

OTHERS TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" or "the Company") - Proposed Cessation of Printing Business of Tien Wah Press (Malaya) Sdn Bhd, a wholly-owned subsidiary of TWPH, arising from Reorganisation of Production Footprint within the Company and its subsidiaries ("the Group")

TIEN WAH PRESS HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	<p>TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" or "the Company")</p> <p>- Proposed Cessation of Printing Business of Tien Wah Press (Malaya) Sdn Bhd, a wholly-owned subsidiary of TWPH, arising from Reorganisation of Production Footprint within the Company and its subsidiaries ("the Group")</p>

The Board of Directors of TWPH wishes to announce that Tien Wah Press (Malaya) Sdn Bhd ("**TWPM**"), a wholly owned subsidiary of TWPH, had on 20 July 2017 decided to cease its printing business ("**Proposed Cessation**") in line with the Group's re-organisation 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**"), TWPM is not a major subsidiary of TWPH.

Please refer to the attachment for details of the aforesaid.

This announcement is dated 20 July 2017.

Please refer attachment below.

Attachments

[TWPH - Announcement on TWPM Cessation.pdf](#)
53.0 kB

Announcement Info

Company Name	TIEN WAH PRESS HOLDINGS BERHAD
Stock Name	TIENWAH
Date Announced	20 Jul 2017
Category	General Announcement for PLC
Reference Number	GA1-19072017-00009

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

- **Proposed Cessation of Printing Business of Tien Wah Press (Malaya) Sdn Bhd, a wholly-owned subsidiary of TWPH, 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 Tien Wah Press (Malaya) Sdn Bhd (“**TWPM**”), a wholly owned subsidiary of TWPH, had on 20 July 2017 decided to cease its printing business (“**Proposed Cessation**”) in line with the Group’s re-organisation 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**”), TWPM is not a major subsidiary of TWPH.

The Board of Directors anticipates that upon the Proposed Cessation, TWPM shall remain as a dormant company.

2. BACKGROUND INFORMATION OF TWPM

- 2.1** TWPM was incorporated in Malaysia on 20 July 1960. TWPM is principally engaged in rotogravure printing specialising in cigarette cartons and consumer goods packaging, and photolithography printing specialising in cartons, labels packaging and advertising materials.
- 2.2** TWPM has an issued share capital of RM18,000,000 divided into 18,000,000 ordinary shares.
- 2.3** The historical financial information of TWPM for the past 3 years are as follows:

Financial Year End	31/12/2016 RM’000	31/12/2015 RM’000	31/12/2014 RM’000
Revenue	88,770	80,696	79,513
Profit Before Tax (PBT)	2,125	7,305	97
Profit After Tax (PAT)	1,549	5,581	401
Total Assets	75,911	81,687	78,628
Total Liabilities	24,194	25,119	27,641
Net Assets	51,717	56,568	50,987

- 2.4** The Directors of TWPM are Mr Lee Chee Whye, Mr Wong Jin Sheng and Mr Yoong Loong Yan.

3. DETAILS OF THE PROPOSED CESSATION

The Proposed Cessation will commence with the cessation of all of the printing business activities of TWPM. Thereafter, the disposal of assets and settlement of liabilities of TWPM will be gradually arranged, whereby the corresponding announcement(s) where applicable would be released to Bursa Securities in due course.

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

- *Proposed Cessation of Printing Business of Tien Wah Press (Malaya) Sdn Bhd, a wholly-owned subsidiary of TWPH, arising from Reorganisation of Production Footprint within the Company and its subsidiaries (“the Group”)*

A total of 237 employees will be made redundant by the Proposed Cessation. Based on preliminary review, the estimated Proposed Cessation cost are as follows:

	RM'000
Employees redundancy and related costs	11,640
Asset impairment costs	552
Total estimated costs of the Proposed Cessation	12,192

Details of TWPM's assets to be disposed-off are as follows:

Description of assets	Net Book Value 31/03/2017 RM'000
Plant, machineries and equipment	25,588
Motor vehicles	19
Repair parts	2,742
Office Equipment	701
Total	29,050

TWPM constitutes about 13.6% of the latest audited Net Assets of the Group as at 31 December 2016; 20.1% and 11.8% of the Group's unaudited Revenue and PBT respectively for the first 3 months period ended 31 March 2017.

4. RATIONALE FOR THE PROPOSED CESSATION

Following the cessation of its major customer's operation in Malaysia and their subsequent shifts in production facilities to Singapore, Korea and Indonesia, the Group acknowledged that there is no requirement for duplication of printing base in Malaysia, and hence, had initiated transfers of its majority production volumes from TWPM to Vietnam and Indonesia to improve its strategic position to service the customer and reduce the Group's operating cost over the longer term. The Board is of the view that the re-organisation of its production footprint which involves the cessation of TWPM's printing business is therefore timely.

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, 8.03A 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 are as follows:

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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 assets to be incurred. The impact to Consolidated Earnings, Earnings per Share and Net Assets per Share are a cost of RM12.19 million, reduction of RM0.08 per share and reduction of RM0.08 per share respectively.

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

None of the Directors, major shareholders of TWPH or persons connected with them have any interest, direct or indirect, in the Proposed Cessation.

7. APPROVALS AND APPLICATION TO AUTHORITIES

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 fourth (4th) quarter ending 31 December 2017.

This announcement is dated 20 July 2017.