

GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY SUBSIDIARY COMPANY, TIEN WAH PRESS HOLDINGS BERHAD

Issuer & Securities

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NEW TOYO INTERNATIONAL HOLDINGS LTD

Securities

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Announcement Details

Announcement Title

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ANNOUNCEMENT BY SUBSIDIARY COMPANY, TIEN WAH PRESS HOLDINGS BERHAD

Announcement Reference

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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 attachment.

Attachments

[20240827 - TWPH Announcement.pdf](#)

Total size = 1002K MB

OTHERS TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" OR "THE COMPANY") - RELATED PARTY TRANSACTIONS: TENANCY AGREEMENT BETWEEN TIEN WAH PROPERTIES SDN. BHD. ("TWP"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY WITH TOYOMA ALUMINIUM FOIL PACKAGING SDN. BHD. ("TAFP")

TIEN WAH PRESS HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" OR "THE COMPANY") - RELATED PARTY TRANSACTIONS: TENANCY AGREEMENT BETWEEN TIEN WAH PROPERTIES SDN. BHD. ("TWP"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY WITH TOYOMA ALUMINIUM FOIL PACKAGING SDN. BHD. ("TAFP")

Unless stated otherwise, the terms used herein shall carry the same meaning as those defined in the earlier announcement dated 16 August 2024.

Further to the Company's announcement dated 16 August 2024 and the query by Bursa Securities dated 21 August 2024 ("Bursa Query"), the Company wishes to announce the additional information in relation to the Transaction as required by Bursa Securities pursuant to the Bursa Query.

Please refer to the attachment for further details of the Bursa Query.

This announcement is dated 27 August 2024.

Please refer attachment below.

Attachments

[Transaction \(Bursa Query\).pdf](#)
1.0 MB

Announcement Info

Company Name	TIEN WAH PRESS HOLDINGS BERHAD
Stock Name	TIENWAH
Date Announced	27 Aug 2024
Category	General Announcement for PLC
Reference Number	GA1-23082024-00019

**TIEN WAH PRESS HOLDINGS BERHAD (“TWPH” OR “THE COMPANY”)
RELATED PARTY TRANSACTION**

- Tenancy agreement between Tien Wah Properties Sdn. Bhd., a wholly-owned subsidiary of the Company with Toyoma Aluminium Foil Packaging Sdn. Bhd.

Reference is made to the announcement dated 16 August 2024 in relation to Transaction. The terms herein shall bear the same meaning as defined in the said announcement.

Further to the Company’s announcement dated 16 August 2024, the Company wishes to announce the following additional information:-

1. BASIS AND JUSTIFICATION OF ARRIVING AT THE MONTHLY GROSS RENT

The Monthly Gross Rent rates of the Demised Premises was arrived at after taking into consideration the market rental rate of comparable properties based on the comparable rental analysis, which involves the comparison of the Demised Premises with the asking rental rates of properties with similar nature and/or in the vicinity, as detailed below:

No.	Property	Built-up area (square feet)	Asking monthly rental		Adjusted asking monthly rental ⁽¹⁾
			RM	RM per square feet	RM per square feet
1	Mall at Sekysen 52 PJ	8,000	35,000	4.38	3.80
2	Mall at Bandar Utama PJ	10,270	10,277	4.48	4.00
3	Mall at Ara Damansara	16,081	48,243	3.00	2.80
4	Seksyen 19 PJ	18,000	54,000	3.00	2.80
5	Mall at Sekysen 13 PJ	27,658	88,000	3.18	3.00

Note:

(1) Adjustments are made for differences in location, size and usage restriction imposed on the Demised Premises as well as discount to cater for negotiation process considering that the rates stated above are asking monthly rentals which are subject to negotiations (“Adjustments”).

The Board had taken into consideration the Adjustments to derive at the adjusted asking monthly rental rates of the comparable properties of between RM2.07 psf to RM2.33 psf. The Company placed greater emphasis on Comparable 5 as Comparable 5 has similar characteristics and it is the latest asking rental rate as at 27 July 2024.

With Comparable 5 as the most suitable comparable, the Company have adopted the Monthly Gross Rent for the Demised Premises, which is also brand new as compared to the rest and lower rental than Comparable 5.

Premised on the above, the Board (save for the Interested Directors who have abstained from all deliberations and voting on the Transaction) and Audit and Risk Committee of the Company is of the view that the Monthly Gross Rent is reasonable.

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2. RATIONALE AND BENEFITS OF THE TRANSACTION AND EVENT SPACE LEASING BUSINESS (“PROPOSED BUSINESS”)

The Company’s principal activity is that of investment holding and provision of management services to its subsidiaries, while the activities of its subsidiaries, jointly controlled entity and associate company are those of rotogravure and photolithography printing (“Printing Business”) of the tobacco industry.

(RM’000)	2019	2020	2021	2022	2023
Revenue	346,255	277,394	252,246	243,960	270,384
Profit/(loss) before tax	(14,198)	3,838	8,969	(14,030)	12,718
Profit/(loss) after tax	(15,944)	2,841	4,947	(15,974)	9,788

The Company and its subsidiaries (the “Group”) revenue and profit have been volatile over the past five (5) years as the tobacco industry has been challenging.

While the Group remains focused on enhancing the performance of the existing Printing Business, the Group had also been actively seeking other strategic opportunities and/or business ventures that could enhance the shareholders' value in the long run by expanding the revenue and earnings base to reduce the Group’s reliance on the existing Printing Business. This vision has also been shared with our shareholders during the Twenty-Ninth Annual General Meeting held on 23 May 2024.

In view thereof, the Group has identified the Proposed Business as a viable new business to provide a new income stream to the Group. The decision to diversify into the event space leasing business was driven by several key factors. Firstly, the availability of suitable event spaces in terms of size and location was optimal and the location at a prime, mature area in Petaling Jaya will provides an advantageous setting for this business.

The Proposed Business is also aligned to Gourmet Gateway Sdn. Bhd., a wholly-owned subsidiary of Lum Chang Tien Wah Property Sdn. Bhd., which is itself a joint-venture company between TWP and Kemensah Holdings Pte. Ltd., who is in the business of food and beverages services (“F&B”).

Additionally, NTIH, our immediate holding company has recently ventured into a restaurant in the same location, specializing in Chinese Fine Dining cuisine. That new venture not only complements our event space leasing business but also creates synergy between the two businesses, enhancing our market presence and offering a comprehensive service to the potential customers.

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By choosing to enter the event space leasing sector, the Group leverage on the existing market opportunities in a strategically located area where we already have a considerable experience due to our long-standing operations in this area. The Group believe that this approach allows us to capitalize on our current investments and expertise, providing a cohesive strategy for growth.

Notwithstanding the Proposed Business, the Group intends to continue with the Printing Business in the same manner and the Board will review the Group’s business operations from time to time with the intention to further improve the Group’s financial performance.

3. RISK OF THE TRANSACTION

Business diversification risk

The Proposed Business would result in the diversification of the Group’s existing businesses to include event space leasing business, whereby the Group may face new challenges and risks arising from the event space leasing business in which the Group has no previous experiences. These may include, global and local economic downturn, market competition, operational complexity, changes in legal and environmental framework within the industry.

Competitive Landscape

Being a new entrant in the event space leasing industry, the Group will face competition from the existing and well-established venues in the industry. Nevertheless, the Group will take proactive measures to remain competitive in the business by amongst others, by constantly keeping abreast with the latest event space leasing market conditions and gaining a competitive edge in terms of cost and operational efficiency throughout its operations as well as product/service quality. The Group would also be creating a state-of-art hall with a versatile venue designed to cater to a wide array of events for hosting wedding receptions, engagement dinners, and other social functions. However, there is no assurance that the Group will be able to successfully compete with these competitors.

Market Demand Uncertainty

The event space leasing industry is highly dependent on market demand, which can be unpredictable and influenced by external factors such as economic downturns, shifts in consumer preferences, or even public health issues like pandemics. Low demand could result in underutilized assets and reduced profitability. However, the tenancy agreement allows for us to assign it to other parties, if we decide to exit the business.

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4. DIVERSIFICATION

Barring any unforeseen circumstances, the Board did not anticipate that the Transaction and Proposed Business is tantamount to a diversification pursuant to Paragraph 10.13 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) based on Management forecast.

Should the Board anticipate that the Transaction and Proposed Business may potentially divert 25% or more of the Net Assets of the Company and its subsidiaries (the “Group”) and/or contribute 25% or more of net profits of the Group in the future (“Diversification”), the Company shall seek the prior approval from its shareholders for the Diversification.

This announcement is dated 27 August 2024.