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## **TS WONDERS HOLDING LIMITED**

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

**(Stock Code: 1767)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

#### **FINANCIAL HIGHLIGHTS:**

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

	<b>Six months ended 30 June</b>		<b>% of change</b>
	<b>2023</b>	<b>2022</b>	
	<b>S\$</b>	<b>S\$</b>	
Revenue	<b>33,619,903</b>	35,080,289	(4.2%)
Profit before taxation	<b>4,606,551</b>	4,018,467	14.6%
Profit for the period	<b>3,384,403</b>	2,921,564	15.8%

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

	<b>As at</b>	<b>As at</b>	<b>% of change</b>
	<b>30 June</b>	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>	
	<b>S\$</b>	<b>S\$</b>	
Bank balances and cash	<b>33,105,695</b>	29,879,477	10.8%
Bank and other borrowings	<b>1,598,378</b>	2,859,361	(44.1%)
Net assets	<b>71,010,586</b>	68,400,285	3.8%

#### **KEY FINANCIAL RATIOS**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
Gross profit margin	<b>27.8%</b>	24.4%
Profit before taxation margin	<b>13.7%</b>	11.5%
Profit margin for the period	<b>10.1%</b>	8.3%

  

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
Return on total assets	<b>4.2%</b>	7.2%
Return on equity	<b>4.8%</b>	8.5%
Gearing ratio (times)	<b>0.02</b>	0.04
Current ratio (times)	<b>8.7</b>	7.1

## INTERIM FINANCIAL INFORMATION

The board (the “Board”) of directors (the “Directors”, each a “Director”) of TS Wonders Holding Limited (the “Company”) hereby announces the interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2023 together with the comparative figures for the six months ended 30 June 2022 and selected explanatory notes. All amounts set out in this announcement are presented in Singapore Dollars (“S\$”) unless otherwise indicated.

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

For the six months ended 30 June 2023

	Note	For the six months ended 30 June	
		2023 S\$ (Unaudited)	2022 S\$ (Unaudited)
<b>Revenue</b>	4	<b>33,619,903</b>	35,080,289
Cost of sales		<b>(24,278,903)</b>	(26,504,659)
<b>Gross profit</b>	4	<b>9,341,000</b>	8,575,630
Other income	5	<b>420,141</b>	75,413
Other gains and losses	6	<b>(180,921)</b>	(6,232)
Selling and distribution expenses		<b>(2,051,161)</b>	(1,500,202)
Administrative expenses		<b>(2,873,802)</b>	(3,068,004)
Finance costs	7	<b>(48,706)</b>	(58,138)
<b>Profit before taxation</b>		<b>4,606,551</b>	4,018,467
Income tax expense	8	<b>(1,222,148)</b>	(1,096,903)
<b>Profit for the period</b>	9	<b>3,384,403</b>	2,921,564
<b>Other comprehensive expense</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		<b>(970,310)</b>	(402,895)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment, net of tax		<b>196,208</b>	186,816
<b>Other comprehensive expense for the period</b>		<b>(774,102)</b>	(216,079)
<b>Total profit and other comprehensive income for the period, net of tax</b>		<b>2,610,301</b>	2,705,485
<b>Basic and diluted earnings per share (S\$ cents)</b>	11	<b>0.34</b>	0.29

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

	<i>Note</i>	As at <b>30 June</b> <b>2023</b> <i>S\$</i> <b>(Unaudited)</b>	As at 31 December 2022 <i>S\$</i> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>26,446,715</b>	26,125,438
Right-of-use assets		<b>1,070,971</b>	1,184,035
Deposits		<b>167,680</b>	62,083
		<hr/> <b>27,685,366</b>	<hr/> 27,371,556
<b>Current assets</b>			
Inventories		<b>9,953,661</b>	10,288,780
Trade receivables	<i>12</i>	<b>8,366,461</b>	12,242,384
Other receivables, deposits and prepayments		<b>1,619,080</b>	922,473
Derivative financial instruments		<b>112,183</b>	1,184
Bank balances and cash		<b>33,105,695</b>	29,879,477
		<hr/> <b>53,157,080</b>	<hr/> 53,334,298
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>3,894,045</b>	5,450,646
Derivative financial instruments		<b>652</b>	20,911
Lease liabilities		<b>147,056</b>	183,459
Bank and other borrowings		<b>244,696</b>	496,498
Income tax payable		<b>1,833,511</b>	1,411,186
		<hr/> <b>6,119,960</b>	<hr/> 7,562,700
<b>Net current assets</b>		<hr/> <b>47,037,120</b>	<hr/> 45,771,598
<b>Total assets less current liabilities</b>		<hr/> <b>74,722,486</b>	<hr/> 73,143,154

	As at <b>30 June</b> <b>2023</b> <i>S\$</i> <b>(Unaudited)</b>	As at 31 December 2022 <i>S\$</i> (Audited)
<b>Non-current liabilities</b>		
Lease liabilities	<b>1,092,585</b>	1,166,708
Bank and other borrowings	<b>1,353,682</b>	2,362,863
Deferred tax liabilities	<b>1,265,633</b>	1,213,298
	<u><b>3,711,900</b></u>	<u>4,742,869</u>
<b>Net assets</b>	<u><b>71,010,586</b></u>	<u>68,400,285</u>
<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>14,017,923</b>	13,821,715
Translation reserve	<b>(3,883,316)</b>	(2,913,006)
Accumulated profits	<b>45,694,694</b>	42,310,291
	<u><b>71,010,586</b></u>	<u>68,400,285</u>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 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 Act, Cap. 22 (Act 3 of 1961, as consolidated 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 interim 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 interim 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 interim 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

#### **New and amended IFRS that are effective for the current period**

On 1 January 2023, the Group adopted all the new and revised 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 in these consolidated financial statements.

## **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:

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>2</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current<sup>2</sup></i>
Amendments to IAS 1	<i>Non-current Liabilities with covenants<sup>1</sup></i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>1</sup></i>

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

<sup>2</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 Maker (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 beverage companies.

## Segment revenue and results

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

	For the six months ended 30 June			
	Revenue		Gross profit	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
Nuts	21,735,085	23,645,783	5,326,495	5,432,061
Chips	10,771,824	10,486,239	3,732,373	2,900,521
Others	1,112,994	948,267	282,132	243,048
	<u>33,619,903</u>	<u>35,080,289</u>	<u>9,341,000</u>	<u>8,575,630</u>

## Geographical information

The Group principally operates in Singapore and Malaysia, which are the place of domicile of respective group entities. Revenue from external customer is based on the geographical location of the end customers.

	For the six months ended 30 June	
	2023	2022
	S\$	S\$
Singapore	20,687,355	20,519,468
Malaysia	9,979,868	9,611,645
The People's Republic of China (including Hong Kong)	1,555,549	3,819,487
Others	1,397,131	1,129,689
	<u>33,619,903</u>	<u>35,080,289</u>

## 5. OTHER INCOME

	For the six months ended 30 June	
	2023	2022
	S\$	S\$
Government grants <sup>(1)</sup>	54,500	33,442
Interest income	364,900	32,921
Others	741	9,050
	<u>420,141</u>	<u>75,413</u>

Note:

- 1) The government grants received during the six months ended 30 June 2023 and 30 June 2022 mainly comprised support measures by the government to support jobs growth. While certain of these measures were phased out for the six months ended 30 June 2023, there were new government schemes on support for lower-wage workers.

## 6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2023	2022
	S\$	S\$
Foreign exchange (loss) gain, net	(338,794)	73,408
Fair value gain (loss) on derivative financial instruments	158,398	(83,950)
Gain on lease modification	–	4,310
Loss on disposal of property, plant and equipment	(525)	–
	<u>(180,921)</u>	<u>(6,232)</u>

## 7. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	S\$	S\$
Financing cost of bank facilities	18,415	26,404
Interest on lease liabilities	30,291	31,734
	<u>48,706</u>	<u>58,138</u>

## 8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023	2022
	S\$	S\$
<b>Tax expense comprises:</b>		
Current income tax		
Current period	1,056,638	913,954
Withholding tax	1,001	1,525
Underprovision in prior year	53,601	–
Deferred tax		
Current period	110,908	181,424
	<u>1,222,148</u>	<u>1,096,903</u>

Singapore Corporate Income Tax (“CIT”) is calculated at 17% of the estimated assessable profit. Singapore incorporated companies can also 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 of Assessment 2022 and 2023.



## 9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	S\$	S\$
Depreciation of property, plant and equipment		
Recognised as cost of sales	790,094	780,756
Recognised as administrative expenses	102,753	70,950
	<u>892,847</u>	<u>851,706</u>
Directors' remuneration	985,302	986,463
Other staff costs		
– Salaries and other benefits	3,296,690	2,883,871
– Contributions to Central Provident Fund and Employees' Provident Fund	251,935	240,842
	<u>4,533,927</u>	<u>4,111,176</u>
Total staff costs		
	<u>19,822,604</u>	<u>22,243,441</u>

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

*(Disclosure required by IFRS 16)*

	2023	2022
	S\$	S\$
Depreciation expense on right-of-use assets	98,032	90,375
Interest expense on lease liabilities	30,291	31,733
Expense relating to short-term leases	4,950	13,474
	<u>133,273</u>	<u>135,582</u>

The total cash outflow for leases amount to S\$130,034 and S\$139,461 for the six months ended 30 June 2023 and 2022 respectively.

## 10. DIVIDENDS

At a meeting of the Board held on 28 August 2023, the Directors resolved not to declare the payment of an interim dividend to the shareholders of the Company for the six months ended 30 June 2023 (Payment of an interim dividend to the shareholders of the Company for the six months ended 30 June 2022: Nil).

## 11. 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 six months ended 30 June	
	2023	2022
Earnings:		
Profit for the period attributable to owners of the Company ( <i>S\$</i> )	<u>3,384,403</u>	<u>2,921,564</u>
	For the six months ended 30 June	
	2023	2022
Number of shares:		
Weighted average number of ordinary shares in issue ( <i>Note</i> )	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Basic and diluted earnings per share ( <i>S\$ cents</i> )	<u>0.34</u>	<u>0.29</u>

*Note:*

No diluted earnings per share were presented as there were no potential ordinary shares in issue during the six months ended 30 June 2023 and 2022.

## 12. TRADE RECEIVABLES

	As at 30 June 2023 <i>S\$</i>	As at 31 December 2022 <i>S\$</i>
Trade receivables	<u>8,366,461</u>	<u>12,242,384</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 30 June 2023 <i>S\$</i>	As at 31 December 2022 <i>S\$</i>
Within 30 days	4,387,596	6,245,171
31 days to 60 days	3,307,993	4,863,646
61 days to 90 days	605,830	1,062,947
91 days to 180 days	62,513	70,620
181 days to one year	2,529	–
	<u>8,366,461</u>	<u>12,242,384</u>

### 13. TRADE AND OTHER PAYABLES

	As at <b>30 June</b> <b>2023</b> <b>S\$</b>	As at 31 December 2022 S\$
Trade payables	<u>2,858,811</u>	<u>3,926,392</u>
Accrued operating expenses	462,087	975,769
Other payables		
– Advances from customers	–	1,115
– Deposits received	40,327	20,600
– Goods and services tax payables	133,432	168,181
– Others	<u>399,388</u>	<u>358,589</u>
	<u>1,035,234</u>	<u>1,524,254</u>
	<u><b>3,894,045</b></u>	<u><b>5,450,646</b></u>

The credit period on purchases from suppliers is between 7 to 60 days (2022: 7 to 60 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 <b>30 June</b> <b>2023</b> <b>S\$</b>	As at 31 December 2022 S\$
Within 30 days	2,358,769	3,415,624
31 days to 90 days	499,971	510,483
91 days to 180 days	<u>71</u>	<u>285</u>
	<u><b>2,858,811</b></u>	<u><b>3,926,392</b></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, airline 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 decreased by approximately S\$1.5 million or 4.2% from approximately S\$35.1 million for the six months ended 30 June 2022 to approximately S\$33.6 million for the six months ended 30 June 2023, mainly due to a decrease in sales to end customers in the PRC (including Hong Kong) during the six months ended 30 June 2023 as elaborated in the section headed 'Geographical location' of this announcement.

### 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 six months ended 30 June 2023 and 30 June 2022:

	For the six months ended 30 June			
	2023		2022	
	S\$		S\$	
Nuts	21,735,085	64.7%	23,645,783	67.4%
Chips	10,771,824	32.0%	10,486,239	29.9%
Others (Note)	1,112,994	3.3%	948,267	2.7%
Total	<u>33,619,903</u>	<u>100.0%</u>	<u>35,080,289</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 beverage companies.

The sale of nuts and chips products accounted for approximately 64.7% and 32.0% of revenue respectively for the six months ended 30 June 2023. For the six months ended 30 June 2022, the revenue derived from the sale of nuts decreased to 64.7% of total revenue as compared to 67.4% of revenue for the six months ended 30 June 2022. This was due mainly to decrease in demand for nuts in the PRC (including Hong Kong).

## 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 six months ended 30 June 2023 and 30 June 2022:

	For the six months ended 30 June			
	2023		2022	
	S\$		S\$	
Singapore	20,687,355	61.5%	20,519,468	58.5%
Malaysia	9,979,868	29.7%	9,611,645	27.4%
The PRC (including Hong Kong)	1,555,549	4.6%	3,819,487	10.9%
Others	1,397,131	4.2%	1,129,689	3.2%
Total	<u>33,619,903</u>	<u>100.0%</u>	<u>35,080,289</u>	<u>100.0%</u>

The Group's products were largely sold in Singapore and Malaysia which accounted for approximately 61.5% and 29.7% of total revenue respectively for the six months ended 30 June 2023. The composition of sales to end consumers in the PRC (including Hong Kong) decreased from approximately 10.9% for the six months ended 30 June 2022 to approximately 4.6% for the six months ended 30 June 2023 mainly due to reduced orders for nuts from a customer in the PRC (including Hong Kong) during the six months ended 30 June 2023.

## Gross profit

The following table sets forth a breakdown of the Group's gross profit for the six months ended 30 June 2023 and 30 June 2022:

	For the six months ended 30 June					
	2023			2022		
	Revenue S\$	Gross Profit S\$	Gross Profit margin	Revenue S\$	Gross Profit S\$	Gross Profit margin
Nuts	21,735,085	5,326,495	24.5%	23,645,783	5,432,061	23.0%
Chips	10,771,824	3,732,373	34.6%	10,486,239	2,900,521	27.7%
Others	1,112,994	282,132	25.3%	948,267	243,048	25.6%
Total	<u>33,619,903</u>	<u>9,341,000</u>	<u>27.8%</u>	<u>35,080,289</u>	<u>8,575,630</u>	<u>24.4%</u>

The Group's gross profit increased by approximately S\$0.8 million or 8.9% from approximately S\$8.6 million for the six months ended 30 June 2022 to approximately S\$9.3 million for the six months ended 30 June 2023 despite a decrease in revenue due to an increase in gross profit margin from approximately 24.4% for the six months ended 30 June 2022 to approximately 27.8% for the six months ended 30 June 2023. The increase in the Group's gross profit margin was mainly due to the increase in gross profit margin for chips, which mainly resulted from a decrease in average cost of raw potatoes and increase in gross profit margin for nuts due to lower average cost of certain raw nuts.

## **Outlook and Strategies**

### ***Economic performance in Singapore in the second quarter of 2023***

The Singapore economy grew by 0.5% on a year-on-year basis in the second quarter of 2023, extending the 0.4% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded marginally by 0.1%, a reversal from the 0.4% contraction in the first quarter of 2023.

### **Overall economic performance in Singapore in the first half of 2023**

In the first half of 2023, the Singapore's GDP growth averaged 0.4% on a year-on-year basis.

### **Economic outlook for 2023**

The Ministry of Trade and Industry, Singapore has forecasted Singapore's GDP growth forecast for 2023 to range between 0.5% and 1.5%.

Since the Economic Survey of Singapore released in May, the performance of advanced economies such as the US and Eurozone has continued to be resilient, although their growth is expected to weaken in the second half of the year. In particular, US' GDP growth is projected to slow more significantly in the remaining quarters of the year as elevated interest rates and a cooling labour market weigh on personal consumption growth. Similarly, GDP growth in the Eurozone is forecast to remain subdued for the rest of the year due to sluggish external demand and the effects of tight financial conditions on domestic demand.

In Asia, China's GDP growth is expected to moderate in the second half of the year as the post-pandemic recovery in its services activity slows in tandem with deteriorating consumer confidence. Sustained weakness in its property sector, alongside subdued external demand, will also continue to weigh on its growth. Meanwhile, Southeast Asian economies such as Malaysia, Indonesia and Thailand are projected to remain resilient in the second half of the year on account of the continued recovery in domestic and tourism demand.

Overall, Singapore's external demand outlook for the rest of the year remains weak. Apart from the expected slowdown in Singapore's key external demand markets, the global electronics downturn is also likely to be protracted, with a gradual recovery expected towards the end of the year at the earliest.

At the same time, downside risks in the global economy remain. First, more persistent-than-expected inflation in the advanced economies could induce tighter global financial conditions, which could then lead to a sharper retraction in global spending and exacerbate the ongoing manufacturing downturn. Second, escalations in the war in Ukraine and geopolitical tensions among major global powers could lead to renewed supply disruptions, dampen consumer and business confidence, as well as weigh on global trade.

Against this backdrop, the growth outlook for the manufacturing sector in Singapore remains weak for the rest of the year. In particular, manufacturing output is expected to be weighed down largely by output contractions in the electronics and precision engineering clusters amidst the global electronics downturn. Similarly, growth in the finance & insurance sector is likely to be subdued as a result of continued weakness in the external economic environment and restrictive financial conditions.

On the other hand, the growth outlook for aviation- and tourism-related sectors such as air transport and accommodation remains positive given the ongoing recovery in international air travel and inbound tourism. Meanwhile, consumer-facing sectors such as retail trade and food & beverage services are expected to continue to expand, supported by resilient labour market conditions and the recovery in inbound tourism.

Taking into account the performance of the Singapore economy in the first half of 2023, as well as the latest global and domestic economic developments, Singapore's GDP growth forecast for 2023 is 0.5% to 1.5%.

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

### **Outlook for the Group and strategies**

During the first half of 2023, the Group's revenue decreased by approximately S\$1.5 million or 4.2% from approximately S\$35.1 million for the six months ended 30 June 2022 to approximately S\$33.6 million for the six months ended 30 June 2023, mainly due to a decrease in sales to a customer in the PRC (including Hong Kong) during the six months ended 30 June 2023, as further elaborated in the section headed 'Geographical location' of this announcement. Overall, with increase in gross profit margin, higher other income, lower administrative expenses partially offset by increase in other losses and selling and distribution expenses, among other factors, the Group's profit for the period increased by approximately S\$0.5 million or 15.8% from approximately S\$2.9 million for the six months ended 30 June 2022 to approximately S\$3.4 million for the six months ended 30 June 2023.

The Group expects that demand for snack products with less sugar, artificial sweeteners and flavourings such as savoury snacks to remain resilient in the long term as health awareness is increasing among consumers. 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. 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 a 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 decreased by approximately S\$1.5 million or 4.2% from approximately S\$35.1 million for the six months ended 30 June 2022 to approximately S\$33.6 million for the six months ended 30 June 2023. There was a decrease in sales to a customer in the PRC (including Hong Kong) during the six months ended 30 June 2023, as elaborated in the section headed 'Geographical location' of this announcement.

### **Cost of sales**

The Group's cost of sales decreased by approximately S\$2.2 million or 8.4% from approximately S\$26.5 million for the six months ended 30 June 2022 to approximately S\$24.3 million for the six months ended 30 June 2023 mainly due to decrease in cost of materials, consistent with decrease in revenue and lower average cost of raw potatoes.

### **Gross profit**

The Group's gross profit increased by approximately S\$0.8 million or 8.9% from approximately S\$8.6 million for the six months ended 30 June 2022 to approximately S\$9.3 million for the six months ended 30 June 2023, despite a decrease in revenue due to an increase in gross profit margin from approximately 24.4% for the six months ended 30 June 2022 to approximately 27.8% for the six months ended 30 June 2023. The increase in the Group's gross profit margin was mainly due to the increase in gross profit margin for chips, which resulted mainly from decrease in average cost of raw potatoes and increase in gross profit margin for nuts due to lower average cost of certain raw nuts.

### **Other income**

The Group's other income increased by approximately S\$0.3 million from approximately S\$75,000 for the six months ended 30 June 2022 to approximately S\$0.4 million for the six months ended 30 June 2023 mainly due to higher interest income arising from more fixed deposit placements and higher interest rates during the six months ended 30 June 2023.

### **Other gains and losses**

The Group's other losses increased by approximately S\$0.2 million from losses of approximately S\$6,000 for the six months ended 30 June 2022 to losses of approximately S\$181,000 for the six months ended 30 June 2023 mainly due to (i) foreign exchange losses of approximately S\$339,000 for the six months ended 30 June 2023 compared to foreign exchange gains of approximately S\$73,000 for the six months ended 30 June 2022 and this was partially offset by (ii) fair value gain on derivative financial instruments of approximately S\$158,000 for the six months ended 30 June 2023, as compared to fair value loss on derivative financial instruments of approximately S\$84,000 for the six months ended 30 June 2022.



### **Selling and distribution expenses**

Selling and distribution expenses increased by approximately S\$0.6 million or 36.7% from approximately S\$1.5 million for the six months ended 30 June 2022 to approximately S\$2.1 million for the six months ended 30 June 2023 mainly due to increase in marketing activities including social media and product advertising.

### **Administrative expenses**

Administrative expenses decreased by approximately S\$0.2 million or approximately 6.3% from approximately S\$3.1 million for the six months ended 30 June 2022 to approximately S\$2.9 million for the six months ended 30 June 2023 mainly due to lower professional fees from consultancy services partially offset by increase in staff costs.

### **Finance costs**

The Group's finance costs decreased by approximately S\$9,000 or 16.2% from approximately S\$58,000 for the six months ended 30 June 2022 to approximately S\$49,000 for the six months ended 30 June 2023 mainly due to lower interest expenses incurred in line with the decrease in bank and other borrowings.

### **Income tax expense**

Income tax expense increased by approximately S\$0.1 million or 11.4% from approximately S\$1.1 million for the six months ended 30 June 2022 to approximately S\$1.2 million for the six months ended 30 June 2023 mainly due to the increase in profit before tax.

### **Profit for the period**

Profit for the period increased by approximately S\$0.5 million or 15.8% from approximately S\$2.9 million for the six months ended 30 June 2022 to approximately S\$3.4 million for the six months ended 30 June 2023 mainly due to increase in gross profit margin, increase in 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 of 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 30 June 2023 and 31 December 2022, the Group's current ratio, being current assets over current liabilities was 8.7 times and 7.1 times respectively.

As at 30 June 2023, the Group's bank borrowings amounted to approximately S\$1.6 million, which was lower as compared to approximately S\$2.9 million as at 31 December 2022. The Group maintained a relatively low gearing ratio, based on interest-bearing bank and other borrowings divided by net assets, at approximately 0.02 times as at 30 June 2023 (31 December 2022: 0.04 times).

### **CONTINGENT LIABILITIES**

As at 30 June 2023 and 31 December 2022, the Group provided performance guarantee to certain customers with balances amounted to approximately S\$0.5 million and 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\$6.9 million and S\$11.8 million as at 30 June 2023 and 31 December 2022 respectively.

### **CAPITAL EXPENDITURES AND COMMITMENTS**

During the six months ended 30 June 2023, the Group had incurred capital expenditures of approximately S\$2.0 million as compared to approximately S\$0.5 million in the six months ended 30 June 2022. The expenditures were mainly related to the purchase of property, plant and equipment including renovation to support the growth of the Group's business.

The Group has capital commitments of approximately S\$0.8 million as at 30 June 2023 (31 December 2022: S\$0.3 million).

### **SIGNIFICANT INVESTMENTS**

The Group did not hold any significant investments as at 30 June 2023 and 31 December 2022.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

For the six months ended 30 June 2023, the Group did not have any material acquisitions or disposals of subsidiaries and associated companies.

### **EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after the six months ended 30 June 2023 and up to the date of this announcement.

## CHANGE IN INFORMATION OF DIRECTOR

With effect from 14 June 2023, Mr. Lee Yan Fai, an independent non-executive Director of the Company has been appointed as an independent non-executive director of Colour Life Services Group Co. Limited, a company listed on the Stock Exchange (stock code: 1778).

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no specific plan for material investments or capital assets as at 30 June 2023 (31 December 2022: Nil).

## 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").

The following sets forth a summary of the utilisation of the Net IPO Proceeds as at 30 June 2023 and the expected timeline for utilisation of the unutilised Net IPO Proceeds:

Use of proceeds	Planned use of Net IPO Proceeds (HK\$'million)	Actual use of Net IPO Proceeds as at 30 June 2023 (HK\$'million)	Unutilised Net IPO Proceeds as at 30 June 2023 (HK\$'million)	Expected timeline for utilisation of unutilised Net IPO Proceeds
Expansion of existing nuts and potato chips products (output capacity and product diversity)	47.0	20.6	26.4	by 31 December 2024
Expansion of workforce	7.6	0.9	6.7	by 31 December 2024
Working capital	12.2	9.3	2.9	by 31 December 2024
Total	<u>66.8</u>	<u>30.8</u>	<u>36.0</u>	

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 of 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 global outlook ahead as set out in the section headed "Outlook and Strategies" of this announcement, the Board has resolved not to recommend any interim dividend for the six months ended 30 June 2023 even though the Group was profitable (No dividend declared for the six months ended 30 June 2022). 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.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 300 employees and 244 employees as at 30 June 2023 and 30 June 2022 respectively. The Group incurred staff costs of approximately S\$4.5 million and S\$4.1 million for the six months ended 30 June 2023 and 30 June 2022 respectively. Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee.

### **Share Option Scheme**

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.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 20 December 2018. As at 30 June 2023, there was no outstanding share option granted under the Share Option Scheme, and the total number of Shares available for issue under the Share Option Scheme is 100,000,000 Shares, representing 10% of the total number of issued Shares.

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

During the six months ended 30 June 2023, 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 six months ended 30 June 2023.

## **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 six months ended 30 June 2023.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained at all times the sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2023.

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

As at 30 June 2023, 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**

<b>Name of Directors</b>	<b>Capacity/nature of interest</b>	<b>Number of shares held</b>	<b>Percentage of shareholding</b>
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 30 June 2023, 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 30 June 2023, 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 30 June 2023, 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 six months ended 30 June 2023, 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 six months ended 30 June 2023.

## **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 unaudited interim consolidated financial statements for the six months ended 30 June 2023. 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.

The unaudited interim consolidated financial statements for the six months ended 30 June 2023 has not been audited by the auditor of the Company.

## **PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT**

The unaudited interim 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 interim report of the Company for the six months ended 30 June 2023 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, 28 August 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).*