

OTHERS TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" or "the Company") - Proposed Cessation of Printing Business of Anzpac Services (Australia) Pty Limited arising from Reorganisation of Production Footprint within the Company and its subsidiaries ("the Group")

TIEN WAH PRESS HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" or "the Company") - Proposed Cessation of Printing Business of Anzpac Services (Australia) Pty Limited arising from Reorganisation of Production Footprint within the Company and its subsidiaries ("the Group")

The Board of Directors of TWPH wishes to announce that Anzpac Services (Australia) Pty Limited (ABN 25000032164) ("**Anzpac**"), a subsidiary of TWPH, had on 15 June 2017 decided to cease its remaining printing business ("**Proposed Cessation**") in line with the Group's reorganisation of its production footprint which is part of normal routine operational function to improve the Group's strategic positioning to service the customers and reduce operating cost over the longer term. Pursuant to Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Anzpac is not a major subsidiary of TWPH.

Please refer to the attachment for details of the aforesaid.

This announcement is dated 15 June 2017.

Please refer attachment below.

Attachments

[TWPH- Announcement- Anzpac Closure \(Bursa\).pdf](#)
239.6 kB

Announcement Info

Company Name	TIEN WAH PRESS HOLDINGS BERHAD
Stock Name	TIENWAH
Date Announced	15 Jun 2017
Category	General Announcement for PLC
Reference Number	GA1-15062017-00023

TIEN WAH PRESS HOLDINGS BERHAD (“TWPH” or “the Company”)

- **Proposed Cessation of Printing Business of Anzpac Services (Australia) Pty Limited arising from Reorganisation of Production Footprint within the Company and its subsidiaries (“the Group”)**

1. INTRODUCTION

The Board of Directors of TWPH wishes to announce that Anzpac Services (Australia) Pty Limited (ABN 25000032164) (“**Anzpac**”), a subsidiary of TWPH, had on 15 June 2017 decided to cease its remaining printing business (“**Proposed Cessation**”) in line with the Group’s reorganisation of its production footprint which is part of normal routine operational function to improve the Group’s strategic positioning to service the customers and reduce operating cost over the longer term. Pursuant to Paragraph 1.01 of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), Anzpac is not a major subsidiary of TWPH.

2. BACKGROUND INFORMATION OF ANZPAC

Anzpac is a company incorporated in Australia under the laws of Australia Companies (New South Wales) Code. Anzpac is a wholly-owned subsidiary of Max Ease International Limited (“**MEIL**”), a company incorporated under the laws of Hong Kong Special Administrative Region, and is a 51%-owned subsidiary of TWPH. The remaining 49% shareholding in MEIL is held by New Toyo International Holding Ltd (“**NTIH**”), the ultimate holding company of TWPH.

Country of incorporation/ Date of Incorporation	Principal Activity	Issued share capital
Australia/ 31 March 1936	Printing packaging and paper board converting	AUD4,584,279

A summary of the audited financial information of Anzpac for the financial years ended (“**FYE**”) 31 December 2014, 31 December 2015 and 31 December 2016 are as follows:

Financial Year End	FYE 31 December 2016 (AUD’000)	FYE 31 December 2015 (AUD’000)	FYE 31 December 2014 (AUD’000)
Revenue	21,169	26,641	45,553
(Loss)/Profit Before Tax	(7,238)	(4,116)	5,793
(Loss)/Profit After Tax	(7,238)	(3,576)	3,352
Total Assets	27,628	38,921	45,335
Total Liabilities	3,305	4,651	7,489
Net Assets	24,323	34,270	37,846

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

- Proposed Cessation of Printing Business of Anzpac Services (Australia) Pty Limited arising from Reorganisation of Production Footprint within the Group

3. DETAILS OF THE PROPOSED CESSATION

The Proposed Cessation will involve ceasing all its printing business activities, the disposal of assets except the freehold land and office/factory building (“**Land and Building**”), computer equipment and furniture fittings, and settlement of liabilities of Anzpac. A total of 69 employees will be made redundant by the Proposed Cessation. Based on preliminary review, the estimated Proposed Cessation cost are as follows:

	AUD’000	RM’000
Employees redundancy and related costs	6,197	20,016
Asset impairment costs	3,364	10,866
Total estimated costs of the Proposed Cessation	9,561	30,882

Note: based on current exchange rate of AUD1.00: RM3.23.

Details of the assets to be disposed in Anzpac are as follows:

Description of assets	Net Book Value as at 31 March 2017
Plant and equipment	
- AUD’000	4,597
- RM’000 equivalent	15,538

Note: based on 31 March 2017 exchange rate of AUD1.00: RM3.38

Further details of the Land and Building owned by Anzpac are as follows:

Description	: Office / Factory
Location	: Lot 117 Holroyd, Smithfield, New south Wales, Australia
Tenure	: Freehold
Land Area / Built-up Area	: 358,008 sq.ft. / 150,788 sq.ft.
Age of Building	: 27 years
Net Book Value as at 31 March 2017	: AUD13.76 million (equivalent to approximately RM46.51 million)

Note: based on 31 March 2017 exchange rate of AUD1.00: RM3.38

The Land and Building will remain with Anzpac for the purpose of generating future rental income, with the possibility of disposing off the same at a later date when Anzpac is able to secure the right price.

The Land and Building has not been revalued as the Group accounting policy is to state at cost less accumulated depreciation. However, if a revaluation on the Land and Building is performed, it will result in a revaluation surplus of AUD5.74 million (equivalent to approximately RM19.40 million).

Anzpac constitutes about 20.6 % of the latest audited Net Assets of the Group as at 31 December 2016 (based on exchange rate of RM3.23 to AUD1.00 as at 31 December 2016);

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

- Proposed Cessation of Printing Business of Anzpac Services (Australia) Pty Limited arising from Reorganisation of Production Footprint within the Group

and 12.9 % of the Group's unaudited Revenue for the first 3 month's period ended 31 March 2017 (based on exchange rate of RM3.38 to AUD1.00 as at 31 March 2017). The Loss Before Tax of Anzpac was not calculated or taken into consideration to compute its proportion due to the Group's profit before tax position for the first 3 month's period ended 31 March 2017.

4. RATIONALE FOR THE PROPOSED CESSATION

The Group had initiated the transfer of production volume of Gravure Printing since September 2014 from Anzpac to its existing operation in Vietnam, i.e. Alliance Print Technologies Co., Ltd (463043000165) ("APT"). The above was with a view to improve the Group's strategic position to service the customers and reduce the Group's operating cost over the longer term. After the transfer of the production volume to APT, and despite Anzpac management's efforts to reorganise Anzpac's remaining lithography printing business in its non-tobacco customers, the Board is of the view that Anzpac's business is no longer viable or sustainable.

5. EFFECTS OF THE PROPOSED CESSATION

The Board is of the opinion that the Proposed Cessation does not amount to a cessation of a major business of the Group and the provisions of Paragraph 8.03 and Practice Note 17 of the MMLR of Bursa Securities shall not apply to the Company.

The financial effects of the Proposed Cessation on the Group's share capital, substantial shareholders' shareholdings, gearing, consolidated earnings, earnings per share and net assets per share of the Group for the financial year ended 31 December 2016 are as follows:

5.1 Share Capital

The Proposed Cessation will not have any effect on the share capital of the Group.

5.2 Substantial Shareholders' Shareholdings

The Proposed Cessation will not have any effect on the substantial shareholders' shareholdings of the Group.

5.3 Gearing

The Proposed Cessation will not have any material effect on the gearing of the Group.

5.4 Consolidated Earnings, Earnings per Share and Net Assets per Share

The Proposed Cessation will affect the Group for the current financial year ending 31 December 2017, as a result of the one-off redundancy cost and impairment loss on plant and machineries to be incurred. The impact to Consolidated Earnings, Earnings per Share and Net

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

- Proposed Cessation of Printing Business of Anzpac Services (Australia) Pty Limited arising from Reorganisation of Production Footprint within the Group

Assets per Share are a cost of RM15.75 million, reduction of RM0.11 per share and reduction of RM0.11 per share respectively.

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

Save as disclosed below, none of the Directors and/or major shareholders and/or any persons connected with the Directors or major shareholders has any interest, direct or indirect, in the Proposed Cessation:

- a) Ms Angela Heng Chor Kiang – Director of the Company, MEIL, Anzpac and NTIH.
- b) Mr David Lim Teck Leong – Director of the Company and NTIH.
- c) Mr Yen Wen Hwa (Ngan Tzee Manh) - Executive Chairman of the Company and a Director of Anzpac. He is also a major shareholder of the Company by virtue of his shareholdings in Yen & Son Holdings Pte Ltd and NTIH pursuant to Section 8(4) of the Companies Act 2016.

Yen & Son Holdings Pte Ltd is a major shareholder of TWPH and is deemed interested by virtue of its shareholdings in NTIH pursuant to Section 8(4) of the Companies Act 2016.

- d) Mr Lee Chee Whye – Director of the Company, MEIL and Anzpac.

7. APPROVALS REQUIRED

The Proposed Cessation is not subject to the approval of the shareholders or any relevant government authorities.

8. DIRECTORS' STATEMENT

The Board of Directors of TWPH, after having considered all aspects of the Proposed Cessation, is of the opinion that the Proposed Cessation is in the best interest of the Group.

9. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Cessation is expected to be completed by third (3rd) quarter ending 30 September 2017.

This announcement is dated 15 June 2017.