

ASSET ACQUISITIONS AND DISPOSALS::TIEN WAH PRESS HOLDINGS BERHAD - PROPOSED ACQUISITION OF 100% INTEREST IN BENLINE INVESTMENT

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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

[NTIH TWPH - Proposed Acquisition in Benline.pdf](#)

[TWPH - Proposed Acquisition in Benline.pdf](#)

Total size =462K MB

NEW TOYO INTERNATIONAL HOLDINGS LTD

Company Registration No.: 199601387D

TIEN WAH PRESS HOLDINGS BERHAD - PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN BENLINE INVESTMENT HOLDINGS PTE. LTD. ("Proposed Acquisition")

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 Acquisition is undertaken by the Company's subsidiary listed on Bursa Malaysia (i.e. TWPH), the Proposed Acquisition does not fall within the ambit of Chapter 10.

Financial Effects

The pro forma financial effects of the Proposed Acquisition set out below, which have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("FY2020"), 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 Acquisition.

The pro forma effect of the Proposed Acquisition on the net tangible assets ("NTA") per share of the Group for FY2020, assuming the Proposed Acquisition was effected on 31 December 2020, is as follows:

| As at 31 December 2020 | Before the Proposed Acquisition | After the Proposed Acquisition |
|------------------------|---------------------------------|--------------------------------|
| NTA (S\$'000) | 123,521 | 123,521 |
| NTA per share (cents) | 28.11 | 28.11 |

The pro forma effect of the Proposed Acquisition on the earnings per share ("EPS") of the Group for FY2020, assuming the Proposed Acquisition was effected on 1 January 2020, is as follows:

| FY2020 | Before the Proposed Acquisition | After the Proposed Acquisition |
|--|---------------------------------|--------------------------------|
| Profit after tax attributable to equity holders of the Group (S\$'000) | 7,591 | 7,561 |
| EPS (cents) | 1.73 | 1.72 |

Note:

For the purpose of computing the NTA and EPS, the profit of Benline Investment Holdings Pte. Ltd. ("Benline") is based on the unaudited consolidated financial statements of Benline for the ten (10) months ended 31 October 2021 and prorated accordingly.

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 Acquisition.

By Order of the Board
Lee Wei Hsiung
Company Secretary
17 December 2021

**TIEN WAH PRESS HOLDINGS BERHAD (“TWPB” OR “THE COMPANY”)
PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN BENLINE
INVESTMENT HOLDINGS PTE. LTD.**

1. INTRODUCTION

The Board of Directors of TWPB (“**the Board**”) wishes to announce that TWPB had on 17 December 2021 entered into a Share Purchase Agreement (“**SPA**”) with Asia Regal Enterprises Limited (“**ARE**” or “**the Vendor**”) for the proposed acquisition of 100% of the issued and paid-up share capital in Benline Investment Holdings Pte. Ltd. (“**Benline**”), representing 3,532,896 ordinary shares (“**Sale Shares**”) for a total purchase consideration of US\$6,700,000 (equivalent to approximately RM28,227,100) only, subject to the terms and conditions as stipulated in the SPA (the “**Proposed Acquisition**”).

(The Company and the Vendor are collectively referred to as “**the Parties**” and each a “**Party**”).

The Proposed Acquisition is to secure an external warehouse storage for Alliance Print Technology Co., Ltd (“**APT**”), a wholly-owned subsidiary of TWPB. APT is currently renting an external warehouse from Fuji Paper Manufacturing Co., Ltd (“**Fuji Vietnam**”), a wholly-owned subsidiary of Benline, which is located in close proximity to APT. Upon the completion of the sale and transfer of the Sale Shares to the Company, both Benline and Fuji Vietnam shall be subsidiaries of the Company.

The Parties have mutually agreed to buy / sell the holding company in Singapore which ultimately owns the Vietnam warehouse as the transfer of ownership of the warehouse in Vietnam will require a more tedious process and higher administrative cost. By purchasing Benline, the Company and its subsidiaries (“**the Group**” or “**TWPB Group**”) will be able to secure the warehouse quickly.

2. THE PROPOSED ACQUISITION

2.1 Information on Benline

Benline is a company limited by shares and was incorporated in Singapore on 23 September 2004 and having its legal domicile in Singapore. Benline is principally engaged in investment holdings. The issued and paid-up share capital of Benline is S\$3,532,896 (S\$ = Singapore Dollar) divided into 3,532,896 ordinary shares. ARE is the sole legal and beneficial owner of 3,532,896 shares in Benline, representing 100% of the total issued and paid-up share capital of Benline. The directors of Benline are Gan Keng Loon and Ng Chi Leung.

The key financial information based on the consolidated management accounts of Benline for the ten (10) months period ended 31 October 2021 is as follows:

| | USD'000 |
|---------------------------|----------------|
| Revenue | 760 |
| Profit / (Loss) after Tax | (33) |
| Net Asset | 1,809* |
| Total Asset | 5,438* |

** prior to revaluation of property and restructuring of its inter-company loans.*

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2.2 Information on the Vendor

The Vendor is a company incorporated in Hong Kong principally engaged in provision of marketing and handling services. The issued and paid-up share capital of the Vendor is HK\$10,000.

The sole director and shareholder of the Vendor is Ng Chi Leung

2.3 Information on Fuji Vietnam

Fuji Vietnam is a limited liability company duly established under the law of Vietnam on 18 January 2005 and having its legal domicile in Vietnam. Fuji Vietnam is principally engaged in printing paper packaging and compound film packaging. Benline is the sole legal and beneficial owner of all the shares in Fuji Vietnam. The director of Fuji Vietnam is Le Khuong Vang.

Fuji Vietnam owns a property comprising a leasehold land and two factories built on it (the “**Property**”). The Property is located in the Vietnam-Singapore Industrial Park I (“**VSIP I**”) in Binh Duong Province, Vietnam.

2.4 Details of the Proposed Acquisition

2.4.1 *Purchase Consideration*

- (a) The purchase consideration for the sale by the Vendor of all the Sale Shares to the Company shall be US\$6,700,000 (US\$ - United States Dollar) (equivalent to approximately RM28,227,100) less liabilities and receivables of Benline and Fuji Vietnam on or before completion of the sale and purchase of the Sale Shares and remaining outstanding or that cannot be realized/collected in the accounts of Benline and Fuji Vietnam within eighteen (18) months after Completion (“**Purchase Consideration**”).
- (b) Completion of the Proposed Acquisition (“**Completion**”) will take place ten (10) business days from the fulfilment of all the Conditions Precedent as stated in Clause 2.4.4(2) below or 28 February 2022, whichever is later (“**Completion Date**”).
- (c) Upon the signing of the SPA by the Parties, the Company shall remit to the Vendor a deposit of US\$2,200,000 (equivalent to approximately RM9,268,600) to be held by the Vendor in trust for the Company pending Completion (the “**Deposit**”). If the Company terminates the SPA or Completion fails to take place on the Completion Date, the Vendor shall forthwith return the Deposit in full free of interest to the Company. In the event of Completion, the Deposit shall be treated as part-payment for the Sale Shares.

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- (d) Subject to Completion, the Company shall pay the Purchase Consideration to the Vendor by telegraphic transfer (or such other mode of payment as may be agreed by the Parties) in accordance with the following instalments:

| Instalment | Amount | Payment Date |
|-------------------------------|---|---|
| Six (6) quarterly instalments | US\$750,000 each (equivalent to approximately RM3,159,750 each) | The first instalment shall be payable within three (3) months after the Completion Date, and thereafter on quarterly basis. |

Note:

- 1. Foreign currency translation rate used as at 17 December 2021: US\$1.00 = RM4.213*
- 2. The instalment amounts above shall be adjusted for any liabilities and/or receivables of Benline and Fuji Vietnam on or before Completion and remaining outstanding or that cannot be realized/collected in the accounts of Benline and Fuji Vietnam on the payment date for the relevant instalment.*

2.4.2 Particulars of Liabilities to be Assumed by the Company

There are no liabilities, including contingent liabilities and guarantees, to be assumed by the Company arising from the Proposed Acquisition.

2.4.3 Source of Funds

The Purchase Consideration will be satisfied entirely in cash, which will be financed through internally generated funds of the Group.

2.4.4 Salient Terms of the SPA

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

(1) Sale and Sale Shares

- Subject to the terms and conditions of the SPA, the Vendor shall sell to the Company all the Sale Shares and the Company, relying on the Vendor’s obligations, restrictions, representations and warranties, shall purchase from the Vendor all the Sale Shares, free from all liens, charges and encumbrances.
- In connection with the aforesaid sale and purchase, the Vendor shall procure:
 - Benline remains the sole legal and beneficial owner of all the shares in Fuji Vietnam on Completion;
 - Fuji Vietnam remains the sole legal and beneficial owner of the Property on Completion;

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- The waiver of all debts and other sums due from or payable by Benline and Fuji Vietnam, if any, to the Vendor on or before Completion and in relation thereto, the execution of deed(s) of waiver in such form and substance as may be required by the Company;
 - That, on and after Completion, the Vendor shall not have any claim, action or demand against Benline and Fuji Vietnam or the Company whatsoever; and
- (c) The Vendor shall solely bear and be responsible for all the losses and liabilities incurred by Benline and Fuji Vietnam on or before Completion and, if required by the Company, the Vendor shall procure the novation of such losses and/or liabilities, if any, to the Vendor on or before Completion and in relation thereto, the execution of deed(s) of novation in such form and substance as may be required by the Company.

(2) *Conditions Precedent*

The obligation of the Company to complete the purchase of the Sale Shares is conditional upon the following events (“**Conditions Precedent**”):

- (a) A due diligence on Benline and Fuji Vietnam and their businesses, assets and liabilities, the Property and the Sale Shares conducted by the Company and/or its advisors and the results thereof being satisfactory to the Company;
- (b) The representations, warranties and undertakings contained or referred to herein remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the SPA and Completion Date;
- (c) All necessary consents and approvals (on terms acceptable to the Company) for the transactions contemplated herein being granted by third parties, governmental, regulatory or other authorities and no statute, regulation or decision which would prohibit, restrict or delay the entering into or performance of the SPA or the operations of Benline and Fuji Vietnam after Completion having been proposed, enacted or taken;
- (d) There having not been at any time hereafter any adverse change, or event or act likely to lead to such a change, in the business, prospects, financial position or results of operations of and there being no adverse change in the turnover, profitability, financial position, assets, liabilities and equity of Benline and Fuji Vietnam from that set forth in the audited consolidated accounts of Benline for the financial year ended 31 December 2020 and the unaudited management accounts relating to Benline and Fuji Vietnam drawn up to the date of the aforesaid management accounts.

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- (e) There not having been at any time prior to or on Completion the occurrence of any of the following events:
- liquidation, bankruptcy or insolvency of Benline and Fuji Vietnam or the Vendor;
 - termination of substantially all or part of the business of Benline and Fuji Vietnam by resolution of its shareholders or otherwise;
 - appointment of any assignee, receiver or liquidator for substantially all or part of the assets or business of Benline and Fuji Vietnam or the Vendor;
 - attachment, sequestration, execution or seizure of substantially all or part of the assets of any Benline and Fuji Vietnam or the Vendor;
 - suspension or withdrawal of the rights and privileges of Benline and Fuji Vietnam which are material in the conduct of its present business by any authority or regulator;
- (f) If required by the Company, the deed(s) of waiver and/or deed(s) of novation being duly executed by the parties thereto.
- (g) The approval of the shareholders of the Company being obtained for the purchase of the Sale Shares if such approval is required by the Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The Company may in its absolute discretion waive (in whole or part) any or all of the Conditions Precedent as stated above, and such waiver may be given subject to such conditions as the Company may stipulate.

In the event that any of the Conditions Precedent is not fulfilled or waived by the Company within six (6) months from the date of the SPA, the Company may (in addition to and without prejudice to its other rights and remedies) at any time thereafter by notice in writing to the Vendor terminate the SPA and the Vendor shall have no claim against the Company.

3. BASIS AND JUSTIFICATION OF ARRIVING AT THE PURCHASE CONSIDERATION

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration of the following:

- (a) The Company commissioned an independent valuer, Messrs Asia Valuation Co., Ltd, to carry out a valuation of the Property and based on discounted cash flow method, the Property was valued at VDN154.70 billion (VDN – Vietnamese Dong) (equivalent to approximately RM28,310,100).
- (b) The Purchase Consideration of US\$6,700,000 (equivalent to approximately RM28,227,100) in the SPA is based on the independent value of the Property as the SPA has a mechanism to adjust for any liabilities and receivables as at Completion Date (which are mainly incurred due to the operations of Benline and Fuji Vietnam).

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4. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

The Group's main manufacturing site in Vietnam located in VSIP I, is currently short of storage space and is currently renting 3,100 square meters of warehouse space from Fuji Vietnam. The warehouse which is less than 500 meters away from the Group's Vietnam factory is strategically located to enable it to plan and coordinate its day-to-day manufacturing schedule efficiently. Currently the Group has a three (3) years rental agreement with Fuji Vietnam which will expire on 31 March 2023. This possess a high risk for the Group as there is no assurance that the rental can be renewed and continued to be renew in the longer future. The independent valuer has also stated that the current occupancy of Binh Duong Industrial Zone is 99% which further affirm the risk of securing another warehouse space in the vicinity.

With the Proposed Acquisition, there will be less uncertainly on the coordination of the day-to-day manufacturing activities and can allow the Group to focus on other challenges and opportunities.

5. RISK FACTORS

The Board does not expect any material risks arising from the Proposed Acquisition.

6. PROSPECTS OF TWPH GROUP

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 fortify the financial performance of TWPH Group in the future.

7. EFFECTS OF THE PROPOSED ACQUISITION

7.1 Share capital

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

7.2 Shareholdings of Substantial Shareholders

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

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7.3 Earnings per share, Net Assets per share and Gearing

Based on the latest audited consolidated financial statements of TWPH as at 31 December 2020, the proforma effects of the Proposed Acquisition are as follows:

| | Before Proposed Acquisition | After Proposed Acquisition |
|--|------------------------------------|-----------------------------------|
| Net Earnings (Loss) per share (sen) | (0.81) | (0.93) |
| Net Assets per share (sen) | 2.25 | 2.23 |
| Gearing (net borrowing to shareholders' funds) | 0.17 | 0.17 |

Note: for the purpose of computing the Net Earnings and Net Assets, the profit of Benline is based on the unaudited consolidated financial statement of Benline for the ten (10) months ended 31 October 2021 and prorated accordingly.

8. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is 8.7% based on the audited consolidated financial statements of TWPH for the financial year ended 31 December 2020.

9. APPROVAL REQUIRED

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

10. INTEREST OF DIRECTOR, 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.

11. DIRECTORS' STATEMENT

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 Group.

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12. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the fulfilment of all conditions precedent as stipulated in the SPA, the Proposed Acquisition is expected to be completed by the first quarter ending 31 December 2022.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and the valuation report on the Property will be available for inspection at the registered office of TWPH during office hours from Mondays to Fridays (except public holidays) at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia for a period of three (3) months from the date of this announcement.

This announcement is dated 17 December 2021.