

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

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 2022

FINANCIAL HIGHLIGHTS:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June		
	2022	2021	% of change
	S\$	S\$	
Revenue	35,080,289	31,098,399	12.8%
Profit before taxation	4,018,467	5,110,138	(21.4%)
Profit for the period	2,921,564	4,131,468	(29.3%)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	As at	
	30 June	31 December	% of change
	2022	2021	
	S\$	S\$	
Bank balances and cash	30,050,967	26,277,352	14.4%
Bank and other borrowings	3,337,255	3,789,724	(11.9%)
Net assets	64,497,022	61,791,537	4.4%

KEY FINANCIAL RATIOS

	Six months ended 30 June	
	2022	2021
Gross profit margin	24.4%	28.0%
Profit before taxation margin	11.5%	16.4%
Profit margin for the period	8.3%	13.3%

	As at	As at
	30 June	31 December
	2022	2021
Return on total assets	3.8%	4.3%
Return on equity	4.5%	5.5%
Gearing ratio (times)	0.05	0.06
Current ratio (times)	7.3	4.5

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 2022 together with the comparative figures for the six months ended 30 June 2021 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 2022

		For the six months ended 30 June	
	Note	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Revenue	4	35,080,289	31,098,399
Cost of sales		(26,504,659)	(22,395,584)
Gross profit	4	8,575,630	8,702,815
Other income	5	75,413	204,487
Other gains and losses	6	(6,232)	81,037
Selling and distribution expenses		(1,500,202)	(1,430,075)
Administrative expenses		(3,068,004)	(2,377,069)
Finance costs	7	(58,138)	(71,057)
Profit before taxation		4,018,467	5,110,138
Income tax expense	8	(1,096,903)	(978,670)
Profit for the period	9	2,921,564	4,131,468
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		(402,891)	(275,940)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment, net of tax		186,816	175,296
Other comprehensive expense for the period		(216,075)	(100,644)
Total profit and other comprehensive income for the period, net of tax		2,705,489	4,030,824
Basic and diluted earnings per share (S\$ cents)	11	0.29	0.41

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	As at 30 June 2022 <i>S\$</i> (Unaudited)	As at 31 December 2021 <i>S\$</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		24,318,233	22,769,087
Right-of-use assets		947,289	1,110,966
Investment property		–	2,078,154
		<hr/> 25,265,522	<hr/> 25,958,207
Current assets			
Inventories		9,877,048	12,371,706
Trade receivables	<i>12</i>	9,014,558	12,818,625
Other receivables, deposits and prepayments		2,056,362	1,252,943
Derivative financial instruments		54,637	41,957
Bank balances and cash		30,050,967	26,277,352
		<hr/> 51,053,572	<hr/> 52,762,583
LIABILITIES			
Current liabilities			
Trade and other payables	<i>13</i>	4,501,693	9,189,627
Derivative financial instruments		3,784	108,234
Lease liabilities		131,120	190,882
Bank and other borrowings		725,444	725,115
Income tax payable		1,633,572	1,479,399
		<hr/> 6,995,613	<hr/> 11,693,257
Net current assets		<hr/> 44,057,959	<hr/> 41,069,326
Total assets less current liabilities		<hr/> 69,323,481	<hr/> 67,027,533

	As at 30 June 2022 <i>S\$</i> (Unaudited)	As at 31 December 2021 <i>S\$</i> (Audited)
Non-current liabilities		
Lease liabilities	964,000	1,076,394
Bank and other borrowings	2,611,811	3,064,609
Deferred tax liabilities	1,250,648	1,094,993
	<u>4,826,459</u>	<u>5,235,996</u>
Net assets	<u>64,497,022</u>	<u>61,791,537</u>
EQUITY		
Capital and reserves		
Share capital	1,725,820	1,725,820
Share premium	13,487,471	13,487,471
Other reserve	(332,000)	(332,000)
Merger reserve	299,994	299,994
Revaluation reserve	12,156,451	11,969,643
Translation reserve	(2,257,270)	(1,854,416)
Accumulated profits	39,416,556	36,495,025
	<u>64,497,022</u>	<u>61,791,537</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”) (Chapter 622 of the Laws of Hong Kong) on 23 May 2018 and the principal place of business in Hong Kong is Room 901, 9th Floor, Prosperity Tower, No. 39 Queen’s Road Central, 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 2022, the Group adopted all the new and revised IFRS pronouncements that are relevant to its operations. Their adoption has not had any material impact 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:

IFRS 17 (including the June 2020 amendments to IFRS 17)	<i>Insurance Contracts¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current²</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies²</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction²</i>

¹ *Effective for annual periods beginning on or after 1 January 2023.*

² *Effective for annual periods beginning on or after 1 January 2023, with early application permitted.*

³ *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. In current period, the CODM reviews the profits by type of product sold instead of overall results of the Group. Accordingly, the comparative figure is disclosed with segment result. No operating segments have been aggregated in arriving at the reportable segments of the Group.

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 segment:

	For the six months ended 30 June			
	Revenue		Gross profit	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Nuts	23,645,783	22,195,286	5,432,061	6,201,785
Chips	10,486,239	8,023,512	2,900,521	2,229,981
Others	948,267	879,601	243,048	271,049
Total	<u>35,080,289</u>	<u>31,098,399</u>	<u>8,575,630</u>	<u>8,702,815</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	
	2022	2021
	S\$	S\$
Singapore	20,519,468	19,706,269
Malaysia	9,611,645	6,477,552
The People's Republic of China (including Hong Kong)	3,819,487	3,570,939
Others (<i>Note</i>)	1,129,689	1,343,639
Total	<u>35,080,289</u>	<u>31,098,399</u>

Note:

Others include Philippines and the United Kingdom.

5. OTHER INCOME

	For the six months ended 30 June	
	2022	2021
	S\$	S\$
Government grants ⁽¹⁾	33,442	173,158
Interest income	32,921	31,297
Others	9,050	32
	<u>75,413</u>	<u>204,487</u>

Note:

- 1) The government grants received during the six months ended 30 June 2022 and 30 June 2021 mainly comprised support measures by the government which aims to aid businesses cope with challenges arising from the Covid-19 pandemic. As certain of these measures were phased out, government grants decreased for the six months ended 30 June 2022.

6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2022	2021
	S\$	S\$
Foreign exchange gain, net	73,408	6,095
Fair value (loss) gain on derivative financial instruments	(83,950)	35,321
Other gains	4,310	491
Gains on disposal of property, plant and equipment	–	39,130
	<u>(6,232)</u>	<u>81,037</u>

7. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	S\$	S\$
Financing cost of bank facilities	26,404	38,985
Interest on lease liabilities	31,734	32,072
	<u>58,138</u>	<u>71,057</u>

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022	2021
	S\$	S\$
Tax expense comprises:		
Current income tax		
Current period	913,954	1,105,127
Withholding tax	1,525	1,806
Deferred tax		
Current period	181,424	(128,263)
	<u>1,096,903</u>	<u>978,670</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 2021 and 2022.

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	For the six months ended 30 June	
	2022	2021
	S\$	S\$
Depreciation of property, plant and equipment		
Recognised as cost of sales	780,756	747,906
Recognised as administrative expenses	70,950	73,245
	<u>851,706</u>	<u>821,151</u>
Directors' remuneration	986,463	830,496
Other staff costs		
– Salaries and other benefits	2,883,871	2,631,467
– Contributions to Central Provident Fund and Employees' Provident Fund	240,842	215,777
	<u>4,111,176</u>	<u>3,677,740</u>
Total staff costs	<u>4,111,176</u>	<u>3,677,740</u>
Inventories recognised as cost of sales	<u>22,243,441</u>	<u>18,560,574</u>

Amount recognised in profit or loss relating to leases

(Disclosure required by IFRS 16)

	2022 S\$	2021 S\$
Depreciation expense on right-of-use assets	90,375	97,327
Interest expense on lease liabilities	31,733	32,072
Expense relating to short-term leases	<u>13,474</u>	<u>24,313</u>

The total cash outflow for leases amount to S\$139,461 and S\$150,527 for the six months ended 30 June 2022 and 2021 respectively.

10. DIVIDENDS

At a meeting of the Board held on 29 August 2022, 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 2022 (Payment of an interim dividend to the shareholders of the Company for the six months ended 30 June 2021: 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	
	2022	2021
Earnings:		
Profit for the period attributable to owners of the Company (S\$)	<u>2,921,564</u>	<u>4,131,468</u>
	For the six months ended 30 June	
	2022	2021
Number of shares:		
Weighted average number of ordinary shares in issue (Note)	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Basic and diluted earnings per share (S\$ cents)	<u>0.29</u>	<u>0.41</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 2022 and 2021.

12. TRADE RECEIVABLES

	As at 30 June 2022 S\$	As at 31 December 2021 S\$
Trade receivables	<u>9,014,558</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 30 June 2022 <i>S\$</i>	As at 31 December 2021 <i>S\$</i>
Within 30 days	4,987,326	7,158,711
31 days to 60 days	3,302,427	4,552,030
61 days to 90 days	604,494	1,004,537
91 days to 180 days	120,311	103,043
181 days to one year	–	304
	<u>9,014,558</u>	<u>12,818,625</u>

13. TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>S\$</i>	As at 31 December 2021 <i>S\$</i>
Trade payables	<u>2,899,218</u>	4,603,668
Accrued operating expenses	1,047,216	3,403,998
Other payables		
– Advances from customers	–	45,496
– Deposits received	20,601	33,088
– Goods and services tax payables	161,999	155,714
– Others	<u>372,659</u>	947,663
	<u>1,602,127</u>	4,585,959
	<u>4,501,693</u>	<u>9,189,627</u>

The credit period on purchases from suppliers is between 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 30 June 2022 <i>S\$</i>	As at 31 December 2021 <i>S\$</i>
Within 30 days	2,141,669	3,476,148
31 days to 90 days	757,504	1,069,076
91 days to 180 days	45	58,444
	<u>2,899,218</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, the People's Republic of China (the "PRC"), Philippines and the United Kingdom. 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 increased by approximately S\$4.0 million or 12.8% from approximately S\$31.1 million for the six months ended 30 June 2021 to approximately S\$35.1 million for the six months ended 30 June 2022, mainly due to an increase in sales to end customers in Malaysia during the six months ended 30 June 2022 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 2022 and 30 June 2021:

	For the six months ended 30 June			
	2022		2021	
	S\$		S\$	
Nuts	23,645,783	67.4%	22,195,286	71.4%
Chips	10,486,239	29.9%	8,023,512	25.8%
Others (Note)	948,267	2.7%	879,601	2.8%
Total	<u>35,080,289</u>	<u>100.0%</u>	<u>31,098,399</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 67.4% and 29.9% of revenue respectively for the six months ended 30 June 2022. For the six months ended 30 June 2021, the revenue derived from the sale of chips increased to 29.9% of total revenue as compared to 25.8% of revenue for the six months ended 30 June 2021. This was due to increase in demand for chips 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 six months ended 30 June 2022 and 30 June 2021:

	For the six months ended 30 June			
	2022		2021	
	S\$		S\$	
Singapore	20,519,468	58.5%	19,706,269	63.4%
Malaysia	9,611,645	27.4%	6,477,552	20.8%
The PRC (including Hong Kong)	3,819,487	10.9%	3,570,939	11.5%
Others (<i>Note</i>)	1,129,689	3.2%	1,343,639	4.3%
Total	<u>35,080,289</u>	<u>100.0%</u>	<u>31,098,399</u>	<u>100.0%</u>

Note: Others include Philippines and the United Kingdom.

The Group's products were largely sold in Singapore and Malaysia which accounted for approximately 58.5% and 27.4% of total revenue respectively for the six months ended 30 June 2022. The composition of sales to end consumers in Malaysia increased from approximately 20.8% for the six months ended 30 June 2021 to approximately 27.4% for the six months ended 30 June 2022 mainly due to a large order from a customer in Malaysia during the six months ended 30 June 2022.

Gross profit

The following table sets forth a breakdown of the Group's gross profit for the six months ended 30 June 2022 and 30 June 2021:

	For the six months ended 30 June					
	2022			2021		
	Revenue	Gross Profit	Gross Profit margin	Revenue	Gross Profit	Gross Profit margin
	S\$	S\$		S\$	S\$	
Nuts	23,645,783	5,432,061	23.0%	22,195,286	6,201,785	27.9%
Chips	10,486,239	2,900,521	27.7%	8,023,512	2,229,981	27.8%
Others	948,267	243,048	25.6%	879,601	271,049	30.8%
Total	<u>35,080,289</u>	<u>8,575,630</u>	<u>24.4%</u>	<u>31,098,399</u>	<u>8,702,815</u>	<u>28.0%</u>

The Group's gross profit decreased by approximately S\$0.1 million or 1.5% from approximately S\$8.7 million for the six months ended 30 June 2021 to approximately S\$8.6 million for the six months ended 30 June 2022 despite an increase in revenue due to a decrease in gross profit margin from approximately 28.0% for the six months ended 30 June 2021 to approximately 24.4% for the six months ended 30 June 2022. The decrease in the Group's gross profit margin was mainly due to the decrease in gross profit margin for nuts, which mainly resulted from increase in average cost of certain raw nuts.

Outlook and Strategies

Economic performance in Singapore in the second quarter of 2022

The Singapore economy grew by 4.4 per cent on a year-on-year basis in the second quarter, faster than the 3.8 per cent growth recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted slightly by 0.2 per cent, a reversal from the 0.8 per cent expansion in the first quarter.

Overall economic performance in Singapore in the first half of 2022

In the first half of 2022, the Singapore's GDP growth averaged 4.1% on a year-on-year basis.

Economic outlook for 2022

The Ministry of Trade and Industry, Singapore has forecasted Singapore's GDP growth forecast for 2022 to 3.0% to 4.0%, from 3.0% to 5.0% forecasted previously.

Since May, the global economic environment has deteriorated further. Stronger-than-expected inflationary pressures and the more aggressive tightening of monetary policy in response are expected to weigh on growth in major advanced economies such as the US and Eurozone. Meanwhile, China continues to grapple with a deepening property market downturn and recurring domestic Covid-19 outbreaks. Notwithstanding recent signs of a slight easing in global supply disruptions, the disruptions are likely to persist for the rest of the year as underlying factors such as the Russia-Ukraine conflict and China's zero-Covid policy remain.

In the US, the pace of economic growth is expected to slow further in the second half of 2022 as compared to the first half. In particular, private consumption growth is likely to weaken on the back of tighter financial conditions due to aggressive monetary policy tightening and continued supply disruptions, even though resilient labour market conditions and accumulated household savings could provide some support. Similarly, the Eurozone economy is projected to see a slower pace of growth in the second half of 2022. Higher cost pressures arising from protracted supply bottlenecks amidst the ongoing Russia-Ukraine conflict, alongside tighter monetary policy, are likely to dampen consumption and industrial activities. The persistent disruption in natural gas supplies from Russia could also trigger a sharp slowdown in the Eurozone economy towards the end of the year.

In Asia, China's GDP growth is expected to pick up in the second half of 2022, supported by the Government's push for more infrastructure spending. However, its property market downturn and continued adherence to a zero-Covid policy amidst recurring outbreaks are likely to weigh on real estate investment and consumption activity respectively, thereby dampening the pace of its economic recovery. Meanwhile, the key Southeast Asian economies such as Malaysia, Indonesia and Thailand are projected to expand at a slightly faster pace in the second half of 2022 due to a continued recovery in domestic and tourism demand with the easing of Covid-19 restrictions, as well as sustained demand for their merchandise exports.

On balance, the Ministry of Trade and Industry, Singapore's assessment is that the external demand outlook for the Singapore economy has weakened compared to three months ago. At the same time, downside risks in the global economy remain significant. First, further escalations in the Russia-Ukraine conflict could worsen global supply disruptions and exacerbate inflationary pressures through higher food and energy prices. More persistent and higher-than-expected inflation would dampen global growth further, including through even more aggressive monetary policy tightening in many advanced economies. Second, financial stability risks could intensify if there are disorderly market adjustments to monetary policy tightening in the advanced economies. In particular, the onset of large capital outflows from regional economies with high dollar-denominated debt levels could lead to tighter financial conditions and affect growth in these economies. Third, there is a risk that geopolitical tensions in the region could escalate and lead to further disruptions in supply chains. Fourth, the trajectory of the Covid-19 pandemic remains a risk, given the potential emergence of more virulent strains of the virus.

Domestically, Singapore has transited to living with Covid-19 with the progressive removal of almost all of its domestic and border restrictions. This has in turn supported the recovery of segments of the Singapore economy that had been badly affected by the pandemic. Notably, the rollout of the Vaccinated Travel Framework in end-March has led to a stronger-than-expected recovery in air passengers handled at Changi Airport and international visitor arrivals to Singapore.

Against this backdrop, the outlook for some outward-oriented sectors in the Singapore economy has weakened. For instance, as China is a key market for petroleum and chemicals products from Singapore, the weakness in its economic outlook has adversely affected the growth prospects of Singapore's chemicals cluster and the fuels & chemicals segment of the wholesale trade sector. At the same time, growth in the water transport and finance & insurance sectors is expected to be dampened by the projected slowdown in major external economies.

On the other hand, the outlook for several sectors in the Singapore economy has improved. In particular, the strong recovery in air passengers and international visitor arrivals is expected to benefit aviation-and tourism-related sectors like air transport and arts, entertainment & recreation, as well as consumer-facing sectors like food & beverage services. In addition, the easing of Singapore's travel restrictions has bolstered the recovery of the professional services sector as firms in the sector (e.g., consultancy and legal firms) can now better engage their overseas clients.

Taking into account the performance of the Singapore economy in the first half of 2022, as well as the latest global and domestic economic developments, Singapore's GDP growth forecast for 2022 is "3.0 to 4.0 per cent".

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

Outlook for the Group and strategies

During the first half of 2022, the Group's revenue increased by approximately S\$4.0 million or 12.8% from approximately S\$31.1 million for the six months ended 30 June 2021 to approximately S\$35.1 million for the six months ended 30 June 2022, mainly due to an increase in sales to end customers in Malaysia during the six months ended 30 June 2022, as further elaborated in the section headed 'Geographical location' of this announcement. Overall, due to the decline in gross profit and government's assistance and the increase in administrative expenses, among other factors, the Group's profit for the period decreased by approximately S\$1.2 million or 29.3% from approximately S\$4.1 million for the six months ended 30 June 2021 to approximately S\$2.9 million for the six months ended 30 June 2022.

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 5.5% annually to 2026, driven by changes in dietary habits and demand for healthy and functional snacks. The Group would also be proactive in its cost management, in view of inflationary pressures.

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.

The Group shall continue to remain vigilant and monitor the Covid-19 outbreak very closely especially in its production facilities in Malaysia as the number of cases remains high, and its priority is always the well-being of its consumers and staff.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately S\$4.0 million or 12.8% from approximately S\$31.1 million for the six months ended 30 June 2021 to approximately S\$35.1 million for the six months ended 30 June 2022. There was an increase in sales to end customers in Malaysia during the six months ended 30 June 2022, as elaborated in the section headed 'Geographical location' of this announcement.

Cost of sales

The Group's cost of sales increased by approximately S\$4.1 million or 18.3% from approximately S\$22.4 million for the six months ended 30 June 2021 to approximately S\$26.5 million for the six months ended 30 June 2022 due to increase in average cost of certain raw nuts.

Gross profit

The Group's gross profit decreased by approximately S\$0.1 million or 1.5% from approximately S\$8.7 million for the six months ended 30 June 2021 to approximately S\$8.6 million for the six months ended 30 June 2022 in line with the decrease in gross profit margin from approximately 28.0% for the six months ended 30 June 2021 to approximately 24.4% for the six months ended 30 June 2022. The decrease in the Group's gross profit margin was mainly due to the decrease in gross profit margin for nuts, which resulted mainly from increase in average cost of certain raw nuts.

Other income

The Group's other income decreased by approximately S\$129,000 or 63.1% from approximately S\$204,000 for the six months ended 30 June 2021 to approximately S\$75,000 for the six months ended 30 June 2022 mainly due to lower government grants received as part of the support measures by the government which aims to aid businesses cope with challenges arising from the Covid-19 pandemic and certain of these measures were phased out for the six months ended 30 June 2022.

Other gains and losses

The Group's other gains decreased by approximately S\$87,000 or 107.7% from gains of approximately S\$81,000 for the six months ended 30 June 2021 to losses of approximately S\$6,000 for the six months ended 30 June 2022 mainly due to (i) fair value loss on derivative financial instruments of approximately S\$84,000 for the six months ended 30 June 2022, as compared to fair value gain on derivative financial instruments of approximately S\$35,000 for the six months ended 30 June 2021; (ii) approximately S\$39,000 gain on disposal of plant and equipment during the six months ended 30 June 2021; and these were partially offset by (iii) increase in foreign exchange gains of approximately S\$67,000 from S\$6,000 for the six months ended 30 June 2021 to S\$73,000 for the six months ended 30 June 2022.

Selling and distribution expenses

Selling and distribution expenses increased by approximately S\$70,000 or 4.9% from approximately S\$1.4 million for the six months ended 30 June 2021 to approximately S\$1.5 million for the six months ended 30 June 2022 mainly due to increase in marketing expenditure.

Administrative expenses

Administrative expenses increased by approximately S\$0.7 million or approximately 29.1% from approximately S\$2.4 million for the six months ended 30 June 2021 to approximately S\$3.1 million for the six months ended 30 June 2022 mainly due to higher professional fees from consultancy services, increase in staff costs and repair and maintenance expenses.

Finance costs

The Group's finance costs decreased by approximately S\$13,000 or 18.2% from approximately S\$71,000 for the six months ended 30 June 2021 to approximately S\$58,000 for the six months ended 30 June 2022.

Income tax expense

Income tax expense increased by approximately S\$0.1 million or 12.1% from approximately S\$1.0 million for the six months ended 30 June 2021 to approximately S\$1.1 million for the six months ended 30 June 2022 despite a decrease in profit before tax mainly due to increase in deferred tax liability which resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets.

Profit for the period

Profit for the period decreased by approximately S\$1.2 million or 29.3% from approximately S\$4.1 million for the six months ended 30 June 2021 to approximately S\$2.9 million for the six months ended 30 June 2022 mainly due to decrease in gross profit margin, decrease in other income, decrease in other gains and increase in selling and distribution expenses and administrative 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 2022 and 31 December 2021, the Group's current ratio, being current assets over current liabilities was 7.3 times and 4.5 times respectively.

As at 30 June 2022, the Group's bank borrowings amounted to approximately S\$3.3 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 0.05 times as at 30 June 2022 (31 December 2021: 0.06 times).

CONTINGENT LIABILITIES

As at 30 June 2022 and 31 December 2021, the Group provided performance guarantee to certain customers with balances amounted to approximately S\$0.1 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\$12.3 million and S\$12.5 million as at 30 June 2022 and 31 December 2021 respectively.

CAPITAL EXPENDITURES AND COMMITMENTS

During the six months ended 30 June 2022, the Group had incurred capital expenditures of approximately S\$0.5 million as compared to approximately S\$1.1 million in the six months ended 30 June 2021. The expenditures were mainly related to the purchase of plant and equipment including renovation to support the growth of the Group's business.

The Group has capital commitments of approximately S\$0.3 million as at 30 June 2022 (31 December 2021: S\$0.2 million).

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 30 June 2022 and 31 December 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the six months ended 30 June 2022, 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 2022 and up to the date of this announcement.

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 2022 (31 December 2021: 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 Group has utilised approximately HK\$16.7 million of the Net IPO Proceeds as at 29 July 2022, and the unutilised Net IPO Proceeds amounted to approximately HK\$50.1 million (the "Unutilised Net Proceeds").

On 29 July 2022, the Company had announced a revision to the intended use and allocation of the Net IPO Proceeds and the Unutilised Net Proceeds and the expected timeline to implement its business strategies as set out in the prospectus of the Company dated 31 December 2018 (the "Prospectus"), after taking into consideration the recent business environment and development of the Group. Please refer to the announcement of the Company dated 29 July 2022 for further details.

The following sets forth a summary of the revised allocation of the Unutilised Net Proceeds as at 29 July 2022:

	Amount of Net IPO proceeds and original intended use (relevant percentage (%)) <i>(HK\$'million)</i>	Approximate utilised amount as at 29 July 2022 <i>(HK\$'million)</i>	Revised intended use of Unutilised Net IPO Proceeds as at 29 July 2022 <i>(HK\$'million)</i>	Approximate Unutilised Net Proceeds to be used during the year ending 31 December 2022 <i>(HK\$'million)</i>	Approximate Unutilised Net Proceeds to be used during the year ending 31 December 2023 <i>(HK\$'million)</i>	Approximate Unutilised Net Proceeds to be used during the year ending 31 December 2024 <i>(HK\$'million)</i>
Expansion of existing nuts and potato chips products (output capacity and products diversity)	26.7 (40.0%)	10.5	36.5	12.3	10.9	13.3
Production and launch of tortilla chips	16.3 (24.4%)	–	–	–	–	–
Expansion of workforce	17.6 (26.3%)	–	7.6	2.3	2.3	3.0
Working capital	6.2 (9.3%)	6.2	6.0	1.8	1.8	2.4
Total	66.8 (100.0%)	16.7	50.1	16.4	15.0	18.7

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

As at the date of this announcement, the Unutilised Net 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 2022 even though the Group was profitable (No dividend declared for the six months ended 30 June 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.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 244 employees and 258 employees as at 30 June 2022 and 30 June 2021 respectively. The Group incurred staff costs of approximately S\$4.1 million and S\$3.7 million for the six months ended 30 June 2022 and 30 June 2021 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 2022, there was no outstanding share option granted under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 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 been listed on the Stock Exchange since 14 January 2019. 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 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 six months ended 30 June 2022.

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 2022.

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

As at 30 June 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 30 June 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 30 June 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:

Name of shareholder	Capacity/nature of interest	Number of shares held	Percentage of shareholding
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 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 six months ended 30 June 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 six months ended 30 June 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 unaudited interim consolidated financial statements for the six months ended 30 June 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.

The unaudited interim consolidated financial statements for the six months ended 30 June 2022 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) and on the website of the Company (www.taisun.com.sg). The interim report of the Company for the six months ended 30 June 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, 29 August 2022

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).