ACQUISITION

2.1 Information on BPJ

BPJ is a limited liability company duly established under the law of the Republic of Indonesia on 27 September 2006 and having its legal domicile in Kota Malang. The authorized capital is IDR200,000,000,000 (**IDR** = Indonesian Rupiah) which is divided into 200,000 ordinary shares, each of which having a nominal value of IDR1,000,000. The issued and paid-up capital is IDR114,770,000,000 which is divided into 114,770 ordinary shares, each of which having a nominal value of IDR1,000,000 (**“the Shares”**).

PTBP is the legal and beneficial owner of 114,271 shares in BPJ representing 99.6% of the total issued and paid-up capital of BPJ, and PTLW is the legal and beneficial owner of 499 shares in BPJ representing 0.4% of the issued and paid-up capital of BPJ. PTBINI indirectly controls 99.8% of all issued and paid-up shares in BPJ.

Tien Wah Press Holdings Berhad (Company: 340434-K)**- Proposed Acquisition of 100% Equity Interest in PT Bintang Pesona Jagat by Max Ease International Limited and Max View Holdings Limited**

BPJ currently engages in the business activity of the printing and supplying of printing products and owns printing machinery to support its business activity, which BPJ received as capital injection from PTBP.

The management accounts of BPJ for the period ended 30 September 2016 were as follows:

	IDR' billion	Approximate RM' million
Current assets	22.5	7.2
Non-current assets	103.6	33.3
Total liabilities	24.6	7.9

Note: Foreign currency translation rate used IDR3,110 = RM1.

2.2 Information on the Sellers

PTBP is a limited liability company duly established under the law of the Republic of Indonesia on 11 March 1993. The share capital is 185,000,000 Series A shares of IDR1,000 each and 555,000,000 Series B shares of IDR500 each.

The shareholders of PTBP are as follows:

Shareholders	Series A shares of IDR1,000 each	Series B shares of IDR500 each	Proportion of shareholdings in BPJ
PTBINI (Indonesia)	184,999,999	555,000,000	99.99%
PT Karya Ceria Sukses (Indonesia)	1	-	0.01%
Total	185,000,000	555,000,000	100%

The directors of PTBP are Jason Fitzgerald Murphy, Martin Arthur Guest, Sylvia Dwiyan Gunawan, and Aloysius Radja Singal Bobby Bambang Purwoko Simbolon. The sole commissioner is Prijunatmoko Sutrisno.

PTLW is a limited liability company duly established under the law of the Republic of Indonesia on 17 February 1995. The share capital is 347,000,000 shares of IDR1,000 each.

The shareholders of PTLW are as follows:

Shareholders	Shares of IDR1,000 each	Proportion of shareholdings in BPJ
PTBP (Indonesia)	346,999,999	99.99%
PT Java Tobacco (Indonesia)	1	0.01%
Total:	347,000,000	100%

The directors of PTLW are Aloysius Radja Singal Bobby Bambang Purwoko Simbolon, Sylvia Dwiyan Gunawan, and Hernowo. The sole commissioner is Prijunatmoko Sutrisno.

PTBP and PTLW currently engage in the business activity of the manufacturing of cigarettes.

- **Proposed Acquisition of 100% Equity Interest in PT Bintang Pesona Jagat by Max Ease International Limited and Max View Holdings Limited**

2.3 Information on MEIL

MEIL was incorporated in Hong Kong as a private company with limited liability under the laws of Hong Kong Special Administrative Region on 26 June 2008. As at 31 December 2015, the issued and paid-up share capital of MEIL is USD17,500,000. MEIL is a 51%-owned subsidiary company of TWPH. The remaining 49% issued and paid up share capital is owned by New Toyo International Holdings Limited (“NTIH”), listed on the Main Board of the Singapore Exchange, which is the ultimate holding company of TWPH. The principal activity of MEIL is investment holding and trading of cigarette packaging boxes.

2.4 Information on MVHL

MVHL was incorporated in Hong Kong as a private company with limited liability under the laws of Hong Kong Special Administrative Region on 19 August 2016 and is currently dormant. The issued share capital of MVHL is one (1) ordinary share of HKD1.00 each. MVHL is a wholly-owned subsidiary company of MEIL.

2.5 Details of the Proposed Acquisition

2.5.1 *Purchase Consideration*

The purchase consideration is the sum of IDR304billion (equivalent to approximately RM97.75million) (“**Purchase Price**”) payable by the Purchasers to the Sellers as follows:

- (i) IDR302,678,260,870 (equivalent to approximately RM97.32million) for the acquisition of 114,271 shares of BPJ from PTBP by MEIL;
- (ii) IDR1,295,251,372 (equivalent to RM416,480) for the acquisition of 489 shares of BPJ from PTLW by MEIL; and
- (iii) IDR26,487,758 (equivalent to RM8,517) for the acquisition of 10 shares of BPJ from PTLW by MVHL.

2.5.2 *Basis and Justification of Arriving at the Purchase Consideration*

The Purchase Price was arrived at on a willing-buyer willing-seller basis after taking into consideration the commercial value of the MSPMA and the impact on future profitability of the TWPH and its subsidiary companies (“**TWPH Group**”).

2.5.3 *Source of Funds*

The Purchasers shall obtain funding for the Purchase Price from its shareholders namely TWPH, NTIH and bank borrowings. Each shareholder of the Purchasers shall contribute proportionately to the capital of the Purchasers to fund the Purchase Price based on their respective equity interests in the Purchasers.

As TWPH’s effective interest in the Purchasers is 51%, the portion of the Purchase Price that TWPH has to contribute for the Proposed Acquisition will be satisfied by cash, which will be financed by the proceeds raised from the Rights Issue exercise completed by the Company on 9 August 2016 in accordance with the approved utilisation of proceeds of the Rights Issue exercise, loan from financial institution, and/or from NTIH.

2.5.4 Particulars of Liabilities to be Assumed by the Purchasers

There is no liability including contingent liabilities and guarantees, to be assumed by the Purchasers arising from the Proposed Acquisition.

2.5.5 Salient Terms of the CSPA

The salient terms of the CSPA include, *inter-alia*, the following:

(i) Sale and Purchase

Subject to the completion and fulfillment of the condition precedent as set forth in the CSPA, at the Closing Date (hereinafter defined), the Sellers shall sell and transfer to the Purchasers, and the Purchasers shall purchase and receive from the Sellers, the Shares including all rights and titles to and interests in or with respect to the Shares, free from encumbrances or any third-party rights together with all rights attached to them.

(ii) Purchase Price

The Parties agree that the total Purchase Price for the sale and transfer of the Shares, including all rights and title to and interest therein, to be paid by the Purchasers to the Sellers be IDR304billion (equivalent to approximately RM97.75million) to be disbursed as follows:

- (a) an amount equal to 20% of the Purchase Price to be paid by the Purchasers to the Sellers at the signing date of the CSPA; and
- (b) an amount equal to 80% of the Purchase Price to be paid by the Purchasers to the Sellers at the Closing Date (hereinafter defined).

(iii) Condition Precedent

The Parties agree that the completion of the sale and transfer of the Shares is conditional upon satisfaction of a condition precedent ("**Condition Precedent**") by the Sellers and the Purchasers within the Completion Period (defined as the period between the signing of the CSPA and 7 December 2016), as set out below:

- a written consent from the Investment Coordinating Board (Badan Koordinasi Penanaman Modal or "**BKPM**") in the form of In-Principle License (Izin Prinsip) or Investment License (Izin Investasi), approving among others: (a) the change of status of BPJ into a foreign investment company (penanaman modal asing or "**PMA**"), and (b) the change of the shares ownership composition of BPJ.

(iv) Parties Obligations

No later than the Completion Period, each of the Parties shall also fulfill the following salient obligations:

- (a) a written resolution from the shareholders of BPJ approving for the sale and transfer of the Shares, change of its status to a PMA, change of shares ownership composition, change of the composition of the board of directors and commissioners, and other relevant approvals as required by the Articles of Association of BPJ; and
- (b) the MSPMA has been pre-signed in-escrow by the authorised representatives of PTBINI and its affiliates in favour of BPJ.

(v) Closing Date

The Parties agree that the closing date shall be on 15 December 2016 ("**Closing Date**") which shall be the completion date of the Proposed Acquisition where the balance 80% of the Purchase Price is to be paid and the Deed of Sale and Purchase of the Shares is to be signed before an appointed notary in Indonesia by the Parties.

Upon completion of the Proposed Acquisition, the effective ownership of TWPH in BPJ shall be 51%.

(vi) Right to Terminate

Either Party shall have the right but not the obligation to terminate the CSPA by giving written notice of such termination to the other Party, in any of the following circumstances:

- (a) if the Condition Precedent has not been fulfilled or completed, and not waived by the Parties; or
- (b) if the other Party shall commit or allow to be committed a breach of any of the representations, warranties, covenants or conditions in the CSPA and such breach is not remedied by the other Party within 14 days after receipt of such written notice, or such longer period as may be agreed by the Parties in writing; or
- (c) if, for any reason, either Party refuses or fail to complete any of its obligations under the CSPA during the Completion Period or at the Closing Date.

3. RATIONALE FOR THE PROPOSED ACQUISITION

BAT Group is currently the largest customer of TWPH Group. The Proposed Acquisition will enable us to further expand our production and geographical footprint, as well as strengthen our business relationship with BAT Group as their preferred printing partner. The expansion also enables TWPH Group to have greater opportunity to organize its enlarged production base within the TWPH Group to achieve greater operational efficiency and economies of scale.

Overall, the Proposed Acquisition is in line with TWPH Group's strategy to continue to expand its printing and packaging business in the region and position TWPH Group as a regional printer to tap into other business opportunities.

4. PROSPECTS

Barring any unforeseen circumstances and in light of the rationales and benefits of the Proposed Acquisition, the Board is optimistic that the prospects of TWPH Group would be favourable and the Proposed Acquisition will be able to yield positive effects and contribute positively to the financial performance of TWPH Group in the future and deliver greater value to the shareholders of TWPH.

5. RISK FACTORS

The Proposed Acquisition is subject to certain risks inherent to the business and operations of TWPH Group, as well as risks associated with the expansion into a new country. These may include, amongst others, the risks of availability and cost fluctuations of raw materials, increase in the cost of labour and cost of operations, shortage of labour, financing risk, entry of new players, unfavourable changes in government policies and economic conditions affecting the industry. Adverse changes in these conditions may have material adverse effects on TWPH Group. These risks are addressed as part of TWPH Group's enterprise risk management efforts.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 *Share Capital*

The Proposed Acquisition will not have any effect on the issued and paid-up share capital of TWPH Group.

6.2 *Shareholdings of Substantial Shareholders*

The Proposed Acquisition will not have any effect on the shareholdings of the substantial shareholders of TWPH Group.

- Proposed Acquisition of 100% Equity Interest in PT Bintang Pesona Jagat by Max Ease International Limited and Max View Holdings Limited

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

The Proposed Acquisition is not expected to have a material effect on the NA per share of TWPH Group for the financial year ending 31 December 2016. The Proposed Acquisition is expected to increase the gearing of TWPH Group from 0.16% to up to 0.31% as at 31 December 2015 both adjusted for the Rights Issue of the Company completed in August 2016.

6.4 Earnings and Earnings per Share (“EPS”)

The Proposed Acquisition is expected to have a positive long term effect on the consolidated earnings and EPS of TWPH Group for the financial years ending after 31 December 2016. The effects of the Proposed Acquisition on the future consolidated earnings and EPS of TWPH Group would depend on, amongst others, the future performance of BPJ, as well as TWPH Group.

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 Proposed Acquisition.

8. APPROVALS REQUIRED

The Proposed Acquisition 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 Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of TWPH.

10. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) is 15.0% 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.

Tien Wah Press Holdings Berhad (Company: 340434-K)

- Proposed Acquisition of 100% Equity Interest in PT Bintang Pesona Jagat by Max Ease International Limited and Max View Holdings Limited**

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed on 15 December 2016 or such later date (no later than 31 December 2016) as may be agreed between the Parties.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The CSPA will be available for inspection at the registered office of TWPH during office hours from Mondays to Fridays (except public holidays) at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia for a period of three (3) months from the date of this announcement.

This announcement is dated 3 November 2016.