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## **TS WONDERS HOLDING LIMITED**

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

**(Stock Code: 1767)**

### **ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **FINANCIAL HIGHLIGHTS:**

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<b>2022</b>	2021	% of change
	<b>S\$</b>	S\$	
Revenue	<b>74,799,701</b>	65,269,727	14.6
Profit before taxation	<b>7,234,805</b>	5,131,694	41.0
Profit for the year	<b>5,815,266</b>	3,423,115	69.9

#### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>2022</b>	2021	% of change
	<b>S\$</b>	S\$	
Bank balances and cash	<b>29,879,477</b>	26,277,352	13.7
Bank and other borrowings	<b>2,859,361</b>	3,789,724	-24.5
Net assets	<b>68,400,285</b>	61,791,537	10.7

#### **KEY FINANCIAL RATIOS**

	<b>2022</b>	2021
Gross profit margin	<b>24.0%</b>	27.1%
Profit before taxation margin	<b>9.7%</b>	7.9%
Profit margin for the year	<b>7.8%</b>	5.2%
Return on total assets	<b>7.2%</b>	4.3%
Return on equity	<b>8.5%</b>	5.5%
Gearing ratio (times)	<b>0.04</b>	0.06
Current ratio (times)	<b>7.1</b>	4.5

## FINANCIAL INFORMATION

The board (the “Board”) of directors (the “Directors”, each a “Director”) of TS Wonders Holding Limited (the “Company”) hereby announces the audited annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021 and selected explanatory notes. All amounts set out in this announcement are presented in Singapore Dollars (“S\$”) unless otherwise indicated.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2022*

	<i>Note</i>	<b>2022</b> <i>S\$</i>	2021 <i>S\$</i>
<b>Revenue</b>	4	<b>74,799,701</b>	65,269,727
Cost of sales		<u>(56,834,928)</u>	<u>(47,585,347)</u>
<b>Gross profit</b>		<b>17,964,773</b>	17,684,380
Other income	5	<b>2,138,120</b>	348,752
Other gains and losses	6	<b>(542,269)</b>	(260,373)
Selling and distribution expenses		<b>(3,932,929)</b>	(3,475,292)
Administrative expenses		<b>(8,276,069)</b>	(9,039,146)
Finance costs	7	<b>(116,821)</b>	(126,627)
<b>Profit before taxation</b>		<b>7,234,805</b>	5,131,694
Income tax expense	8	<b>(1,419,539)</b>	(1,708,579)
<b>Profit for the year</b>	9	<b><u>5,815,266</u></b>	<b><u>3,423,115</u></b>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operation		<b>(1,058,590)</b>	(264,583)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property, plant and equipment, net of tax		<b><u>1,852,072</u></b>	<u>292,645</u>
<b>Other comprehensive income for the year</b>		<b><u>793,482</u></b>	<u>28,062</u>
<b>Total profit and other comprehensive income for the year, net of tax</b>		<b><u>6,608,748</u></b>	<b><u>3,451,177</u></b>
<b>Basic earnings per share (S\$ cents)</b>	10	<b><u>0.58</u></b>	<u>0.34</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	<b>2022</b> <i>S\$</i>	2021 <i>S\$</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>26,125,438</b>	22,769,087
Right-of-use assets		<b>1,184,035</b>	1,110,966
Investment property		–	2,078,154
Deposits		<b>62,083</b>	–
		<b>27,371,556</b>	25,958,207
<b>Current assets</b>			
Inventories		<b>10,288,780</b>	12,371,706
Trade receivables	<i>11</i>	<b>12,242,384</b>	12,818,625
Other receivables, deposits and prepayments		<b>922,473</b>	1,252,943
Derivative financial instruments		<b>1,184</b>	41,957
Bank balances and cash		<b>29,879,477</b>	26,277,352
		<b>53,334,298</b>	52,762,583
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>5,450,646</b>	9,189,627
Derivative financial instruments		<b>20,911</b>	108,234
Lease liabilities		<b>183,459</b>	190,882
Bank and other borrowings		<b>496,498</b>	725,115
Income tax payable		<b>1,411,186</b>	1,479,399
		<b>7,562,700</b>	11,693,257
<b>Net current assets</b>		<b>45,771,598</b>	41,069,326
<b>Total assets less current liabilities</b>		<b>73,143,154</b>	67,027,533
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,166,708</b>	1,076,394
Bank and other borrowings		<b>2,362,863</b>	3,064,609
Deferred tax liabilities		<b>1,213,298</b>	1,094,993
		<b>4,742,869</b>	5,235,996
<b>Net assets</b>		<b>68,400,285</b>	61,791,537
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		<b>1,725,820</b>	1,725,820
Share premium		<b>13,487,471</b>	13,487,471
Other reserve		<b>(332,000)</b>	(332,000)
Merger reserve		<b>299,994</b>	299,994
Revaluation reserve		<b>13,821,715</b>	11,969,643
Translation reserve		<b>(2,913,006)</b>	(1,854,416)
Accumulated profits		<b>42,310,291</b>	36,495,025
		<b>68,400,285</b>	61,791,537

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2022*

### **1. GENERAL**

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands on 19 April 2018. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (the “Companies Ordinance”) on 23 May 2018 and the principal place of business in Hong Kong is 19th Floor, Prosperity Tower, No. 39 Queen’s Road Central, Hong Kong. Its registered office and principal place of business are located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and 255 Pandan Loop, Singapore 128433, respectively. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 14 January 2019 (the “Listing Date”).

The Company is an investment holding company and its subsidiaries are principally engaged in the production, packaging and retailing of food products. Its parent and ultimate holding company is SWL Limited, a company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling shareholders are Mdm. Han Yew Lang, Ms. Lim Seow Yen, Mr. Lim Fung Yee, Mr. Lim Fung Chor, Mr. Loo Soon Hock James and Ms. Ong Liow Wah who are family members.

The consolidated financial statements are presented in S\$, which is also the functional currency of the Company.

### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The annual results set out in the announcement do not constitute the Group’s financial statements for the year ended 31 December 2022 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) which collective term includes all applicable individual IFRS, International Accounting Standards (“IAS”) and Interpretations issued by the International Accounting Standards Board (“IASB”). These financial statements also comply with the disclosure requirements of the Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

### **3. ADOPTION OF NEW AND REVISED STANDARDS**

Adoption of new and revised Standards – On 1 January 2022, the Group and the Company adopted all the new and revised International Financial Reporting Standards (“IFRS”) pronouncements that are relevant to its operations. The adoption of these new/revised IFRS pronouncements does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

## New and revised IFRS Standards (“IFRSs”) in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 17 (including amendments to IFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023, with early application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024, with early application permitted.

<sup>3</sup> Effective date is deferred indefinitely.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

## 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the sale of food products, which can largely be grouped under nuts and chips, which also represents the revenue from contracts with customers.

Information is reported to the executive Directors of the Company, which are also the Chief Operating Decision Makers (the “CODM”) of the Group, for the purposes of resource allocation and assessment of segment performance focuses on the types of products sold and in respect of the “Nuts” and “Chips” operations.

Specifically, the Group’s reportable segments under IFRS 8 are as follows:

- (i) Nuts,
- (ii) Chips; and
- (iii) Others.

Others mainly include items such as disposable towels which are normally sold together with the nuts and chips products to food and beverages companies.

## Segment revenue and results

The following is a breakdown of the Group's revenue and results by reportable segments:

	For the year ended 31 December			
	Revenue		Gross profit	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Nuts	<b>50,834,158</b>	47,298,366	<b>11,333,281</b>	12,917,938
Chips	<b>21,656,353</b>	16,179,724	<b>6,073,935</b>	4,260,008
Others	<b>2,309,190</b>	1,791,637	<b>557,557</b>	506,434
	<u>74,799,701</u>	<u>65,269,727</u>	<u>17,964,773</u>	<u>17,684,380</u>

## Geographical information

The Group principally operates in Singapore and Malaysia, which are the place of domicile of respective group entities. Geographical segmental revenue is based on the geographical location of the end customers.

	For the year ended 31 December	
	2022	2021
	S\$	S\$
Singapore	<b>44,797,269</b>	41,115,399
Malaysia	<b>20,915,473</b>	14,103,574
The People's Republic of China (including Hong Kong and Macau)	<b>6,710,316</b>	7,679,659
Others	<b>2,376,643</b>	2,371,095
	<u>74,799,701</u>	<u>65,269,727</u>

## 5. OTHER INCOME

	For the year ended 31 December	
	2022	2021
	S\$	S\$
Government grants <sup>(1)</sup>	<b>43,575</b>	249,560
Interest income <sup>(2)</sup>	<b>268,195</b>	53,952
Rental income	–	32,211
Others <sup>(3)</sup>	<b>1,826,350</b>	13,029
	<u>2,138,120</u>	<u>348,752</u>

*Notes:*

- (1) The government grants received during the year ended 31 December 2022 and 2021 mainly comprised support measures by the government which aimed to aid businesses in coping with challenges arising from the Covid-19 pandemic. As certain of these measures were phased out, government grants decreased significantly for the year ended 31 December 2022.

The government grants received mainly comprise the Wages Credit Scheme (“WCS”), the Senior Employment Credit (“SEC”), the Jobs Support Scheme (“JSS”), Jobs Growth Incentive (“JGI”) and CPF Transition Credit (“CTO”), all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

- (2) Interest income mainly comprised interest income from fixed deposits and increased due to higher interest rates and more fixed deposit placements during the year ended 31 December 2022.
- (3) This mainly relates to a reimbursement of professional fees for consultancy services recorded as administrative expenses in 2021.

## 6. OTHER GAINS AND LOSSES

	For the year ended 31 December	
	2022	2021
	S\$	S\$
Gain on lease modification	7,384	5,832
Gain on disposal of property, plant and equipment	–	39,000
Foreign exchange (loss) gain, net	(600,048)	7,378
Fair value loss on investment property	–	(264,779) <sup>(1)</sup>
Fair value gain (loss) on derivative financial instruments	50,395	(47,804)
	<u>(542,269)</u>	<u>(260,373)</u>

*Note:*

- (1) Property was newly acquired during the year ended 31 December 2021 and transferred to property, plant and equipment on 1 January 2022.

## 7. FINANCE COSTS

	For the year ended 31 December	
	2022	2021
	S\$	S\$
Interest on bank loans	42,166	51,216
Interest on lease liabilities	74,655	75,411
	<u>116,821</u>	<u>126,627</u>

## 8. INCOME TAX EXPENSE

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>S\$</b>	<b>S\$</b>
<b>Tax expense comprises:</b>		
Current income tax		
Current year	<b>1,428,097</b>	1,571,102
Over provision in prior year	<b>(6,201)</b>	(54,629)
	<b>1,421,896</b>	1,516,473
Withholding tax	<b>2,774</b>	3,660
Deferred tax		
Current year	<b>108,456</b>	125,003
(Over) under provision in prior year	<b>(102,927)</b>	69,500
Effect of revaluations of assets for taxation purposes	<b>(10,660)</b>	(6,057)
	<b>(5,131)</b>	188,446
	<b>1,419,539</b>	1,708,579

Singapore Corporate Income Tax is calculated at 17% of the estimated assessable profit, determined based on financial year end date of the group of companies. Singapore incorporated companies can enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$190,000 of chargeable income.

In Malaysia, the standard corporate tax rate is 24% for the year ended 31 December 2021 and 2022.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>S\$</b>	<b>S\$</b>
Profit before taxation	<b>7,234,805</b>	5,131,694
Tax at applicable tax rate of 17%	<b>1,229,917</b>	872,388
Effect of different tax rates of subsidiaries operating in other jurisdiction	<b>195,720</b>	147,913
Tax effect of expenses not deductible for tax purpose	<b>211,992</b>	600,835
Tax effect of income not taxable for tax purpose	<b>(312,088)</b>	(46,834)
Effect of tax concessions and partial tax exemptions	<b>(17,425)</b>	(59,925)
(Over) under provision in prior year	<b>(109,128)</b>	14,871
Effect of revaluations of assets for taxation purposes	<b>(10,660)</b>	(6,057)
Withholding tax	<b>2,774</b>	3,660
Others	<b>228,437</b>	181,728
	<b>1,419,539</b>	1,708,579



## 9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>S\$</b>	<b>S\$</b>
Depreciation of property, plant and equipment	<b>1,714,590</b>	1,702,525
Annual audit fees:		
– Paid to auditors of the Company	<b>194,150</b>	176,500
– Paid to other auditors	<b>33,858</b>	31,780
Non-audit fees paid to other auditors	<b>11,829</b>	5,513
Directors' remuneration	<b>4,303,900</b>	3,463,906
Other staff costs		
– Salaries and other benefits	<b>6,893,998</b>	6,267,262
– Contributions to Central Provident Fund and Employees' Provident Fund	<b>519,532</b>	502,821
Total staff costs	<b>11,717,430</b>	10,233,989
Inventories recognised as cost of sales	<b>47,466,346</b>	39,441,065
Gross rental income from investment property	<b>–</b>	(32,211)

### **Amount recognised in profit or loss relating to leases**

*(Disclosure required by IFRS 16)*

	<b>2022</b>	<b>2021</b>
	<b>S\$</b>	<b>S\$</b>
Depreciation expense on right-of-use assets	<b>203,280</b>	195,147
Interest expense on lease liabilities	<b>74,655</b>	75,411
Expense relating to short-term leases	<b>19,589</b>	46,892

The total cash outflow for leases, including short-term leases, amount to S\$279,435 and S\$299,617 for the year ended 31 December 2022 and 31 December 2021 respectively.

## 10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	For the year ended 31 December	
	2022	2021
Earnings:		
Profit for the year attributable to owners of the Company (S\$)	<u>5,815,266</u>	<u>3,423,115</u>
	2022	2021
Number of shares:		
Weighted average number of ordinary shares in issue <sup>(Note)</sup>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Basic earnings per share (S\$ cents)	<u>0.58</u>	<u>0.34</u>

*Note:*

No diluted earnings per share were presented as there were no potential ordinary shares in issue during the years ended 31 December 2022 and 2021.

## 11. TRADE RECEIVABLES

	As at 31 December	
	2022	2021
	S\$	S\$
Trade receivables	<u>12,242,384</u>	<u>12,818,625</u>

The Group grants credit terms to customers typically ranging from 7 to 60 days from the invoice date for trade receivables and certain sales require payment in cash upon delivery. The following is an aged analysis of trade receivables presented based on the invoice date which approximated the revenue recognition date at the end of each reporting period:

	As at 31 December	
	2022	2021
	S\$	S\$
Within 30 days	6,245,171	7,158,711
31 days to 60 days	4,863,646	4,552,030
61 days to 90 days	1,062,947	1,004,537
91 days to 180 days	70,620	103,043
181 days to one year	–	304
	<u>12,242,384</u>	<u>12,818,625</u>

## 12. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	S\$	S\$
Trade payables	3,926,392	4,603,668
Accrued operating expenses	975,769	3,403,998
Other payables:		
– Advances from customers	1,115	45,496
– Deposits received	20,600	33,088
– Goods and services tax payables	168,181	155,714
– Others	358,589	947,663
	<u>1,524,254</u>	<u>4,585,959</u>
	<u>5,450,646</u>	<u>9,189,627</u>

The credit period on purchases from suppliers is between 7 to 60 days (2021: 7 to 30 days) or payable upon delivery.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December	
	2022	2021
	S\$	S\$
Within 30 days	3,415,624	3,476,148
31 days to 90 days	510,483	1,069,076
91 days to 180 days	285	58,444
	<u>3,926,392</u>	<u>4,603,668</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group which is headquartered in Singapore is primarily focused on the production, packaging and sale of nuts and chips with track record of more than 50 years. The Group's core products include roasted nuts, baked nuts, potato chips and cassava chips. The Group's products have been sold and distributed to over 10 countries, including Singapore, Malaysia and the People's Republic of China (the "PRC"). The Group principally sells its products on a wholesale basis to (i) key account customers which include supermarkets, hotels, airlines and original equipment manufacturer (OEM) customers; and (ii) distributors.

The Group is committed to delivering high quality and safe food products and continuously meeting consumers' expectations and complying with legal requirements. It implements comprehensive and strict quality assurance procedures throughout all stages of the production, from the procurement of raw materials to the packaging and delivery of the finished products. In this regard, the Group has been accredited with various certifications in relation to quality management and food safety.

The Group's revenue increased by approximately S\$9.5 million or 14.6% from approximately S\$65.3 million for the year ended 31 December 2021 to approximately S\$74.8 million for the year ended 31 December 2022 mainly due to higher sales for nuts and chips in both Singapore and Malaysia.

### Products

The Group's revenue was primarily derived from the sale of nuts and chips. The following table sets forth a breakdown of the Group's revenue for the years ended 31 December 2022 and 31 December 2021:

	For the year ended 31 December			
	2022		2021	
	S\$	%	S\$	%
Nuts	50,834,158	68.0	47,298,366	72.5%
Chips	21,656,353	28.9	16,179,724	24.8%
Others <i>(Note)</i>	2,309,190	3.1	1,791,637	2.7%
Total	<u>74,799,701</u>	<u>100.0%</u>	<u>65,269,727</u>	<u>100.0%</u>

*Note:* Others mainly refer to items such as disposable towels which were normally sold together with nuts and chips products to food and beverages companies.

The sale of nuts and chips products accounted for approximately 68.0% and 28.9% of revenue respectively for the year ended 31 December 2022. The proportion of revenue contributed by chips increased from approximately 24.8% for the year ended 31 December 2021 to approximately 28.9% for the year ended 31 December 2022, mainly due to higher sales from existing customers in Malaysia.

## Geographical location

The Group's products are sold and distributed to customers in over 10 countries. The table below sets forth the breakdown of revenue by geographical location of end customers for the years ended 31 December 2022 and 31 December 2021:

	For the year ended 31 December			
	2022		2021	
	S\$	%	S\$	%
Singapore	44,797,269	59.9	41,115,399	63.0%
Malaysia	20,915,473	28.0	14,103,574	21.6%
The PRC (including Hong Kong and Macau)	6,710,316	9.0	7,679,659	11.8%
Others	2,376,643	3.1	2,371,095	3.6%
Total	<u>74,799,701</u>	<u>100.0%</u>	<u>65,269,727</u>	<u>100.0%</u>

The Group's products were largely sold in Singapore and Malaysia which accounted for approximately 59.9% and 28.0% of total revenue respectively for the year ended 31 December 2022. The composition of sales from end consumers in Malaysia increased from approximately 21.6% for the year ended 31 December 2021 to approximately 28.0% for the year ended 31 December 2022 mainly due to higher sales from existing customers in Malaysia for chips.

## Gross profit

The following table sets forth a breakdown of the Group's gross profit for the years ended 31 December 2022 and 31 December 2021:

	For the year ended 31 December					
	2022			2021		
	Revenue S\$	Gross profit S\$	Gross profit margin %	Revenue S\$	Gross profit S\$	Gross profit margin %
Nuts	50,834,158	11,333,281	22.3	47,298,366	12,917,938	27.3%
Chips	21,656,353	6,073,935	28.0	16,179,724	4,260,008	26.3%
Others	2,309,190	557,557	24.1	1,791,637	506,434	28.3%
Total/Overall	<u>74,799,701</u>	<u>17,964,773</u>	<u>24.0</u>	<u>65,269,727</u>	<u>17,684,380</u>	<u>27.1%</u>

The pricing of the Group's nuts and chips products are generally based on prices comparable to competitors for similar products.

The Group's gross profit margin for nuts decreased from approximately 27.3% for the year ended 31 December 2021 to approximately 22.3% for the year ended 31 December 2022 mainly due to higher average cost of certain raw nuts.

The Group's gross profit margin for chips increased from approximately 26.3% for the year ended 31 December 2021 to approximately 28.0% for the year ended 31 December 2022 due to change in sales mix.

Overall, the Group's gross profit margin for the year decreased from 27.1% for the year ended 31 December 2021 to 24.0% for the year ended 31 December 2022.

## **OUTLOOK AND STRATEGIES**

### **Economic performance in Singapore in the fourth quarter of 2022**

The Singapore economy grew by 2.1% on a year-on-year basis in the fourth quarter of 2022, moderating from the 4.0% growth in the third quarter of 2022. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded marginally by 0.1%, easing from the 0.8% growth recorded in the third quarter of 2022.

(Source: The Ministry of Trade and Industry, Singapore)

### **Overall economic performance in Singapore in 2022**

For the whole of 2022, the Singapore economy expanded by 3.6%, moderating from the 8.9% growth in 2021.

(Source: The Ministry of Trade and Industry, Singapore)

### **Economic outlook for 2023**

The Ministry of Trade and Industry, Singapore forecasted a gross domestic product growth for 2023 of between 0.5% and 2.5%.

Since the Economic Survey of Singapore in November 2022, Singapore's external demand outlook has improved slightly. Growth in China is projected to pick up in tandem with the faster-than-expected easing of its Covid-19 restrictions. This has led to improvements in the growth outlook of regional economies. At the same time, the global supply situation continues to stabilise amidst softening global demand conditions. Accordingly, global commodity prices have eased from 2022 levels, although they remain elevated with the ongoing Russia-Ukraine war.

In Asia, China's growth is expected to pick up following the lifting of its Covid-19 restrictions, although continued stresses in its property market and weakening global demand are likely to weigh on its recovery. Meanwhile, despite weaker external demand for their merchandise goods and commodities, GDP growth in key Southeast Asian economies such as Malaysia, Indonesia and Thailand is likely to be supported by a continued recovery in domestic and tourism demand.

Taking into account the global and domestic economic environment, the GDP growth forecast for 2023 is maintained at 0.5% to 2.5%.

(Source: The Ministry of Trade and Industry, Singapore)

## **Outlook for the Group and Strategies**

The Group noted that the global snack food market, which includes nuts and chips will continue to grow at approximately 2.7% annually to 2027 driven by changes in dietary habits and demand for healthy and functional snacks.

During the year ended 31 December 2022, the Group's revenue and profit increased.

Overall, the Group expects that demand for snack products to remain strong, in particular those with less sugar, artificial sweeteners and flavourings, as health awareness is increasing among consumers. Brand awareness will play a bigger role in driving sales as consumers start to pay more attention to the packaging and the messages associated with their purchases. The Group has thus increased its marketing expenses to promote brand awareness and product advertising.

In view of the foregoing, the Group will continue to adopt cautious and prudent approach in managing its business without compromising the quality of its products in line with its objectives to maintain sustainable growth in its business and create long-term shareholders' value.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately S\$9.5 million or 14.6% from approximately S\$65.3 million for the year ended 31 December 2021 to approximately S\$74.8 million for the year ended 31 December 2022 mainly due to higher sales for nuts and chips in both Singapore and Malaysia.

### **Cost of sales**

The Group's cost of sales increased by approximately S\$9.2 million or 19.4% from approximately S\$47.6 million for the year ended 31 December 2021 to approximately S\$56.8 million for the year ended 31 December 2022 mainly due to the increase in cost of materials, consistent with increase in revenue and higher average cost of certain raw nuts.

### **Gross profit**

The Group's total gross profit increased by approximately S\$0.3 million or 1.6% from approximately S\$17.7 million for the year ended 31 December 2021 to approximately S\$18.0 million for the year ended 31 December 2022 in line with the increase in revenue and increase in cost of sales. The Group's overall gross profit margin decreased from approximately 27.1% for the year ended 31 December 2021 to approximately 24.0% for the year ended 31 December 2022 mainly due to higher cost of sales as discussed above.

## **Other income**

The Group's other income increased by approximately S\$1.8 million or 513.1% from approximately S\$0.3 million for the year ended 31 December 2021 to approximately S\$2.1 million for the year ended 31 December 2022 mainly due to reimbursement of professional fees for consultancy services recorded as administrative expenses in 2021 and higher interest income, partially offset by lower amounts of government grants.

## **Other gains and losses**

The Group reported other losses of approximately S\$0.5 million for the year ended 31 December 2022 compared to other losses of approximately S\$0.3 million for the year ended 31 December 2021 mainly due to foreign exchange losses of approximately S\$0.6 million for the year ended 31 December 2022, as compared to fair value loss on investment property of approximately S\$0.3 million for the year ended 31 December 2021.

## **Selling and distribution expenses**

Selling and distribution expenses increased by approximately S\$0.5 million or 13.2% from approximately S\$3.5 million for the year ended 31 December 2021 to approximately S\$3.9 million for the year ended 31 December 2022 mainly due to increased marketing activities including online brand and product advertising.

## **Administrative expenses**

Administrative expenses decreased by approximately S\$0.8 million or 8.4% from approximately S\$9.0 million for the year ended 31 December 2021 to approximately S\$8.3 million for the year ended 31 December 2022 due to one-off higher professional fees from consultancy services incurred in the year ended 31 December 2021 being partially offset by increase in staff cost for the year ended 31 December 2022.

## **Finance costs**

Finance costs decreased by approximately S\$10,000 or 7.7% from approximately S\$127,000 for the year ended 31 December 2021 to approximately S\$117,000 for the year ended 31 December 2022 mainly due to lower amount of bank loans.

## **Income tax expense**

Income tax expense decreased by approximately S\$0.3 million or 16.9% from approximately S\$1.7 million for the year ended 31 December 2021 to approximately S\$1.4 million for the year ended 31 December 2022, despite higher profit before taxation. The Group also had tax effect of lower expenses not deductible for tax purposes of approximately S\$0.2 million for the year ended 31 December 2022 as compared to approximately S\$0.6 million for the year ended 31 December 2021, and higher non-taxable income of approximately S\$0.3 million for the year ended 31 December 2022 as compared to approximately S\$47,000 for the year ended 31 December 2021. The Group also had prior year's over-provision of taxation of approximately S\$109,000 for the year ended 31 December 2022 as compared to a prior year's under-provision of taxation of approximately S\$15,000 for the year ended 31 December 2021.



## **Profit for the year**

Profit for the year increased by approximately S\$2.4 million or 69.9% from approximately S\$3.4 million for the year ended 31 December 2021 to approximately S\$5.8 million for the year ended 31 December 2022 mainly due to increase in gross profit and other income, decrease in administrative expenses, partially offset by increase in other losses and increase in selling and distribution expenses, as discussed above.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group's source of funds comprises a combination of internally generated funds, bank and other borrowings and net proceeds from the share offer. As part of the Group's liquidity risk management, the Group monitors its working capital to ensure that its financial obligations can be met when due by (i) ensuring healthy bank balances and cash for payment of its short-term working capital needs; (ii) monitoring trade receivables and its aging monthly and following up closely to ensure prompt payment from customers; and (iii) monitoring bank and lease payments.

As at 31 December 2022 and 2021, the Group's current ratio, being current assets over current liabilities was 7.1 times and 4.5 times respectively.

As at 31 December 2022, the Group's bank and other borrowings amounted to approximately S\$2.9 million, which was lower as compared to approximately S\$3.8 million as at 31 December 2021. The Group maintained a relatively low gearing ratio, based on interest-bearing bank and other borrowings divided by net assets, at approximately 0.04 times as at 31 December 2022 (2021: 0.06 times).

## **CONTINGENT LIABILITIES**

As at 31 December 2022 and 31 December 2021, the Group provided performance guarantee to certain customers with balances amounted to approximately S\$0.1 million and approximately S\$0.1 million respectively.

## **PLEDGE OF ASSETS**

The Group has pledged leasehold building, freehold land and building to secure general banking facilities granted to the Group with carrying values of approximately S\$11.8 million and approximately S\$12.5 million as at 31 December 2022 and 31 December 2021 respectively.

## **CAPITAL EXPENDITURES AND COMMITMENTS**

During the year ended 31 December 2022, the Group had incurred capital expenditures of approximately S\$2.0 million as compared to approximately S\$3.2 million in the year ended 31 December 2021. The expenditures were mainly related to the purchase of property, plant and equipment to support the growth of the Group's business.

The Group has capital commitments of approximately S\$0.3 million as at 31 December 2022 (2021: approximately S\$0.2 million).

## SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2022 and 31 December 2021.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisitions and disposals of subsidiaries and associated companies for the year ended 31 December 2022.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to year end, the Group purchased a property, No.16 Jalan Istimewa 4, Taman Perindustrian Cemerlang 81800 Ulu Tiram, Johor, Malaysia at a consideration of approximately S\$0.9 million, which is to be used for staff accommodation. In addition, the Group has added variation order on renovation of the existing property amounting to approximately S\$0.9 million.

## USE OF PROCEEDS FROM LISTING

The Company's shares have been listed on the Stock Exchange since 14 January 2019, being the Listing Date, and the net proceeds from the share offer (after deducting listing expenses) amounted to approximately HK\$66.8 million (equivalent to approximately S\$11.7 million) (the "Net IPO Proceeds").

On 29 July 2022, the Company had announced a revision to the intended use and allocation of the unutilised Net IPO Proceeds and the revised expected timeline to utilise the unutilised Net IPO Proceeds.

As at 31 December 2022, the Group has utilised approximately HK\$26.4 million of the Net IPO Proceeds and the unutilised Net IPO Proceeds amounted to approximately HK\$40.4 million. The following sets forth a summary of the allocation of the Net IPO Proceeds and its utilisation as at 31 December 2022, and the expected timeline for utilisation of the unutilised Net IPO Proceeds:

	Revised use of unutilised Net IPO Proceeds as at 29 July 2022 <i>(HK\$'million)</i>	Actual use of Net IPO Proceeds as at 31 December 2022 <i>(HK\$'million)</i>	Unutilised Net IPO Proceeds as at 31 December 2022 <i>(HK\$'million)</i>	Approximate unutilised Net IPO Proceeds to be used during the year ending 31 December 2023 <i>(HK\$'million)</i>	Approximate unutilised Net IPO Proceeds to be used during the year ending 31 December 2024 <i>(HK\$'million)</i>
Use of proceeds					
Expansion of existing nuts and potato chips products (output capacity and product diversity)	36.5	17.6	29.4	12.2	17.2
Expansion of workforce	7.6	0.8	6.8	2.6	4.2
Working capital	6.0	8.0	4.2	2.0	2.2
<b>Total</b>	<b>50.1</b>	<b>26.4</b>	<b>40.4</b>	<b>16.8</b>	<b>23.6</b>

As at the date of this announcement, the unutilised Net IPO Proceeds were deposited with licensed banks in Singapore and Hong Kong.

## **FOREIGN EXCHANGE EXPOSURE**

As the Group sells a majority of its food products overseas in which these sales are principally denominated in US\$ and sources its main materials in which these purchases are principally denominated in US\$, Euro and AUD, the Group is exposed to foreign currency exchange fluctuations arising in the normal course of its business operations.

The Group generally hedges 30% of its expected monthly sales and purchases denominated in foreign currencies.

The Group has a committee in place, comprising its finance manager and its executive Directors. The committee meets regularly from time to time when necessary and is responsible for reviewing, researching and studying the future foreign exchange rates and the methods of hedging. In deciding whether to enter into any foreign currency hedging transactions, the committee will undertake a cautious approach and will consider factors including (i) the expected sales and purchases denominated in foreign currencies; (ii) the historical foreign exchange rates; and (iii) the perceived future foreign exchange rates. The finance manager keeps track of the Group's hedging activities and all hedging contracts have to be approved by the executive Directors. As sales and purchases will continue to be denominated in foreign currencies, the Group expects that it will continue to enter into hedging arrangements where necessary.

## **DIVIDEND**

After due consideration of the uncertain macroeconomic outlook ahead as set out in the section headed "Outlook and Strategies" of this announcement, the Board has resolved not to recommend any final dividend for the year ended 31 December 2022 even though the Group was profitable (No dividend declared for the year ended 31 December 2021). Nonetheless, the Group's dividend policy has not changed and the Board will continue to assess whether to recommend dividend in the next financial period.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the "AGM") will be held at 10:00 a.m. on 19 May 2023 at 255 Pandan Loop, Singapore 128433 and the notice of the AGM will be published and despatched in accordance with the requirements under the Company's articles of association and the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the shareholders' rights to attend and vote at the AGM, the register of members of the Company will be closed from 16 May 2023 to 19 May 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered shareholders must lodge all completed transfer documents accompanied by the relevant share certificates with the Company's branch share registrar and transfer office in Hong Kong, 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 15 May 2023.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 311 employees and 271 employees as at 31 December 2022 and 31 December 2021 respectively. The Group incurred staff costs of approximately S\$11.7 million and S\$10.2 million for the years ended 31 December 2022 and 2021 respectively. Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. The Company has adopted a share option scheme (the "Share Option Scheme") on 20 December 2018 to enable the Board to grant share options to eligible participants with an opportunity to have a personal stake in the Company with a view to achieve the following objectives: (i) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an ongoing business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

As at 31 December 2022, there was no outstanding share option granted under the Share Option Scheme.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **CORPORATE GOVERNANCE**

The Company is committed to fulfilling its responsibilities to its shareholders and protecting and enhancing shareholders' value through good corporate governance.

The Directors recognise that a good corporate governance is essential for the Company to achieve its objectives and drive improvement, as well as maintain legal and ethical standing in the eyes of shareholders, regulators and the general public.

The Company has adopted the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

To the best of the knowledge of the Board, the Company has complied with the Corporate Governance Code for the year ended 31 December 2022.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct governing the Directors’ securities transactions. All the Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the Model Code during the year ended 31 December 2022.

## DIRECTORS’ INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 31 December 2022, the interests or short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), which were required: (a) 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 were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules, were as follows:

### Long position in the shares of SWL Limited, an associated corporation of the Company

Name of Directors	Capacity/nature of interest	Number of shares held	Percentage of shareholding
Ms. Lim Seow Yen	Beneficial owner	490	24.5%
Mr. Lim Fung Yee	Beneficial owner	490	24.5%
Mr. Lim Fung Chor	Beneficial owner	490	24.5%

*Note:* SWL Limited held in aggregate 750,000,000 shares, representing 75% of the issued share capital of the Company. The issued share capital of SWL Limited is legally and beneficially owned as to 24.5% by Mdm. Han Yew Lang, 24.5% by Ms. Lim Seow Yen, 24.5% by Mr. Lim Fung Yee, 24.5% by Mr. Lim Fung Chor, 1.0% by Mr. Loo Soon Hock James and 1.0% by Ms. Ong Liow Wah.

Save as disclosed above, as at 31 December 2022, none of the Directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company (within the meaning of Part XV of the SFO), which were required: (a) 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 was taken or deemed to have under such provisions of the SFO), (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 31 December 2022, so far as is known to the Directors, the following persons (other than a Director of the Company) and entities had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO:

<b>Name of shareholder</b>	<b>Capacity/nature of interest</b>	<b>Number of shares held</b>	<b>Percentage of shareholding</b>
SWL Limited	Beneficial owner	750,000,000	75%

*Note:* The issued share capital of SWL Limited is legally and beneficially owned as to 24.5% by Mdm. Han Yew Lang, 24.5% by Ms. Lim Seow Yen, 24.5% by Mr. Lim Fung Yee, 24.5% by Mr. Lim Fung Chor, 1.0% by Mr. Loo Soon Hock James and 1.0% by Ms. Ong Liow Wah.

Save as disclosed above, as at 31 December 2022, so far as the Directors are aware, no other persons (other than a Director of the Company) or entities had any interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO.

## **INTEREST OF DIRECTORS IN A COMPETING BUSINESS**

During the year ended 31 December 2022, none of the Directors or their respective close associates had interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

## **NON-COMPETITION UNDERTAKING**

SWL Limited, Mdm. Han Yew Lang, Ms. Lim Seow Yen, Mr. Lim Fung Yee, Mr. Lim Fung Chor, Mr. Loo Soon Hock James and Ms. Ong Liow Wah (collectively, the "Controlling Shareholders") entered into a deed of non-competition dated 20 December 2018 in favour of the Company and the subsidiaries (the "Deed of Non-competition") regarding certain non-competition undertakings. Details of the Deed of Non-competition were disclosed in the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

The Controlling Shareholders have confirmed compliance with and the enforcement of the terms of the Deed of Non-competition during the year ended 31 December 2022.

## **REVIEW BY THE AUDIT COMMITTEE**

The Company established an audit committee (the "Audit Committee") on 20 December 2018 with written terms of reference in compliance with the Corporate Governance code. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the Group's financial report system, risk management and internal control procedures, provide advice and comments to the Board, and monitor the independence and objectivity of the external auditor.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Chan Ka Yu, Mr. Lee Yan Fai and Mr. Chew Keat Yeow (Zhou Jieyao). Mr. Chan Ka Yu is the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 December 2022. The Audit Committee was of the opinion that the preparation of such results complied with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

#### **SCOPE OF WORK OF DELOITTE & TOUCHE LLP**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte & Touche LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte & Touche LLP in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by International Auditing and Assurance Standards and consequently no opinion or assurance conclusion has been expressed by Deloitte & Touche LLP on the preliminary announcement.

#### **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The annual results announcement of the Company is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.taisun.com.sg](http://www.taisun.com.sg)). The annual report of the Company for the year ended 31 December 2022 containing all the relevant information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 31 March 2023

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