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Swang Chai Chuan Limited

雙財莊有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2321)

CONTINUING CONNECTED TRANSACTIONS

TERMINATION OF MASTER SUPPLY AGREEMENT AND SUPPLY TRANSACTIONS UNDER REVISED AND NEW ANNUAL CAPS FOR FY2023, FY2024 AND FY2025

Reference is made to the Prospectus of the Company. As disclosed in the paragraphs headed “Connected transactions – Non-exempt continuing connected transactions” in the Prospectus, the Group has been conducting the Supply Transactions with some of the Connected Purchasers pursuant to the Master Supply Agreement which will expire on 31 December 2024.

It is expected that the demand for the Group’s products under the Supply Transactions may exceed the previous estimations, and the Existing Annual Caps will not be sufficient to meet the anticipated transaction amounts for FY2023 and FY2024. Further, the Company intends to continue carrying out the Supply Transactions for FY2025. Accordingly, the Company and the Ultimate Controlling Shareholders entered into a termination deed to terminate the Master Supply Agreement and entered into the New Master Supply Agreement on 11 September 2023 (after trading hours), pursuant to which the parties will conduct the Supply Transactions under (i) revised annual caps for FY2023 and FY2024 which in effect replace the Existing Annual Caps; and (ii) a new annual cap for FY2025.

LISTING RULES IMPLICATIONS

The Ultimate Controlling Shareholder(s) are connected persons of the Company under the Listing Rules. As each of the Connected Purchasers (including both companies and partnerships) is an associate of the Ultimate Controlling Shareholder(s), they are also connected persons of the Company and the transactions under the New Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025) are subject to the reporting, announcement, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025).

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025).

An EGM will be convened and held by the Company to consider and, if thought fit, pass the resolutions to approve the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025). Soon Holdings, a Controlling Shareholder held and controlled by the Ultimate Controlling Shareholders, will abstain from voting at the EGM on the said resolutions by reason of the Ultimate Controlling Shareholders' interest in the existing Connected Purchasers.

A circular containing, among other things, (i) details of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025); and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 9 October 2023 as additional time is required to prepare and finalise the relevant information to be included in the circular.

INTRODUCTION

Reference is made to the Prospectus of the Company. As disclosed in the paragraphs headed “Connected transactions – Non-exempt continuing connected transactions” in the Prospectus, the Group has been conducting the Supply Transactions with some of the Connected Purchasers pursuant to the Master Supply Agreement which will expire on 31 December 2024.

It is expected that the demand for the Group’s products under the Supply Transactions may exceed the previous estimations, and the Existing Annual Caps will not be sufficient to meet the anticipated transaction amounts for FY2023 and FY2024. Further, the Company intends to continue carrying out the Supply Transactions for FY2025. Accordingly, the Company and the Ultimate Controlling Shareholders entered into a termination deed to terminate the Master Supply Agreement and entered into the New Master Supply Agreement on 11 September 2023 (after trading hours), pursuant to which the parties will conduct the Supply Transactions under (i) revised annual caps for FY2023 and FY2024 which in effect replace the Existing Annual Caps; and (ii) a new annual cap for FY2025.

NEW MASTER SUPPLY AGREEMENT

In light of the increasing demand of the Connected Purchasers for the Group’s products, on 11 September 2023 (after trading hours), the Company and the Ultimate Controlling Shareholders entered into the New Master Supply Agreement. Save for the revision of the Existing Annual Caps and the entering into of the Supply Transactions for FY2025, there is no material difference in the terms and conditions between the Master Supply Agreement and the New Master Supply Agreement. The salient terms of the New Master Supply Agreement are as follows:

Date	:	11 September 2023
Parties	:	(1) the Company (on behalf of the Group); (2) SB Soon; (3) SL Soon; (4) CA Soon; and (5) LS Soon.
Subject	:	Subject to the terms and conditions of the New Master Supply Agreement, the relevant Ultimate Controlling Shareholders may from time to time procure that the Connected Purchasers purchase food and beverages and other products (including but not limited to frozen food, cleaning and kitchen supplies, sauce and condiments) from the Group. Such products shall be supplied by the Group on a non-exclusive basis in Malaysia.

The Connected Purchasers may from time to time place purchase orders with the Group which will specify the description, quantities, purchase price, etc. of the required products.

- Connected Purchasers** : The Connected Purchasers which may purchase products from the Group include both existing entities which are associates of the Ultimate Controlling Shareholder(s) and any other entities which may become such associates from time to time.
- More information about the existing Connected Purchasers is set out under the paragraphs headed “General information relating to the Group, the Ultimate Controlling Shareholders and the Connected Purchasers” in this announcement.
- Term** : Subject to the approval of the Independent Shareholders at the EGM, the New Master Supply Agreement will become effective on the date of execution and expire on 31 December 2025.
- Payment terms** : The term of payment will be agreed upon by the parties in respect of each purchase order, but shall be on normal commercial terms and in any event no less favourable to the Group than the terms offered by the Group to Independent Third Parties for similar transactions.
- Pricing policy** : The purchase price (aggregated based on unit prices of products) offered by the Group to the Connected Purchasers in respect of each purchase order shall be agreed between them based on arm’s length negotiation, with reference to (i) the requirements and specifications in relation to the products; (ii) the order quantity; (iii) the delivery timeframe; and (iv) the then prevailing market price of similar products in the market. The Company considers that such pricing basis is in line with market practice, fair and reasonable, and on normal commercial terms. The relevant commercial terms involved in any event shall not be less favourable to the Group than the terms offered by the Group to Independent Third Parties for similar transactions.
- Condition precedent** : The New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025) are conditional upon the approval of the Independent Shareholders at the EGM.

REASONS FOR AND BENEFITS OF SUPPLY TRANSACTIONS AND NEW MASTER SUPPLY AGREEMENT

The Group is principally engaged in distribution and sales of food and beverages and other products, including the provision of products to retail chains and channels, hotels, restaurants and cafes (HORECA) and other customers. As part of its ordinary course of business, the Group has been conducting the Supply Transactions and supplying frozen food, cleaning and kitchen supplies, sauce and condiments and other products to some of the Connected Purchasers (which are mainly engaged in FMCG retail business, catering services, etc.) for their ordinary business operations.

The aggregate transaction amount under the Master Supply Agreement for FY2022, being approximately RM6,975,000 (equivalent to approximately HK\$11,625,000), was close to fully utilising the FY2022 annual cap of RM7,000,000 (equivalent to approximately HK\$11,670,000). Meanwhile, for the eight months ended 31 August 2023, the aggregate transaction amount has reached approximately RM5,999,000 (unaudited) (equivalent to approximately HK\$10,000,000), representing approximately 83.3% of the FY2023 annual cap of RM7,200,000 (equivalent to approximately HK\$12,000,000). It is expected that the demand for the Group's products under the Supply Transactions may exceed the previous estimations, and the Existing Annual Caps will not be sufficient to meet the anticipated transaction amounts for FY2023 and FY2024, having considered the following factors:

- (i) *Continuing business expansion of Megamart.* Megamart is the largest Connected Purchaser which contributed the most revenue to the Group under the Master Supply Agreement in FY2022, amounting to approximately RM6,300,000 (equivalent to approximately HK\$10,500,000) out of the aggregate transaction amount of approximately RM6,975,000 (equivalent to approximately HK\$11,625,000). As at the Prospectus date, Megamart had 18 retail stores in Malaysia. After the Prospectus Date, Megamart had opened two new retail stores in FY2022 as at the date of this announcement. To the best knowledge, belief and information of the Group having made reasonable inquiries and in light of the current market conditions, it is expected that Megamart will continue to expand its business scale by opening two new retail stores for the remainder of FY2023, and four and four new retail stores in FY2024 and FY2025, respectively. It is noted that due to commercial considerations, Megamart's current expansion plan has deviated from its original plan which was taken into account when the Company was determining the FY2022 annual cap and the Existing Annual Caps. For instance, Megamart had opened two new stores in FY2022, instead of five as originally anticipated. Despite such deviation, the demand of Megamart had still resulted in the relevant transaction amount nearly exceeding the FY2022 annual cap. Such transaction amount could have been even greater should there have been no annual cap restriction. Therefore, the Company is of the view that Megamart's current expansion is expected to drive its demand for the Group's products to such an extent that the Existing Annual Caps will not be sufficient.

- (ii) *Expected organic growth and demand of Megamart.* By way of further substantiation of the business growth of Megamart, its revenue had increased from approximately RM112.8 million (equivalent to approximately HK\$188.0 million) in FY2020, to approximately RM123.4 million (equivalent to approximately HK\$205.7 million) in FY2021, and to approximately RM130.5 million (equivalent to approximately HK\$217.5 million) in FY2022, representing a compound annual growth rate of approximately 7.6%. To the best knowledge, belief and information of the Group having made reasonable inquiries and in light of the current market conditions and the aforesaid expansion plan of Megamart, it is expected that Megamart's business results will continue to improve. Accordingly, Megamart's demand for the Group's products is expected to rise so as to capture the opportunities arising from its expected organic growth.
- (iii) *Expected increase in product prices.* Attributable to the increase in cost of raw materials and products supplied by the Group's suppliers, other production cost, inflation, etc., the prices of the Group's products increase from time to time. In FY2023, for instance, the Group has raised the prices of certain products, such as sauce and condiments and beverage, owing to the same reasons. It is expected that the prices of the Group's products will continue to rise steadily in line with the market trend. As such, the transaction amount of the Supply Transactions may exceed the Existing Annual Caps.
- (iv) *Expected improvement in business attributable to relaxation of COVID-19 related measures.* With the alleviation of concern over COVID-19 and gradual relaxation of related restrictions, such as travel and dine-in restrictions and lockdowns, it is expected that there will be a rebound in economic activities and more locals and tourists may dine at restaurants in Malaysia. As most of the existing Connected Purchasers are engaged in catering business and operate restaurants, cafes, bars and bistros, they are expected to see a recovery in business and may therefore need to place more orders with the Group for food and beverages and other products so as to meet the rising demand of diners.

Through the years of business dealings, the Group has established amiable and long-term business relationships with the Connected Purchasers who have proved to be valuable and trustworthy customers of the Group. As the Supply Transactions are of a recurrent nature and will be conducted on a regular and continuing basis in the Group's ordinary course of business, it is expected that the Supply Transactions under the New Master Supply Agreement (with the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025) will provide a stable source of revenue to the Group and thus enhance its profitability and business development.

Taking into account the aforesaid factors including the reasons for the transactions and the revision of the Existing Annual Caps, the terms of the New Master Supply Agreement and the internal control measures (as set out under the paragraphs headed “Internal control” in this announcement), the Directors (excluding the independent non-executive Directors, whose view after considering the advice of the Independent Financial Adviser will be provided in the circular to be despatched to Shareholders) are of the view that the terms of the New Master Supply Agreement are fair and reasonable and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025) are on normal commercial terms, in the ordinary course of business of the Group and in the interests of the Company and the Shareholders as a whole.

HISTORICAL TRANSACTION AMOUNT AND PROPOSED ANNUAL CAPS

The table below sets out (i) the actual transaction amounts of the Supply Transactions under the Master Supply Agreement for FY2022 and the eight months ended 31 August 2023; and (ii) the existing annual caps for FY2022 and FY2023:

	Actual transaction amounts <i>(approximately)(RM)</i>	
	FY2022	For the eight months ended 31 August 2023 (unaudited)
Supply Transactions	6,975,000	5,999,000
	Existing annual caps <i>(RM)</i>	
	FY2022	FY2023
Supply Transactions	7,000,000	7,200,000

The table below sets out (i) the Existing Annual Caps; and (ii) the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025 under the New Master Supply Agreement:

	FY2023 <i>(RM)</i>	FY2024 <i>(RM)</i>	FY2025 <i>(RM)</i>
	Existing Annual Caps		
Supply Transactions	7,200,000	7,500,000	–
	Revised (FY2023 and FY2024) and new (FY2025) annual caps		
Supply Transactions	10,500,000	12,500,000	14,500,000

The above revised and new annual caps were determined with reference to the Group's estimated sales to the Connected Purchasers for FY2023, FY2024 and FY2025, the basis of which has mainly taken into consideration (i) the historical total transaction amounts of the Supply Transactions under the Master Supply Agreement for FY2022, being approximately RM6,975,000; (ii) the historical total transaction amounts of the Supply Transactions under the Master Supply Agreement for the eight months ended 31 August 2023, being approximately RM5,999,000; (iii) to the best knowledge, belief and estimation of the Directors having made reasonable due diligence inquiries, expected opening of two new retail stores of Megamart for the remainder of FY2023, and four and four new retail stores in FY2024 and FY2025, respectively; (iv) historical and expected business growth of Megamart resulting in its increasing demand for the Group's products; (v) expected increase in prices of the Group's products in line with the market trend; (vi) expected improvement in business of the Connected Purchasers engaged in catering business attributable to relaxation of COVID-19 related measures; and (vii) a buffer of approximately 10% to cater for unexpected future growth of demand.

INTERNAL CONTROL

In relation to the Supply Transactions, the Group will adopt the following internal control measures to manage the continuing connected transactions and annual caps under the New Master Supply Agreement, in order to ensure that the transactions are conducted within the framework of the New Master Supply Agreement:

- (i) the finance department of the Company will closely monitor and record the actual transaction amounts of the Supply Transactions under the New Master Supply Agreement to ensure that the annual cap will not be exceeded;

- (ii) the sales department of the Company will regularly compare the prices and terms of specific Supply Transactions with the market prices and terms of similar transactions to consider whether the prices and terms offered by the Group under the Supply Transactions are fair and reasonable and in compliance with the pricing policy of the Company;
- (iii) the senior management team of the Company will conduct regular review of the Supply Transactions and ensure that the same are conducted in accordance with the terms of the New Master Supply Agreement;
- (iv) the auditors of the Company will conduct review of the Supply Transactions on an annual basis and confirm, among others, whether the pricing policy of the Company has been adhered to and whether the relevant annual caps have been exceeded;
- (v) the independent non-executive Directors will conduct review of the Supply Transactions on an annual basis to assess and confirm whether such transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the New Master Supply Agreement, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION RELATING TO THE GROUP, THE ULTIMATE CONTROLLING SHAREHOLDERS AND THE CONNECTED PURCHASERS

The Group is principally engaged in distribution and sales of food and beverages and provision of logistics, warehousing services and others in Malaysia.

The table below sets out the information of the Ultimate Controlling Shareholders:

Ultimate Controlling Shareholders	Relationships with/ position in the Company	Relationship with other Ultimate Controlling Shareholders
(1) SB Soon	Controlling Shareholder, executive Director, chief executive officer and chairman of the Board	
(2) SL Soon	Controlling Shareholder, executive Director	Siblings with other Ultimate Controlling Shareholders
(3) CA Soon	Controlling Shareholder, executive Director	
(4) LS Soon	Controlling Shareholder	

The table below sets out the information of the existing Connected Purchasers:

	Existing Connected Purchasers	Description	Principal business	Relationship with the Ultimate Controlling Shareholders and their associates
(1)	Pak Su Seafood Restaurant Sdn. Bhd.	a limited liability company incorporated in Malaysia on 18 February 2005	catering	owned as to 20% by CA Soon, 20% by SL Soon, 20% by SB Soon, 20% by LS Soon and 20% by TH Lim
(2)	Just Relax Restaurant	a partnership registered in Malaysia on 28 March 2006	catering	CA Soon and his spouse KW Ng are partners
(3)	Tropicana Food Garden	a partnership registered in Malaysia on 17 July 2008	catering	SB Soon, SL Soon, CA Soon and TH Lim are partners
(4)	Megamart Sdn. Bhd.	a limited liability company incorporated in Malaysia on 29 May 2013	FMCG retail sales	owned as to 25% by SB Soon, 26% by TH Lim (spouse of LS Soon), and 49% by Mack Food Pte. Ltd. which is owned as to 50% by SB Soon and 50% by TH Lim
(5)	Owl Cafe	a partnership registered in Malaysia on 25 September 2013	catering	CA Soon and KW Ng are partners
(6)	The Eight Th	a partnership registered in Malaysia on 21 June 2015	catering	SL Soon and CA Soon are partners
(7)	The Nine Th	a partnership registered in Malaysia on 24 July 2017	catering	CA Soon and KW Ng are partners
(8)	Theten Th Pub & Bistro	a partnership registered in Malaysia on 5 March 2019	catering	CA Soon and KW Ng are partners
(9)	Theeleventh Bar & Bistro	a partnership registered in Malaysia on 20 September 2019	catering	CA Soon and KW Ng are partners
(10)	The 12 Th Kitchen & Bistro	a partnership registered in Malaysia on 23 July 2020	catering	CA Soon and KW Ng are partners
(11)	The 13 Th Kitchen & Bistro	a partnership registered in Malaysia on 23 July 2020	catering	CA Soon and KW Ng are partners
(12)	JR Grill & Bistro	a partnership registered in Malaysia on 10 August 2020	catering	CA Soon and KW Ng are partners
(13)	The Fifteenth Bar & Bistro	a partnership registered in Malaysia on 12 May 2022	catering	CA Soon and KW Ng are partners

APPROVAL OF THE BOARD

Three of the Ultimate Controlling Shareholders, namely SB Soon, SL Soon and CA Soon, are also the executive Directors. Given their interest in the existing Connected Purchasers as set out above, they have abstained from voting on the resolutions of the Board in relation to entering into the New Master Supply Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

The Ultimate Controlling Shareholder(s) are connected persons of the Company under the Listing Rules. As each of the Connected Purchasers (including both companies and partnerships) is an associate of the Ultimate Controlling Shareholder(s), they are also connected persons of the Company and the transactions under the New Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025) are subject to the reporting, announcement, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025).

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025).

An EGM will be convened and held by the Company to consider and, if thought fit, pass the resolutions to approve the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025). Soon Holdings, a Controlling Shareholder held and controlled by the Ultimate Controlling Shareholders, will abstain from voting at the EGM on the said resolutions by reason of the Ultimate Controlling Shareholders' interest in the existing Connected Purchasers.

A circular containing, among other things, (i) details of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025); and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 9 October 2023 as additional time is required to prepare and finalise the relevant information to be included in the circular.

EXCHANGE RATE CONVERSION

Solely for reference and convenience, this announcement contains translations of certain RM amounts into Hong Kong dollars at specified rates. Shareholders and potential investors of the Company should not construe these translations as representations that the RM amounts could actually be, or have been, converted into Hong Kong dollar amounts at the rates indicated or at all. Unless specified otherwise, the translations of RM amounts into Hong Kong dollars have been made at the rate of RM0.6 to HK\$1.00.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“CA Soon”	Mr. Soon Chiew Ang, an executive Director and a Controlling Shareholder
“Company”	Swang Chai Chuan Limited, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Connected Purchasers”	entities which may purchase products from the Group from time to time and include both existing entities which are associates of the Ultimate Controlling Shareholder(s) and any other entities which may become such associates from time to time
“Controlling Shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules

“Directors”	director(s) of the Company
“EGM”	an extraordinary general meeting to be convened and held by the Company to consider and, if thought fit, pass the resolutions to approve the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025)
“Existing Annual Caps”	the annual caps of RM7,200,000 (equivalent to approximately HK\$12,000,000) for FY2023 and RM7,500,000 (equivalent to approximately HK\$12,500,000) for FY2024 for the anticipated maximum amount in respect of the Supply Transactions under the Master Supply Agreement, as disclosed in the Prospectus
“FMCG”	fast-moving consumer goods
“FY2020”	the financial year ended 31 December 2020
“FY2021”	the financial year ended 31 December 2021
“FY2022”	the financial year ended 31 December 2022
“FY2023”	the financial year ending 31 December 2023
“FY2024”	the financial year ending 31 December 2024
“FY2025”	the financial year ending 31 December 2025
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025)
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025)

“Independent Shareholders”	Shareholders other than Soon Holdings, which is owned by the Ultimate Controlling Shareholders, and its associates (if any) and other Shareholder(s) materially interested in the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025)
“Independent Third Party(ies)”	third party(ies) independent of and not connected to the Company and any of its connected persons (as defined under the Listing Rules)
“KW Ng”	Ms. Ng Kar Wei, spouse of CA Soon
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LS Soon”	Ms. Soon Lee Shiang, a Controlling Shareholder
“Master Supply Agreement”	the master supply agreement in relation to the Supply Transactions entered into among the Company and the Ultimate Controlling Shareholders dated 14 July 2022, as disclosed in the paragraphs headed “Connected transactions – Non-exempt continuing connected transactions” in the Prospectus
“Megamart”	Megamart Sdn. Bhd., a company incorporated in Malaysia on 29 May 2013 with limited liability and owned as to 25% by SB Soon, 26% by TH Lim who is the spouse of LS Soon, and 49% by Mack Food Pte. Ltd. which is owned as to 50% by SB Soon and 50% by TH Lim
“New Master Supply Agreement”	the new master supply agreement in relation to the Supply Transactions entered into among the Company and the Ultimate Controlling Shareholders dated 11 September 2023 which includes the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025
“Prospectus”	Prospectus of the Company dated 8 August 2022
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“SB Soon”	Mr. Soon See Beng, an executive Director and a Controlling Shareholder
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“SL Soon”	Mr. Soon See Long, an executive Director and a Controlling Shareholder
“Soon Holdings”	Soon Holdings Limited, a company incorporated in the British Virgin Islands on 27 December 2018 with liability limited by shares, a Controlling Shareholder and owned as to 70% by SB Soon and 10% by each of LS Soon, SL Soon and CA Soon
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Transactions”	all transactions contemplated under the Master Supply Agreement and, subject to the Independent Shareholders’ approval, the New Master Supply Agreement, pursuant to which the relevant Ultimate Controlling Shareholders may from time to time procure that the Connected Purchasers purchase food and beverages and other products (including but not limited to frozen food, cleaning and kitchen supplies, sauce and condiments) from the Group and such products shall be supplied by the Group on a non-exclusive basis in Malaysia
“TH Lim”	Mr. Lim Tau Hong, spouse of LS Soon
“Ultimate Controlling Shareholders”	collectively, SB Soon, SL Soon, CA Soon and LS Soon
“%”	per cent

By order of the Board
Swang Chai Chuan Limited
Soon See Beng
Chairman and Chief Executive Officer

Hong Kong, 11 September 2023

As at the date of this announcement, the Board comprises Mr. Soon See Beng, Mr. Soon Chiew Ang and Mr. Soon See Long as executive Directors and Mr. Khoo Chee Siang, Datuk Tan Teow Choon, Mr. Ngai Wah Sang and Ms. Tiong Hui Ling as independent non-executive Directors.