

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

## **Swang Chai Chuan Limited**

**雙財莊有限公司**

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

**(Stock Code: 2321)**

### **CHANGE IN USE OF PROCEEDS AND EXTENSION OF EXPECTED TIMELINE FOR USE OF PROCEEDS**

Reference is made to (i) section headed “Future plans and Use of Proceeds” in the prospectus of Swang Chai Chuan Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 8 August 2022 (the “**Prospectus**”); (ii) the announcement of the Company dated 13 September 2022 in relation to the full exercise of the over-allotment option, stabilising actions and end of stabilising period (the “**Announcement**”); and (iii) the interim report of the Company for the six months ended 30 June 2024 (the “**Interim Report**”), in which the utilisation of the net proceeds from the Global Offering up to 30 June 2024 was disclosed. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and Interim Report.

The board of directors (the “**Board**”) of the Group would like to announce that it has resolved to change the use of the net proceeds from the Global Offering and to extend the expected timeline for use of proceeds, as disclosed below.

#### **ORIGINAL USE OF PROCEEDS**

As disclosed in the Prospectus and Announcement, the net proceeds from the Global Offering (after deducting share issuance expense and professional fees) amounted to approximately HK\$105.2 million. The intended use of proceeds (the additional net proceeds were adjusted on pro rata basis) will be applied in the following manner:

- (i) Approximately 47.8% or HK\$50.3 million, will be used to further enhance our distribution and sales capabilities by investing in cold chain and other infrastructure;
- (ii) Approximately 18.0% or HK\$19.0 million, will be used for acquiring new processing machines for processing our own products and for conducting marketing and promotional activities for our own brand products;
- (iii) Approximately 7.0% or HK\$7.3 million, will be used for developing our e-commerce business by launching a mobile application;

- (iv) Approximately 17.2% or HK\$18.1 million, will be used for strategic acquisitions and investments along our supply value chain; and
- (v) Approximately 10.0% or HK\$10.5 million, will be used for our general working capital purposes.

The original expected timeline to use the proceeds is by 31 December 2024.

### **CHANGE IN USE OF PROCEEDS AND EXTENSION OF EXPECTED TIMELINE FOR USE OF PROCEEDS**

As of 30 June 2024, a total of approximately HK\$40.4 million of the net proceeds from the Global Offering had been utilised by the Group according to the allocation as set out in the Prospectus and the remaining net proceeds from the Global Offering amount to approximately HK\$64.8 million (the “**Remaining Net Proceeds**”).

After careful consideration and detailed evaluation of the Group’s operations and the business strategies, the Board has resolved to change the use of the Remaining Net Proceeds with an updated expected timeline of full utilisation as follows:

Use of net proceeds from the Listing	Planned use of net proceeds <i>HK\$'million</i>	Utilised amount of the net proceeds as at 30 June 2024 <i>HK\$'million</i>	Unutilised amount of the net proceeds as at 30 June 2024 <i>HK\$'million</i>	Revised allocation of unutilised amount of the net proceeds <i>HK\$'million</i>	Updated expected timeline of full utilisation of the balance
Further enhancement to distribution and sales capabilities	50.3	18.7	31.6	53.5	31 December 2026
Development in own products business	19.0	7.7	11.3	11.3	31 December 2026
Development in e-commerce mobile platform	7.3	0.6	6.7	–	–
Strategic acquisitions and investments	18.1	2.9	15.2	–	–
General working capital	10.5	10.5	–	–	–
	<u>105.2</u>	<u>40.4</u>	<u>64.8</u>	<u>64.8</u>	

## **REASONS FOR THE CHANGE IN USE OF PROCEEDS AND EXTENSION OF EXPECTED TIMELINE FOR USE OF PROCEEDS**

The changes made to the use of Remaining Net Proceeds are the reallocation of (i) approximately HK\$6.7 million, which was originally allocated for the development of e-commerce business by launching a mobile application and (ii) approximately HK\$15.2 million, which was originally allocated for the strategic acquisitions and investments along our supply value chain, towards the further enhancement of our distribution and sales capabilities by investing in cold chain and other infrastructure.

The Group was exploring the development of our own e-commerce business but found it to be more efficient to utilise other existing e-commerce platforms. In addition, the Group has not identified any potential targets for acquisitions and investments up to date of this announcement. Therefore, the Remaining Net Proceeds allocated for the development of e-commerce business by launching a mobile application and for the strategic acquisitions and investments along our supply value chain has yet to be utilized.

Meanwhile, the Group has announced that, on 10 July 2024, Chop Chin Huat Sdn Bhd, an indirect wholly owned subsidiary of the Company, has entered into the Sale and Purchase Agreement with Lestari Duta Sdn Bhd in relation to the acquisition of 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 “**Acquisition**”). The Group intends to construct a self-owned warehouse on this land for the purpose of its business development as brand owners prefer distributor which has their own warehouse 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 distributorship in the northern region of Malaysia in the future.

For the acquiring of new processing machines for processing our own products and for conducting marketing and promotional activities for our own brand products, we have utilized HK\$7.7 million out of the HK\$19.0 million as at 30 June 2024 as we are still in the midst of upgrading the processing machines and the marketing and promotional activities are prudently utilised.

Having considered the above, and after due and careful evaluation of the Group’s operation and financial needs, the Board is of the view that the reallocation of the unutilized amount of HK\$21.9 million to finance part of the Acquisition and the cost of constructing the self-owned warehouse (the “**Reallocation**”), is in line with Group’s strategy to further enhance its distribution and sales capabilities by investing in cold chain and other infrastructure.

In addition, the Board considers that it is appropriate to extend the timeline of the utilisation of the Remaining Net Proceeds to better facilitate the timeline for constructing the self-owned warehouse. Therefore, the Board has resolved to extend the expected timeline for use of proceeds from 31 December 2024 to 31 December 2026.

The Board considers the above propose changes shall not have any material adverse impact on the operations of the Group and are in the best interests of the Company and its shareholders as a whole.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 10 December 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.*