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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)**

## **DISCLOSEABLE TRANSACTION ACQUISITION OF LAND IN DISTRICT OF SEBERANG PERAI UTARA, STATE OF PULAU PINANG, MALAYSIA**

### **ACQUISITION OF LAND**

The Board is pleased to announce that, on 10 July 2024, Chop Chin Huat (as purchaser), an indirect wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Lestari Duta (as vendor) in relation to the acquisition of the Land located at the district of Seberang Perai Utara, State of Pulau Pinang, Malaysia measuring approximately 162,405 square feet. at a consideration of RM11.86 million (equivalent to approximately HK\$19.69 million).

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Sale and Purchase Agreement are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **ACQUISITION OF LAND**

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

The principal terms of the Sale and Purchase Agreement are as follows:

- Date : 10 July 2024
- Parties : (1) Chop Chin Huat (as purchaser)
- (2) Lestari Duta (as vendor)

- Subject matter : The Land to be acquired by Chop Chin Huat under the Sale and Purchase Agreement is a piece of industrial land with an area of approximately 162,405 square feet. located at the district of Seberang Perai Utara, State of Pulau Pinang, Malaysia.
- Purchase Price : The purchase price of the Land is RM11.86 million (equivalent to approximately HK\$19.69 million).

The schedule of payment of the purchase price is as follows:

1. 20% of the purchase price, RM2.37 million (equivalent to approximately HK\$3.93 million) shall be paid by Chop Chin Huat immediately upon the signing of the Sale and Purchase Agreement;
2. 25% of the purchase price, RM2.96 million (equivalent to approximately HK\$4.91 million) shall be paid by Chop Chin Huat within fourteen (14) days from the date of service of Lestari Duta's written notice or billings or invoice upon completion of the site clearing of the Land;
3. 25% of the purchase price, RM2.96 million (equivalent to approximately HK\$4.91 million) shall be paid by Chop Chin Huat within fourteen (14) days from the date of service of Lestari Duta's written notice or billings or invoice upon completion of the earthworks of the Land;
4. 10% of the purchase price, RM1.19 million (equivalent to approximately HK\$1.98 million) shall be paid by Chop Chin Huat within fourteen (14) days from the date of service of Lestari Duta's written notice or billings or invoice upon completion of sewer line, ext. water reticulation and telecommunication infrastructures (manholes and ductings) up to the connection points serving the Land;
5. 15% of the purchase price, RM1.78 million (equivalent to approximately HK\$2.95 million) shall be paid by Chop Chin Huat within fourteen (14) days from the date of service of Lestari Duta's written notice or billings or invoice upon completion of the road and drain fronting or serving the Land; and

6. 5% of the purchase price, RM0.59 million (equivalent to approximately HK\$0.98 million) shall be paid by Chop Chin Huat within fourteen (14) days of Lestari Duta's written notification of the handing over of vacant possession to Chop Chin Huat with completion of basic infrastructure.

*Note:* Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

The schedule of payment is not in sequence or chronological order of work. Chop Chin Huat shall pay the corresponding proportion of the purchase price to the Lestari Duta as and when the relevant stage has commenced or is completed (as the case may be).

- Financing : If Chop Chin Huat is desirous of obtaining a loan to finance the payment of the purchase price, Chop Chin Huat shall within fourteen days after receipt of a stamped copy of the Sale and Purchase Agreement, make a written application for such loan to Lestari Duta who shall then use its reasonable endeavour to obtain for Chop Chin Huat from a licensed financial institution a loan and if the loan is obtained, Chop Chin Huat shall expeditiously and within such time stipulated by the licensed financial institution execute all necessary forms and documents and pay all fees, legal costs and stamp duty in respect thereof.
- Transfer of Title : Upon the execution of the Sale and Purchase Agreement, Lestari Duta shall, at its own cost and expense use its best endeavours to obtain as expeditiously as possible the issuance of the sub-divided title to the Land.
- Upon the issuance of the sub-divided title to the Land and subject to the full payment of the purchase price by Chop Chin Huat to Lestari Duta in accordance with the Sale and Purchase Agreement and the observance by Chop Chin Huat of all the terms and conditions provided, Lestari Duta shall, or as soon as practicable, execute and deliver to Chop Chin Huat, a valid and registerable memorandum of transfer in respect of the Land in favour of the Purchaser together with the sub-divided title to the Land.
- Costs and Expenses : The stamp duties and registration fees for the Sale and Purchase Agreement and the subsequent transfer and any other disbursements relating to the Land shall be borne and paid by Chop Chin Huat.

The purchase price for the Land was determined after arm's length negotiations between the parties by reference to prevailing local market conditions, the location and accessibility of the Land and the investment potential of the Land. The Directors (including the independent non-executive Directors) are of the view that the consideration for the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **REASONS FOR AND BENEFIT OF THE ACQUISITION**

The Acquisition is in line with the Group's business strategy to further enhancing the Group's distribution and sales capabilities by investing in other infrastructure.

The Group intends to construct a self-owned warehouses for the purpose of its business development, to the best knowledge and belief of the Directors, brand owners' general preference for distributors which can deploy self-owned warehouses with sufficient storage spaces for their products. Therefore, the Acquisition and setting up of a new self-owned warehouse would assist the Group in securing more distributorships in the future.

The increase in the demand for food & beverage (the "F&B") products in Malaysia and the Group's ability to capture the same are also reflected by the Group's business growth. The Group's revenue generated from distribution and sales business has shown a steadily increasing trend, from approximately RM826.2 million for the year ended 31 December 2022 to approximately RM922.2 million for the year ended 31 December 2023. The Directors believe that the Group's business growth is well supported by customers' increasing demand for the Group's products which justifies the Acquisition and the setting up of a new self-owned warehouse.

Generally, apart from the existing self-owned warehouse, the Group also leased storage spaces from warehouse and logistics service providers on an as-needed basis for storage of our inventories and delivery of the same to customers. As these external service providers need to accommodate other market players in the F&B distribution industry in Malaysia, the common facilities such as loading docks for loading and unloading of products need to be shared with other users. Thus, the Group is subject to the loading and unloading schedule of the external service providers which may not fit the Group's schedule for receiving and delivering products. Moreover, the Group is also subject to the availability of storage spaces of these warehouse and logistics service providers from time to time. Timetable for delivery may also be subject to the availability of their delivery vehicles. As a result, delivery schedule and operation may be affected. In light of the above, the Directors believe that the Acquisition and setting up a new self-owned warehouse could improve our operational efficiency and flexibility.

The Directors are of the view that the terms of the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole. The purchase price and other expenses for the Acquisition will be funded partly by internal resources of the Group and partly by external financing.

## **INFORMATION OF THE PARTIES**

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

Lestari Duta is a limited liability company incorporated in Malaysia and is principally engaged in quantity surveying and property development. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Lestari Duta and its ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Sale and Purchase Agreement are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Land by the Chop Chin Huat from Lestari Duta pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Chop Chin Huat”	CHOP CHIN HUAT SDN. BHD., a limited liability company incorporated in Malaysia and an indirect wholly-owned subsidiary of the Company
“Company”	Swang Chai Chuan Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on Main Board of the Stock Exchange (stock code: 2321)
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules

“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Group, its connected persons and their respective associates and not acting in concert with any substantial shareholder (as defined under the Listing Rules) of the Company within the meaning of The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“Land”	Plot No. 1-143 and 1-143A of Mukim 06, District of Seberang Perai Utara, State of Pulau Pinang measuring approximately 162,405 square feet
“Lestari Duta”	LESTARI DUTA SDN. BHD., a limited liability company incorporated in Malaysia
“Listing Rules”	The Rules Governing the Listing of Securities on the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange that is independent from and operates in parallel with the GEM of the Stock Exchange
“RM”	Malaysian Ringgit, the lawful currency of Malaysia

“Sale and Purchase Agreement”	the agreement for sale and purchase of the Land entered into between Lestari Duta (as vendor) and Chop Chin Huat (as purchaser) on 10 July 2024
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 10 July 2024

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