

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS NTPM HOLDINGS BERHAD ("NTHB" or "the Company") - Proposed disposal of 100% equity interest in NTPM Paper Mill (Bentong) Sdn. Bhd. by Nibong Tebal Paper Mill Sdn. Bhd., a wholly-owned subsidiary of the Company

NTPM HOLDINGS BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
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The Board of Directors of the Company wishes to announce that its wholly-owned subsidiary, Nibong Tebal Paper Mill Sdn. Bhd. (hereinafter referred to as "NTPM" or "the Vendor"), had on 1 October 2020 entered into a Sale and Purchase of Shares Agreement ("Agreement") with XSD International Paper Sdn. Bhd. ("XSD" or "the Purchaser") for disposal by NTPM of the 100% equity interest held in NTPM Paper Mill (Bentong) Sdn. Bhd. ("NTPM Bentong") comprising 40,000,000 ordinary shares in NTPM Bentong for a cash consideration of Ringgit Malaysia Twenty Seven Million and Five Hundred Thousand (RM27,500,000) ("Disposal Consideration") ("Proposed Disposal").

Please refer to the attachment for the details of the Proposed Disposal.

This announcement is dated 1 October 2020.

Please refer attachment below.

Attachments

[NTHB_Announcement details-Disposal of equity interest in NTPM Bentong.pdf](#)
87.5 kB

Announcement Info

Company Name	NTPM HOLDINGS BERHAD
Stock Name	NTPM
Date Announced	01 Oct 2020
Category	General Announcement for PLC
Reference Number	GA1-21092020-00086

**NTPM HOLDINGS BERHAD ("NTHB" OR "THE COMPANY")
REGISTRATION NO. 199601012313 (384662-U)**

Type : ANNOUNCEMENT

Subject : TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS): NON-RELATED PARTY TRANSACTIONS

**Description : NTPM HOLDINGS BERHAD ("NTHB" or "the Company")
- PROPOSED DISPOSAL OF 100% EQUITY INTEREST IN
NTPM PAPER MILL (BENTONG) SDN. BHD. BY NIBONG
TEBAL PAPER MILL SDN. BHD., A WHOLLY-OWNED
SUBSIDIARY OF THE COMPANY**

1. INTRODUCTION

The Board of Directors of NTPM Holdings Berhad ("**NTHB**" or "**the Company**") wishes to announce that its wholly-owned subsidiary, Nibong Tebal Paper Mill Sdn. Bhd. (hereinafter referred to as "**NTPM**" or "**the Vendor**"), had on 1 October 2020 entered into a Sale and Purchase of Shares Agreement ("**Agreement**") with XSD International Paper Sdn. Bhd. ("**XSD**" or "**the Purchaser**") for disposal by NTPM of the 100% equity interest held in NTPM Paper Mill (Bentong) Sdn. Bhd. ("**NTPM Bentong**") comprising 40,000,000 ordinary shares in NTPM Bentong for a cash consideration of Ringgit Malaysia Twenty Seven Million and Five Hundred Thousand (RM27,500,000) ("**Disposal Consideration**") ("**Proposed Disposal**").

The Proposed Disposal shall include the ownership of all the NTPM Bentong's immovable assets and moveable assets but exclude all converting machines, office equipment, trademarks and liabilities as stated in the Schedule V and Schedule VI in the Agreement.

Upon completion of the Proposed Disposal, NTPM Bentong shall cease to be a wholly-owned subsidiary of NTPM.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on NTPM Bentong

NTPM Bentong was incorporated in Malaysia on 10 May 2011 as a private limited company under the Companies Act 1965 (and deemed registered with the Companies Act 2016) and has a total number of issued shares of 40,000,000 ordinary shares. NTPM Bentong is principally engaged in manufacturing and trading of paper products mainly toilet rolls.

The existing Directors of NTPM Bentong are Mr. Lee See Jin, Mr. Lee Chong Choon, Mr. Lee Chong Chat and Ms. Lee Hooi Fung. NTPM Bentong is a wholly-owned subsidiary of NTPM which is in turn a wholly-owned subsidiary of NTHB.

2.2 Information on Vendor

NTPM was incorporated in Malaysia on 23 April 1975 as a private limited company under the Companies Act 1965 (and deemed registered with the Companies Act 2016) and has a total number of issued shares of 20,000,000 ordinary shares. NTPM is principally engaged in manufacturing and trading of paper products such as toilet rolls, tissues, serviettes and investment holdings.

The existing Directors of NTPM are Mr. Lee See Jin, Mr. Lee Chong Choon, Mr. Tan Chee Seng and Mr. Lee Chong Chat. NTPM is a wholly-owned subsidiary of NTHB.

2.3 Information on Purchaser

XSD was incorporated in Malaysia on 25 July 2018 as a private limited company under the Companies Act 2016 and has a total number of issued shares of 227,543,310 ordinary shares. The principal activity of the Purchaser is investment holdings; manufacture of pulp, paper and paperboard; export and import of a variety of goods without particular specialization National Electrical Code.

The existing shareholder(s) of XSD is XSD Investment Holding Pte Ltd.

The existing Directors of XSD are Li Shengfeng, Shi Chenye and Khor Kheng Liap.

2.4 Details of assets in NTPM Bentong

Immovable Assets

Description	A factory building and complex.
Titles Nos.	i. H.S.(D) No. 10962, PT 11712; ii. H.S.(D) No. 10963, PT 11713; iii. H.S.(D) No. 4026, PT4497; and iv. H.S.(D) No. 4041, PT 4512 all of Mukim Bentong and District of Bentong, Negeri Pahang (Now held under new title numbers known as PN 14738, Lot No. 10111, PN 14741, Lot No. 10113, PN 23165, Lot No. 10115 and PN 23166, Lot No. 10117, all of Mukim Bentong, Tempat Bentong, Daerah Bentong, Negeri Pahang) (hereinafter called "the said Factory")
Assessment/ Postal Address	Lot 65, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang.
Land area/ Built-up area	42,950 square metres / 8,000 square metres
Tenure	Leasehold industrial land for a term of 66 years expiring on 8 April 2059 and 22 March 2053 respectively.
Approximately age of building	Between 9 - 10 years
Date of Acquisition	5 July 2011
Audited Net Book Value as at 30 April 2020	RM11.61 million
Encumbrances	Free from all encumbrances (except the lease created in favour of Tenaga Nasional Berhad).
Original cost of investment	RM12.5 million
Market Value	RM13.78 million

Movable Assets

All the machineries and movables assets of NTPM Bentong, excluding all the registered or unregistered trademarks, office equipment, converters and machines stated in the exclusion list annexed to the Agreement.

3. RATIONALE FOR THE PROPOSED DISPOSAL

- 3.1 NTPM Bentong has incurred losses continuously and has little prospect to be turned around in near future.

The Proposed Disposal will allow the Company to rationalise and streamline the Group's activities with a clear focus on maximizing returns.

The Proposed Disposal will enable NTPM to realise its investments in NTPM Bentong, thus enabling NTPM to use the proceeds from the Proposed Disposal for the working capital of its remaining business.

4. BASIS AND JUSTIFICATION FOR THE DISPOSAL CONSIDERATION

- 4.1 The Disposal Consideration was arrived at on a "willing buyer and willing seller" basis based on the negotiation between NTPM and the Purchaser after taking into consideration of audited financial statements of NTPM Bentong for the financial year ended 30 April 2020, and the market value of land and building of NTPM Bentong amounted to RM13.78 million as appraised by independent professional valuer, Messrs. Raine & Horne International Zaki + Partners Sdn. Bhd. based on its valuation report dated 30 April 2020.

5. SALIENT TERMS OF THE PROPOSED DISPOSAL

5.1 Conditions Precedent

The Proposed Disposal shall be subject to the conditions precedent which are to be complied with by NTPM Bentong, NTPM and XSD ("Parties") within three (3) months from the date of the Agreement or such other extension of time as the Parties may mutually agree in writing:

- (a) the sale of the 40,000,000 ordinary shares in NTPM Bentong being approved by the holding company of NTPM, that its NTHB, which has been duly obtained;
- (b) NTPM shall also warrant to undertake a retrenchment or termination of employees exercise over all the existing employees of the NTPM Bentong at the NTPM's own cost and expenses. The Purchaser shall upon simultaneous completion of the purchase to re-employ all the existing employees or any of them at the Purchaser's sole discretion and subject to such terms of contract of employment as the Purchaser shall deem fit;
- (c) NTPM shall also undertake to attend to the settlement of the total financial liabilities comprising inter-company loans and other payables and amount owing to immediate holding company recognized under capital contribution reserve as recorded in the audited financial statements of NTPM Bentong for the financial year ended 30 April 2020 on or before the Effective Date;
- (d) NTPM Bentong shall also terminate or settle all the existing liabilities due to all the Banking and Financial Institutions and/or other creditors as recorded in the accounting records of NTPM Bentong;
- (e) all the title deeds for the NTPM Bentong's assets (be it moveable or immoveable), trademarks, copy rights of NTPM Bentong shall also be considered as asset to be sold to the Purchaser on all inclusive basis except

for the assets and copy righted trademarks as listed in exclusion list as stipulated in the Exclusion List annexed to the Agreement;

- (f) NTPM shall be obligated to produce and to disclose to the Purchaser all the relevant documents relating to asset list, book of accounts, bank statements and title deeds of all asset which shall be made available to the Purchaser for inspection and due diligence exercise to be carried out within seven (7) days of the execution of the Agreement;
- (g) the Purchaser shall have completed a due diligence exercise on the financial records, books of account, audited statements, asset list, liabilities, accruals bank statements and is satisfied with the data and the accuracy of the accounts in accordance with the prevailing accounting standards and practice;
- (h) the finalisation of a special audit on the assets and liabilities of the Company as at a date to be mutually agreed by the NTPM and the Purchaser to be prepared by the Purchaser's appointed auditor (hereinafter called "the final audited assets and liabilities account") showing that NTPM Bentong shall have zero balance in its bank accounts (or no operative accounts, whichever is applicable);
- (i) the final audited assets and liabilities account of NTPM Bentong shall show that all the assets of NTPM Bentong are intact except for the said assets and copyrighted trademarks stipulated in the exclusion list annexed to the Agreement;
- (j) the Purchaser shall inform NTPM in writing its choice of the new Company name;

The Agreement shall become unconditional upon the compliance and the fulfilment of all the Conditions Precedent as stipulated in the Agreement with the service of the final audited assets and liabilities account of NTPM Bentong by the Purchaser's Solicitors to the Vendor's Solicitor showing therein that all the condition precedent as stipulated in the Agreement have been fulfilled ("**the Effective Date**").

5.2 Satisfaction of the Disposal Consideration

The Disposal Consideration shall be satisfied by the Purchaser to NTPM in the following manner: -

- (a) Upon execution of the Agreement, the Purchase shall pay to the Vendor a sum of Ringgit Malaysia Two Million Seven Hundred and Fifty Thousand (RM2,750,000-00) only, being the deposit and part payment of the Disposal Consideration ("**the Deposit**") and
- (b) The balance of Disposal Consideration of the sum of Ringgit Malaysia Twenty Four Million Seven Hundred and Fifty Thousand (RM24,750,000-00) only ("**the Balance Purchase Price**") shall be paid and release to NTPM by NTPM's Solicitors within fourteen (14) days from the Effective Date provided that the Purchaser or Purchaser's Solicitors has received all the relevant documents stated under clause 3.1 of the Agreement and a letter issued by NTPM notifying the MITI and the Malaysian Investment Development Authority (MIDA) respectively on the disposal of 100% equity interest in NTPM Bentong, failing which the said fourteen (14) days shall be extended accordingly;
- (c) Completion of the Proposed Disposal/Agreement shall mean upon the receipt by NTPM of the Balance of the Purchase Price ("**the Completion Date**").

- (d) Upon the execution of the Agreement, the Purchaser shall pre-pay the Balance Purchase Price to the Vendor's Solicitors which sum shall be held in an interest bearing stakeholder account for the purpose in (b) above.

5.3 Termination

If the payment reserved or any part thereof as stated in the Agreement is not received by NTPM's Solicitors (whether formally demanded or not) or if the Purchaser fails or neglects to perform or observe any of the stipulations in the Agreement or if at anytime the Purchaser shall become bankrupt or enter into any composition with its creditors then and in any of the said cases it shall be lawful for the Vendor at anytime thereafter to seek the equitable remedy of specific performance against the Purchaser and claim for all costs, damages and other reliefs against the Purchaser or opt to terminate this Agreement and forfeit the Deposit and sue the Purchaser for damages, cost and other reliefs.

In the event that the NTPM fails to complete the Agreement in accordance with the terms of the Agreement on the Completion Date, or commits any breach of the terms hereof, the Purchaser shall be entitled to seek the equitable remedy of specific performance against NTPM and claim for all costs, damages and other reliefs against NTPM.

6. **UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSAL**

The proceeds arising from the Proposed Disposal shall be utilised for working capital of NTHB Group within 6 months from the Completion Date.

7. **COST OF INVESTMENT AND EXPECTED GAINS ON PROPOSED DISPOSAL**

The aggregate cost of investment in NTPM Bentong is RM40,000,000. Based on the audited financial statements of NTPM Bentong for the financial year ended 30 April 2020, the net loss of NTPM Bentong was RM5,573,309 and its net liabilities was RM360,466.

The Proposed Disposal is expected to generate an estimated one-off gain of approximately RM11,173,051 to the Group, after taking into consideration of the estimated expenses of RM1,512,272 in relation to the Proposed Disposal:

Disposal Consideration	RM 27,500,000
Less: Net Assets of NTPM Bentong as at 30 September 2020	14,814,677
Less: Estimated expenses for the Proposed Disposal	1,512,272
Gain arising from the Proposed Disposal	<u>11,173,051</u>

8. **EFFECTS OF THE PROPOSED DISPOSAL**

8.1 Share Capital and Substantial Shareholders' Shareholding

The Proposed Disposal will not have any effect on the issued share capital of NTHB and the substantial shareholders' shareholding in NTHB as it does not involve the issuance of any new ordinary shares in NTHB.

8.2 Earnings, net assets ("NA") per share and gearing

The effects of the Proposed Disposal on the earnings per share, consolidated net assets and gearing of the Company based on its annual audited consolidated financial statements for financial year ended 30 April 2020 are as set out below:-

	Audited as at 30 April 2020	After the Proposed Disposal
	RM'000	RM'000
Share capital	112,320	112,320
Reserves	77,728	79,838
Equity attributable to the owners of the Company	445,593	478,971
NA per share (RM)	0.40	0.43
Total borrowings	427,962	400,657
Gearing ratio	46%	42%
Earnings per share (sen)	0.60	2.80

8.3 Earning per Shares ("EPS")

On an assumption that the Proposed Disposal is completed by 31 December 2020, the Proposed Disposal is expected to result in an estimated gain of approximately RM11,173,051 for NTHB Group for the financial year ending 30 April 2021.

9. **LIABILITIES TO BE ASSUMED**

There are no other liabilities, including contingent liabilities and guarantees to be assumed by NTHB Group from the Proposed Disposal.

10. **HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED DISPOSAL**

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements of Main Market of Listing Requirements of Bursa Malaysia Securities Berhad is 6.17%.

11. **RISK FACTOR**

The Board does not expect any material risk arising for the Proposed Disposal other than in the event the respective conditions precedent as stated in the Agreement cannot be fulfilled which may cause the Proposed Disposal to be delayed/terminated. This may result in the potential benefits arising from the Proposed Disposal failing to materialise. NTHB Group would take the appropriate measure to minimise the risk.

12. **APPROVALS REQUIRED**

The Proposed Disposal does not require the approval of the shareholders of NTHB or any government authorities.

13. **INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSON CONNECTED TO THEM**

None of the Directors of NTHB and/or major shareholders of NTHB and/or persons connected with them has any interest, direct and/or indirect, in the Proposed Disposal.

14. **DIRECTORS' RECOMMENDATION**

The Board, after having taken into consideration all aspects of the Proposed Disposal, including but not limited to the salient terms, rationale financial effects in relation to the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of NTHB.

15. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Board expects the Proposed Disposal is to be completed by end of December 2020.

16. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection at the Registered Office of NTHB at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Penang during normal working hours from Monday to Friday (except public holiday) for a period of 3 months from the date of this announcement.

This announcement is dated 1 October 2020.