

OTHERS TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" OR THE "COMPANY") - TENANCY AGREEMENT ENTERED INTO BY LUM CHANG TIEN WAH PROPERTY SDN BHD, A JOINT VENTURE COMPANY OF TWPH ("LCTWP") IN RELATION TO THE TWO (2) PIECES OF LEASEHOLD LAND OWNED BY LCTWP

TIEN WAH PRESS HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	TIEN WAH PRESS HOLDINGS BERHAD ("TWPH" OR THE "COMPANY") - TENANCY AGREEMENT ENTERED INTO BY LUM CHANG TIEN WAH PROPERTY SDN BHD, A JOINT VENTURE COMPANY OF TWPH ("LCTWP") IN RELATION TO THE TWO (2) PIECES OF LEASEHOLD LAND OWNED BY LCTWP

The Board of Directors of TWPH wishes to announce that LCTWP, the joint venture company set up by TWPH and Lum Chang Holdings Limited at the agreed proportion on a 50:50 basis between the parties, to jointly develop a mixed-use commercial development, had on 1 January 2020 entered into a tenancy agreement with PJBOX Sdn Bhd for two (2) pieces of leasehold land, together with factories and offices erected thereon ("**Tenancy Agreement**").

Please refer to the attachment for further details of the Tenancy Agreement.

This announcement is dated 3 January 2020.

Please refer attachment below.

Attachments

[TWPH - Tenancy Agreement \(Final\).pdf](#)
145.3 kB

Announcement Info

Company Name	TIEN WAH PRESS HOLDINGS BERHAD
Stock Name	TIENWAH
Date Announced	03 Jan 2020
Category	General Announcement for PLC
Reference Number	GA1-03012020-00020

TIEN WAH PRESS HOLDINGS BERHAD (“TWPH” OR THE “COMPANY”)

TENANCY AGREEMENT ENTERED INTO BY LUM CHANG TIEN WAH PROPERTY SDN BHD, A JOINT VENTURE COMPANY OF TWPH (“LCTWP”) IN RELATION TO THE TWO (2) PIECES OF LEASEHOLD LAND OWNED BY LCTWP

1. INTRODUCTION

The Board of Directors of TWPH (“**Board**”) wishes to announce that LCTWP, the joint venture company set up by TWPH and Lum Chang Holdings Limited (“**LCH**”) at the agreed proportion on a 50:50 basis between the parties, to jointly develop a mixed-use commercial development, had on 1 January 2020 entered into a tenancy agreement with PJBOX Sdn Bhd (“**PJBOX**” or “**Tenant**”) for two (2) pieces of leasehold land (“**Said Land**”), together with factories and offices erected thereon (“**Said Buildings**”) (“**Tenancy Agreement**”).

The particulars of the Said Land are as follows:

No.	Title particulars	Land area (Square feet)	Address
1	PN 3967, Lot 4, Section 13, Town of Petaling Jaya, District of Petaling	112,468	No. 11, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan
2	PN 3674, Lot 30, Section 13, Town of Petaling Jaya, District of Petaling (“ Lot 30 ”)	27,899	No. 9, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan
Total		140,367	

The Said Land and Said Buildings are collectively known as the “**Said Property**”.

2. INFORMATION ON THE TENANT

PJBOX was incorporated as a private limited company in Malaysia on 24 June 2019. As at 27 December 2019, being the latest practicable date prior to this announcement (“**LPD**”), the share capital of PJBOX is RM50,000 represented by 50,000 ordinary shares. PJBOX is presently engaged in the business of professional events and functions management services providers, organizers, advisers and consultants.

As at the LPD, Kemensah Holdings Pte Ltd (“**KHPL**”) is the sole shareholder of PJBOX, holding 50,000 ordinary shares in PJBOX. KHPL is a wholly-owned subsidiary of LCH.

As at the LPD, the directors of PJBOX are Tony Fong, Adrian Lum Wen Hong and Cham Kooi Joo.

3. DETAILS OF THE TENANCY AGREEMENT

LCTWP is the registered and beneficial owner of the Said Property. A portion of the Said Property, being the four storey office section of the buildings erected on Lot 30 (“**Excluded Property**”) has been rented out by LCTWP to TWPH for a period of one (1) year from 1 December 2018 to 30 November 2019, pursuant to a tenancy agreement dated 30 November 2018 and extended to 31 May 2020 pursuant to a letter dated 30 November 2019.

Pursuant to the Tenancy Agreement, LCTWP has agreed to grant and the Tenant has agreed to take a tenancy of the Said Property upon the terms and conditions contained in the Tenancy Agreement.

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- Tenancy Agreement entered into by LCTWP, a joint venture company of the Company in relation to the two (2) pieces of Leasehold Land owned by LCTWP

The salient terms of the Tenancy Agreement are as follows:

- (a) LCTWP agrees to let and the Tenant agrees to take the Said Property for the period commencing on 1 January 2020 (“**Commencement Date**”) and terminating on the date falling six (6) years from the Commencement Date (“**Term**”) subject to the terms and conditions contained in the Tenancy Agreement with an option to renew the Term for two (2) successive terms of three (3) years each term (“**Renewal Term**” for the first three (3) years’ tenancy commencing on the day immediately after the expiry of the Term; and “**Further Renewal Term**” for the subsequent three (3) years’ tenancy commencing on the day immediately after the expiry of the Renewal Term).
- (b) The tenancy of the Said Property by the Tenant shall exclude the Excluded Property. The tenant of the Excluded Property shall be afforded a reasonable period of time (not exceeding three (3) calendar months from such date of expiry) at no cost to give vacant possession of the Excluded Property to the Tenant.
- (c) The monthly rental for the Said Property during the Term (“**Rent**”) shall be:
 - (i) for the first twelve (12) months of the Term, rent free (“**Rent Free Period**”);
 - (ii) for the next twelve (12) months of the Term, RM112,293.60 only per month calculated at the approximate rate of RM0.80 per square foot based on the aggregate land area of the Said Land, measuring 140,367 square feet; and
 - (iii) for the subsequent two (2) years of the Term and the final two (2) years of the Term (“**Rent Review**”), to be determined in the manner as set out in Appendix I.

For the avoidance of doubt, LCTWP and the Tenant (collectively known as the “**Parties**”) agreed and acknowledged that the Rent Free Period in paragraph (c)(i) shall only apply to the first twelve (12) months of the Term only and the Tenant shall pay the Rent for every calendar month during the Renewal Term and Further Renewal Term.

- (d) The Tenant shall pay the Rent to LCTWP without any deductions as follows:
 - (i) the first payment of Rent shall be made on the 13th month from the Commencement Date; and
 - (ii) each subsequent payment of Rent shall be made in advance on or before the seventh (7th) day of each and every calendar month thereafter.
- (e) On the Commencement Date, the Tenant shall pay RM112,293.60 to LCTWP, being the security deposit equivalent to one (1) month of the monthly Rent in paragraph (c)(ii) (“**Security Deposit**”) as security for the due observance and performance by the Tenant of its representations, warranties, covenants and obligation under the Tenancy Agreement.
- (f) The Security Deposit shall be maintained at the amount stipulated in paragraph (e) above throughout the first twenty-four (24) months of the Term. Following which, the Security Deposit for the remaining forty-eight (48) months of the Term, shall be based on the Rent Review as set out in Appendix I.

For the avoidance of doubt, the Security Deposit shall be maintained at a sum equivalent to one (1) month of the monthly Rent of the Term (including the Rent Free Period). The Security Deposit shall not without the prior written consent of LCTWP be deemed to be, or treated as, payment of any Rent or for electricity, water, sewerage or other utilities charges incurred by the Tenant or any other money payable by the Tenant to LCTWP under the Tenancy Agreement.

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- (g) Subject to the Tenant obtaining, at its own expenses, all the necessary licences, permits and approvals from the appropriate authorities, the Tenant shall use the Said Property only to construct and operate a commercial hub comprising but not limited to food, beverage, retail and entertainment (“**Permitted Purpose**”). In the event the Tenant intends to use the Said Property for other purpose other than the Permitted Purpose, the Tenant shall obtain prior written consent from LCTWP and/or the relevant approvals from the appropriate authorities, as the case may be.
- (h) The Tenant may make or permit to be done any demolition, renovation, structural alteration or addition in or to the Said Property or any part thereof without giving written notice to LCTWP, provided always that written consent from the appropriate authorities (including but not limited to the local municipal authority and the Ministry of Housing and Local Government) is obtained, where required. The same shall be carried out at the Tenant’s sole cost and expense and in compliance with all applicable written laws, statutes, rules, orders, regulations, by-laws or building codes for the time being in force and the Tenant shall not be entitled to any reimbursement or compensation in respect thereof from LCTWP.
- (i) The Tenant may assign or sub-let the whole of, or license any part of the Said Property provided always that the Tenant may not assign or sublet the whole of, license any part of the Said Property on an as is basis.
- (j) At any time during the Renewal Term or Further Renewal Term, as the case may be, the Tenant shall be entitled to terminate this Tenancy Agreement by giving three (3) months’ notice to LCTWP. For the avoidance of doubt, the Parties shall not be entitled to terminate the Tenancy Agreement without cause during the Term.

4. RATIONALE FOR THE TENANCY AGREEMENT

On 24 August 2015, the Company announced that a memorandum of understanding was entered into between TWPH and LCH to jointly negotiate the terms of the proposed development of a mixed-use commercial development on the Said Property (“**Proposed Development**”).

On 16 May 2016, the Company announced that it had entered into a shareholder’s agreement between Tien Wah Properties Sdn Bhd, a wholly-owned subsidiary of TWPH (“**TWPSB**”) and KHPL to form and operate a joint venture company known as LCTWP for the Proposed Development (“**JVSA**”).

On 16 May 2016, the Company also announced that a sale and purchase agreement was entered into between TWPSB and LCTWP in respect of the sale of the Said Land by TWPSB to LCTWP (“**SPA**”).

On 5 November 2018, the shareholders of TWPH had in an extraordinary general meeting held on the same date, approved the following.

- (a) proposed subscription of ordinary shares, redeemable non-convertible non-cumulative preference shares and/or redeemable non-convertible cumulative preference shares in LCTWP not exceeding 50% of the development cost of the Proposed Development or RM250.0 million, whichever is lower, by TWPSB to meet the capital expenditure and working capital requirements of LCTWP in the event LCTWP is not able to procure any financing facility(ies) from bank(s) or financial institution(s), as may be required pursuant to the terms of the JVSA (“**Proposed Subscription**”);
- (b) proposed provision of financial assistance through TWPH and its subsidiaries (“**TWPH Group**”) to LCTWP by provision of guarantees, indemnities and/or collaterals for banking facility(ies) to be obtained by LCTWP from bank(s) or financial institution(s) of up to

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RM150.0 million which is in proportion to its current shareholding in LCTWP held via its subsidiary, TWPSB; and

- (c) proposed diversification of the existing core business of TWPH Group to include property development and property investment, after taking into consideration TWPH Group's proposed investment in LCTWP via the Proposed Subscription which may potentially result in the diversion of 25% or more of TWPH Group's net assets or contribution from such an operation of 25% or more to the net profits of TWPH Group in the future.

However, in view of the current soft property market and risk of property overhang in the vicinity of the Said Property, LCTWP has decided to delay the Proposed Development until such time the property market improves. As such, the Tenancy Agreement provides a timely opportunity for LCTWP to receive recurrent rental income from the Said Property over the Term, wherein LCTWP may utilise the rental received for the purpose of funding its pre-operational, administrative expenses and/or generate earnings until such time LCTWP decides to commence the Proposed Development.

For information purposes, the Tenant intends to use the Said Property to construct and operate a commercial hub comprising but not limited to food, beverage, retail and entertainment.

5. RISK FACTORS

Save for the financial risk of the Tenant failing to pay the rental, the Board is unaware of any risks arising from the Tenancy Agreement which could materially or adversely affect the financial and operating conditions of TWPH Group. Nevertheless, the Security Deposit is a security for the due observance and performance by the Tenant of its representations, warranties, covenants and obligation under the Tenancy Agreement.

Pursuant to the terms of the Tenancy Agreement, in the event of breach of the terms of the Tenancy Agreement of which has not been remedied by the Tenant at the expiration of the period specified in the default notice, LCTWP shall be at liberty to re-enter the Said Property or any part thereof in the name of the whole and thereupon the tenancy shall absolutely determine but without prejudice to the other rights or remedies of LCTWP in respect of any breach of the Tenant's covenants contained in the Tenancy Agreement.

6. FINANCIAL EFFECTS OF THE TENANCY AGREEMENT

The Tenancy Agreement will not have any effect on the share capital, net assets, gearing, earnings and substantial shareholders' shareholdings of TWPH for the financial year ending ("**FYE**") 31 December 2020.

However, it is expected to contribute positively to the earnings of TWPH Group after the Commencement Date of the tenancy from the Rent to be received which is expected to commence in the FYE 31 December 2021.

7. APPROVAL REQUIRED

The Tenancy Agreement is not subject to the approval of the shareholders of TWPH or any other relevant authorities.

The Tenancy Agreement is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

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8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of TWPH and/or persons connected with them have any interest, whether direct or indirect, in the Tenancy Agreement.

9. DIRECTORS' STATEMENT

After having considered the terms, rationale and all aspects of the Tenancy Agreement, the Board is of the opinion that the Tenancy Agreement is in the best interests of the Company, pending the commencement of the Proposed Development.

10. DOCUMENTS FOR INSPECTION

A copy of the Tenancy Agreement is available for inspection at the registered office of TWPH at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (excluding public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 3 January 2020.

RENT REVIEW PURSUANT TO THE TENANCY AGREEMENT

Rent Review for the period of the subsequent twenty-four (24) months after the first two years of the Term ("Subsequent Two Years of the Term") and the period of the last twenty-four (24) months of the Term ("Final Two Years of the Term")

1. The Parties agree that the revised Rent for the Subsequent Two Years of the Term and the Final Two Years of the Term shall be reviewed and determined as follows:
 - (i) the first review exercise shall be carried out three (3) months prior to the commencement of the Subsequent Two Years of the Term ("**First Review Period**"), to determine the revised monthly Rent for the Subsequent Two Years of the Term; and
 - (ii) the second review exercise shall be carried out three (3) months prior to the commencement of the Final Two Years of the Term ("**Second Review Period**"), to determine the revised monthly Rent for the Final Two Years of the Term.
2. The Parties shall determine the revised Rent based on the prevailing market rental per square foot of the aggregate land area of the Said Land (hereinafter referred to as the "**Prevailing Market Rental**") within the first month of the First Review Period or the Second Review Period, as the case may be, failing which the same shall be determined by an independent land valuer acting as an expert and not as an arbitrator ("**Expert**").
3. The Expert shall be appointed by mutual agreement between the Parties or in the absence of such agreement, any land valuers in the following priority:
 - (i) Knight Frank Malaysia Sdn Bhd; or
 - (ii) C.H. Williams, Talhar & Wong.
4. The Tenant must allow the Expert reasonable access to the Said Property to do anything, which the Expert reasonably considers necessary to carry out his function.
5. The Expert will prepare a rental determination report ("**Report**") for the Parties based on the appraised market rental of the Said Land. The Expert shall issue the Report to the Parties within forty (40) days from the date of appointment but in any event, not exceeding the First Review Period or the Second Review Period, as the case may be.
6. The fees and expenses of the Expert including the cost of his appointment will be borne equally by the Parties. The Report by the Expert of the appraised market rental of the Said Land shall be final and conclusive, save for any manifest error and shall be binding upon the Parties.

Rent Review for the Renewal Term and the Further Renewal Term

7. In the event, the Tenancy Agreement is renewed, the new monthly Rent for the Renewal Term and the Further Renewal Term shall be determined as follow:
 - (i) the first review exercise shall be carried out three (3) months prior to the commencement of the Renewal Term ("**First Review Renewal Term**"), to determine the new monthly Rent for the first and second year of the Renewal Term;
 - (ii) the second review exercise shall be carried out three (3) months prior to the commencement of the third year of the Renewal Term ("**Second Review Renewal Term**"), to determine the new monthly Rent for the third year of the Renewal Term and the first year of the Further Renewal Term;
 - (iii) the third review exercise shall be carried out three (3) months prior to the commencement of the second year of the Further Renewal Term ("**Third Review Renewal Term**"), to determine the new monthly Rent for the last two (2) years of the Further Renewal Term.

RENT REVIEW PURSUANT TO THE TENANCY AGREEMENT (Cont'd)

8. The Parties shall determine the new monthly Rent based on the Prevailing Market Rental per square foot of the aggregate land area of the Said Land, within one (1) month of the First Review Renewal Term, the Second Review Renewal Term or the Third Review Renewal Term, as the case may be, failing which the same shall be determined by an Expert in accordance with Paragraphs 3 to 6 of Appendix I.
9. For the avoidance of doubt, the Expert will prepare a Report for the Parties based on the appraised market rental of the Said Land. The Expert shall issue the Report to the Parties within forty (40) days from the date of appointment but in any event, not exceeding the First Review Renewal Term, the Second Review Renewal Term or the Third Review Renewal Term, as the case may be.
10. The fees and expenses of the Expert including the cost of his appointment will be borne equally by the Parties. The Report by the Expert of the appraised market rental of the Said Land shall be final and conclusive, save for any manifest error and shall be binding upon the Parties.

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