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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)

PROPOSED CHANGE OF AUDITORS

This announcement is made by Swang Chai Chuan Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

RETIREMENT OF AUDITOR

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that Mazars CPA Limited and Mazars LLP (collectively, “**Mazars**”) will retire and not seek for re-appointment as the joint auditors of the Company (the “**Retirement**”) upon expiration of their current term of office at the conclusion of the forthcoming annual general meeting (the “**AGM**”) of the Company.

Under the current audit arrangement, while Mazars were engaged for auditing the consolidated statements of the Group on a group basis, the Group separately engaged a local audit firm in Malaysia for conducting audit of the financial statements of its Malaysia subsidiaries in accordance with the local statutory requirements. When planning for the annual audit for the year ending 31 December 2024 (“**FY2024**”), the Board had explored the possibility to streamline the audit arrangement by looking for audit firms which are able of handling audit on both the local and consolidated group basis in order to enhance audit efficiency and reduce the cost of audit. On the other hand, the Board has sought to negotiate with Mazars to adjust their audit fee when discussing the proposed engagement of Mazars in relation to the annual audit for FY2024. However, the Company could not reach a consensus with Mazars on the proposed audit fee for the annual audit for FY2024. As a result, it is agreed that Mazars will retire as the joint auditors of the Company upon expiration of their current term of office at the conclusion of the AGM.

Mazars have confirmed in their letter of Retirement that there are no matters in relation to their Retirement that need to be brought to the attention of the shareholders (the “**Shareholders**”) of the Company.

The Board and the audit committee (the “**Audit Committee**”) of the Board have confirmed that they are not aware of any matters in respect of the Retirement that need to be brought to the attention of the Shareholders.

The Board takes this opportunity to express its sincere gratitude to Mazars for their professional and quality services rendered to the Group in the past.

PROPOSED APPOINTMENT OF NEW AUDITOR

The Board further announces that the Board has resolved, with recommendation from the Audit Committee, to approve the appointment of Crowe Malaysia PLT (“**Crowe**”) as the new auditor of the Company effective immediately following the Retirement subject to the approval of the Shareholders at the AGM.

In recommending to the Board the proposed appointment of Crowe, the Audit Committee has considered a number of factors, including but not limited to: (i) Crowe, as chartered accountants in Malaysia, will be able to handle audit on both the local and consolidated group basis, thus enhancing the cost-effectiveness as opposed to engaging separate auditors; (ii) such audit arrangement can also avoid duplication of effort and manpower in communicating with, and attending to the requests of, different auditors, thereby streamlining and enhancing the efficiency of the audit process; (iii) Crowe is capable of performing its duties as an independent auditor with satisfactory audit quality having taken into account its background, credentials, experience, scale, resources and capability, and the regulatory standards applicable to it; and (iv) the guidelines issued by the Accounting and Financial Reporting Council (“**AFRC**”).

Based on the above, the Audit Committee has assessed and considered that Crowe is eligible and suitable to act as the auditor of the Company for its annual audit for FY2024. The Board and the Audit Committee are of the view that while the change of auditors will enhance the cost-effectiveness and efficiency of the Company’s audit, this will not be achieved at the expense of audit quality having considered Crowe’s background, credentials, experience, scale, resources and capability, and the regulatory standards applicable to it; thus, the proposed change of auditors is in the interest of the Company and the Shareholders as a whole. Furthermore, since Mazars have not commenced any audit work on the annual audit for FY2024, the Board and the Audit Committee are of the view that the proposed change of auditors of the Company will not have any material impact on the annual audit and the release of annual results of the Group for FY2024.

The Company has obtained a statement of no objection from the Stock Exchange on 27 February 2024 and an approval-in-principle from the AFRC on 8 April 2024 in connection with the appointment of Crowe as the auditor of the Company. The proposed change of auditors will be put forward for approval by the Shareholders by way of ordinary resolution at the forthcoming AGM. A circular and a notice of the AGM containing, among other things, details of the aforementioned resolution will be despatched to the Shareholders in due course.

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

Hong Kong, 19 April 2024

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