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## **TS WONDERS HOLDING LIMITED**

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

**(Stock Code: 1767)**

### **SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 AND CHANGE IN USE OF PROCEEDS**

References are made to (i) the prospectus (the “**Prospectus**”) of TS Wonders Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 December 2018 in relation to, among other matters, the use of the Net IPO Proceeds; and (ii) the annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”) of the Company published on 25 April 2022. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Prospectus and the 2021 Annual Report.

This announcement is made to provide supplemental information to the paragraph under “Use of Proceeds from Listing” in the section headed “Management Discussion and Analysis” of the 2021 Annual Report and an update on the use of Net IPO Proceeds.

#### **UPDATE OF USE OF NET IPO PROCEEDS**

As disclosed in the Prospectus and the 2021 Annual Report, the Net IPO Proceeds received by the Company were approximately HK\$66.8 million, which would be applied for (1) the expansion of existing nuts and potato chips products; (2) the production and launch of tortilla chips; (3) the expansion of the Group’s workforce; and as (4) working capital.

As at 31 December 2021, the Group has utilised approximately HK\$16.0 million of the Net IPO Proceeds; while as at the date of this announcement, the Group has utilised approximately HK\$16.7 million of the Net IPO Proceeds so the unutilised Net IPO Proceeds amounted to approximately HK\$50.1 million (the “**Unutilised Net Proceeds**”).

## CHANGE IN USE OF NET IPO PROCEEDS AND REVISED EXPECTED TIMELINE

For the reasons further explained below, the Board has resolved to revise the intended use and allocation of the Net IPO Proceeds and the Unutilised Net Proceeds in the following manner:

	Amount of Net IPO proceeds and original intended use (relevant percentage (%)) <i>(HK\$'million)</i>	Approximate utilised amount as at the date of this announcement <i>(HK\$'million)</i>	Original approximate Unutilised Net Proceeds as at the date of this announcement <i>(HK\$'million)</i>	Revised intended use of Unutilised Net IPO Proceeds as at the date of this announcement <i>(HK\$'million)</i>	Approximate Unutilised Net Proceeds to be used during the year ending 31 December 2022 <i>(HK\$'million)</i>	Approximate Unutilised Net Proceeds to be used during the year ending 31 December 2023 <i>(HK\$'million)</i>	Approximate Unutilised Net Proceeds to be used during the year ending 31 December 2024 <i>(HK\$'million)</i>
Revised use of proceeds							
Expansion of existing nuts and potato chips products (output capacity and products diversity)	26.7 (40.0%)	10.5	16.2	<b>36.5</b>	12.3	10.9	13.3
Production and launch of tortilla chips	16.3 (24.4%)	–	16.3	–	–	–	–
Expansion of workforce	17.6 (26.3%)	–	17.6	<b>7.6</b>	2.3	2.3	3.0
Working capital	6.2 (9.3%)	6.2	–	<b>6.0</b>	1.8	1.8	2.4
Total	<u>66.8 (100.0%)</u>	<u>16.7</u>	<u>50.1</u>	<u><b>50.1</b></u>	<u>16.4</u>	<u>15.0</u>	<u>18.7</u>

*Note:* The expected timeline for utilisation of the Unutilised Net Proceeds above is based on the Group's best estimation, and is subject to change based on the future development of the market condition.

## REASONS FOR AND BENEFITS OF THE CHANGES IN THE USE OF NET IPO PROCEEDS

The continuing outbreak of the coronavirus pandemic has adverse impact on the economy and business environment of the Group and the consumers' demand in areas where the major customers of the Group are located and the pace of business development of the Group is therefore hindered. Since the Company has been keeping a close eye on the latest market development and potential business opportunities, the Board has decided to reallocate the Unutilised Net Proceeds in order to improve the efficiency in the use of the Company's Net IPO Proceeds and to further expand the Group's businesses.

### 1. Termination of the production and launch of tortilla chips plan

According to the original use of the Net IPO Proceeds as disclosed above, approximately HK\$16.3 million (equivalent to approximately 24.4% of the Net IPO Proceeds) was allocated to produce and launch tortilla chips products (the "**Tortilla Chips Business**"). As at the date of this announcement, the Company has not utilised the allocated proceeds because of changing consumer behaviour and the cumulative impact of the coronavirus pandemic. The Board also observed that the revenue in the tortilla chips market in Singapore has been decreasing over the years while the revenue in the potato chips market in Singapore has been increasing.

As a result, the Board believes that it will be in the best interest of the Company and its Shareholders to terminate the production and launch of Tortilla Chips Business and to reallocate such portion of Net IPO Proceeds for other purposes in order to generate better return.

## **2. Reducing expansion of workforce**

According to the original use of the Net IPO Proceeds as disclosed above, approximately HK\$17.6 million (equivalent to approximately 26.3% of the Net IPO Proceeds) was allocated to the expansion of the Group's workforce. However, in light of the fact that the Company will no longer launch the Tortilla Chips Business, the Board is of the view that the Company will not expand its workforce to the extent as proposed in the Prospectus and thus, the amount Net IPO Proceeds to be allocated to this sector shall be reduced.

## **3. Expansion of existing nuts and potato chips products**

According to the original use of the Net IPO Proceeds as disclosed above, approximately HK\$26.7 million (equivalent to approximately 40.0% of the Net IPO Proceeds) was allocated to expand the Company's existing nuts and potato chips product lines. As at the date of this announcement, approximately HK\$10.5 million has been utilised for the said purpose.

Given that the sales volume for the nuts and potato chips products of the Company have been increasing steadily and the Board is of the view that such trend will remain stable in the near future, the Company decided to allocate more of the Unutilised Net Proceeds to the existing nuts and potato chips businesses, so as to (1) further expand the output capacity of the existing nuts and potato chips products; (2) carry out the plan to initiate a rebranding exercise for refreshing several existing brands of the Company; and (3) launch new products and flavours under the existing brands in the near future to attract new customers in the market.

## **4. Increasing working capital**

According to the original use of the Net IPO Proceeds as disclosed above, approximately HK\$6.2 million (equivalent to approximately 9.3% of the Net IPO Proceeds) was allocated as working capital of the Group. As at the date of this announcement, the Net IPO Proceeds originally allocated for working capital has been fully utilised.

As a result of the coronavirus pandemic, the Group is required to implement more precautionary measures and take certain remedial action. Hence, the cost of the Group has increased. The Board therefore plans to allocate an additional HK\$6 million as working capital of the Group.

The Board is of the view that both the changes in the allocation of Net IPO Proceeds and use of Unutilised Net Proceeds, as well as the revision to the expected timeline, would be appropriate and in the interest of the Company and its shareholders as a whole.

The Board confirms that there is no material change in the nature of business objectives of the Group and considers that the change in the allocation of Net IPO Proceeds and use of Unutilised Net Proceeds together with the revised expected timeline will not have any material adverse impact on the operations of the Group.

The Board will continuously assess the plans for the use of the Unutilised Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for better performance of the Group.

The Board confirms that the above supplemental information does not affect other information contained in the 2021 Annual Report and, save as disclosed above, the contents of the 2021 Annual Report remain accurate and correct.

By order of the Board  
**TS Wonders Holding Limited**  
**Lim Seow Yen**  
*Chairlady and Executive Director*

Hong Kong, 29 July 2022

*As at the date of this announcement, the executive Directors are Ms. Lim Seow Yen, Mr. Lim Fung Yee, Mr. Lim Fung Chor and Mr. Lim Seng Chye (Lin Shengcai); and the independent non-executive Directors are Mr. Chan Ka Yu, Mr. Lee Yan Fai and Mr. Chew Keat Yeow (Zhou Jieyao).*