

Asset Acquisitions and Disposals::Tien Wah Press Holdings Berhad - Proposed Disposal by Anzpac Services (Australia) Pty Limited
Issuer & Securities

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Announcement Details

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Submitted By (Co./ Ind. Name)	Lee Wei Hsiung
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	Please refer to the attachments.
Attachments	<p>\NTIH_TWPH - Proposed Disposal of Anzpac Property.pdf</p> <p>\TWPH Proposed Disposal of Anzpac Property.pdf</p> <p>Total size =281K</p>
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NEW TOYO INTERNATIONAL HOLDINGS LTD

Company Registration No.: 199601387D

TIEN WAH PRESS HOLDINGS BERHAD - PROPOSED DISPOSAL OF A PIECE OF FREEHOLD LAND TOGETHER WITH A BUILDING ERECTED THEREON BY ITS SUBSIDIARY, ANZPAC SERVICES (AUSTRALIA) PTY LIMITED TO CEA PROPERTY PTY LTD (“Proposed Disposal”)

The Board of Directors of New Toyo International Holdings Ltd (the “Company”) wishes to announce that its subsidiary listed on Bursa Malaysia, Tien Wah Press Holdings Berhad (“TWPH”), has today issued an announcement on the above matter, a copy of which is enclosed.

Chapter 10 of the Listing Manual

Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) is applicable to an acquisition or a disposal of assets by an issuer or a subsidiary that is not listed on the SGX-ST or an approved exchange. As the Proposed Disposal is undertaken by the Company’s subsidiary listed on Bursa Malaysia (ie. TWPH), the Proposed Disposal does not fall within the ambit of Chapter 10.

Financial Effects

The pro forma financial effects of the Proposed Disposal set out below, which have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 (“FY2017”), are purely for illustrative purposes only and do not reflect the financial performance or position of the Company or the Group on completion of the Proposed Disposal.

The pro forma effect of the Proposed Disposal on the net tangible assets (“NTA”) per share of the Group for FY2017, assuming the Proposed Disposal was effected on 31 December 2017, is as follows:

As at 31 December 2017	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$’000)	147,054	152,837
NTA per share (cents)	33.47	34.78

The pro forma effect of the Proposed Disposal on the earnings per share (“EPS”) of the Group for FY2017, assuming the Proposed Disposal was effected on 1 January 2017, is as follows:

FY2017	Before the Proposed Disposal	After the Proposed Disposal
Profit after tax attributable to equity holders of the Group (S\$’000)	1,751	7,534
EPS (cents)	0.40	1.71

Expected Gain Arising from the Proposed Disposal

The expected gain to the Group arising from the Proposed Disposal is approximately S\$5,783,000 (based on the Group's 76.87% interest in the Proposed Disposal).

Interests of Directors and Controlling Shareholders

None of the directors or controlling shareholders of the Company have any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed Disposal.

By Order of the Board
Lee Wei Hsiung
Company Secretary
5 October 2018

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- PROPOSED DISPOSAL OF A PIECE OF FREEHOLD LAND TOGETHER WITH
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PTY LIMITED, AN INDIRECT 51%-OWNED SUBSIDIARY OF THE COMPANY
TO CEA PROPERTY PTY LTD**

1. INTRODUCTION

Reference is made to the Company’s announcement dated 15 June 2017 in relation to the cessation of the printing business of Anzpac Services (Australia) Pty Limited (ABN 25000032164) (“**Anzpac**”), a wholly-owned subsidiary of Max Ease International Limited (“**MEIL**”), and is an 51%-owned subsidiary of the Company, arising from re-organisation of production footprint of the Company and its subsidiaries (“**TWPH Group**” or “**the Group**”).

The Board of Directors of TWPH (the “**Board**”) wishes to announce that Anzpac had on 5 October 2018 entered into a Contract for the Sale and Purchase of Land (the “**Agreement**”) with CEA Property Pty Ltd (“**CEA**”) to dispose of a piece of freehold land identified as Lot 117, DP 811450 known as No. 32, Britton Street, Smithfield, NSW 2164 measuring approximately 33,260 square metres (the “**Land**”) together with an office/factory building erected thereon measuring approximately 14,088 square metres (the “**Building**”) (the Land and Building shall collectively be referred to as the “**Property**”) on an “as is where is” basis at a total cash consideration of AUD22,018,888 (equivalent to approximately RM65,176,000) (the “**Sale Consideration**”), subject to the terms and conditions as stipulated in the Agreement (the “**Proposed Disposal**”).

The Board of Directors anticipates that upon the Proposed Disposal, Anzpac shall remain as dormant company.

(Anzpac and CEA are collectively referred to as the “**Parties**”)

Note: Foreign currency translation rate used as at 3 October 2018: AUD1.00 = RM2.96

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on Anzpac

Anzpac is a company incorporated in Australia under the laws of Australia Companies (New South Wales) Code on 31 March 1936 with an issued share capital of AUD4,584,279.00. Anzpac is a wholly-owned subsidiary of 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. The Directors of Anzpac are:-

- 1) Mr. Yen Wen Hwa
- 2) Ms. Angela Heng Chor Kiang
- 3) Mr. Lee Chee Whye
- 4) Mr. Kenneth G Starch

Anzpac was previously engaged in the business of printing packaging and paper board converting prior to its cessation of business on 15 June 2017.

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2.2 Information on CEA

CEA is a company incorporated in Australia under the laws of Australia Companies (New South Wales) Code on 27 August 2018 with an issued share capital of AUD2.00. The shareholders of CEA are Mr. Ren Long Liu and Ms. Cui Wen who holds 1 Ordinary Share each. The sole Director of CEA is Mr Ren Long Liu.

CEA is a Trustee Company for Property Investment Trust.

2.3 Information on the Property

Anzpac is the sole legal and registered proprietor of the Property. A summary of the details of the Property is set out below:-

Description	:	Office/Factory
Postal Address	:	Lot 117, DP 811450, No. 32, Britton Street, Smithfield, NSW 2164
Land Area	:	Approximately 33,260 square metres
Tenure of Land	:	Freehold
Category of Land Use	:	Industrial
Occupancy	:	63% occupied by existing tenant, the remaining 37% of the Property is currently vacated
Gross Rental per annum	:	AUD504,000 (equivalent to approximately RM1,492,000)
Tenancy Term	:	1 August 2017 to 16 May 2019
Building Usage	:	Office/Factory
Description of Building	:	Office/Factory
Amount of lettable space of the Building	:	Approximately 14,088 square metres
Amount of lettable space available for letting of the Building and the occupancy	:	Approximately 5,252 square metres
Age of Building	:	28 years
Valuation	:	AUD19,250,000 (equivalent to approximately RM56,980,000) appraised by CIVAS (NSW) Pty Limited (Colliers International Valuation and Advisory Services Division), vide its valuation report dated 1 January 2017 on the basis of vacant possession using the capitalisation approach and the discounted cash flow approach which in turn been checked by the direct comparison approach as the valuation methodology
Net Book Value based on audited financial statements for the financial year ended 31 December 2017	:	RM43,450,000
Encumbrances	:	Nil

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The existing Building is leased to a tenant for the purpose of manufacturing and printing of paper base packaging materials and incidental services relating thereto (the “**Tenancy**”). Following the Proposed Disposal, the Tenancy shall expire within six (6) months from the Completion Date (as defined herein) of the Proposed Disposal (“**Expiry Date of Tenancy**”).

2.4 Salient Terms and Conditions of the Agreement

The salient terms and conditions of the Agreement include, amongst others, the following:-

2.4.1 Payment of the Sale Consideration

The Sale Consideration of AUD22,018,888 (equivalent to approximately RM65,176,000) shall be paid by CEA in the following manner:-

- (a) To Anzpac’s agent, Colliers International (NSW) Pty Ltd as stakeholder, a deposit of AUD2,201,888 only (equivalent to approximately RM6,518,000), equivalent to ten percent (10%) of the Sale Consideration upon the execution of the Agreement (“**Deposit**”), and which shall be paid to Anzpac not later than 42nd days from the date of the Agreement; and
- (b) To Anzpac, a balance of AUD19,817,000 only (equivalent to approximately RM58,658,000), equivalent to ninety percent (90%) of the Sale Consideration (“**Balance Sale Consideration**”) not later than 42nd days from the date of the Agreement (“**Completion Date**”).

2.4.2 Sale and Purchase

- (i) Anzpac agreed to sell and CEA agreed to purchase the Property upon the terms and conditions of the Agreements and on the following basis:-
 - (a) on an “as is where is” basis;
 - (b) free from encumbrances, save and except the Tenancy; and
 - (c) subject to the Tenancy and the existing of land use and all restrictions in interest and conditions of title whether express or implied applicable thereto and contained in the issue documents of title to the Property.
- (ii) CEA must serve at least fourteen (14) days before the Completion Date:-
 - (a) the form of transfer; and
 - (b) particulars required to register any mortgage or other dealing to be lodged with the transfer by CEA or its mortgagee.

2.4.3 Anzpac’s right and obligations

- (i) Anzpac has right to rescind the Agreement if:-

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- (a) Anzpac is, on reasonable grounds, unable or unwilling to comply with a requisition;
 - (b) Anzpac serves a notice of intention to rescind that specifies the requisition and those grounds; and
 - (c) CEA does not serve a notice waiving the requisition within fourteen (14) days after that service.
- (ii) If Anzpac does not comply with the Agreement (or a notice under or relating to it) in an essential respect, CEA would terminate the Agreement by serving a notice. After the termination:-
- (a) CEA can recover the Deposit and any other money paid by CEA under the Agreement;
 - (b) CEA can sue Anzpac to recover damages for breach of contract; and
 - (c) if CEA has been in possession a party can claim for a reasonable adjustment.

2.4.4 Defaults by CEA

If CEA does not comply with the Agreement (or a notice under or relating to it) in an essential respect, Anzpac has right to terminate the Agreement by serving a notice. After the termination:-

- (a) Anzpac can keep or recover the Deposit;
- (b) Anzpac can hold any other money paid by CEA under the Agreement as security for anything recoverable under the clause:-
 - (i) for twelve (12) months after the termination; or
 - (ii) if Anzpac commences proceedings under the clause within twelve (12) months, until those proceedings are concluded, and
- (c) Anzpac can sue CEA either:-
 - (i) where Anzpac has resold the Property under a contract made within twelve (12) months after the termination, to recover:-
 - the deficiency in resale (with credit for any of the Deposit kept or recovered and after allowance for any capital gains tax or goods and services tax payable on anything recovered under this clause); and
 - the reasonable costs and expenses arising out of CEA’s non-compliance with the Agreement or the notice and of resale and any attempted resale; or
 - (ii) to recover damages for breach of contract.

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2.4.5 Completion

Completion of the Agreement shall take place on a date on which the full payment of the Balance Sale Consideration is received by Anzpac. Anzpac must cause the legal title of the Property to CEA free of any mortgage or other interest, subject to any necessary registration on the Completion Date.

2.4.6 Possession

Pursuant and to give effect to the Tenancy and notwithstanding completion of the sale and purchase of the Property, vacant possession of the Property shall be deemed delivered to CEA on an “as is where is” basis in the state and condition then existing as at, the Expiry Date of Tenancy by the existing tenant.

2.5 Basis and Justification of Arriving at the Sale Consideration

The Sale Consideration was arrived based on a “willing-buyer willing-seller” basis after taking into consideration the indicative current market value of the said Property of between AUD20,000,000 to AUD22,000,000 (equivalent to approximately RM59,200,000 to RM65,120,000), as indicated by Colliers International (NSW) Pty Limited via its letter dated 2 October 2018.

2.6 Expected Gain Arising from the Proposed Disposal

The expected gain arising from the Proposed Disposal is RM10,752,000 (on basis of Anzpac being 51%-owned subsidiary of TWPH) to TWPH Group.

2.7 Utilisation of Proceeds from the Proposed Disposal

The proceeds arising from the Proposed Disposal shall be utilised for future injections into the Group’s investment in Lum Chang Tien Wah Property Sdn. Bhd., a joint venture company set up for property development of the Group, for working capital and/or reduction of loans of TWPH Group. The expected timeframe for full utilisation of the said proceeds is within two (2) years from the Completion Date of the Proposed Disposal.

2.8 Liabilities to be assumed by CEA

CEA will not be assuming any liabilities, including contingent liabilities and guarantees arising from the Proposed Disposal.

2.9 Original cost and date of investment

The Property was previously acquired by TWPH and NTIH from British American Tobacco Australia Limited pursuant to the Share Sale and Purchase Agreement dated 1 July 2008 entered by the aforesaid parties at a purchase price of RM41,147,197.

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2.10 Cash Company or Practice Note 17 (“PN17”) Company

Based on the audited consolidated financial statements of TWPH for the financial year ended 31 December 2017, the Proposed Disposal is not expected to result in TWPH becoming a Cash Company or a PN17 Company.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is in line with the cessation of the remaining printing business of Anzpac announced on 15 June 2017. The Proposed Disposal will realise the value of Anzpac’s Property which is no longer used or required by the Group.

4. RISK FACTORS

The Board is not aware of any specific risk/risk factors arising from the Proposed Disposal.

5. EFFECTS OF THE PROPOSED DISPOSAL

5.1 Share Capital

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

5.2 Shareholdings of Substantial Shareholders

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

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

Based on the latest audited consolidated financial statements of TWPH as at 31 December 2017, the proforma effects of the Proposed Disposal are as follows:

	Audited as at 31 December 2017 RM’000	After the Proposed Disposal RM’000
Share capital	156,187	156,187
Reserves	176,974	187,726
Total equity attributable to owners of the Company / NA	333,161	343,913
No. of TWPH shares (’000)	144,743	144,743
NA per TWPH share (RM)	2.30	2.38
Borrowings (RM’000)	134,011	134,011
Gearing (times)	0.40	0.39

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5.4 Losses per Share (“LPS”)

Based on the latest audited consolidated financial statements of TWPH as at 31 December 2017, the proforma effects of the Proposed Disposal are as follows:

	Audited as at 31 December 2017 RM’000	After the Proposed Disposal RM’000
Loss after tax attributable to the owners of the Company (RM’000)	(19,685)	(8,933)
LPS (sen)	(13.60)	(6.17)

6. APPROVALS REQUIRED

The Proposed Disposal is not subject to and does not require the approval of the Company’s shareholders or any regulatory authorities.

7. HIGHEST PERCENTAGE RATIO PURSUANT TO PARAGRAPH 10.02(G) OF THE MAIN MARKET LISTING REQUIREMENTS (“MMLR”) OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

The highest percentage ratio pursuant to Paragraph 10.02(g) of the MMLR of Bursa Securities in relation to the Proposed Disposal is 9.98% based on the audited consolidated financial statements of TWPH for the financial year ended 31 December 2017.

8. 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 Disposal.

9. DIRECTORS’ STATEMENT

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

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10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, subject to the fulfilment of all conditions precedent as stipulated in the Agreement and the required approval (if applicable) being obtained, the Proposed Disposal is expected to be completed by fourth (4th) quarter ending 31 December 2018.

11. DOCUMENTS FOR INSPECTION

The Agreement together with the valuation report are available for inspection at the registered office of TWPH at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800, Petaling Jaya, Selangor Darul Ehsan during normal business hours on Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 5 October 2018.