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If you have sold or transferred all your shares in Swang Chai Chuan Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Swang Chai Chuan Limited **雙財莊有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2321)

CONTINUING CONNECTED TRANSACTIONS – TERMINATION OF MASTER SUPPLY AGREEMENT; SUPPLY TRANSACTIONS UNDER REVISED AND NEW ANNUAL CAPS FOR FY2023, FY2024 AND FY2025; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 19 to 20 of this circular. A letter from Rainbow Capital containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 37 of this circular.

A notice convening the EGM of the Company to be held at Lot 147-A, Kawasan Perindustrian Semambu, 25350 Kuantan, Pahang, Malaysia on Thursday, 26 October 2023 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjourned meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting if you so wish. The English language text of this circular shall prevail over the Chinese language in case of inconsistency.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 11 September 2023 in relation to, among other things, the New Master Supply Agreement and the transactions contemplated thereunder
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“CA Soon”	Mr. Soon Chiew Ang, an executive Director and a Controlling Shareholder
“Company”	Swang Chai Chuan Limited, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Connected Purchasers”	entities which may purchase products from the Group from time to time and include both existing entities which are associates of the Ultimate Controlling Shareholder(s) and any other entities which may become such associates from time to time
“Controlling Shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting to be convened and held by the Company to consider and, if thought fit, pass the resolution to approve the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025)
“Existing Annual Cap(s)”	the annual caps of RM7,200,000 (equivalent to approximately HK\$12,000,000) for FY2023 and RM7,500,000 (equivalent to approximately HK\$12,500,000) for FY2024 for the anticipated maximum amount in respect of the Supply Transactions under the Master Supply Agreement, as disclosed in the Prospectus

DEFINITIONS

“FMCG”	fast-moving consumer goods
“FY2020”	the financial year ended 31 December 2020
“FY2021”	the financial year ended 31 December 2021
“FY2022”	the financial year ended 31 December 2022
“FY2023”	the financial year ending 31 December 2023
“FY2024”	the financial year ending 31 December 2024
“FY2025”	the financial year ending 31 December 2025
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025)
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025)
“Independent Shareholders”	Shareholders other than Soon Holdings, which is owned by the Ultimate Controlling Shareholders, and its associates (if any)
“Independent Third Party(ies)”	third party(ies) independent of and not connected to the Company and any of its connected persons (as defined under the Listing Rules)
“KW Ng”	Ms. Ng Kar Wei, spouse of CA Soon

DEFINITIONS

“Latest Practicable Date”	3 October 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LS Soon”	Ms. Soon Lee Shiang, a Controlling Shareholder
“Master Supply Agreement”	the master supply agreement in relation to the Supply Transactions entered into among the Company and the Ultimate Controlling Shareholders dated 14 July 2022, as disclosed in the paragraphs headed “Connected transactions – Non-exempt continuing connected transactions” in the Prospectus
“Megamart”	Megamart Sdn. Bhd., a company incorporated in Malaysia on 29 May 2013 with limited liability and owned as to 25% by SB Soon, 26% by TH Lim who is the spouse of LS Soon, and 49% by Mack Food Pte. Ltd. which is owned as to 50% by SB Soon and 50% by TH Lim
“New Master Supply Agreement”	the new master supply agreement in relation to the Supply Transactions entered into among the Company and the Ultimate Controlling Shareholders dated 11 September 2023 which includes the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025
“Prospectus”	Prospectus of the Company dated 8 August 2022
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“SB Soon”	Mr. Soon See Beng, an executive Director and a Controlling Shareholder
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“SL Soon”	Mr. Soon See Long, an executive Director and a Controlling Shareholder

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“Soon Holdings”	Soon Holdings Limited, a company incorporated in the British Virgin Islands on 27 December 2018 with liability limited by shares, a Controlling Shareholder and owned as to 70% by SB Soon and 10% by each of LS Soon, SL Soon and CA Soon
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Transactions”	all transactions contemplated under the Master Supply Agreement and, subject to the Independent Shareholders’ approval, the New Master Supply Agreement, pursuant to which the relevant Ultimate Controlling Shareholders may from time to time procure that the Connected Purchasers purchase FMCG products (mainly including beverage, frozen food, cleaning and kitchen supplies, sauce, oil and condiments, dairy products, pet care products, packaged food and commodities, and health products) from the Group
“TH Lim”	Mr. Lim Tau Hong, spouse of LS Soon
“Ultimate Controlling Shareholders”	collectively, SB Soon, SL Soon, CA Soon and LS Soon
“%”	per cent

LETTER FROM THE BOARD

Swang Chai Chuan Limited 雙財莊有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2321)

Executive Directors:

Mr. Soon See Beng
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

Registered Office:

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

*Principal place of business
in Hong Kong:*

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

9 October 2023

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the New Master Supply Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the New Master Supply Agreement and the transactions contemplated thereunder, (ii) a letter from the Board containing its opinion and recommendations to the Shareholders in respect of, among other things, the New Master Supply Agreement and the transactions contemplated thereunder, (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of, among other things, the New Master Supply Agreement and the transactions contemplated thereunder, (iv) a letter from Rainbow Capital containing its opinion and recommendations to the Independent Board Committee and the Independent Shareholders in respect of, among other things, the New Master Supply Agreement and the transactions contemplated thereunder, (v) other general information required to be disclosed under the Listing Rules, and (vi) a notice convening the EGM.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS

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

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

Save for the revision of the Existing Annual Caps and the entering into of the Supply Transactions for FY2025, there is no material difference in the terms and conditions between the Master Supply Agreement and the New Master Supply Agreement. The salient terms of the New Master Supply Agreement are as follows:

- Date** : 11 September 2023
- Parties** : (1) the Company (on behalf of the Group);
(2) SB Soon;
(3) SL Soon;
(4) CA Soon; and
(5) LS Soon.
- Subject** : Subject to the terms and conditions of the New Master Supply Agreement, the relevant Ultimate Controlling Shareholders may from time to time procure that the Connected Purchasers purchase FMCG products (mainly including beverage, frozen food, cleaning and kitchen supplies, sauce, oil and condiments, dairy products, pet care products, packaged food and commodities, and health products) from the Group. Such products shall be supplied by the Group on a non-exclusive basis in Malaysia.

LETTER FROM THE BOARD

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

Connected Purchasers : The Connected Purchasers which may purchase products from the Group include both existing entities which are associates of the Ultimate Controlling Shareholder(s) and any other entities which may become such associates from time to time.

More information about the existing Connected Purchasers is set out under the paragraphs headed "General information relating to the Group, the Ultimate Controlling Shareholders and the Connected Purchasers" in this circular.

Term : Subject to the approval of the Independent Shareholders at the EGM, the New Master Supply Agreement will become effective on the date of execution and expire on 31 December 2025.

Payment terms : The term of payment will be agreed upon by the parties in respect of each purchase order, but shall be on normal commercial terms and in any event no less favourable to the Group than the terms offered by the Group to Independent Third Parties for similar transactions.

According to the business practice of the Group, after a Connected Purchaser has placed a purchase order, the Group will generally issue an invoice to the Connected Purchaser on the same day or before the products ordered are delivered to the Connected Purchaser. The credit term for payment of the purchase price by the Connected Purchasers is generally 30 days. Such payment terms and business practice are consistent with, and no less favourable to the Group than, the terms offered to Independent Third Party customers for similar transactions.

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- Pricing policy** : The purchase price (aggregated based on unit prices of products) offered by the Group to the Connected Purchasers in respect of each purchase order shall be agreed between them based on arm's length negotiation, with reference to (i) the requirements and specifications in relation to the products; (ii) the order quantity; (iii) the delivery timeframe; and (iv) the then prevailing market price of similar products in the market. The Company considers that such pricing basis is in line with market practice, fair and reasonable, and on normal commercial terms. The relevant commercial terms involved in any event shall not be less favourable to the Group than the terms offered by the Group to Independent Third Parties for similar transactions.
- Condition precedent** : The New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025) are conditional upon the approval of the Independent Shareholders at the EGM.

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

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

The aggregate transaction amount under the Master Supply Agreement for FY2022, being approximately RM6,975,000 (equivalent to approximately HK\$11,625,000), was close to fully utilising the FY2022 annual cap of RM7,000,000 (equivalent to approximately HK\$11,670,000). Meanwhile, for the eight months ended 31 August 2023, the aggregate transaction amount has reached approximately RM5,999,000 (unaudited) (equivalent to approximately HK\$10,000,000), representing approximately 83.3% of the FY2023 annual cap of RM7,200,000 (equivalent to approximately HK\$12,000,000). It is expected that the

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demand for the Group's products under the Supply Transactions may exceed the previous estimations, and the Existing Annual Caps will not be sufficient to meet the anticipated transaction amounts for FY2023 and FY2024, having considered the following factors:

- (i) *Continuing business expansion of Megamart.* Megamart is the largest Connected Purchaser which contributed the most revenue to the Group under the Master Supply Agreement in FY2022, amounting to approximately RM6,300,000 (equivalent to approximately HK\$10,500,000) out of the aggregate transaction amount of approximately RM6,975,000 (equivalent to approximately HK\$11,625,000). As at the Prospectus date, Megamart had 18 retail stores in Malaysia. After the Prospectus Date, Megamart had opened two new retail stores in FY2022. To the best knowledge, belief and information of the Group having made reasonable inquiries and in light of the current market conditions, it is expected that Megamart will continue to expand its business scale by opening two new retail stores for the remainder of FY2023, and four and four new retail stores in FY2024 and FY2025, respectively. It is noted that due to commercial considerations, Megamart's current expansion plan has deviated from its original plan which was taken into account when the Company was determining the FY2022 annual cap and the Existing Annual Caps. For instance, Megamart had opened two new stores in FY2022, instead of five as originally anticipated. Despite such deviation, the demand of Megamart had still resulted in the relevant transaction amount nearly exceeding the FY2022 annual cap. Such transaction amount could have been even greater should there have been no annual cap restriction. Therefore, the Company is of the view that Megamart's current expansion is expected to drive its demand for the Group's products to such an extent that the Existing Annual Caps will not be sufficient.
- (ii) *Expected organic growth and demand of Megamart.* By way of further substantiation of the business growth of Megamart, its revenue had increased from approximately RM112.8 million (equivalent to approximately HK\$188.0 million) in FY2020, to approximately RM123.4 million (equivalent to approximately HK\$205.7 million) in FY2021, and to approximately RM130.5 million (equivalent to approximately HK\$217.5 million) in FY2022, representing a compound annual growth rate of approximately 7.6%. To the best knowledge, belief and information of the Group having made reasonable inquiries and in light of the current market conditions and the aforesaid expansion plan of Megamart, it is expected that Megamart's business results will continue to improve. Accordingly, Megamart's demand for the Group's products is expected to rise so as to capture the opportunities arising from its expected organic growth.

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- (iii) *Expected increase in product prices.* Attributable to the increase in cost of raw materials and products supplied by the Group's suppliers, other production cost, inflation, etc., the prices of the Group's products increase from time to time. In FY2023, for instance, the Group has raised the prices of certain products, such as sauce and condiments and beverage, owing to the same reasons. It is expected that the prices of the Group's products will continue to rise steadily in line with the market trend. As such, the transaction amount of the Supply Transactions may exceed the Existing Annual Caps.
- (iv) *Expected improvement in business attributable to relaxation of COVID-19 related measures.* With the alleviation of concern over COVID-19 and gradual relaxation of related restrictions, such as travel and dine-in restrictions and lockdowns, it is expected that there will be a rebound in economic activities and more locals and tourists may dine at restaurants in Malaysia. As most of the existing Connected Purchasers are engaged in catering business and operate restaurants, cafes, bars and bistros, they are expected to see a recovery in business and may therefore need to place more orders with the Group for food and beverages and other products so as to meet the rising demand of diners.

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

Taking into account the aforesaid factors including the reasons for the transactions and the revision of the Existing Annual Caps, the terms of the New Master Supply Agreement and the internal control measures (as set out under the paragraphs headed "Internal control" in this circular), the Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) are of the view that the terms of the New Master Supply Agreement are fair and reasonable and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025) are on normal commercial terms, in the ordinary course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

HISTORICAL TRANSACTION AMOUNT AND PROPOSED ANNUAL CAPS

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

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

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

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

The above revised and new annual caps were determined with reference to the Group's estimated sales to the Connected Purchasers for FY2023, FY2024 and FY2025, the basis of which has mainly taken into consideration (i) the historical total transaction amounts of the Supply Transactions under the Master Supply Agreement for FY2022, being approximately RM6,975,000; (ii) the historical total transaction amounts of the Supply Transactions under the Master Supply Agreement for the eight months ended 31 August 2023, being approximately RM5,999,000; (iii) to the best knowledge, belief and estimation of the Directors having made reasonable due diligence inquiries, expected opening of two new retail stores of Megamart for the remainder of FY2023, and four and four new retail stores in FY2024 and FY2025, respectively; (iv) historical and expected business growth of Megamart resulting in its increasing demand for the Group's products;

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(v) expected increase in prices of the Group's products in line with the market trend; (vi) expected improvement in business of the Connected Purchasers engaged in catering business attributable to relaxation of COVID-19 related measures; and (vii) a buffer of approximately 10% to cater for unexpected future growth of demand.

The Company will ensure that before the passing of the ordinary resolution to approve the New Master Supply Agreement and the transactions contemplated thereunder at the EGM, the actual transaction amounts of the Supply Transactions under the Master Supply Agreement for FY2023 will not exceed the Existing Annual Cap for FY2023.

INTERNAL CONTROL

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

- (i) the finance department of the Company will closely monitor and record the actual transaction amounts of the Supply Transactions under the New Master Supply Agreement to ensure that the annual cap will not be exceeded;
- (ii) for each purchase order placed by the Connected Purchasers with the Group under the New Master Supply Agreement, the sales department of the Company will make references to the market prices and the most recent purchase records of at least two Independent Third Party customers of the Group for the same or similar products. In particular, the Company will ensure that the prices offered by the Group to the Connected Purchasers under the Supply Transactions will be no less than the prices offered by the Group to Independent Third Parties for transactions with the same or similar size or nature. Furthermore, as an additional safeguard, the sales department of the Company will, every two weeks, conduct overall comparison of the prices and terms of specific Supply Transactions against the market prices and terms of similar transactions to consider whether the prices and terms offered by the Group under the Supply Transactions are fair and reasonable and in compliance with the pricing policy of the Company. The Company considers that the above internal procedures adopted by the sales department serve as the front-line measures to ensure the pricing offered to the Connected Purchasers is fair and reasonable and no less favourable to the Company than terms available to Independent Third Parties;
- (iii) in addition to the measures at the sales department level, the senior management team of the Company will conduct regular monthly review of the Supply Transactions and ensure that the same are conducted in accordance with the terms of the New Master Supply Agreement;
- (iv) the auditors of the Company will conduct review of the Supply Transactions on an annual basis and confirm, among others, whether the pricing policy of the Company has been adhered to and whether the relevant annual caps have been exceeded;

LETTER FROM THE BOARD

- (v) the independent non-executive Directors will conduct review of the Supply Transactions on an annual basis to assess and confirm whether such transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the New Master Supply Agreement, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

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

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

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

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

	Existing Connected Purchasers	Description	Principal business	Relationship with the Ultimate Controlling Shareholders and their associates
(1)	Pak Su Seafood Restaurant Sdn. Bhd.	a limited liability company incorporated in Malaysia on 18 February 2005	catering	owned as to 20% by CA Soon, 20% by SL Soon, 20% by SB Soon, 20% by LS Soon and 20% by TH Lim

LETTER FROM THE BOARD

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

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	Existing Connected Purchasers	Description	Principal business	Relationship with the Ultimate Controlling Shareholders and their associates
(11)	The 13 Th Kitchen & Bistro	a partnership registered in Malaysia on 23 July 2020	catering	CA Soon and KW Ng are partners
(12)	JR Grill & Bistro	a partnership registered in Malaysia on 10 August 2020	catering	CA Soon and KW Ng are partners
(13)	The Fifteenth Bar & Bistro	a partnership registered in Malaysia on 12 May 2022	catering	CA Soon and KW Ng are partners

APPROVAL OF THE BOARD

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

LISTING RULES IMPLICATIONS

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

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

GENERAL INFORMATION

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

LETTER FROM THE BOARD

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

The EGM will be convened and held by the Company to consider and, if thought fit, pass the resolution to approve the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025).

A notice convening the EGM to be held at 10:30 a.m. on Thursday, 26 October 2023 at Lot 147-A, Kawasan Perindustrian Semambu, 25350 Kuantan, Pahang, Malaysia is set out on pages EGM-1 to EGM-2 of this circular for the purpose of considering and, if thought fit, passing the resolution set out therein. A form of proxy for use by the Shareholders at the EGM is enclosed herewith. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 10:30 a.m. on Tuesday, 24 October 2023), or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

VOTING AT THE EGM

Pursuant to Rule 14A.36 of the Listing Rule, any Shareholder with a material interest in the New Master Supply Agreement and the transactions contemplated thereunder is required to abstain from voting on the relevant resolution at the EGM. Soon Holdings, a Controlling Shareholder held and controlled by the Ultimate Controlling Shareholders (as to 70% by SB Soon and 10% by each of LS Soon, SL Soon and CA Soon), will abstain from voting at the EGM on the said resolution by reason of the Ultimate Controlling Shareholders' interest in the existing Connected Purchasers.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, save for Soon Holdings, no Shareholder has a material interest and will be required to abstain from voting on the resolution at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith and in compliance with the Listing Rules, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The EGM is scheduled to be held on Thursday, 26 October 2023. The register of members of the Company will be closed from Tuesday, 24 October 2023 to Thursday, 26 October 2023 (both days inclusive), for the purpose of determining Shareholders' entitlement to attend and vote at the EGM. In order to qualify for attending and voting at the EGM, all share transfer document(s) accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 20 October 2023.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 19 to 20 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders and the letter from Rainbow Capital as set out on pages 21 to 37 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

Based on the relevant information disclosed herein, the Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) are of the view that the relevant terms of the New Master Supply Agreement and the transactions contemplated thereunder are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto, are on normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole, and they recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter from Rainbow Capital to the Independent Board Committee and the Independent Shareholders, and the additional information set out in the appendix to this circular.

EXCHANGE RATE CONVERSION

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

LETTER FROM THE BOARD

Shareholders and potential investors of the Company should note that the New Master Supply Agreement is subject to independent Shareholders' approval and therefore may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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

Swang Chai Chuan Limited
雙財莊有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2321)

9 October 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS –
TERMINATION OF MASTER SUPPLY AGREEMENT;
SUPPLY TRANSACTIONS UNDER REVISED
AND
NEW ANNUAL CAPS FOR FY2023, FY2024 AND FY2025**

We refer to the circular of the Company dated 9 October 2023 (the “**Circular**”) of which this letter forms a part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

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

We wish to draw your attention to the letter from the Board on pages 5 to 18 of the circular, which sets out details of the New Master Supply Agreement and the transactions contemplated thereunder. We also wish to draw your attention to the letter from Rainbow Capital set out on pages 21 to 37 of the circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder.

Having considered the reasons for and benefits of entering into the New Master Supply Agreement and the advice of the Independent Financial Adviser, we consider that the relevant terms of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and new annual cap for FY2025) are fair and reasonable, have been entered into after arm’s length negotiation between all parties thereto, are on normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the New Master Supply Agreement and the transactions contemplated thereunder, particulars of which are set out in the notice of EGM on pages EGM-1 to EGM-2 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. Khoo Chee Siang
Independent
non-executive Director

Datuk Tan Teow Choon
Independent
non-executive Director

Mr. Ngai Wah Sang
Independent
non-executive Director

Ms. Tiong Hui Ling
Independent
non-executive Director

LETTER FROM RAINBOW CAPITAL

The following is the full text of a letter of advice from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Master Supply Agreement, which has been prepared for the purpose of inclusion in this circular.

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
宏博資本有限公司

9 October 2023

To the Independent Board Committee and the Independent Shareholders

Swang Chai Chuan Limited
71 Fort Street, PO Box 500
George Town,
Grand Cayman KY1-1106,
Cayman Islands

Dear Sir or Madam,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Master Supply Agreement and the transactions contemplated thereunder (including the revised annual caps for FY2023 and FY2024 and a new annual cap for FY2025), details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company dated 9 October 2023 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 14 July 2022, the Company and the Ultimate Controlling Shareholders entered into the Master Supply Agreement in respect of the provision of food and beverages and other products (including but not limited to frozen food, cleaning and kitchen supplies, sauce and condiments) to the Connected Purchasers. As it is expected that the demand for the Group’s products under the Supply Transactions may exceed the previous estimations, the Existing Annual Caps will not be sufficient to meet the anticipated transaction amounts for FY2023 and FY2024. Further, in order to continue carrying out the Supply

LETTER FROM RAINBOW CAPITAL

Transactions for FY2025, on 11 September 2023, the Company and the Ultimate Controlling Shareholders entered into a termination deed to terminate the Master Supply Agreement and entered into the New Master Supply Agreement, pursuant to which the parties will conduct the Supply Transactions under (i) revised annual caps for FY2023 and FY2024 which in effect replace the Existing Annual Caps; and (ii) a new annual cap for FY2025.

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

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

The Company will seek approval from the Independent Shareholders in respect of New Master Supply Agreement and the transactions contemplated thereunder by way of a poll at the EGM. Save for Soon Holdings, a Controlling Shareholder held and controlled by the Ultimate Controlling Shareholders, who are considered to have material interest in the New Master Supply Agreement, none of the other Shareholders is required to abstain from voting on the relevant resolution at the EGM to approve the New Master Supply Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Khoo Chee Siang, Datuk Tan Teow Choon, Mr. Ngai Wah Sang and Ms. Tiong Hui Ling, has been formed to advise the Independent Shareholders on (i) whether the entering into of the New Master Supply Agreement is conducted in the ordinary and usual course of the Group; and (ii) whether the terms of the New Master Supply Agreement (including the revised annual caps for FY2023 and FY2024 and a new annual cap for FY2025) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and as to voting. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

LETTER FROM RAINBOW CAPITAL

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, the Ultimate Controlling Shareholders and the Connected Purchasers that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group, the Ultimate Controlling Shareholders or the Connected Purchasers and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the New Master Supply Agreement. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the New Master Supply Agreement (including the revised annual caps for FY2023 and FY2024 and a new annual cap for FY2025).

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

LETTER FROM RAINBOW CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the New Master Supply Agreement (including the revised annual caps for FY2023 and FY2024 and a new annual cap for FY2025), we have taken into account the principal factors and reasons set out below:

1. Information of the Group, the Ultimate Controlling Shareholders and the Connected Purchasers

(i) Information of the Group

The Group is primarily engaged in distribution and sales of food and beverages and provision of logistics, warehousing services and others in Malaysia, including the provision of products to retail chains and channels, hotels, restaurants and cafes (HORECA) and other customers. The Company distributes a great selection of products consisting of more than 200 international, domestic third-party and own brands. Apart from food and beverages products such as dairy products, frozen food, packaged food and commodities, sauce, oil and condiments, beverages and speciality products, the Company also provides personal and baby care products, pet care products and cleaning and kitchen supplies. Furthermore, the Company has a broad sales network which allows a high level of customer reach via hypermarket/supermarket chains, provision shops, convenience stores/kiosks, food and beverages dealers and merchandisers, hotels/restaurants/cafes and school canteens.

As disclosed in the interim report of the Group (the “2023 Interim Report”) for the six months ended 30 June 2023 (“6M2023”), the Group’s revenue increased by approximately 20.5% from approximately RM399.9 million for the six months ended 30 June 2022 (“6M2022”) to approximately RM481.7 million for 6M2023, primarily attributable to the increase in distribution revenue from third party brands which amounting to approximately RM79.8 million as a result of the Group (a) secured distribution rights to north Peninsula Malaysia from an existing supplier of dairy products; and (b) secured distribution rights to distribute to retail channels in east Peninsula Malaysia from an existing supplier of sauce, oil and condiments and dairy products, both in the second half of 2022. The distribution and sales of food and beverages business is the principal operating segment of the Group, accounting for approximately 98.9% and 99.0% of the Group’s total revenue for 6M2022 and 6M2023, respectively. The Group’s profit attributable to the Shareholders increased by approximately 2.8% from approximately RM16.0 million for 6M2022 to approximately RM16.5 million for 6M2023, primarily attributable to (a) the increase in revenue as mentioned above; (b) the increase in other income by approximately RM2.9 million; and (c) the decrease in listing expenses by approximately RM3.5 million which did not exist after the Group’s listing in 2022, and mitigated by the decrease in gross profit margin as a result of the competitive price strategy to capture market share, inflationary price increase of products that the Group not yet able to fully pass on to the customer and the lower margins from securing two new distribution rights.

LETTER FROM RAINBOW CAPITAL

(ii) *Information of the Ultimate Controlling Shareholders*

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

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

(iii) *Information of the Connected Purchasers*

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

	Existing Connected Purchasers	Description	Principal business	Relationship with the Ultimate Controlling Shareholders and their associates
(1)	Pak Su Seafood Restaurant Sdn. Bhd.	a limited liability company incorporated in Malaysia on 18 February 2005	catering	owned as to 20% by CA Soon, 20% by SL Soon, 20% by SB Soon, 20% by LS Soon and 20% by TH Lim
(2)	Just Relax Restaurant	a partnership registered in Malaysia on 28 March 2006	catering	CA Soon and his spouse KW Ng are partners
(3)	Tropicana Food Garden	a partnership registered in Malaysia on 17 July 2008	catering	SB Soon, SL Soon, CA Soon and TH Lim are partners

LETTER FROM RAINBOW CAPITAL

	Existing Connected Purchasers	Description	Principal business	Relationship with the Ultimate Controlling Shareholders and their associates
(4)	Megamart Sdn. Bhd.	a limited liability company incorporated in Malaysia on 29 May 2013	FMCG retail sales	owned as to 25% by SB Soon, 26% by TH Lim (spouse of LS Soon), and 49% by Mack Food Pte. Ltd. which is owned as to 50% by SB Soon and 50% by TH Lim
(5)	Owl Cafe	a partnership registered in Malaysia on 25 September 2013	catering	CA Soon and KW Ng are partners
(6)	The Eight Th	a partnership registered in Malaysia on 21 June 2015	catering	SL Soon and CA Soon are partners
(7)	The Nine Th	a partnership registered in Malaysia on 24 July 2017	catering	CA Soon and KW Ng are partners
(8)	Theten Th Pub & Bistro	a partnership registered in Malaysia on 5 March 2019	catering	CA Soon and KW Ng are partners
(9)	Theeleventh Bar & Bistro	a partnership registered in Malaysia on 20 September 2019	catering	CA Soon and KW Ng are partners
(10)	The 12 Th Kitchen & Bistro	a partnership registered in Malaysia on 23 July 2020	catering	CA Soon and KW Ng are partners

LETTER FROM RAINBOW CAPITAL

	Existing Connected Purchasers	Description	Principal business	Relationship with the Ultimate Controlling Shareholders and their associates
(11)	The 13 Th Kitchen & Bistro	a partnership registered in Malaysia on 23 July 2020	catering	CA Soon and KW Ng are partners
(12)	JR Grill & Bistro	a partnership registered in Malaysia on 10 August 2020	catering	CA Soon and KW Ng are partners
(13)	The Fifteenth Bar & Bistro	a partnership registered in Malaysia on 12 May 2022	catering	CA Soon and KW Ng are partners

2. Reasons for and benefits of entering into the New Master Supply Agreement

As stated in the sub-section headed “1. Information of the Group, the Ultimate Controlling Shareholders and the Connected Purchasers — (i) Information of the Group” above, the Group is principally engaged in, among others, distribution and sales of food and beverages. The distribution and sales of food and beverages business is the principal operating segment of the Group and recorded substantial revenue growth in 6M2023. As part of its ordinary course of business, the Group has been conducting the Supply Transactions and supplying beverage, frozen food, cleaning and kitchen supplies, sauce, oil and condiments, dairy products, pet care products, packaged food and commodities, and health products to some of the Connected Purchasers (which are mainly engaged in FMCG retail business, catering services, etc.) for their ordinary business operations. To meet the requirements of the Listing Rules, on 14 July 2022, the Group entered into the Master Supply Agreement with the Ultimate Controlling Shareholders in respect of the provision of food and beverages and other products (including but not limited to frozen food, cleaning and kitchen supplies, sauce and condiments) to the Connected Purchasers, for a term commencing from the date of the listing of the Group on the Stock Exchange to 31 December 2024.

The aggregate transaction amount under the Master Supply Agreement for FY2022, being approximately RM6,975,000, was close to the FY2022 annual cap of RM7,000,000. Meanwhile, for the eight months ended 31 August 2023, the aggregate transaction amount has reached approximately RM5,999,000, representing approximately 83.3% of the FY2023 annual cap of RM7,200,000.

LETTER FROM RAINBOW CAPITAL

As stated in the Letter from the Board, having considered (i) the continuing business expansion of Megamart, the largest Connected Purchaser which contributed the most revenue to the Group under the Master Supply Agreement in FY2022, which is expected to expand its business scale by opening two new retail stores for the remainder of FY2023, and four and four new retail stores in FY2024 and FY2025, respectively; (ii) the expected organic growth and demand of Megamart, whose revenue have increased from approximately RM112.8 million in FY2020 to approximately RM130.5 million in FY2022, representing a compound annual growth rate (“CAGR”) of approximately 7.6%. In light of the current market conditions and the aforesaid expansion plan of Megamart, it is expected that the business results of Megamart will continue to improve, leading to an increase in its demand of the Group’s products so as to capture the opportunities arising from its expected organic growth; (iii) the expected increase in prices of the Group’s products from time to time resulting from the increase in cost of raw materials and products supplied by the Group’s suppliers, other production cost, inflation, etc. It is expected that the prices of the Group’s products will continue to rise steadily in line with the market trend; and (iv) that with the alleviation of concern over COVID-19 and gradual relaxation of related restrictions, such as travel and dine-in restrictions and lockdowns, it is expected that there will be a rebound in economic activities and more locals and tourists may dine at restaurants in Malaysia. As most of the existing Connected Purchasers are engaged in catering business and operating restaurants, cafes, bars and bistros, they are expected to see a recovery in business and may therefore need to place more orders with the Group for food and beverages and other products so as to meet the rising demand of diners, it is expected that the demand for the Group’s products under the Supply Transactions may exceed the previous estimations, and the Existing Annual Caps will not be sufficient to meet the anticipated transaction amounts for FY2023 and FY2024.

As the Existing Annual Caps will not be sufficient to meet the anticipated transaction amounts for FY2023 and FY2024 under the Master Supply Agreement and in order to continue carrying out the Supply Transactions for FY2025, the Directors consider it is beneficial to enter into the New Master Supply Agreement to (i) revise the annual caps for FY2023 and FY2024 which in effect replace the Existing Annual Caps; and (ii) facilitate the Supply Transactions for FY2025. Through the years of business dealings, the Group has established amiable and long-term business relationships with the Connected Purchasers who have proved to be valuable and trustworthy customers of the Group. As the Supply Transactions are of a recurrent nature and will be conducted on a regular and continuing basis in the Group’s ordinary course of business, it is expected that the Supply Transactions under the New Master Supply Agreement (with the revised annual caps for FY2023 and FY2024 and a new annual cap for FY2025) will secure a stable demand for the Group’s products and thereby a stable income stream, which could further enhance the profitability and business development of the Group.

Based on the above, we concur with the Directors that the entering into of the New Master Supply Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM RAINBOW CAPITAL

3. Principal terms of the New Master Supply Agreement

Details of the terms of the New Master Agreement are set out in the sections headed “Continuing Connected Transactions” in the Letter from the Board. Set out below are the principal terms of the New Master Supply Agreement:

- Date : 11 September 2023
- Parties : (i) the Company (on behalf of the Group);
(ii) SB Soon;
(iii) SL Soon;
(iv) CA Soon; and
(v) LS Soon.
- Term : Subject to the approval of the Independent Shareholders at the EGM, the New Master Supply Agreement will become effective on the date of execution and expire on 31 December 2025.
- Subject : Subject to the terms and conditions of the New Master Supply Agreement, the relevant Ultimate Controlling Shareholders may from time to time procure that the Connected Purchasers purchase FMCG products (mainly including beverage, frozen food, cleaning and kitchen supplies, sauce, oil and condiments, dairy products, pet care products, packaged food and commodities, and health products) from the Group. Such products shall be supplied by the Group on a non-exclusive basis in Malaysia.
- The Connected Purchasers may from time to time place purchase orders with the Group which will specify the description, quantities, purchase price, etc. of the required products.
- Payment terms : The term of payment will be agreed upon by the parties in respect of each purchase order, but shall be on normal commercial terms and in any event no less favourable to the Group than the terms offered by the Group to Independent Third Parties for similar transactions.

LETTER FROM RAINBOW CAPITAL

According to the business practice of the Group, after a Connected Purchaser has placed a purchase order, the Group will generally issue an invoice to the Connected Purchaser on the same day or before the products ordered are delivered to the Connected Purchaser. The credit term for payment of the purchase price by the Connected Purchasers is generally 30 days. Such payment terms and business practice are consistent with, and no less favourable to the Group than, the terms offered to Independent Third Party customers for similar transactions.

Pricing policy : The purchase price (aggregated based on unit prices of products) offered by the Group to the Connected Purchasers in respect of each purchase order shall be agreed between them based on arm's length negotiation, with reference to (i) the requirements and specifications in relation to the products; (ii) the order quantity; (iii) the delivery timeframe; and (iv) the then prevailing market price of similar products in the market. The relevant commercial terms involved in any event shall not be less favourable to the Group than the terms offered by the Group to Independent Third Parties for similar transactions.

In assessing whether the terms of the New Master Supply Agreement are fair and reasonable, we have selected on a random basis and obtained and reviewed 12 samples of invoices issued by the Group as the supplier to the Independent Third Parties as the purchaser (the "**Independent Invoices**") and 12 samples of invoices issued by the Group as the supplier to the Connected Purchasers as the purchaser (the "**Connected Invoices**") for the provision of the Group's FMCG products in 2022 and 2023. Based on our review, we noted that the terms for transactions contemplated under the New Master Supply Agreement were equal to or no more favourable to the Connected Purchasers than the terms for similar transactions between the Group and the Independent Third Parties.

Taking into account that (i) the above sample invoices we have reviewed covered the major categories of FMCG products, including beverage, sauce and condiment, provided by the Group to the Connected Purchasers under the New Master Supply Agreement; (ii) the same number of sample invoices entered into with the Independent Third Parties for similar products was selected for comparison with those with the Connected Purchasers; (iii) the sample invoices were issued under the period of the Master Supply Agreement; and (iv) a total of 24 sample invoices were selected, obtained and reviewed, we are of the view that the aforesaid sample invoices we have reviewed are fair and representative.

In addition, we have compared the terms of the New Master Supply Agreement with those of the Master Supply Agreement and noted that except for the term, other principal terms of the Master Supply Agreement and the New Master Supply Agreement remain the same, including but not limited to the scope of services, pricing basis and payment terms.

LETTER FROM RAINBOW CAPITAL

As such, we consider that the terms of the New Master Supply Agreement are on normal commercial terms which are fair and reasonable. Please refer to the section below headed “5. Internal control measures of the Group” for our analyses of further safeguards imposed by the Group.

4. Assessment of the proposed annual caps

(i) *Review of historical figures*

Set out below are the historical annual caps and actual transaction amounts of the Supply Transactions under the Master Supply Agreement for the periods indicated:

	FY2022	For the eight months ended 31 August 2023
	(RM)	(RM)
	(audited)	(unaudited)
Existing annual caps	7,000,000	7,200,000
Actual transaction amounts	6,975,000	5,999,000
Utilisation rate	99.6%	83.3%

As shown in the table above, the actual transaction amounts of the Supply Transactions under the Master Supply Agreement were approximately RM7.0 million and RM6.0 million for FY2022 and the eight months ended 31 August 2023 (“8M2023”), respectively, representing approximately 99.6% and 83.3% of the maximum annual caps in 2022 and 2023, respectively. It can be seen that the annual cap in 2022 was almost fully utilised for FY2022 and the annual cap in 2023 has been substantially utilised for 8M2023.

(ii) *Assessment of the proposed annual caps*

Set out below are (a) the Existing Annual Caps under the Master Supply Agreement; and (b) the revised annual caps for FY2023 and FY2024 and a new annual cap for FY2025 under the New Master Supply Agreement:

	FY2023	FY2024	FY2025
	(RM)	(RM)	(RM)
Existing annual caps	7,200,000	7,500,000	–
Revised (for FY2023 and FY2024) and new (for FY2025) annual caps	10,500,000	12,500,000	14,500,000

LETTER FROM RAINBOW CAPITAL

The Company will ensure that before the passing of the ordinary resolution to approve the New Master Supply Agreement and the transactions contemplated thereunder at the EGM, the actual transaction amounts of the Supply Transactions under the Master Supply Agreement for FY2023 will not exceed the Existing Annual Caps for FY2023.

In assessing the reasonableness of the proposed revised and new annual caps of the Group's Supply Transactions with the Connected Purchasers, we have discussed with the management of the Group the basis and assumptions underlying the projections. In determining the proposed revised and new annual caps for the three years ending 31 December 2025, the Directors have taken into account, among other things, (a) the historical total transaction amounts of the Supply Transactions under the Master Supply Agreement for FY2022, being approximately RM6,975,000; (b) the historical total transaction amounts of the Supply Transactions under the Master Supply Agreement for 8M2023, being approximately RM5,999,000; (c) the expected opening of two new retail stores of Megamart for the remainder of FY2023, and four and four new retail stores in FY2024 and FY2025, respectively; (d) historical and expected business growth of Megamart resulting in its increasing demand for the Group's products; (e) expected increase in prices of the Group's products in line with the market trend; (f) expected improvement in business of the Connected Purchasers engaged in catering business attributable to the relaxation of COVID-19 related measures; and (g) a buffer of approximately 10% to cater for unexpected future growth of demand.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed revised and new annual caps and reviewed the relevant calculations. As advised by the management of the Group, the estimated purchase amount of the Group's products under the Supply Transactions payable by the Connected Purchasers are determined based on the existing and estimated increase in number of retail stores and restaurants of the Connected Purchasers, especially Megamart, with reference to the historical amounts and expansion plan of Megamart, which have been confirmed and agreed by the Connected Purchasers. Based on the above basis, the proposed revised and new annual caps are then arrived at by adopting (a) in respect of Megamart, the historical average monthly purchase amount of the Group's products under the Supply Transactions per retail store, multiplied by the number of retail stores at each month as well as the number of opening months after taken into account the increase in number of stores following the expansion plan of Megamart; (b) in respect of other Connected Purchasers engaged in catering business, the average monthly purchase amount of the Group's products under the Supply Transactions multiplied by the number of opening months; and (c) a buffer for FY2023 and an estimated annual growth rate of approximately 10% for FY2024 and FY2025.

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Based on our review on the projection, the monthly purchase amount of the Group's products under the Supply Transactions per retail store for Megamart and the monthly purchase amount of the Group's products under the Supply Transactions for each Connected Purchaser engaged in catering business are determined with reference to their respective historical actual transaction amount for 8M2023. We have reviewed the historical actual transaction amounts regarding the provision of food and beverages and other products by the Group to each of the Connected Purchasers for FY2022 and 8M2023 and noted that the amounts were consistent with the calculation basis adopted by the Group in calculating the monthly purchase amount. As such, we concur with the management of the Group on such basis of the projection to be fair and reasonable. In respect of the number of retail stores of Megamart, we are advised by the management of the Group that Megamart is expected to open two new retail stores for the remainder of FY2023, and four and four new retail stores in FY2024 and FY2025, respectively. We have obtained and reviewed rent letters and shop lot picture of the two new retail stores to be open by the end of 2023 and understood that Megamart is currently looking for suitable location for the eight new retail stores to be open in 2024 and 2025. As such, we concur with the management of the Group on adopting the expansion plan of Megamart as the basis of the projection.

With regard to the Company's estimation on the annual growth rate of approximately 10%, we have obtained and reviewed the audited reports and management accounts of Megamart for the three years ended 31 December 2022 and 6M2023. Based on our review, we noted that revenue of Megamart has increased from approximately RM112.8 million for FY2020 to approximately RM130.5 million for FY2022, representing a CAGR of approximately 7.6% from 2020 to 2022. By annualising its revenue for 6M2023, Megamart would record an increase of approximately 12.3% in revenue for FY2023 as compared to FY2022. In addition, we have obtained and reviewed the audited reports and management accounts of other Connected Purchasers engaged in catering business for the three years ended 31 December 2022. Based on our review, we noted that except for one restaurant, other restaurants have recorded an increase in revenue for FY2022 as compared to FY2021, with the growth rates in the range of approximately 2.7% to 322.6%. Given the expansion plan of Megamart as mentioned above and the alleviation of concern over COVID-19 and gradual relaxation of related restrictions, such as travel and dine-in restrictions and lockdowns, especially on catering business, we concur with the Directors that the business results of Megamart and other Connected Purchasers would continue to improve, resulting in increasing demand for the Group's products.

As advised by the management of the Group, attributable to the increase in cost of raw materials and products supplied by the Group's suppliers, other production cost, inflation, etc., the prices of the Group's products increase from time to time. In 2023, for instance, the Group has raised the prices of certain products, such as sauce and condiments and beverages. It is expected that the prices of the Group's products will continue to rise steadily in line with the market trend. In this regard, we have selected on a random basis and obtained and reviewed 24 samples of invoices issued by the Group as supplier to both of its independent and connected

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customers in 2022 and 2023 which covered beverage, sauce and condiment. Based on our review, we noted that the prices of these reviewed products have increased by approximately 7.8% to 13.7% from 2022 to 2023. According to the Department of Statistics Malaysia, Malaysia's inflation has increased by approximately 3.3% in 2022 which was driven by an increase of food and beverages of approximately 5.8% and an increase of restaurants and hotels of approximately 5.0%. Taking into account of (a) the continuous business growth of Megamart in terms of its revenue from 2020 to 2023; (b) the historical growth of revenue of other Connected Purchases engaged in catering business in 2022; (c) the weakening of the impact of the pandemic; and (d) the expected increase in purchase prices of the Group's products from time to time, we consider it is fair and reasonable to adopt the buffer and growth factor of approximately 10% per annum in projecting the future estimated increase in the purchase amount of the Group's products under the Supply Transactions for the three years ending 31 December 2025.

Having considered (a) that the Group's actual transaction amounts of the Supply Transactions for FY2022 and 8M2023 amounted to approximately RM7.0 million and RM6.0 million, respectively, which had reached approximately 99.6% and 83.3% of the existing annual cap for FY2022 and FY2023 under the Master Supply Agreement, respectively; (b) the estimated purchase amount of the Group's products under the Supply Transactions payable by the Connected Purchasers for the three years ending 31 December 2025 which have been arrived at after discussion between the Group and the Connected Purchasers having considered the historical average monthly purchase amount per retail store and the expansion plan of Megamart, the largest Connected Purchaser which contributed the most revenue to the Group under the Master Supply Agreement in FY2022; and (c) the basis of the 10% buffer and annual growth rate, we consider the proposed revised and new annual caps for the coming three years to be fair and reasonable.

5. Internal control measures of the Group

In order to protect the interests of the Shareholders, the Group has adopted the following internal control measures to regulate the respective individual transactions to be conducted within the framework of the New Master Supply Agreement:

- (i) the finance department of the Company will closely monitor and record the actual transaction amounts of the Supply Transactions under the New Master Supply Agreement to ensure that the annual cap will not be exceeded;
- (ii) for each purchase order placed by the Connected Purchasers with the Group under the New Master Supply Agreement, the sales department of the Company will make reference to the market prices and the most recent purchase records of at least two Independent Third Party customers of the Group for the same or similar products. In particular, the Company will ensure that the prices offered by the Group to the Connected Purchasers under the Supply Transactions will be no less than the prices offered by the Group to Independent Third Parties for transactions with the same or similar size or nature. Furthermore, as an additional safeguard, the sales department of the

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Company will, every two weeks, conduct overall comparison of the prices and terms of specific Supply Transactions against the market prices and terms of similar transactions to consider whether the prices and terms offered by the Group under the Supply Transactions are fair and reasonable and in compliance with the pricing policy of the Company. The Company considers that the above internal procedures adopted by the sales department serve as the front-line measures to ensure the pricing offered to the Connected Purchasers is fair and reasonable and no less favourable to the Company than terms available to Independent Third Parties;

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

In assessing whether the above internal control measures are put in place and effectively implemented, we have obtained and reviewed the internal records maintained by the finance department of the Company which recorded the actual transaction amounts of each supply transaction between the Group and the Connected Purchasers under the Master Supply Agreement. We noted that the total transaction amounts of the Supply Transactions were properly and regularly monitored by the Company to ensure that the annual cap would not be exceeded. In addition, as discussed in the section headed “3. Principal terms of the New Master Supply Agreement” above, we have obtained and reviewed 12 samples of the Independent Invoices and 12 samples of the Connected Invoices for the provision of the Group’s FMCG products in 2022 and 2023. Based on our review, we noted that the purchase prices of the Group’s products charged by the Group to the Connected Purchasers were not lower than those offered by the Group to the Independent Third Parties for the same products. As such, we are of the view that the internal control measure for monitoring the Supply Transactions have been effectively implemented. Having considered the above, in particular (i) that the above internal control procedures which include price comparison by the Group with the market prices and terms of similar transactions have been effectively implemented; (ii) the ongoing monitoring of the Supply Transactions and the proposed annual caps; and (iii) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions under the New Master Supply Agreement and the annual caps thereunder, we concur with

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the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the New Master Supply Agreement will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Reporting requirements and conditions of the Supply Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Supply Transactions are subject to the following annual review requirements:

- (i) the independent non-executive Directors must review the Supply Transactions and confirm in the annual report and accounts that the Supply Transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the Supply Transactions every year. The Company's auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Supply Transactions:
 - (a) have not been approved by the Board;
 - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the Supply Transactions involve the provision of goods or services by the Group;
 - (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the Supply Transactions; and
 - (d) have exceeded the proposed annual caps;
- (iii) the Company must allow, and ensure that the counter-parties to the Supply Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Supply Transactions as set out in paragraph (ii); and
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

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In light of the reporting requirements attached to the Supply Transactions, in particular, (i) the restriction of the value of the Supply Transactions by way of the proposed annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Supply Transactions and the proposed annual caps not being exceeded, we are of the view that appropriate measures have been in place to monitor the conduct of the Supply Transactions and assist in safeguarding the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the New Master Supply Agreement are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the New Master Supply Agreement (including the revised annual caps for FY2023 and FY2024 and a new annual cap for FY2025) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the New Master Supply Agreement (including the revised annual caps for FY2023 and FY2024 and a new annual cap for FY2025).

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(A) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporation

As at the Latest Practicable Date, 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 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 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Interests and/or short positions in the Company

Director	Nature of Interest	Number of Shares Held ⁽¹⁾	Approximate 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 Latest Practicable Date, none of the Directors nor the chief executive of the 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.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors was a director or an employee of a company which had an interest or short position in the Company's shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

(B) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as the Directors are aware, the following persons had, or were deemed or taken to have, an interest or short position in the Shares or the underlying Shares which were required to be disclosed to the 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 Held ⁽¹⁾	Approximate percentage of Interest in the Company
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.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who had, or were deemed or taken have, any interests 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 and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS’ INTEREST IN ASSETS, CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, had been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which was significant in relation to the business of the Group.

6. LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, no member of the Group was involved in any litigation or claims of material importance and no litigation or claims of material importance were known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

8. EXPERT AND CONSENT

The qualification of the expert who has given opinions, letter or advice contained in this circular is set out below:

Name	Qualification
Rainbow Capital (HK) Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The expert above has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, advice, report and/or references to its name, in the form and context in which they are included.

The letter from the above expert is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interests in any assets which have since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. GENERAL

- (i) The company secretary of the Company is Mr. Yeung Kwong Wai.
- (ii) The registered office of the Company is at 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands.
- (iii) The principal place of business of the Company in Hong Kong is at Units 2201-2203, 22/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.
- (iv) The principal share registrar and transfer office of the Company is Appleby Global Services (Cayman) Limited.
- (v) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited.
- (vi) The English language text of this circular shall prevail over the Chinese language in case of inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sccgroup.com.my) for a period of 14 days from the date of this circular:

- (a) the New Master Supply Agreement;
- (b) the letter from the Board, the text of which is set out on pages 5 to 18 of this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 19 to 20 of this circular;
- (d) the letter from Rainbow Capital, the text of which is set out on pages 21 to 37 of this circular;
- (e) the written consent referred to in the paragraph headed "8. Expert and consent" in this appendix; and
- (f) this circular.

NOTICE OF EGM

Swang Chai Chuan Limited 雙財莊有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2321)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Swang Chai Chuan Limited (the “**Company**”) will be held at Lot 147-A, Kawasan Perindustrian Semambu, 25350 Kuantan, Pahang, Malaysia on 26 October 2023 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolution as an ordinary resolution of the Company.

ORDINARY RESOLUTION

“THAT:

- (i) a new master supply agreement in relation to Supply Transactions dated 11 September 2023 entered into among the Company, Soon See Beng, Soon See Long, Soon Chiew Ang and Soon Lee Shiang (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) (the “**New Master Supply Agreement**”), the execution thereof and implementation of the transactions contemplated thereunder (including the revised annual caps for the financial year ending 31 December 2023 and the financial year ending 31 December 2024 and the new annual cap for the financial year ending 31 December 2025) be and are hereby approved, ratified and confirmed; and
- (ii) any director of the Company or any other person authorised by the directors of the Company be and is hereby authorised to sign, execute, perfect and deliver all such documents, instruments and agreements and do all such deeds, acts, matters and things as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the New Master Supply Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 9 October 2023

NOTICE OF EGM

Registered office:
71 Fort Street,
PO Box 500,
George Town,
Grand Cayman KY1-1106,
Cayman Islands

Principal place of business in Hong Kong:
Units 2201-2203, 22/F.,
Tai Tung Building,
8 Fleming Road,
Wanchai,
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting (or at any adjournment thereof) is entitled to appoint one or more proxies (who must be an individual) to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
3. Completion and return of a proxy form shall not preclude a member from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should the member so wish, and in such event, the proxy form shall be deemed to be revoked.
4. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. For the purpose of determining shareholders' right to attend and vote at the meeting, the registers of members of the Company will be closed from Tuesday, 24 October 2023 to Thursday, 26 October 2023 (both days inclusive). In order to qualify for attending and voting at the meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 20 October 2023.
6. In compliance with the Listing Rules, all resolutions set out in this notice of the EGM will be voted on by way of poll.
7. As at the date of this notice, the Board comprises Mr. Soon See Beng, Mr. Soon Chiew Ang and Mr. Soon See Long as executive Directors and Mr. Khoo Chee Siang, Datuk Tan Teow Choon, Mr. Ngai Wah Sang and Ms. Tiong Hui Ling as independent non-executive Directors.