



SWANG CHAI CHUAN LIMITED 雙財莊有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2321



INTERIM REPORT 2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Soon See Beng (*Chairman*)
Mr. Soon Chiew Ang
Mr. Soon See Long

Independent Non-executive Directors

Mr. Khoo Chee Siang
Datuk Tan Teow Choon
Mr. Ngai Wah Sang
Ms. Tiong Hui Ling

AUDIT COMMITTEE

Mr. Khoo Chee Siang (*Chairman*)
Datuk Tan Teow Choon
Ms. Tiong Hui Ling

REMUNERATION COMMITTEE

Mr. Khoo Chee Siang (*Chairman*)
Datuk Tan Teow Choon
Ms. Tiong Hui Ling

NOMINATION COMMITTEE

Datuk Tan Teow Choon (*Chairman*)
Mr. Khoo Chee Siang
Ms. Tiong Hui Ling

COMPANY SECRETARY

Mr. Yeung Kwong Wai

AUTHORISED REPRESENTATIVES

Mr. Soon See Beng
Mr. Yeung Kwong Wai

REGISTERED OFFICE

71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Lot 147-A
Kawasan Perindustrian Semambu
25350 Kuantan
Pahang
Malaysia

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2201-2203, 22/F
Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

AUDITOR

Crowe Malaysia PLT
Chartered Accountants
52 Jalan Kota Laksamana 2/15
Taman Kota Laksamana
Seksyen 2
75200 Melaka
Malaysia

CORPORATE INFORMATION

PRINCIPAL BANKERS

CIMB Bank Berhad

13th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50740 Kuala Lumpur
Malaysia

CIMB Islamic Bank Berhad

Level 19, Menara Bumiputra-Commerce
11 Jalan Raja Laut
50350 Kuala Lumpur
Malaysia

STOCK CODE

2321

COMPANY WEBSITE

<https://www.sccgroup.com.my>

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited

71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Revenue	471,757	481,739
Gross profit	55,505	58,526
Gross profit margin	11.8%	12.1%
Profit before tax	18,660	23,662
Profit for the period	14,283	16,450
EARNINGS PER SHARE		
– Basic and diluted	1.43 Sen	1.64 Sen

COMPANY BACKGROUND

Swang Chai Chuan Limited (the “**Company**”) together with its subsidiaries (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, the Group also provides non-F&B options, which include personal and baby care products, pet care products and cleaning and kitchen supplies. Furthermore, the Group has 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. On top of supplying products to customers, the Company also offers other services such as warehousing, logistics, sales and marketing support and other services which can enhance consumers’ experience.

BUSINESS REVIEW AND PROSPECTS

As the world has been affected by the COVID-19 pandemic since the end of 2019, which led to an increase of 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 demand. As at 30 June 2024, 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 approximately 30,900 m³. In addition, the Company also owns a fleet of 166 self-operated logistics vehicles which allows the Group to leverage the service quality to a more superior level.

Looking forward, we will continue to utilize our existing 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 competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

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, warehousing services and others. For the six months ended 30 June 2024 (the "Period"), the Group's revenue decreased slightly by approximately Malaysian Ringgit ("RM") 9.9 million or 2.1% from approximately RM481.7 million in the six months ended 30 June 2023 (the "Last Corresponding Period") to approximately RM471.8 million in the Period, mainly due to the decrease in distribution revenue from private labels amounting to approximately RM7.3 million. The decrease in revenue from private labels is mainly attributed to dairy products and frozen food with decrease of approximately RM4.9 million.

Gross profit and gross profit margin

The gross profit margin decreased to approximately 11.8% in the Period as compared to approximately 12.1% in the Last Corresponding Period. The decrease in the gross profit margin was due to the result of competitive price strategy to capture market share and inflationary price increase of products that we were not yet able to fully pass on to the customers.

Other income

Other income mainly consists of interest income, sundry income, and others. Other income decreased by approximately RM2.3 million or 68.1%, from approximately RM3.4 million in the Last Corresponding Period to approximately RM1.1 million in the Period as there is no exchange gain.

Selling and distribution expenses

Selling and distribution expenses primarily comprise of (i) staff cost, (ii) transportation expenses, (iii) vehicle maintenance expenses, (iv) travelling expenses, (v) marketing and advertising expenses, and (vi) others. Selling and distribution expenses decreased by approximately RM2.4 million or 9.0%, from approximately RM26.6 million in the Last Corresponding Period to approximately RM24.2 million in the Period which was mainly due to the decrease in a) upkeep of property, plant and equipment and b) travelling and transportation expenses as a result of improvement in the upkeep of warehouse and transportation efficiency, with less reliance on third party logistics providers.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and other operating expenses

Administrative and other operating expenses primarily comprise of i) staff costs which include Directors' remuneration, ii) utility expenses, iii) loss on foreign exchange, iv) depreciation, v) professional fees, and vi) others. Administrative and other operating expenses increased by approximately RM2.6 million or 25.2%, from approximately RM10.3 million in the Last Corresponding Period to approximately RM12.9 million in the Period primarily due to increase in staff costs and loss on foreign exchange.

Finance costs

Finance costs mainly represent interest on interest-bearing borrowings and interest on lease liabilities. The Company's finance costs decreased by approximately RM0.4 million or 33.3% from approximately RM1.2 million in the Last Corresponding Period to approximately RM0.8 million in the Period. The decrease in finance costs was mainly due to the lower interest on bankers' acceptance as a result of lower usage of bankers' acceptance facility.

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 arising in or derived from Hong Kong and the group entities established in the Cayman Islands and the British Virgin Islands are exempted from corporate income tax therein. Income tax expenses for the Period decreased by approximately RM2.8 million or 38.9% to approximately RM4.4 million from approximately RM7.2 million in the Last Corresponding Period. The decrease in income tax expenses was mainly due to the decrease in profit before tax generated in the Period.

Profit for the period and net profit margin

As a result of the foregoing, the Group recorded a profit for the period of approximately RM14.3 million in the Period and approximately RM16.5 million in the Last Corresponding Period. The net profit margin of the Group declined to 3.0% in the Period from 3.4% in the Last Corresponding Period 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. The Group intends to apply the proceeds from the issuance of 241,000,000 Shares at the offer price of Hong Kong dollars (“**HK\$**”) 0.56 per Share (the “**Global Offering**”) in accordance with the proposed applications 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 30 June 2024 are as per followings:

Business Objectives	Planned use of	Actual use of	Actual use of	Balance of	Expected
	net proceeds	the six months	proceeds as at	unutilised	timeline for
	HK\$ million	period end	30 June 2024	proceeds as at	unutilised
		30 June 2024	30 June 2024	30 June 2024	proceeds
		HK\$ million	HK\$ million	HK\$ million	
Further enhancement to distribution and sales capabilities	50.3	8.2	18.7	31.6	December 2024
Development in Own products business	19.0	0.8	7.7	11.3	December 2024
Development in e-commerce mobile platform	7.3	0.2	0.6	6.7	December 2024
Strategic acquisitions and investments	18.1	–	2.9	15.2	December 2024
General working capital	10.5	–	10.5	–	NA
	105.2	9.2	40.4	64.8	

The utilisation of proceeds is slower than expected as the Group (i) is in the preliminary stage of acquiring of a land and to build a warehouse in Klang, Selangor; (ii) is actively looking for strategic investments but many were unsuitable; and (iii) is 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.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations primarily through bank borrowings and internal resources. Following the completion of the Global Offering in August 2022, the net proceeds from the Global Offering 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 30 June 2024, the Group's net current assets were approximately RM207.0 million (31 December 2023: approximately RM189.3 million). The Group's cash and cash equivalents as at 30 June 2024 were approximately RM27.9 million (31 December 2023: approximately RM45.2 million).

As at 30 June 2024, there were bank borrowings of approximately RM37.2 million bearing weighted average effective interest rate of approximately 4.0% per annum (31 December 2023: approximately RM49.7 million bearing weighted average effective interest rate of approximately 4.0% per annum).

As at 30 June 2024, the Group had total available banking facilities of approximately RM122.8 million, of which approximately RM22.6 million was utilized and approximately RM100.2 million was unutilized and available for use.

GEARING RATIO

As at 30 June 2024, 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 16.7% (31 December 2023: approximately 24.1%). The decrease in gearing ratio is primarily attributable to the net effect of increase in equity base and decrease in Bankers' Acceptance and lease liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group employed 895 full-time employees 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 Period, the Group has not experienced any significant problems with its employees or material disruption to the operations due to labour disputes, nor has the Group experienced any material difficulties in the recruitment and retention of staff.

OTHER INFORMATION

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 30 June 2024, the Group had outstanding foreign currency forward contract to sell approximately RM nil buy approximately Australian dollars ("AUD") nil (31 December 2023: sell approximately RM3.1 million buy approximately AUD1.0 million) and sell approximately RM nil buy approximately Euro nil (31 December 2023: sell approximately RM0.4 million buy approximately Euro 0.07 million). 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.

PLEDGE OF ASSETS

As at 30 June 2024, the (i) interest-bearing borrowings and (ii) lease liabilities of the Group are secured by certain assets of the Group.

CONTINGENT LIABILITIES

As at 30 June 2024, 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 Period.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this report, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group had no specific plan for material commitments or capital assets as at 30 June 2024.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code as rules governing dealings by the Directors in the listed securities of the Company on the Listing Date. Based on the specific enquiry with the Directors, all the Directors has complied with the required standards as set out in the Model Code during the Period.

CORPORATE GOVERNANCE

Save for the deviation from code provisions C.2.1 and C.6.1 of Part 2 of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules, the Company has complied with required standards as set out in the CG Code during the Period.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, the roles of the chairman and the chief executive officer should be separate 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 our 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 two 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.

OTHER INFORMATION

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 14 of the Listing Rule for the purpose of reviewing and supervising the Group's financial reporting process.

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.

REVIEW OF THE INTERIM RESULTS

The Audit Committee had reviewed the unaudited consolidated results of the Group for the Period and discussed with the management of the Company on the accounting principles and practices adopted by the Group as well as internal controls and other financial reporting matters.

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 the date of this report, 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 ⁽¹⁾	Percentage of Interest in the Company
Mr. Soon See Beng	Interest in a controlled corporation ⁽²⁾	723,000,000 (L) ⁽¹⁾	72.29%
Mr. Soon Chiew Ang	Interest in a controlled corporation ⁽²⁾	723,000,000 (L) ⁽¹⁾	72.29%
Mr. Soon See Long	Interest in a controlled corporation ⁽²⁾	723,000,000 (L) ⁽¹⁾	72.29%

Notes:

- (1) The letter "L" denotes long position in the shares held.
- (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, Mr. Soon See Long and Ms. Soon Lee Shiang 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 the date of this report, 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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the date of this report, so far as our Directors are aware, the following persons had an interest or short position in the Shares or the underlying Shares which were required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

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

OTHER INFORMATION

Save as disclosed above, as at the date of this report, the Directors are not aware of any other person 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.

SHARE SCHEME

The Company has conditionally adopted a share option scheme upon the passing of the written resolutions of the shareholder on 14 July 2022 (the “**Share Option Scheme**”). Pursuant to the Share Option Scheme, the Directors may grant options to eligible participants to subscribe for the Shares subject to the terms and conditions stipulated therein. Upon the listing of the Shares on the Stock Exchange on the Listing Date, all conditions set forth have been satisfied. No share option has been granted under the Share Option Scheme since its adoption.

Save for this Share Option Scheme, the Company has not adopted any other share scheme.

INTERIM DIVIDEND

The Directors of the Company do not recommend payment of an interim dividend to shareholders of the Company for the Period.

IMPORTANT EVENTS AFTER THE REVIEW PERIOD

On 9 July 2024, the Board announced that it had resolved to declare the payment of a special dividend of HK\$0.0135 per ordinary share of the Company, amounting to approximately HK\$13,502,025 (equivalent to RM8,137,589) in total. The special dividend was fully settled on Monday, 26 August 2024 in cash to the shareholders of the Company whose names appear on the Register of Members at the close of business on Thursday, 25 July 2024.

On 10 July 2024, the Board announced that Chop Chin Huat Sdn Bhd, an indirect wholly owned subsidiary of the Company, has entered into the Sale and Purchase Agreement with Lestari Duta Sdn Bhd in relation to the acquisition of the industrial land located at the district of Seberang Perai Utara, State of Pulau Pinang, Malaysia measuring approximately 162,405 square feet at a consideration of RM11.86 million (equivalent to approximately HK\$19.69 million).

Save as disclosed above, there are no material subsequent events undertaken by the Company or by the Group after 30 June 2024 and up to the date of this report.

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

Hong Kong, 28 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

The Board of Directors (the “**Board**”) of Swang Chai Chuan Limited (the “**Company**”) presents the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023 as follows. The interim results have not been audited by the external auditors but they have been reviewed by the Audit Committee of the Company.

	Note	Six months ended 30 June	
		2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Revenue	4	471,757	481,739
Cost of sales		(416,252)	(423,213)
Gross profit		55,505	58,526
Other income	5	1,086	3,407
Selling and distribution expenses		(24,233)	(26,606)
Administrative and other operating expenses		(12,884)	(10,276)
Finance costs	6	(839)	(1,259)
Share of results of an associate		25	(130)
Profit before tax	6	18,660	23,662
Income tax expenses	7	(4,377)	(7,212)
Profit for the period		14,283	16,450
Other comprehensive income/(loss), net of tax			
<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		3,341	1,930
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		(174)	(2,029)
Total comprehensive income for the period		17,450	16,351
Earnings per share attributable to owners of the Company			
– Basic and diluted	8	1.43 sen	1.64 sen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Note	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Non-current assets			
Property, plant and equipment	10	39,172	41,693
Right-of-use assets	11	21,132	21,113
Investment in an associate	12	68	43
Deferred tax assets	18	2,459	2,542
		62,831	65,391
Current assets			
Inventories	13	90,894	87,938
Trade and other receivables	14	145,128	127,716
Fixed deposits with licensed banks		41,688	22,366
Bank balances and cash		27,942	45,169
Income tax recoverable		310	483
		305,962	283,672
Current liabilities			
Trade and other payables	15	81,936	65,460
Interest-bearing borrowings	16	15,888	27,155
Lease liabilities	17	1,179	1,764
		99,003	94,379
Net current assets		206,959	189,293
Total assets less current liabilities		269,790	254,684
Non-current liabilities			
Interest-bearing borrowings	16	21,277	22,583
Lease liabilities	17	2,656	3,410
Deferred tax liabilities	18	882	1,166
		24,815	27,159
NET ASSETS		244,975	227,525
Capital and reserves			
Share capital	19	5,707	5,707
Reserves	20	239,268	221,818
TOTAL EQUITY		244,975	227,525

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Reserves					Total RM'000
	Share capital RM'000 (Note 19)	Share premium RM'000 (Note 20(a))	Capital reserve RM'000 (Note 20(b))	Translation reserve RM'000 (Note 20(c))	Accumulated profits RM'000	
At 1 January 2024 (Audited)	5,707	71,056	–*	425	150,337	227,525
Profit for the period	–	–	–	–	14,283	14,283
Other comprehensive income/(loss):						
<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	–	–	–	3,341	–	3,341
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on consolidation	–	–	–	(174)	–	(174)
Other comprehensive loss for the period	–	–	–	3,167	–	3,167
Total comprehensive (loss) income for the period	–	–	–	3,167	14,283	17,450
At 30 June 2024 (Unaudited)	5,707	71,056	–*	3,592	164,620	244,975
At 1 January 2023 (Audited)	5,707	71,056	–*	(759)	136,923	212,927
Profit for the period	–	–	–	–	16,450	16,450
Other comprehensive income/(loss):						
<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	–	–	–	1,930	–	1,930
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on consolidation	–	–	–	(2,029)	–	(2,029)
Other comprehensive loss for the period	–	–	–	(99)	–	(99)
Total comprehensive (loss)/income for the period	–	–	–	(99)	16,450	16,351
Transactions with owners:						
<i>Contributions and distributions</i>						
Dividends (Note 9)	–	–	–	–	(13,702)	(13,702)
Total transactions with owners	–	–	–	–	(13,702)	(13,702)
At 30 June 2023 (Unaudited)	5,707	71,056	–*	(858)	139,671	215,576

* Represent amounts less than RM1,000

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	18,660	23,662
Adjustments for:		
Depreciation	3,443	2,569
Finance costs	839	1,259
Exchange difference	1,094	(99)
Interest income	(682)	(804)
Share of results of an associate	(25)	130
Gain on disposal of property, plant and equipment, net	—*	(160)
(Reversal of)/Provision for loss allowance of trade receivables, net	(51)	884
(Reversal of)/Provision for write-down of inventories, net	(244)	(838)
Bad debts written off	118	760
Operating cash inflows before movements in working capital	23,152	27,363
Changes in working capital:		
Inventories	(2,713)	5,203
Trade and other receivables	(15,406)	(1,772)
Trade and other payables	16,140	(3,556)
Cash generated from operations	21,173	27,238
Income tax paid	(4,405)	(5,959)
Net cash from operating activities	16,768	21,279
INVESTING ACTIVITIES		
Increase in pledged bank deposits	(109)	(420)
(Increase)/Decrease in fixed deposits with licensed banks	(19,213)	7,635
Interest received	682	804
Payment for purchase of property, plant and equipment	(571)	(2,557)
Acquisition of right-of-use assets	(34)	(452)
Proceeds from disposal of property, plant and equipment	—	160
Net cash (used in)/from investing activities	(19,245)	5,170

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
FINANCING ACTIVITIES		
Inception of interest-bearing borrowings	12,645	9,450
Repayment of interest-bearing borrowings	(25,465)	(9,667)
Interest paid	(838)	(1,259)
Repayment of lease liabilities	(1,092)	(9,974)
Net cash used in financing activities	(14,750)	(11,450)
Net (decrease)/increase in cash and cash equivalents	(17,227)	14,999
Cash and cash equivalents at the beginning of the reporting period	45,169	23,026
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	27,942	38,025

* Represents amount less than RM1,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Swang Chai Chuan Limited (the “**Company**” together with its subsidiaries are collectively refer 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, 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.

The condensed consolidated financial statements (the “**Interim Financial Statement**”) of the Group for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standard Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the Group’s management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual IFRSs, IAS and Interpretations issued by the IASB. They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2023 (the “**Annual Report**”).

The Interim Financial Statements have been prepared on the historical costs basis, it is presented in Malaysian Ringgit (“**RM**”) and rounded to the nearest thousands unless otherwise indicated.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the Annual Report except for the adoption of the new/revised IFRSs which are relevant to the Group and effective for the Group’s financial year beginning on 1 January 2024.

Adoption of new/revised IFRSs

In the current interim period, the Group has applied, for the first time, certain new/revised IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Interim Financial Statements.

The adoption of the new/revised IFRSs has no significance impact on the Interim Financial Statements. At the date of authorisation of the Interim Financial Statements, the Group has not early adopted other new/revised IFRSs that have been issued but are not yet effective. The directors of the Company do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the financial position, financial performance and cash flows of the Group.

3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the periods, as the Group manages its business as a whole as the businesses of distribution and sales of F&B and provision of logistics, 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 reporting periods derived from Malaysia and almost all of the Group’s assets 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 six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. REVENUE

	Six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Revenue from contracts with customers within IFRS 15		
At a point in time		
– Distribution and sales of F&B	466,819	476,897
Over time		
– Provision of logistics, warehousing services and others	4,938	4,842
	471,757	481,739

The amount of revenue recognised for the six months ended 30 June 2024 that was included in the contract liabilities at the beginning of the reporting period was approximately RM3,089,000 (*six months ended 30 June 2023: RM5,978,000*) (Note 15(b)).

5. OTHER INCOME

	Six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Interest income	682	804
Gain on disposal of property, plant and equipment	–*	160
Exchange gain, net	–	2,025
Rental income	91	60
Bad debts recovered	41	110
Sundry income	272	248
	1,086	3,407

* Represents amount less than RM1,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6. PROFIT BEFORE TAX

This is stated after charging/(crediting):

	Six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Finance costs		
Interest on interest-bearing borrowings	644	1,226
Interest on lease liabilities	195	33
	839	1,259
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	20,076	18,566
Contributions to defined contribution plans	1,455	1,760
	21,531	20,326
Other items		
Cost of inventories	408,644	415,637
Auditor's remuneration	45	169
Depreciation of property, plant and equipment (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	2,082	1,804
Depreciation of right-of-use assets (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	1,361	765
Exchange loss/(gain), net	1,094	(2,025)
Expenses recognised under short-term leases	716	140
Bad debts written off	118	760
Reversal of inventories written down	(244)	(838)
(Reversal of)/Provision for loss allowance of trade receivables, net	(50)	884

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. TAXATION

	Six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Current tax		
Malaysia corporate income tax ("Malaysia CIT")	4,578	6,468
Deferred tax (Note 18)		
Changes in temporary differences	(201)	744
Total income tax expenses for the period	4,377	7,212

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 six months ended 30 June 2024 and 2023.

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

Malaysia CIT is calculated at 24% of the estimated assessable profits for the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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:

	Six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation	14,283	16,450
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	1,000,150	1,000,150

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence for the six months ended 30 June 2024 and 2023.

9. DIVIDEND

	Six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Special dividends declared to the owners of the Company HK\$nil (six months ended 30 June 2023: HK\$0.023) per ordinary share	–	13,702

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Leasehold improvements RM'000	Plant and machinery RM'000	Furniture, fixtures and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Reconciliation of carrying amount – year ended 31 December 2023 (Audited)							
At 1 January 2023	15,517	11,304	646	6,308	1,130	4,375	39,280
Additions	–	–	–	2,054	1,419	2,907	6,380
Disposals	–	–	–	–	(51)	–	(51)
Depreciation	–	(289)	(221)	(1,768)	(526)	(1,112)	(3,916)
At 31 December 2023	15,517	11,015	425	6,594	1,972	6,170	41,693
Reconciliation of carrying amount – six months ended 30 June 2024 (Unaudited)							
At 1 January 2024	15,517	11,015	425	6,594	1,972	6,170	41,693
Additions	–	39	109	133	264	519	1,064
Depreciation	–	(144)	(69)	(704)	(257)	(908)	(2,082)
Written off	–	–	–	(12)	(124)	(1,367)	(1,503)
At 30 June 2024	15,517	10,910	465	6,011	1,855	4,414	39,172
At 31 December 2023 (Audited)							
Cost	15,517	13,873	1,477	16,426	4,670	21,917	73,880
Accumulated depreciation	–	(2,858)	(1,052)	(9,832)	(2,698)	(15,747)	(32,187)
Net carrying amounts	15,517	11,015	425	6,594	1,972	6,170	41,693
At 30 June 2024 (Unaudited)							
Cost	15,517	13,854	1,586	16,403	4,932	16,303	68,595
Accumulated depreciation	–	(2,944)	(1,121)	(10,392)	(3,077)	(11,889)	(29,423)
Net carrying amounts	15,517	10,910	465	6,011	1,855	4,414	39,172

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amounts of the Group's property, plant and equipment pledged to secure banking facilities (Note 16) at 30 June 2024 and 31 December 2023 are as follows:

	Freehold land RM'000	Buildings RM'000	Total RM'000
Pledged to secure banking facilities			
At 31 December 2023 (Audited)	14,058	10,641	24,699
At 30 June 2024 (Unaudited)	14,058	10,429	24,487

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Leased properties RM'000	Motor vehicles RM'000	Total RM'000
Reconciliation of carrying amount – year ended 31 December 2023 (Audited)				
At 1 January 2023	16,376	465	1,150	17,991
Additions	452	4,172	660	5,284
Depreciation	(496)	(1,191)	(475)	(2,162)
At 31 December 2023	16,332	3,446	1,335	21,113
Reconciliation of carrying amount – six months ended 30 June 2024 (Unaudited)				
At 1 January 2024	16,332	3,446	1,335	21,113
Additions	189	371	885	1,445
Depreciation	(245)	(867)	(249)	(1,361)
Written off	–	(65)	–	(65)
At 30 June 2024	16,276	2,885	1,971	21,132
At 31 December 2023 (Audited)				
Cost	18,941	4,172	2,499	25,612
Accumulated depreciation	(2,609)	(726)	(1,164)	(4,499)
Net carrying amounts	16,332	3,446	1,335	21,113
At 30 June 2024 (Unaudited)				
Cost	18,896	5,125	5,848	29,869
Accumulated depreciation	(2,620)	(2,240)	(3,877)	(8,737)
Net carrying amounts	16,276	2,885	1,971	21,132

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. RIGHT-OF-USE ASSETS *(continued)*

The Group leases various properties and motor vehicles for its daily operations, the initial lease terms range from 3 to 10 years during the period ended 30 June 2024. The leasehold lands and buildings represent lump sum considerations paid by the Group, which are with initial lease period range from 35 to 93 years and there are no ongoing payments to be made under the terms of the land leases.

At 30 June 2024, the Group's leasehold lands with a total carrying amount of approximately RM13,862,000 (*31 December 2023: approximately RM14,852,000*), were pledged to secure bank facilities (Note 16) granted to the Group.

At 30 June 2024, the Group's motor vehicles with a total carrying amount of approximately RM1,084,000 (*31 December 2023: approximately RM1,335,000*), were pledged to secure the lease liabilities (Note 17).

Commitments under leases

At 30 June 2024, the Group was committed to short-term leases or low-value asset leases of approximately RM74,000 (*31 December 2023: approximately RM32,000*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. INVESTMENT IN AN ASSOCIATE

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Unlisted entity, share of net assets	68	43

Details of the associate at the end of each reporting period are as follows:

Name of the associate	Principal place of business and place of incorporation	Registered and paid-up capital	Proportion of value of registered and paid-up capital indirectly held by the Company		Principal activities
			At 30 June 2024	At 31 December 2023	
Karabao Marketing (M) Sdn. Bhd. ("Karabao")	Malaysia	RM500,000	40%	40%	Trading of beverages/ Malaysia

Karabao is a private limited company and there is no quoted market price available for its shares.

The Group's management has assessed the level of influence that the Group exercises on Karabao during the period ended 30 June 2024, and determined that it has significant influence thereon through a board representation and other arrangements made. Consequently, this investment has been classified as an investment in an associate.

13. INVENTORIES

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Raw materials	1,897	1,668
Finished goods	92,653	90,170
	94,550	91,838
Less: Write-down provision	(3,656)	(3,900)
	90,894	87,938

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14. TRADE AND OTHER RECEIVABLES

	Note	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Trade receivables			
From related companies	14(a)	1,700	510
From third parties		133,526	120,617
		135,226	121,127
Less: Loss allowances		(4,841)	(4,892)
	14(b)	130,385	116,235
Other receivables			
Deposits paid to suppliers		5,754	3,761
Deposits paid for acquisition of computer software		44	41
Other deposits and receivables		30	759
Amount due from an associate (Note i)		1,400	1,400
Amount due from the ultimate holding company (Note i)		—*	62
Marketing expenses receivables		7,515	5,458
		14,743	11,481
		145,128	127,716

* Represents amount less than RM1,000

Note:

(i) The amount due from the ultimate holding company and an associate are non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14. TRADE AND OTHER RECEIVABLES (continued)

14(a) Trade receivables from related companies

The trade receivables from related companies represented companies interested by the Ultimate Controlling Party and/or the spouses of the Ultimate Controlling Party. 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 amount due during the reporting periods. The Group does not hold any collateral over these balances.

14(b) Trade receivables

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

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Within 30 days	113,532	63,635
31 to 60 days	12,266	39,768
61 to 90 days	3,462	11,035
Over 90 days	1,125	1,797
	130,385	116,235

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14. TRADE AND OTHER RECEIVABLES (continued)

14(b) Trade receivables (continued)

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

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Not yet due	116,608	65,260
Past due:		
Within 30 days	9,931	39,364
31 to 60 days	3,216	10,032
61 to 90 days	630	1,579
	13,777	50,975
	130,385	116,235

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

15. TRADE AND OTHER PAYABLES

	Note	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Trade payables			
To third parties	15(a)	69,071	52,337
Other payables			
Contract liabilities – Marketing Incentives	15(b)	5,391	4,579
Contract liabilities – receipts in advance		–	1,108
Salary payables		3,308	2,933
Other accruals and other payables (Note)		4,111	4,318
Rental and other deposits		55	185
		12,865	13,123
		81,936	65,460

Note: The amount at 30 June 2024 included payables of approximately RM nil (31 December 2023: approximately RM1,598,000) for addition of property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. TRADE AND OTHER PAYABLES *(continued)*

15(a) Trade payables

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

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

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Within 30 days	38,284	27,009
31 to 60 days	28,532	23,362
61 to 90 days	2,168	1,053
Over 90 days	87	913
	69,071	52,337

15(b) Contract liabilities – Marketing Incentives

The balance represented accumulated unused obligations at the end of each reporting period which will be recognised as revenue in the next reporting period. The movements (excluding those arising from increase and decrease both occurred within the same reporting period) of contract liabilities within IFRS 15 are as follows:

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
At the beginning of the reporting period	4,579	5,978
Addition for the reporting period	3,901	4,579
Revenue recognised for the reporting period <i>(Note 4)</i>	(3,089)	(5,978)
At the end of the reporting period	5,391	4,579

Note: The contract liabilities of approximately RM5,391,000 at 30 June 2024 *(31 December 2023: approximately RM4,579,000)*, 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 RM3,901,000 at 30 June 2024 *(31 December 2023: approximately RM4,579,000)*, allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the obligations are performed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. INTEREST-BEARING BORROWINGS

At the end of each reporting period, details of interest-bearing borrowings of the Group are as follows:

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Interest-bearing borrowings – secured		
– Current portion	15,888	27,155
– Non-current portion	21,277	22,583
	37,165	49,738

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. At 30 June 2024, the secured bank borrowings carried weighted average effective interest rate of approximately 4.00% per annum (31 December 2023: approximately 4.00% per annum).

The interest-bearing borrowings are secured by:

- (i) guarantees provided by the Company;
- (ii) certain property, plant and equipment with aggregate net carrying amounts of approximately RM24,487,000 at 30 June 2024 (31 December 2023: approximately RM24,699,000), as set out in Note 10;
- (iii) certain right-of-use assets with aggregate net carrying amounts of approximately RM13,862,000 at 30 June 2024 (31 December 2023: approximately RM14,852,000), as set out in Note 11; and
- (iv) pledged bank deposits with net carrying amounts of approximately RM7,236,000 at 30 June 2024 (31 December 2023: approximately RM7,127,000).

All banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. At 30 June 2024 and 31 December 2023, none of the covenants relating to drawn down facilities had been breached.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

17. LEASE LIABILITIES

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Lease liabilities		
Current	1,179	1,764
Non-current	2,656	3,410
	3,835	5,174

The Group has recognised the following amounts relating to short-term leases during the reporting periods:

	Six months ended 30 June 2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Lease payments – Short-term leases	716	140

Commitments and present value of lease liabilities:

	Lease payments		Present value of lease payments	
	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Amounts payable:				
Within one year	1,347	1,772	1,180	1,764
In the second to fifth years inclusive	2,240	2,828	1,972	2,656
Over five years	764	855	683	754
	4,351	5,455	3,835	5,174
Less: future finance charges	(516)	(281)	–	–
Total lease liabilities	3,835	5,174	3,835	5,174

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

17. LEASE LIABILITIES (continued)

The total cash outflow for leases for the six months ended 30 June 2024 was approximately RM1,285,000 (six months ended 30 June 2023: RM10,147,000 of which RM9,450,000 was related to settle the remaining consideration of a leasehold land acquired during the year ended 31 December 2022).

The lease liabilities are secured by certain right-of-use assets with aggregate net carrying amount of approximately RM1,084,000 and RM1,335,000 at 30 June 2024 and 31 December 2023, respectively, as set out in Note 11.

At 30 June 2024 and 31 December 2023, the weighted average effective interest rates of the lease liabilities of the Group were 3.17% and 4.78% per annum, respectively.

18. DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the Interim Financial Statements, the following is the analysis of the deferred taxation:

	At 30 June 2024 (Unaudited) RM'000	At 31 December 2023 (Audited) RM'000
Deferred tax assets	2,459	2,542
Deferred tax liabilities	(882)	(1,166)
	1,577	(1,376)

The movements in the Group's deferred tax assets (liabilities) for the reporting periods were as follows:

	Provision for impairment allowances for trade and other receivables RM'000	Marketing incentives/ accrued revenue and costs RM'000	Accelerated tax depreciation RM'000	Total RM'000
At 1 January 2023 (Audited)	913	1,439	(1,090)	1,262
Income tax credit (expenses)	260	(70)	(76)	114
At 31 December 2023 and 1 January 2024 (Audited)	1,173	1,369	(1,166)	1,376
Income tax credit (expenses)	(12)	(71)	284	201
At 30 June 2024 (Unaudited)	1,161	1,298	(882)	1,577

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

19. SHARE CAPITAL

	Number of shares '000	HK\$'000	Equivalent to Approximately RM'000
Ordinary share of HK\$0.01 each			
Authorised:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	1,500,000	15,000	8,474
Issued and fully paid:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	1,000,150	10,002	5,707

20. RESERVES

20(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

20(b) Capital reserve

The capital reserve represents the aggregate amount of the nominal value of the issued/paid-up capital of the Group's subsidiaries less consideration paid to acquire the relevant interests (if any).

20(c) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations for consolidation and the Company's financial statement to the presentation currency.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, further information of the related party transactions for the reporting periods is set out below.

(a) Related party transactions of the Group:

	Note	Six months ended 30 June	
		2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Revenue arising from distribution and sales of F&B	21(a)(i)	5,678	6,005
Sales and marketing expenses	21(a)(i)	34	8

Note:

- (i) It represented related party transactions with the companies interested by the Ultimate Controlling Party and/or the spouses of the Ultimate Controlling Party.

(b) Remuneration for key management personnel (including directors) of the Group:

	Six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Salaries, discretionary bonus, allowances and other benefits in kind	2,205	2,057
Contributions to defined contribution plans	325	374
	2,530	2,431

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. FAIR VALUE MEASUREMENTS

All financial assets and liabilities are carried at amounts not materially different from their fair value at the end of each reporting period.

23. COMMITMENTS

Commitments under leases

The Group as lessor

The Group leases out its properties under operating leases with lease terms ranging from one year to two years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Within one year	37	96
More than one year but less than two years	13	209
	50	305