

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **Swang Chai Chuan Limited**

**雙財莊有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2321)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **FINANCIAL HIGHLIGHTS**

For the year ended 31 December 2023 (the “**Reporting Period**”):

- Revenue for the Reporting Period increased by approximately 11.5% year-to-year to approximately RM931.9 million, as compared with the revenue of approximately RM835.9 million for the year ended 31 December 2022 (the “**Preceding Year**”).
- Profit for the Reporting Period attributable to owners of the Company amounted to approximately RM27.1 million (2022: profit attributable to owners of the Company approximately RM26.8 million).
- Basic earnings per share for the Reporting Period was 2.71 sen as compared with the basic earnings per share of 3.25 sen for the Preceding Year.
- The Directors of the Company do not recommend payment of any final dividend to shareholders of the Company for the Reporting Period.

The board (the “**Board**”) of directors (the “**Directors**”) of Swang Chai Chuan Limited (the “**Company**”) is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the Reporting Period, together with the comparative figures for the Preceding Year as follows.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2023*

	<i>Note</i>	<b>2023</b> <b>RM'000</b>	2022 RM'000
<b>Revenue</b>	4	<b>931,920</b>	835,906
Cost of sales		<u>(821,578)</u>	<u>(724,285)</u>
<b>Gross profit</b>		<b>110,342</b>	111,621
Other income	5	<b>6,661</b>	3,323
Selling and distribution expenses		<b>(52,834)</b>	(47,743)
Administrative and other operating expenses		<b>(24,965)</b>	(19,111)
Finance costs	6	<b>(2,279)</b>	(1,545)
Share of results of an associate		<b>(183)</b>	26
Listing expenses		<u>–</u>	<u>(7,026)</u>
<b>Profit before tax</b>	6	<b>36,742</b>	39,545
Income tax expenses	7	<u>(9,626)</u>	<u>(12,758)</u>
<b>Profit for the year</b>		<b>27,116</b>	26,787
<b>Other comprehensive (loss) income:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		(228)	738
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on consolidation		<u>1,412</u>	<u>(1,548)</u>
<b>Total other comprehensive income (loss) for the year</b>		<u>1,184</u>	<u>(810)</u>
<b>Total comprehensive income for the year</b>		<u><b>28,300</b></u>	<u>25,977</u>
<b>Earnings per share attributable to owners of the Company:</b>			
– Basic and diluted	8	<u><b>2.71 sen</b></u>	<u>3.25 sen</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Note</i>	<b>2023</b> <i>RM'000</i>	<b>2022</b> <i>RM'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>41,693</b>	39,280
Right-of-use assets		<b>21,113</b>	17,991
Investment in an associate		<b>43</b>	226
Deferred tax assets		<b>2,542</b>	2,352
		<b>65,391</b>	59,849
<b>Current assets</b>			
Inventories		<b>87,938</b>	97,898
Trade and other receivables	<i>10</i>	<b>127,716</b>	129,061
Fixed deposits with licensed banks		<b>22,366</b>	59,261
Income tax recoverable		<b>483</b>	–
Bank balances and cash		<b>45,169</b>	23,026
		<b>283,672</b>	309,246
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>65,460</b>	79,678
Interest-bearing borrowings		<b>27,155</b>	48,721
Lease liabilities		<b>1,764</b>	10,457
Income tax payable		<b>–</b>	903
		<b>94,379</b>	139,759
<b>Net current assets</b>		<b>189,293</b>	169,487
<b>Total assets less current liabilities</b>		<b>254,684</b>	229,336

	<i>Note</i>	<b>2023</b> <b>RM'000</b>	2022 RM'000
<b>Non-current liabilities</b>			
Interest-bearing borrowings		<b>22,583</b>	14,548
Lease liabilities		<b>3,410</b>	771
Deferred tax liabilities		<b>1,166</b>	1,090
		<u><b>27,159</b></u>	<u>16,409</u>
<b>NET ASSETS</b>		<u><b>227,525</b></u>	<u>212,927</u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>5,707</b>	5,707
Reserves		<b>221,818</b>	207,220
<b>TOTAL EQUITY</b>		<u><b>227,525</b></u>	<u>212,927</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Swang Chai Chuan Limited (the “**Company**” together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 14 February 2019. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 August 2022 (the “**Listing**”). The address of the Company’s registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company’s principal place of business is situated at Units 2201-2203, 22/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong and the Group’s headquarter is situated at Lot 147-A, Kawasan Perindustrian Semambu, 25350 Kuantan, Pahang, Malaysia.

The Company is an investment holding company and its subsidiaries are principally engaged in distribution and sales of food and beverages (“**F&B**”) and provision of logistics services, warehousing services and others in Malaysia.

The immediate and ultimate holding company of the Company is Soon Holdings Limited (“**Soon Holdings**”), which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of the Company, the ultimate controlling parties are Mr. Soon See Beng (“**SB Soon**”), Mr. Soon See Long (“**SL Soon**”), Mr. Soon Chiew Ang (“**CA Soon**”) and Ms. Soon Lee Shiang (“**LS Soon**”) (together the “**Ultimate Controlling Party**”), who have been acting in concert over the course of the Group’s business history.

## 2. PRINCIPAL ACCOUNTING POLICIES

### Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”), which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the IASB. The consolidated financial statements also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements are presented in Malaysian Ringgit (“**RM**”) and all amounts have been rounded to the nearest thousand (“**RM’000**”), unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised IFRS Accounting Standards that are relevant to the Group and effective from the current period.

### Changes in accounting policies

The Group has applied, for the first time, the following new / revised IFRS Accounting Standards that are relevant to the Group in current period.

Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

### ***Amendments to IAS 1: Disclosure of Accounting Policies***

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. The Group's management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

### ***Amendments to IAS 8: Definition of Accounting Estimates***

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

The adoption of the amendment does not have any significant impact on the consolidated financial statements.

### ***Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

The adoption of the amendment does not have any significant impact on the consolidated financial statements.

### ***Amendments to IAS 12: International Tax Reform — Pillar Two Model Rules***

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

The adoption of the amendment does not have any significant impact on the consolidated financial statements.

### **Basis of measurement**

The measurement basis used in the preparation of the consolidated financial statements is the historical cost.

### **Basis of consolidations**

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRS Accounting Standards.

### 3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the years ended 31 December 2023 and 2022, as the Group manages its business as a whole as the businesses of distribution and sales of F&B and provision of logistics services, warehousing services and others are carried out in Malaysia and the executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

The Company is an investment holding company and the principal place of the Group's operation is in Malaysia. All of the Group's revenue from external customers during the years ended 31 December 2023 and 2022 is derived from Malaysia and almost all of the Group's assets (except for certain fixed deposits with licensed banks and bank balances) and liabilities are located in Malaysia.

#### Information about major customers

The Group's revenue from any single external customer did not contribute 10% or more of the total revenue of the Group for the years ended 31 December 2023 and 2022.

### 4. REVENUE

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
<b>Revenue from contracts with customers within IFRS 15</b>		
<i>At a point in time</i>		
Distribution and sales of F&B	922,215	826,231
<i>Over time</i>		
Provision of logistics services, warehousing services and others	9,705	9,675
	<b>931,920</b>	<b>835,906</b>

The amount of revenue recognised for the year ended 31 December 2023 that were included in the contract liabilities in relation to the Marketing incentives at the beginning of the reporting period was approximately RM5,978,000 (2022: RM7,032,000) (Note 11(b)).

### 5. OTHER INCOME

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Interest income	1,491	567
Dividend income	–	3
Gain on disposal of property, plant and equipment, net	158	77
Rental income	236	244
Exchange gain, net	–	688
Bad debts recovery	153	–
Reversal of loss allowances of trade receivables	3,807	1,258
Sundry income	816	486
	<b>6,661</b>	<b>3,323</b>

## 6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
<b>Finance costs</b>		
Interest on bank overdrafts	1	2
Interest on interest-bearing borrowings	2,092	1,430
Interest on lease liabilities	186	113
	<u>2,279</u>	<u>1,545</u>
<b>Staff costs (including directors' emoluments)</b>		
Salaries, discretionary bonus, allowances and other benefits in kind	37,323	35,600
Contributions to defined contribution plans	3,804	3,332
	<u>41,127</u>	<u>38,932</u>
<b>Other items</b>		
Cost of inventories	806,435	710,796
Auditors' remuneration		
– Audit services	933	842
– Non-audit services	117	112
Depreciation of property, plant and equipment (charged to “cost of sales” and “administrative and other operating expenses”, as appropriate)	3,916	3,081
Depreciation of right-of-use assets (charged to “cost of sales” and “administrative and other operating expenses”, as appropriate)	2,162	1,411
Exchange loss (gain), net	287	(688)
Expenses recognised under short-term leases	226	203
Bad debts written off	281	159
(Reversal of) Provision for write-down of inventories, net ( <i>Note</i> )	(832)	2,146
Provision for loss allowances of trade receivables, net	1,085	1,134
	<u>1,085</u>	<u>1,134</u>

*Note:* During the year ended 31 December 2023, the Group has recognised reversal of write-down of inventories, net, of approximately RM832,000 as certain of the Group's inventories which was wrote-down in previous years were sold in current period.

## 7. TAXATION

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
<b>Current tax</b>		
Malaysia corporate income tax (“ <b>Malaysia CIT</b> ”)	9,740	12,838
<b>Deferred tax</b>		
Changes in temporary differences	(114)	(80)
<b>Total income tax expenses for the year</b>	<u>9,626</u>	<u>12,758</u>

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the years ended 31 December 2023 and 2022.



The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax (“CIT”) therein.

Malaysia CIT is calculated at 24% (2022: 24%) of the estimated assessable profits for the year ended 31 December 2023. Malaysia incorporated entities with paid-up capital of RM2.5 million (2022: RM2.5 million) or less and having annual sales of not more than RM50 million enjoy tax rate of 15% (2022: 17%) on the first RM150,000 (2022: RM600,000), 17% from RM150,001 to RM600,000 (2022: Nil) and remaining balance of the estimated assessable profits at tax rate of 24% (2022: 24%) for the year ended 31 December 2023.

During the year ended 31 December 2023, one of the Group subsidiaries, SCC Logistics Sdn. Bhd., has been granted an economic regional special incentive issued by the relevant government authority in Malaysia. Subject to this incentive, SCC Logistics Sdn. Bhd. is eligible for exemption from 70% of its chargeable income on eligible activities.

#### Reconciliation of income tax expenses

	<b>2023</b> <i>RM'000</i>	2022 <i>RM'000</i>
Profit before tax	<u>36,742</u>	<u>39,545</u>
Income tax at statutory tax rate applicable in respective territories	<b>8,818</b>	9,491
Non-deductible expenses	<b>1,963</b>	3,360
Tax exempt revenue	<b>(358)</b>	(1)
Tax concessions	<b>(890)</b>	(77)
Others	<u>93</u>	<u>(15)</u>
Income tax expenses	<u><b>9,626</b></u>	<u>12,758</u>

#### 8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following information:

	<b>2023</b> <i>RM'000</i>	2022 <i>RM'000</i>
Profit for the year attributable to owners of the Company, used in basic and diluted earnings per share calculation	<u>27,116</u>	<u>26,787</u>
<b>Number of shares:</b>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u>1,000,150</u>	<u>823,427</u>

The calculation of basic and diluted earnings per share is based on the profit attributable to owners of the Company and the weighted average of ordinary shares in issue during the year ended 31 December 2023.

For the year ended 31 December 2022, the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share were on the basis as if the reorganisation for the Listing and Capitalisation Issue (as defined in Note 12) had been effective on 1 January 2022.

Diluted earnings per share are same as the basic earnings per share as there are no potential dilutive ordinary shares in existence for the years ended 31 December 2023 and 2022.

## 9. DIVIDENDS

	<b>2023</b> <b>RM'000</b>	2022 <i>RM'000</i>
Special dividends declared to the owners of the Company HK\$0.023 (2022: Nil) per ordinary share	<b>13,702</b>	–

On 30 June 2023, the directors of the Company announced that it had resolved to declare the payment of a special dividend to the shareholders whose names appear on the Company's register of members at the close of business on 17 July 2023. The dividend payables were fully settled on 14 August 2023 by cash.

The Directors did not recommend payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

## 10. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	<b>2023</b> <b>RM'000</b>	2022 <i>RM'000</i>
<b>Trade receivables</b>			
From related companies	<i>(a)</i>	<b>510</b>	982
From third parties		<b>120,617</b>	120,100
		<b>121,127</b>	121,082
Less: Loss allowances		<b>(4,892)</b>	(3,807)
	<i>(b)</i>	<b>116,235</b>	117,275
<b>Other receivables</b>			
Deposits paid to suppliers		<b>3,761</b>	4,539
Deposits paid for acquisition of computer software ( <i>Note i</i> )		<b>41</b>	1,428
Marketing expenses receivables		<b>5,458</b>	4,545
Other deposits and receivables		<b>759</b>	609
Amount due from the ultimate holding company ( <i>Note ii</i> )		<b>62</b>	–
Amount due from an associate ( <i>Note ii</i> )		<b>1,400</b>	665
		<b>11,481</b>	11,786
		<b>127,716</b>	129,061

### Notes:

- (i) During the year ended 31 December 2023, the supplier has refunded approximately RM1,018,000 to the Group regarding the technical failure on developing the computer software.
- (ii) The amounts due from the ultimate holding company and an associate are non-trade in nature, unsecured, interest-free and repayable on demand.
- (iii) The Group's other receivables were expected to be recovered within one year.

## 10(a) Trade receivables from related companies

The trade receivables from related companies are unsecured, interest-free and have credit terms up to 60 days from the date of issuance of invoices. No provision has been made for non-repayment of the amounts due during the year ended 31 December 2023 (2022: Nil). The Group does not hold any collateral over these balances.

	Maximum amount outstanding during the year RM'000	Balance at 31 December 2023 RM'000
Alfa Indah (Beserah) Sdn. Bhd. (“Alfa Indah (Beserah)”) (Note 10(a)(i))	333	300
Alfa Indah (Jaya Gading) Sdn. Bhd. (“Alfa Indah (Jaya Gading)”) (Note 10(a)(ii))	164	132
Golden Empire Palace Restaurant Sdn. Bhd. (“Golden Empire”) (Note 10(a)(ix))	3	2
Just Relax Restaurant (Note 10(a)(iii))	51	38
Owl café (Note 10(a)(iii))	28	20
Pak Su Seafood Restaurant Sdn. Bhd. (“Pak Su Seafood”) (Note 10(a)(iv))	12	8
The Eight Th (Note 10(a)(vii))	12	10
	<u>603</u>	<u>510</u>
	Maximum amount outstanding during the year ended 31 December 2022 RM'000	At 31 December 2022 RM'000
Alfa Indah (Beserah) (Note 10(a)(i))	328	294
Alfa Indah (Jaya Gading) (Note 10(a)(ii))	162	134
Golden Empire (Note 10(a)(ix))	5	1
JR Grill & Bistro (Note 10(a)(iii))	5	5
Just Relax Restaurant (Note 10(a)(iii))	56	49
Megamart Sdn. Bhd. (“Megamart”) (Note 10(a)(vi))	920	446
Mega Jaya Seafood Sdn. Bhd. (“Mega Jaya Seafood”) (Note 10(a)(v))	4	-
Owl café (Note 10(a)(iii))	31	27
Pak Su Seafood (Note 10(a)(iv))	22	12
The Eight Th (Note 10(a)(vii))	14	14
The Nine Th (Note 10(a)(viii))	3	-*
The 12 Th Kitchen & Bistro (“The 12 Th”) (Note 10(a)(viii))	-*	-*
The 13 Th Kitchen & Bistro (“The 13 Th”) (Note 10(a)(viii))	-*	-*
	<u>1,550</u>	<u>982</u>

\* Represent amounts less than RM1,000

*Notes:*

- (i) At 31 December 2023 and 2022, 16.67% equity interests of Alfa Indah (Beserah) was held by SB Soon.
- (ii) At 31 December 2023 and 2022, 15% equity interests of Alfa Indah (Jaya Gading) was held by SB Soon.
- (iii) At 31 December 2023 and 2022, CA Soon, and his spouse, Ms. Ng Kar Wei (“**KW Ng**”) were the partners of Just Relax Restaurant, Owl café and JR Grill & Bistro.
- (iv) At 31 December 2023 and 2022, 80% and 20% equity interests of Pak Su Seafood was held by the Ultimate Controlling Party and Lim Tau Hong (“**TH Lim**”), respectively.
- (v) At 31 December 2022, 50% equity interests of Mega Jaya Seafood was held by SL Soon.
- (vi) At 31 December 2023 and 2022, 25%, 26% and 49% equity interests of Megamart were held by SB Soon, TH Lim, who is the spouse of LS Soon, and Mack Food Pte Ltd., which equity interests are equally held by SB Soon and TH Lim, respectively.
- (vii) At 31 December 2023 and 2022, CA Soon and SL Soon were the partners of The Eight Th.
- (viii) At 31 December 2023 and 2022, CA Soon and KW Ng, who is the spouse of CA Soon, were the partners of The Nine Th, The 12 Th and The 13 Th respectively.
- (ix) At 31 December 2023 and 2022, 1% and 8% equity interests of Golden Empire was held by SL Soon and TH Lim, respectively.

**10(b) Trade receivables**

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

	<b>2023</b>	2022
	<b><i>RM'000</i></b>	<i>RM'000</i>
Within 30 days	<b>63,635</b>	68,690
31 to 60 days	<b>39,768</b>	37,118
61 to 90 days	<b>11,035</b>	9,670
Over 90 days	<b>1,797</b>	1,797
	<b><u>116,235</u></b>	<u>117,275</u>

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	<b>2023</b> <b>RM'000</b>	2022 <i>RM'000</i>
Not yet past due	<u>65,260</u>	<u>70,300</u>
Past due:		
Within 30 days	<b>39,364</b>	37,094
31 to 60 days	<b>10,032</b>	8,683
61 to 90 days	<u>1,579</u>	<u>1,198</u>
	<u>50,975</u>	<u>46,975</u>
	<u><b>116,235</b></u>	<u>117,275</u>

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

## 11. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>2023</b> <b>RM'000</b>	2022 <i>RM'000</i>
<b>Trade payables</b>			
To third parties	<i>11(a)</i>	<u>52,337</u>	<u>60,462</u>
<b>Other payables</b>			
Contract liabilities – Marketing Incentives	<i>11(b)</i>	<b>4,579</b>	5,978
Contract liabilities – receipts in advance	<i>11(c)</i>	<b>1,108</b>	-
Salary payables		<b>2,933</b>	5,458
Other accruals and other payables ( <i>Note</i> )		<b>4,318</b>	7,509
Rental and other deposits		<u>185</u>	<u>271</u>
		<u>13,123</u>	<u>19,216</u>
		<u><b>65,460</b></u>	<u>79,678</u>

*Note:*

The amount at 31 December 2023 included payables of approximately RM1,598,000 (2022: RM1,750,000) for addition of property, plant and equipment.

### 11(a) Trade payables

The trade payables are interest-free and with normal credit terms up to 60 days.

As at 31 December 2023, the carrying amounts of trade payables are denominated in Australian Dollars, Euro, Thai Baht, United States Dollars and Renminbi of approximately RM527,000 (2022: RM1,668,000), RM316,000 (2022: RM2,575,000), RM913,000 (2022: RM1,045,000), RM203,000 (2022: RM1,647,000) and RM77,000 (2022: Nil), respectively.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	<b>2023</b> <b>RM'000</b>	2022 <i>RM'000</i>
Within 30 days	<b>27,009</b>	36,722
31 to 60 days	<b>23,362</b>	22,730
61 to 90 days	<b>1,053</b>	847
Over 90 days	<b>913</b>	163
	<b>52,337</b>	60,462

### 11(b) Contract liabilities – Marketing Incentives

The balance represented accumulated unused obligations on the Marketing Incentives offered to customers at the end of each reporting period. The movements (excluding those arising from increase and decrease both occurred within the same reporting period) of such contract liabilities within IFRS 15 are as follows:

	<b>2023</b> <b>RM'000</b>	2022 <i>RM'000</i>
At the beginning of the reporting period	<b>5,978</b>	7,032
Additions	<b>4,579</b>	5,978
Revenue recognised for the reporting period ( <i>Note 4</i> )	<b>(5,978)</b>	(7,032)
At the end of the reporting period	<b>4,579</b>	5,978

The contract liabilities of approximately RM4,579,000 (2022: RM5,978,000) at 31 December 2023, represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of each reporting period. The Group expects the transaction price of approximately RM4,579,000 (2022: RM5,978,000) at 31 December 2023, allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the obligations are performed.

### 11(c) Contract liabilities – receipts in advance

The balance represented receipts in advance with customers at the end of each reporting period. The movements (excluding those arising from increase and decrease both occurred within the same reporting period) of such contract liabilities within IFRS 15 are as follows:

	<b>2023</b> <i>RM'000</i>	2022 <i>RM'000</i>
At the beginning of the reporting period	–	–
Additions	<u>1,108</u>	–
At the end of the reporting period	<u><b>1,108</b></u>	<u>–</u>

The contract liabilities of approximately RM1,108,000 (2022: Nil) at 31 December 2023, represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of each reporting period. The Group expects the transaction price of approximately RM1,108,000 (2022: Nil) at 31 December 2023, allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the obligations are performed.

### 12. SHARE CAPITAL

	<i>Note</i>	<b>Number of shares '000</b>	<b>HK\$'000</b>	<b>Equivalent to approximately RM'000</b>
Ordinary share of HK\$0.01 each				
Authorised:				
At 1 January 2022		38,000	380	197
Increase on 14 July 2022	<i>(a)</i>	<u>1,462,000</u>	<u>14,620</u>	<u>8,277</u>
<b>At 31 December 2022, 1 January 2023 and 31 December 2023</b>		<u><b>1,500,000</b></u>	<u><b>15,000</b></u>	<u><b>8,474</b></u>
Issued and fully paid:				
At 1 January 2022		–*	–*	–*
Issue of shares pursuant to the Capitalisation Issue	<i>(b)</i>	723,000	7,230	4,125
Issue of shares pursuant to the Global Offering	<i>(c)</i>	241,000	2,410	1,375
Issue of shares pursuant to the Over-allotment option	<i>(d)</i>	<u>36,150</u>	<u>362</u>	<u>207</u>
<b>At 31 December 2022, 1 January 2023 and 31 December 2023</b>		<u><b>1,000,150</b></u>	<u><b>10,002</b></u>	<u><b>5,707</b></u>

\* Represent amounts less than RM1,000

- (a) On 14 July 2022, the authorised share capital of the Company was increased from HK\$380,000 to HK\$15,000,000 by the creation of an additional 1,462,000,000 shares of HK\$0.01 each, such shares shall rank pari passu in all aspect.
- (b) Pursuant to the resolutions in writing of the Company’s shareholders passed on 14 July 2022, subject to the share premium account of the Company being credited as a result of the issue of the Company’s shares under the Listing, the directors of the Company were authorised to allot and issue a total of 722,999,800 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$7,229,998 (equivalent to approximately RM4,125,000) standing to the credit of the share premium account of the Company (the “**Capitalisation Issue**”) and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the rights to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 19 August 2022.
- (c) On 19 August 2022, the shares of the Company were listed on the Main Board of the Stock Exchange and 241,000,000 new ordinary shares with par value of HK\$0.01 per share were issued at HK\$0.56 per share by way of global offering (the “**Global offering**”). The gross proceeds from the Global Offering amounted to HK\$134,960,000 (equivalent to approximately RM76,996,000).
- (d) On 9 September 2022, 36,150,000 new ordinary shares with par value of HK\$0.01 per share of the Company were issued at a price of HK\$0.56 per share upon full exercise of the over-allotment option (the “**Over-allotment**”). The gross proceeds from the Over-allotment amounted to HK\$20,244,000 (equivalent to approximately RM11,625,000).
- (e) The expenses attributable to issue of new shares under the Global offering and the Over-allotment of approximately RM11,858,000 have been recognised in the share premium account within equity of the Company.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **COMPANY BACKGROUND**

The Group is a well-established food & beverage (the “**F&B**”) distributor located in Malaysia. The Company distributes a great selection of products comprising more than 200 renowned international, domestic third-party and own brands. Apart from F&B products such as dairy products, frozen food, packaged food and commodities, sauce, oil and condiments, beverages and speciality products, we also provides non-F&B options, which include personal and baby care products, pet care and cleaning and kitchen supplies. Furthermore, the Group have a broad sales network which allows a high level of customer reach via hypermarket/supermarket chains, provision shops, convenience stores/kiosks, F&B dealers and merchandisers, hotels/restaurants/cafes and school canteens.

### **BUSINESS REVIEW AND PROSPECTS**

As the world was undergoing the COVID-19 pandemic since the end of 2019, which had led to an increase in the demand of F&B products, the Company had to accelerate its business in 2020 by leasing 2 more warehouses located in Kuantan and Perai of Malaysia to satisfy the increased demand. By the end of 2023, the Company has a total of 9 self-owned and 4 leased warehouses strategically located all over Malaysia which contributed to an aggregate designated storage capacity of 30,900m<sup>3</sup>. In addition, the Company also owns a fleet of 166 self-operated logistics vehicles which allow the Group to leverage the service quality to a more superior level.

Looking forward, we will continue to utilize our industry knowledge to expand our core strengths and target to explore more business opportunities, and also exercise careful cost control measures under high inflation business environment to enhance profit margin and maintain our competitiveness.

## **FINANCIAL OVERVIEW**

### **Revenue**

The Company's revenue is primarily generated from (i) the distribution and sales of fast-moving consumer goods (“**FMCG**”) where majority are F&B products, and (ii) the provision of logistics services, warehousing services and others. For the year ended 31 December 2023 (the “**Reporting Period**”), the Group's revenue increased by approximately RM96.0 million or 11.5% from approximately RM835.9 million in 31 December 2022 (the “**Preceding Year**”) to approximately RM931.9 million for the Reporting Period mainly due to the increase in distribution revenue from third party brands amounting to approximately RM92.6 million. The increase in revenue from third party brands is mainly attributed to dairy products, sauce, oil and condiments and frozen food with increase of approximately RM113.4 million mainly as a result of (a) securing distribution rights to north Peninsula Malaysia from an existing supplier of dairy products, and (b) securing distribution rights to distribute to retail channels in east Peninsula Malaysia from an existing supplier of sauce, oil and condiments and dairy products, which have a full year impact in 2023.

### **Gross Profit**

The gross profit margin decreased to approximately 11.8% in the Reporting Period as compared to approximately 13.4% in the Preceding Year. The decrease in the gross profit margin was due to the result of competitive price strategy to capture market share, inflationary price increase of products that we were not yet able to fully pass on to the customers and the lower margins from securing two new distribution rights described in the above section.

### **Other income**

Other income mainly consists of interest income, sundry income, and others. Other income increased by approximately RM3.4 million or 103.0%, from approximately RM3.3 million in the Preceding Year to approximately RM6.7 million in the Reporting Period mainly on the reversal of loss allowance of trade receivables on recovery of overdue debts which have been fully provided in the previous years and interest received from fixed deposit.

### **Selling and distribution expenses**

Selling and distribution expenses primarily comprise of (i) staff cost, (ii) transportation expenses, (iii) vehicle maintenance expenses, (iv) marketing and advertising expenses, and (v) others. Selling and distribution expenses increased by approximately RM5.1 million or 10.7%, from approximately RM47.7 million in the Preceding Year to approximately RM52.8 million in the Reporting Period which was mainly due to the increase in (a) salaries and wages, and (b) vehicle maintenance expenses, transportation and storage expenses as a result of the increase in revenue of approximately 12% mentioned above.

## **Administrative and other operation expenses**

Administrative and other operating expenses primarily comprise of (i) staff costs which include Directors' remuneration, (ii) utility expenses, (iii) provision for loss allowances of trade receivables, (iv) depreciation, (v) foreign exchange gain/losses, (vi) professional fees, and (vii) others. Administrative and other operating expenses increased by approximately RM5.9 million or 30.9%, from approximately RM19.1 million in the Preceding Year to approximately RM25.0 million in the Reporting Period primarily due to professional fees necessarily incurred subsequent to the Initial Listing, provision of doubtful debts and bad debts written off.

## **Finance costs**

Finance costs mainly represent interest on interest-bearing borrowings and interest on lease liabilities. The Company's finance costs increased by approximately RM0.8 million or 53.3% from approximately RM1.5 million in the Preceding Year to approximately RM2.3 million in the Reporting Period. The increase in finance costs was mainly due to the increase in interest rates during the Reporting Period by Bank Negara Malaysia in tandem with the Federal Reserve Board to fight inflation and increase in short term borrowings to finance the increase in purchases during the year ended 31 December 2023.

## **Income tax expenses**

Income tax expenses primarily consist of current and deferred income tax at the applicable tax rate in accordance with the relevant laws and regulations in Malaysia. No provision for Hong Kong profit tax has been made as the Group has no assessable profits arose in or derived from Hong Kong. The Group entities established in the Cayman Islands and the British Virgin Islands are exempted from Cayman Islands/British Virgin Islands corporate income tax. Income tax expenses for the Reporting Period decreased by approximately RM3.2 million or 25.0% to approximately RM9.6 million from approximately RM12.8 million in the Preceding Year. The decrease in income tax expenses was mainly due to the decrease in profit before tax generated in the Reporting Period and the higher non-deductibility of certain expenses, namely listing expenses in the Preceding Year.

## **Profit for the Reporting Period and net profit margin**

As a result of the foregoing, the Group recorded a profit for the year of approximately RM27.1 million in the Reporting Period and RM26.8 million in the Preceding Year. The net profit margin of the Group declined to 2.9% in the Reporting Period from 3.2% in the Preceding Year mainly due to the decline in gross profit margin as explained above.

## OTHER INFORMATION

### Use of proceeds from the initial listing

On 19 August 2022 (the “**Listing Date**”), the shares of the Company (the “**Share**”) were listed on the Main Board of the Stock Exchange through an issuance of 241,000,000 shares at the offer price of HK\$0.56 per Share (the “**Share Offer**”) for a gross proceeds of approximately HK\$135.0 million in accordance with the proposed application set out in the section headed “Net Proceeds From The Global Offering” in the announcement of offer price and allotment result dated 18 August 2022.

On 9 September 2022, the over-allotment options was fully exercised and the Company issued 36,150,000 shares additional new shares at HK\$0.56 each to cover the over-allocations in the international offering and with a gross proceeds of approximately HK\$20.2 million.

After deducting share issuance expense and professional fee regarding to the Share Offer, the net proceeds amounted to approximately HK\$105.2 million. Utilisation of the proceeds (adjusted on pro rata basis based on the actual net proceeds) on as at 31 December 2023 are as per followings:

	<b>Planned use of net proceeds</b>	<b>Actual use of proceeds as at 31 December 2023</b>	<b>Balance of unutilised proceeds as at 31 December 2023</b>	<b>Expected timeline for unutilised proceeds</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
Further enhancement to distribution and sales capabilities	50.3	<b>10.5</b>	<b>39.8</b>	December 2024
Development in Own Products business	19.0	<b>6.9</b>	<b>12.1</b>	December 2024
Development in e-commerce mobile platform	7.3	<b>0.4</b>	<b>6.9</b>	December 2024
Strategic acquisitions and investments	18.1	<b>2.9</b>	<b>15.2</b>	December 2024
General working capital	10.5	<b>10.5</b>	–	NA
	<b>105.2</b>	<b>31.2</b>	<b>74.0</b>	

The utilisation of proceeds is slower than expected as the Group (1) is in the preliminary stage of acquiring a land and to build a warehouse in Klang, Selangor; (2) actively looking for strategic investments but many were not suitable; (3) at various stages in the selection of the right vendors for marketing and at the same time planning the right marketing activities based on current market conditions.

We will continuously evaluate, reassess, change or modify the existing plans and explore new business opportunities after taking into consideration the latest market condition with an aim to achieve sustainable business growth and to bring long-term benefits for the Shareholders.

As at 31 December 2023, the net proceeds of approximately HK\$74.0 million had not yet been utilised as planned (the “**Unutilised Net Proceeds**”), but is expected to be utilised during the financial year ending 31 December 2024. All the Unutilised Net Proceeds have been placed in licensed banks in Hong Kong and Malaysia.

## **LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE**

The Group generally finances its operations primarily through bank borrowings and internal resources. Following the completion of the Share Offer in August 2022, the net proceeds from the Share Offer are expected to provide additional funds for future cash requirements. It is anticipated that the Group has sufficient working capital to fund its future working capital, capital expenditure and other cash requirements.

As at 31 December 2023, the Group’s net current assets were approximately RM189.3 million (31 December 2022: approximately RM169.5 million). The Group’s cash and cash equivalents as at 31 December 2023 were approximately RM45.2 million (31 December 2022: approximately RM23.0 million).

As at 31 December 2023, there were bank borrowings of approximately RM49.7 million bearing weighted average effective interest rate of approximately 4.00% per annum (31 December 2022: approximately RM63.3 million bearing weighted average effective interest rate of approximately 3.61% per annum).

As at 31 December 2023, the Group had a total available banking facilities of approximately RM122.8 million, of which approximately RM34.0 million was utilized and approximately RM88.8 million was unutilized and available for use.

## **GEARING RATIO**

As at 31 December 2023, the gearing ratio of the Group, based on total interest-bearing borrowings and lease liabilities to total equity (including all capital and reserves) of the Company was approximately 24.1% (31 December 2022: approximately 35.0%). The decrease in gearing ratio is primarily attributable to the increase in equity base partially offset by the effect of decrease in bank borrowing.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2023, the Group employed 840 full-time employees (31 December 2022: 779) in Malaysia. The Group recognises the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group’s employees are based on each employee’s qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance, qualifications, competence displayed and market comparable of each employee. The Group provides ample

career development opportunities and training supports to new employees. During the Reporting Period, the Group has not experienced any significant problems with its employees save as those arising from ordinary course of business or disruption to the operations due to labour disputes, nor has the Group experienced any difficulties in the recruitment and retention of staff.

## **TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE**

The Group is exposed to foreign currency risk which refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group's transactions are mainly denominated in RM. Certain financial assets and liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. As at 31 December 2023, the Group had outstanding foreign currency forward contract to sell approximately RM0.4 million buy approximately Euro 0.07 million (31 December 2022: sell approximately RM1.1 million buy approximately Euro 0.3 million), sell approximately RM3.1 million buy approximately Australian dollars (“AUD”) 1.0 million (31 December 2022: sell approximately RM7.0 million buy approximately AUD2.4 million) and sell approximately RM0.5 million buy approximately Thai Bhat 3.6 million (31 December 2022: nil). The Group closely monitors the movement of the foreign currency rates and its foreign currency risks. The Group has not experienced any material difficulty or liquidity problems resulting from foreign exchange fluctuations during the Reporting Period.

## **PLEDGE OF ASSETS**

As at 31 December 2023 and 2022, the (i) bank overdrafts and interest-bearing borrowings and (ii) lease liabilities of the Group are secured by certain assets of the Group.

## **CONTINGENT LIABILITIES**

As at 31 December 2023 and 2022, the Group did not have any material contingent liabilities.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period and up to the date of this announcement.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

## **AUDIT COMMITTEE**

The Board has established our Audit Committee on 14 July 2022 in compliance with the code provision of the Corporate Governance Code set out in Appendix C1 of the Listing Rules.

The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Khoo Chee Siang, Datuk Tan Teow Choon and Ms. Tiong Hui Ling. Mr. Khoo Chee Siang is the chairman of the Audit Committee and he has professional qualifications and experience in accounting and financial management as stipulated in the Listing Rules.

The Audit Committee's terms of reference in writing was adopted by the Company pursuant to the Board Resolution passed on 14 July 2022. The terms of reference requires that the Audit Committee must hold meetings twice a year and the necessary quorum shall be at least two.

The main responsibilities of the Audit Committee include, but not limited to:

1. make recommendations to the Board on the appointment, reappointment, resignation, dismissal and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditor; review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process;
2. review of financial information of the Group, including changes in accounting policies and practice, major judgemental areas, going concern consideration, continuing connected transaction, compliance with accounting standards and listing rules in relation to financial reporting;
3. oversight of the Company's financial reporting system, including review of the adequacy of resources, qualifications and experience of accounting staff, and their training programmes and budget of the Company's accounting and financial reporting function;
4. review and monitor the effectiveness and adequacy of the Group's risk management and internal control measures; ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function; and
5. regularly report observations and make recommendations to the Board (if any).

The Audit Committee also acts as the Corporate Governance function of the Group, and is mainly responsible for:

- developing and reviewing the corporate governance policies and practices of the Company and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of directors and senior management;
- reviewing and monitoring the policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct applicable to employees and directors; and
- reviewing the Company's compliance with the Corporate Governance Code set out in Appendix C1 of the Listing Rules and disclosure in the Corporate Governance Report.

## INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. As at 31 December 2023, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Commission (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Interests and/or short positions in our Company

Director	Nature of Interest	Number of Shares Held	Percentage of Interest in the Company
Mr. Soon See Beng	Interest in controlled corporation <sup>(2)</sup>	723,000,000 (L) <sup>(1)</sup>	72.29%
Mr. Soon Chiew Ang	Interest in controlled corporation <sup>(2)</sup>	723,000,000 (L) <sup>(1)</sup>	72.29%
Mr. Soon See Long	Interest in controlled corporation <sup>(2)</sup>	723,000,000 (L) <sup>(1)</sup>	72.29%

#### Notes:

<sup>(1)</sup> The letter “L” denotes long position in the shares held.

<sup>(2)</sup> These shares are held by Soon Holdings Limited. The issued share capital of Soon Holdings Limited is owned as to 70%, 10%, 10%, and 10% by Mr. Soon See Beng, Mr. Soon Chiew Ang, Mr. Soon See Long and Ms. Soon Lee Shiang respectively, and therefore, each of Mr. Soon Beng, Mr. Soon Chiew Ang and Mr. Soon See Long are deemed to be interested in all the Shares registered in the name of Soon Holdings Limited in the Company under Part XV of the SFO.

Save as disclosed above, as at 31 December 2023, none of our Directors nor the chief executive of our Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, so far as Directors are aware, the following persons had an interest or short position in the Shares or the underlying Shares as recorded in the register required to be kept under section 336 of the SFO or which were required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding
Soon Holdings Limited <sup>(2)</sup>	Beneficial Owner	723,000,000 (L) <sup>(1)</sup>	72.29%
Mr. Soon See Beng <sup>(2)</sup>	Interest in a controlled corporation	723,000,000 (L) <sup>(1)</sup>	72.29%
Mr. Soon Chiew Ang <sup>(2)</sup>	Interest in a controlled corporation	723,000,000 (L) <sup>(1)</sup>	72.29%
Mr. Soon See Long <sup>(2)</sup>	Interest in a controlled corporation	723,000,000 (L) <sup>(1)</sup>	72.29%
Mr. Soon Lee Shiang <sup>(2)</sup>	Interest in a controlled corporation	723,000,000 (L) <sup>(1)</sup>	72.29%
Ms. Ng Mee Lam <sup>(3)</sup>	Interest of spouse	723,000,000 (L) <sup>(1)</sup>	72.29%
Ms. Ng Kar Wei <sup>(4)</sup>	Interest of spouse	723,000,000 (L) <sup>(1)</sup>	72.29%
Ms. Yang Lixia <sup>(5)</sup>	Interest of spouse	723,000,000 (L) <sup>(1)</sup>	72.29%
Mr. Lim Tau Hong <sup>(6)</sup>	Interest of spouse	723,000,000 (L) <sup>(1)</sup>	72.29%
Mr. Tee Kian Heng	Beneficial Owner	51,115,000 (L)	5.11%

### Notes:

1. The letter “L” denotes a long position in the Shares.
2. These shares are held by Soon Holdings Limited. The issued share capital of Soon Holdings Limited is owned as to 70%, 10%, 10% and 10% by Mr. Soon See Beng, Mr. Soon Chiew Ang, Mr. Soon See Long and Ms. Soon Lee Shiang respectively, and therefore, each of Mr. Soon See Beng, Mr. Soon Chiew Ang and Mr. Soon See Long are deemed to be interested in all the Shares registered in the name of Soon Holdings Limited in the Company under Part XV of the SFO.
3. Ms. Ng Mee Lam is the spouse of Mr. Soon See Beng. Accordingly, Ms. Ng Mee Lam is deemed to be interested in all the Shares held by Mr. Soon See Beng under Part XV of the SFO.
4. Ms. Ng Kar Wei is the spouse of Mr. Soon Chiew Ang. Accordingly, Ms. Ng Kar Wei is deemed to be interested in all the Shares held by Mr. Soon Chiew Ang under Part XV of the SFO.
5. Ms. Yang Lixia is the spouse of Mr. Soon See Long. Accordingly, Ms. Yang Lixia is deemed to be interested in all the Shares held by Mr. Soon See Long under Part XV of the SFO.
6. Mr. Lim Tau Hong is the spouse of Ms. Soon Lee Shiang. Accordingly, Mr. Lim Tau Hong is deemed to be interested in all the Shares held by Ms. Soon Lee Shiang under Part XV of the SFO.

Save as disclosed above, as at 31 December 2023, the Directors are not aware of any other person (other than Directors and chief executives of the Company) had a beneficial interest or short position in the Shares as recorded in the register required to be kept under section 336 of the SFO or the underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## **CORPORATE GOVERNANCE**

Save for the deviation from code provision C.2.1 and C.6.1 of Part 2 of the Corporate Governance Code (the “**CG Code**”), the Company has complied with required standards as set out in the CG Code during the Reporting Period and up to the date of this announcement.

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairperson and the chief executive officer should be separated and should not be performed by the same individual. Mr. Soon See Beng currently holds both positions. Mr. Soon See Beng has been the key leadership figure of the Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of the Group. Taking into account the continuation of the implementation of the business plans, the Directors (including the Independent Non-executive Directors) consider Mr. Soon See Beng as the best candidate for both positions and the present arrangements are beneficial and in the interests of the Company and the shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and the Board of the Directors, which comprises experienced and high-calibre individuals. The Board currently comprises three Executive Directors (including Mr. Soon See Beng) and four Independent Non-executive Directors and therefore has a fairly strong independence element in its composition.

Pursuant to code provision C.6.1 of Part 2 of the CG Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. Mr. Yeung Kwong Wai does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Mr. Yeung Kwong Wai as the company secretary of the Company. In this respect, the Company has nominated Mr. Soon See Beng as its contact point with Mr. Yeung Kwong Wai. While the Company is well aware of the importance of the company secretary in supporting the Board on governance matters, after having considered Mr. Yeung Kwong Wai’s experience in acting as the company secretary of three other companies listed on the Stock Exchange, both the Company and Mr. Yeung Kwong Wai are of the view that there will be sufficient experience as well as time, resources and support for fulfilment of the company secretary requirements of the Company. In view of Mr. Yeung Kwong Wai’s experience in company secretarial functions, the Directors believe that Mr. Yeung Kwong Wai has the appropriate company secretarial expertise for the purposes of Rule 8.17 of the Listing Rules.

## **DIVIDENDS**

On 30 June 2023, the Board had declared the payment of a special dividend of HK\$0.023 per ordinary share of the Company, amounting to HK\$23,003,450 (equivalent to approximately RM13,702,000) in total, which was fully paid on 14 August 2023 (2022: Nil).

The Directors did not recommend payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), as set out in Appendix C3 to the Listing Rules, as its own code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all the Company’s Directors, the Company has ascertained that all of its Directors have complied with the required standards set out in the Model Code throughout the Reporting Period.

## **POST BALANCE SHEET EVENT**

There is no other material subsequent event after 31 December 2023 and up to the date of this annual results announcement.

## **REVIEW OF FINANCIAL INFORMATION**

The Group’s annual results for the year ended 31 December 2023, including the accounting principles and practices adopted, have been reviewed by the Audit Committee in conjunction with the Company’s external joint auditors. The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary results announcement have been agreed by the Company’s external joint auditors, Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants, Singapore (together as “**Mazars**”), to the amounts set out in the Group’s audited consolidated financial statements for the year end/at 31 December 2023. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Mazars on this preliminary results announcement.

On behalf of the Board  
**Swang Chai Chuan Limited**  
**Mr. Soon See Beng**  
*Chairman and Chief Executive Director*

Hong Kong, 27 March 2024

*As at the date of this announcement, the Executive Directors are Mr. Soon See Beng, Mr. Soon Chiew Ang and Mr. Soon See Long; and the Independent Non-executive Directors are Mr. Khoo Chee Siang, Datuk Tan Teow Choon, Mr. Ngai Wah Sang and Ms. Tiong Hui Ling.*