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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 2020

FINANCIAL HIGHLIGHTS:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June		
	2020	2019	% of change
	S\$	S\$	
Revenue	31,928,532	28,417,231	12.4%
Listing expenses	–	785,196	–
Profit before taxation	6,171,126	2,537,563	143.2%
Profit for the period	5,075,891	1,686,660	200.9%

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2020	As at 31 December 2019	% of change
	S\$	S\$	
Bank balances and cash	21,099,682	16,310,340	29.4%
Bank and other borrowings	2,520,465	2,750,495	(8.4)%
Net assets	56,660,260	51,583,887	9.8%

KEY FINANCIAL RATIOS

	Six months ended 30 June	
	2020	2019
Gross profit margin	28.6%	26.6%
Profit before taxation margin	19.3%	8.9%
Profit margin for the period	15.9%	5.9%

	As at 30 June 2020	As at 31 December 2019
Return on total assets	7.4%	4.5%
Return on equity	9.0%	5.6%
Gearing ratio (times)	0.04	0.05
Current ratio (times)	6.0	5.1

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 2020 together with the comparative figures for the six months ended 30 June 2019 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 2020

		For the six months ended 30 June	
	Note	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Revenue	4	31,928,532	28,417,231
Cost of sales		<u>(22,784,610)</u>	<u>(20,844,425)</u>
Gross profit	4	9,143,922	7,572,806
Other income	5	573,592	75,639
Other gains (losses)	6	359,533	(80,536)
Selling and distribution expenses		(1,321,921)	(1,306,712)
Administrative expenses		(2,510,367)	(2,845,559)
Listing expenses		–	(785,196)
Finance costs	7	<u>(73,633)</u>	<u>(92,879)</u>
Profit before taxation		6,171,126	2,537,563
Income tax expense	8	<u>(1,095,235)</u>	<u>(850,903)</u>
Profit for the period	9	<u>5,075,891</u>	<u>1,686,660</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		(164,976)	(12,181)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment, net of tax		<u>165,458</u>	<u>130,770</u>
Other comprehensive income for the period		<u>482</u>	<u>118,589</u>
Total profit and other comprehensive income for the period		<u>5,076,373</u>	<u>1,805,249</u>
Basic and diluted earnings per share (S\$ cents)	11	<u>0.51</u>	<u>0.17</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Note</i>	As at 30 June 2020 <i>S\$</i> (Unaudited)	As at 31 December 2019 <i>S\$</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		19,604,101	19,769,323
Right-of-use assets		1,075,176	1,175,915
Investment property		1,269,450	1,283,880
Deposit		359,750	194,390
		<hr/> 22,308,477	<hr/> 22,423,508
Current assets			
Inventories		13,243,980	12,426,169
Trade receivables	<i>12</i>	9,924,836	12,377,622
Other receivables, deposits and prepayments		1,819,899	607,875
Derivative financial instruments		51,229	2,502
Bank balances and cash		21,099,682	16,310,340
		<hr/> 46,139,626	<hr/> 41,724,508
LIABILITIES			
Current liabilities			
Trade and other payables	<i>13</i>	5,178,798	6,515,860
Amount due to related party		–	6,432
Derivative financial instruments		327,591	69,215
Lease liabilities		191,117	190,772
Bank and other borrowings		453,306	447,756
Income tax payable		1,496,340	1,017,706
		<hr/> 7,647,152	<hr/> 8,247,741
Net current assets		<hr/> 38,492,474	<hr/> 33,476,767
Total assets less current liabilities		<hr/> 60,800,951	<hr/> 55,900,275

	As at 30 June 2020 <i>S\$</i> (Unaudited)	As at 31 December 2019 <i>S\$</i> (Audited)
Non-current liabilities		
Lease liabilities	1,021,823	1,121,528
Bank and other borrowings	2,067,159	2,302,739
Deferred tax liabilities	1,051,709	892,121
	<u>4,140,691</u>	<u>4,316,388</u>
Net assets	<u>56,660,260</u>	<u>51,583,887</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	11,934,416	11,768,958
Translation reserve	(1,772,423)	(1,607,447)
Accumulated profits	31,316,982	26,241,091
	<u>56,660,260</u>	<u>51,583,887</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 Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands on 19 April 2018. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the 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 PO Box 1350, Clifton House, 75 Fort Street, 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 (“SWL”) a company incorporated in the British Virgin Islands (the “BVI”) with limited liability. Its ultimate controlling shareholders are Mr. Lim Fung Yee (“Mr. Winston Lim”), Mr. Lim Fung Chor (“Mr. Lawrence Lim”), Ms. Lim Seow Yen (“Ms. Sandy Lim”), Mdm. Han Yew Lang (“Mdm. Han”), Mr. Loo Soon Hock James (“Mr. James Loo”) and Ms. Ong Liow Wah (“Ms. Jillian Ong”), all of them are family members (collectively known as the “Controlling Shareholders”).

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 revised IFRS Standards 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, which are relevant to the Group:

IFRS 17	Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
IFRS 16	Covid-19-Related Rent Concessions ³
Various	Annual Improvements to IFRS Standards 2018-2020 ⁴
IAS 1	Classification of Liabilities as Current or Non-current ⁵

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after a date to be determined.

³ Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020. The amendment is also available for interim reports.

⁴ Effective for annual periods beginning on or after 1 January 2022.

⁵ Effective for annual periods beginning on or after 1 January 2023.

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 sales of food products, which can largely be grouped under nuts and chips, 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:

Nuts,

Chips,

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 an analysis of the Group's revenue and results by reportable segment:

	For the six months ended 30 June			
	Revenue		Gross profit	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
Nuts	23,572,724	21,479,087	6,686,108	5,477,051
Chips	7,433,591	5,642,557	2,144,429	1,750,535
Others	922,217	1,295,587	313,385	345,220
Total	<u>31,928,532</u>	<u>28,417,231</u>	<u>9,143,922</u>	<u>7,572,806</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	
	2020	2019
	S\$	S\$
Singapore	19,291,614	17,303,982
Malaysia	6,051,044	6,927,365
The People's Republic of China (including Hong Kong)	5,236,536	1,933,779
Others (<i>Note</i>)	1,349,338	2,252,105
Total	<u>31,928,532</u>	<u>28,417,231</u>

Note:

Others include India, the United Kingdom and Indonesia.

5. OTHER INCOME

	For the six months ended 30 June	
	2020	2019
	S\$	S\$
Government grants ⁽¹⁾	372,915	20,896
Interest income ⁽²⁾	188,363	18,544
Rental income	11,845	35,780
Others	469	419
	<u>573,592</u>	<u>75,639</u>

Notes:

- 1) The government grants received during the six months ended 30 June 2020 mainly comprise of support measures by the government which aims to aid businesses cope with challenges arising from the Covid-19 pandemic.

Other government grants comprised of the Wage Credit Scheme and the Special Employment Credit. All of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

- 2) Interest income received during the six months ended 30 June 2020 mainly comprised of interest income from the unutilised net proceeds from the Company's share offer which was placed as fixed deposits with maturity of between six months and one year.

6. OTHER GAINS (LOSSES)

	For the six months ended 30 June	
	2020	2019
	S\$	S\$
Foreign exchange gain (loss), net	558,471	(32,859)
Fair value loss on derivative financial instruments	(198,938)	(47,677)
	<u>359,533</u>	<u>(80,536)</u>

7. FINANCE COSTS

	For the six months ended 30 June	
	2020	2019
	S\$	S\$
Interest on bank overdrafts, trust receipts and borrowings	40,214	57,616
Interest on lease liability	33,419	35,263
	<u>73,633</u>	<u>92,879</u>

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2020	2019
	S\$	S\$
Tax expense comprises:		
Current income tax		
Current period	925,983	869,998
Withholding tax	2,107	–
Deferred tax		
Current period	172,874	(34,106)
(Over) Underprovision in prior period	(5,729)	15,011
	167,145	(19,095)
	1,095,235	850,903

Singapore Corporate Income Tax (“CIT”) is calculated at 17% of the estimated assessable profit and the subsidiaries in Singapore are further eligible for CIT rebate of 25% of the tax payable capped at S\$15,000 for Year of Assessment 2020 and 2021, which is determined based on financial year end date of the group of companies.

In Malaysia, the standard corporate tax rate is 24% for 2019 and 2020. For Year of Assessment 2019, the tax rate for resident small and medium-sized companies is 17% on the first RM 500,000 with the balance being taxed at 24%. Effective from Year of Assessment 2020, the first RM 600,000 (instead of RM 500,000) of the chargeable income of small and medium-sized companies will be taxed at the preferential tax rate of 17% provided the companies’ paid up capital are less than RM 2,500,000 and their annual gross income from business sources do not exceed RM 50,000,000.

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

	For the six months ended 30 June	
	2020	2019
	S\$	S\$
Profit before taxation	6,171,126	2,537,563
Tax at applicable tax rate of 17%	1,049,091	431,386
Effect of different tax rates of subsidiaries operating in other jurisdiction	111,586	110,781
Tax effect of expenses not deductible for tax purpose	93,300	296,198
Tax effect of income not taxable for tax purpose	(135,520)	(8,587)
Tax effect of tax exemption under CIT	(24,260)	(17,425)
Effect of tax concessions and partial tax exemption	(5,527)	–
(Over) Under provision in prior period	(5,729)	15,011
Withholding tax	2,107	–
Others	10,187	23,539
	1,095,235	850,903

9. PROFIT FOR THE PERIOD

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

	For the six months ended 30 June	
	2020	2019
	S\$	S\$
Depreciation of property, plant and equipment		
Recognised as cost of sales	638,576	702,038
Recognised as administrative expenses	200,523	123,902
	<u>839,099</u>	<u>825,940</u>
Auditor's remuneration	–	2,000
Listing expenses	–	785,196
Directors' remuneration	799,985	734,773
Other staff costs		
– Salaries and other benefits	2,529,378	2,546,508
– Contributions to Central Provident Fund and Employees' Provident Fund	197,153	214,058
	<u>3,526,516</u>	<u>3,495,339</u>
Total staff costs		
	<u>3,526,516</u>	<u>3,495,339</u>
Inventories recognised as cost of sales	19,368,784	17,506,481
Gross rental income from investment property	(11,845)	(35,780)

Amount recognised in profit or loss relating to leases

(Disclosure required by IFRS 16)

	2020	2019
	S\$	S\$
Depreciation expense on right-of-use assets	98,039	99,741
Interest expense on lease liabilities	33,419	35,263
Expense relating to short-term leases	16,466	15,649

The total cash outflow for leases amount to S\$129,583 and S\$128,086 for the six months ended 30 June 2020 and 2019 respectively.

10. DIVIDENDS

At a meeting of the Board held on 31 August 2020, 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 2020 (Payment of an interim dividend to the shareholders of the Company for the six months ended 30 June 2019: 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	
	2020	2019
Earnings:		
Profit for the period attributable to owners of the Company (S\$)	<u>5,075,891</u>	<u>1,686,660</u>
	For the six months ended 30 June	
	2020	2019
Number of shares:		
Weighted average number of ordinary shares in issue (Note)	<u>1,000,000,000</u>	<u>984,530,387</u>
Basic and diluted earnings per share (S\$ cents)	<u>0.51</u>	<u>0.17</u>

Note:

The calculation of basic earnings per share for the six months ended 30 June 2019 and 2020 is based on the profit for the period attributable to owners of the Company and the weighted average number of shares in issue.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares for the six months ended 30 June 2019 and 2020.

12. TRADE RECEIVABLES

	As at 30 June 2020 S\$	As at 31 December 2019 S\$
Trade receivables	<u>9,924,836</u>	<u>12,377,622</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 2020 S\$	As at 31 December 2019 S\$
Within 30 days	5,601,689	7,108,179
31 days to 60 days	3,676,697	4,249,289
61 days to 90 days	411,249	942,844
91 days to 180 days	233,331	53,169
181 days to one year	<u>1,870</u>	<u>24,141</u>
	<u>9,924,836</u>	<u>12,377,622</u>

13. TRADE AND OTHER PAYABLES

	As at 30 June 2020 <i>S\$</i>	As at 31 December 2019 <i>S\$</i>
Trade payables	4,748,693	3,576,835
Trade accruals	<u>–</u>	<u>116,611</u>
	4,748,693	3,693,446
Accrued operating expenses	173,890	2,385,890
Other payables		
– Deposits received	11,699	10,601
– Goods and services tax payables	93,202	186,758
– Others	151,314	239,165
	<u>430,105</u>	<u>2,822,414</u>
	5,178,798	6,515,860

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 2020 <i>S\$</i>	As at 31 December 2019 <i>S\$</i>
Within 30 days	3,812,859	2,663,842
31 days to 90 days	617,892	739,651
91 days to 180 days	<u>317,942</u>	<u>173,342</u>
	4,748,693	3,576,835

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"), India, the United Kingdom and Indonesia. 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\$3.5 million or 12.4% from approximately S\$28.4 million for the six months ended 30 June 2019 to approximately S\$31.9 million for the six months ended 30 June 2020 mainly due to sudden increase in demand from our customers, especially supermarket and OEM customers. As most nations stayed indoors during the period to curb the spread of the coronavirus disease ("Covid-19") pandemic, the tendency to stock up and consume snack foods increased.

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 2019 and 30 June 2020:

	For the six months ended 30 June			
	2020		2019	
	S\$		S\$	
Nuts	23,572,724	73.8%	21,479,087	75.6%
Chips	7,433,591	23.3%	5,642,557	19.9%
Others (<i>Note</i>)	922,217	2.9%	1,295,587	4.5%
Total	<u>31,928,532</u>	<u>100.0%</u>	<u>28,417,231</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 73.8% and 23.3% of revenue respectively for the six months ended 30 June 2020. The product mix between the sale of nuts and chips were relatively stable for the six months ended 30 June 2019 and 30 June 2020.

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 2019 and 30 June 2020:

	For the six months ended 30 June			
	2020		2019	
	S\$		S\$	
Singapore	19,291,614	60.4%	17,303,982	60.9%
Malaysia	6,051,044	19.0%	6,927,365	24.4%
The PRC (including Hong Kong)	5,236,536	16.4%	1,933,779	6.8%
Others (<i>Note</i>)	1,349,338	4.2%	2,252,105	7.9%
Total	<u>31,928,532</u>	<u>100.0%</u>	<u>28,417,231</u>	<u>100.0%</u>

Note: Others include India, the United Kingdom and Indonesia.

Historically, the Group's products were largely sold in Singapore and Malaysia. However, the composition of sales from end consumers in Malaysia declined from approximately 24.4% during the six months ended 30 June 2019 to approximately 19.0% during the six months ended 30 June 2020 mainly due to the Movement Control Order imposed by the Malaysian government in March 2020 to curb the spread of the Covid-19 pandemic in the country. During early stages of the Movement Control Order, the Group's major distributors in Malaysia were not able to operate or transport goods which led to a decline in sales to these distributors. On the other hand, the composition of sales from end consumers in the PRC increased from approximately 6.8% during the six months ended 30 June 2019 to approximately 16.4% during the six months ended 30 June 2020 mainly driven by sales to an OEM customer in Hong Kong. The large order by the said customer was due to increase in demand as more consumers stayed indoors where the tendency to stock up and consume snack foods increased.

Gross profit

The following table sets forth a breakdown of the Group's gross profit for the six months ended 30 June 2019 and 30 June 2020:

	For the six months ended 30 June					
	2020			2019		
	Revenue	Gross Profit	Gross Profit margin	Revenue	Gross Profit	Gross Profit margin
	S\$	S\$		S\$	S\$	
Nuts	23,572,724	6,686,108	28.4%	21,479,087	5,477,051	25.5%
Chips	7,433,591	2,144,429	28.8%	5,642,557	1,750,535	31.0%
Others	922,217	313,385	34.0%	1,295,587	345,220	26.6%
Total	<u>31,928,532</u>	<u>9,143,922</u>	<u>28.6%</u>	<u>28,417,231</u>	<u>7,572,806</u>	<u>26.6%</u>

The Group's gross profit increased by approximately S\$1.6 million or 20.7% from approximately S\$7.6 million for the six months ended 30 June 2019 to approximately S\$9.1 million for the six months ended 30 June 2020 in line with the increase in revenue as well as increase in gross profit margin from approximately 26.6% for the six months ended 30 June 2019 to approximately 28.6% for the six months ended 30 June 2020. The increase in the Group's gross profit margin was mainly due to the increase in gross profit margin for nuts which was partially offset by the decrease in gross profit margin for chips.

The Group's gross profit margin for nuts increased from approximately 25.5% for the six months ended 30 June 2019 to approximately 28.4% six months ended 30 June 2020 mainly due to lower average cost of certain raw nuts, as the Group purchased in bulk from its suppliers.

The Group's gross profit margin for chips decreased from approximately 31.0% for the six months ended 30 June 2019 to approximately 28.8% for the six months ended 30 June 2020 mainly due to increase in raw potato prices as unpredictable weather conditions in the United States of America and Europe negatively impacted supply of potato crops.

Outlook and Strategies

Economic performance in Singapore in the second quarter of 2020

The Ministry of Trade and Industry of Singapore ("MTI") estimated that the Singapore economy contracted by 13.2% on a year-on-year basis in the second quarter of 2020, worsening from the 0.3% contraction in the preceding quarter. The fall in gross domestic product ("GDP") was due to the Circuit Breaker measures implemented in Singapore from 7 April to 1 June 2020 to slow the spread of Covid-19 in Singapore, as well as weak external demand amidst a global economic downturn caused by the Covid-19 pandemic. On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy contracted by 13.1%, sharper than the 0.8% fall in the first quarter.

Economic outlook for 2020

There remain significant uncertainties in the global economy. First, a major resurgence of Covid-19 infections could lead to a significant tightening of public health measures or a re-imposition of nationwide lockdowns across the major advanced and emerging economies. This could result in an even sharper and more protracted period of economic slowdown in these economies. Second, the global economic downturn could increase financial system stresses, including a rise in corporate indebtedness, financial market dislocations and capital outflows from emerging market economies. These could in turn trigger negative feedback loops and potentially intensify the global recession. Third, there are risks arising from geopolitical tensions and anti-globalisation sentiments, such as increased protectionism, which could result in further disruptions to global supply chains. The latter could in turn weigh on global trade and the global economic recovery.

MTI forecasted Singapore's GDP growth forecast for 2020 to be between -7.0% to -5.0% due to the expected economic impact of the Circuit Breaker measures and the sharp deterioration in the growth outlook of major economies that were grappling with the Covid-19 pandemic.

Outlook for the Group and strategies

During the six months ended 30 June 2020, the Group's revenue and profits increased despite the challenging macroeconomic environment. As most nations stayed indoors during the period to curb the spread of the Covid-19 pandemic, the tendency to stock up and consume snack foods increased. The Group was also a beneficiary to the government's assistance which was rolled out to aid businesses cope with challenges arising from the Covid-19 pandemic.

Notwithstanding the Group's favourable results for the 1st half of 2020 and that the Group expects that demand for snack products with less sugar, artificial sweeteners and flavourings such as savoury snacks to remain resilient even during challenging economic environment, the Group takes cognizance that such favourable results may not be sustainable as the macroeconomic environment remains challenging and uncertain in the near term. So long as there is no vaccine successfully developed to halt the spread of the Covid-19 pandemic, there is always a possibility of a new wave of infections occurring and strict lockdowns reimposed by the authorities, which may negatively affect the operations of the Group. There is no certainty that the government's assistance will continue or that the Group will continue to be a beneficiary to the government's assistance. In view of the foregoing, the Group will continue to adopt cautious and prudent approach in managing its business without compromising the quality of its products in line with its objectives to maintain sustainable growth in its business and create long-term shareholders' value.

As at the date of this announcement, the Group noted that the Covid-19 community cases in Singapore and Malaysia remain low. However, the Group shall continue to remain vigilant and not be complacent. The Group continues to monitor the coronavirus outbreak very closely as its priority is always the well-being of its consumers and staff.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately S\$3.5 million or 12.4% from approximately S\$28.4 million for the six months ended 30 June 2019 to approximately S\$31.9 million for the six months ended 30 June 2020 mainly due to sudden increase in demand from our customers, especially supermarket and OEM customers. As most nations stayed indoors during the period to curb the spread of the Covid-19 pandemic, the tendency to stock up and consume snack foods increased.

Cost of sales

The Group's cost of sales increased by approximately S\$2.0 million or 9.3% from approximately S\$20.8 million for the six months ended 30 June 2019 to approximately S\$22.8 million for the six months ended 30 June 2020 mainly due to the increase in cost of materials purchased by the Group as the Group acquired more materials to fulfill increased orders from its customers during the period, consistent with the increase in revenue.

Gross profit

The Group's total gross profit increased by approximately S\$1.6 million or 20.7% from approximately S\$7.6 million for the six months ended 30 June 2019 to approximately S\$9.1 million for the six months ended 30 June 2020 in line with the increase in revenue. The Group's overall gross profit margin increased from approximately 26.6% for the six months ended 30 June 2019 to approximately 28.6% for the six months ended 30 June 2020 mainly due to increase in gross profit margin for nuts which was partially offset by the lower gross profit margin for chips as discussed in the "Business Review" section of this announcement.

Other income

The Group's other income increased by approximately S\$498,000 from approximately S\$76,000 for the six months ended 30 June 2019 to approximately S\$574,000 for the six months ended 30 June 2020 mainly due to receipt of government grants as part of the support measures by the government which aims to aid businesses cope with challenges arising from the Covid-19 pandemic and increase in interest income mainly arising from the unutilised net proceeds from the Company's share offer which was placed as fixed deposits with maturity of between six months and one year.

Other gains (losses)

The Group reported other gain of approximately S\$360,000 for the six months ended 30 June 2020 from other loss of approximately S\$81,000 for the six months ended 30 June 2019 mainly due to recognition of exchange gains arising mainly from the appreciation of the HK\$ against S\$ from the unutilised net proceeds from the Company's share offer.

Selling and distribution expenses

The Group's selling and distribution expenses was relatively stable at approximately S\$1.3 million for the six months ended 30 June 2019 and 30 June 2020 respectively

Administrative expenses

Administrative expenses decreased by approximately S\$0.3 million or approximately 11.8% from approximately S\$2.8 million for the six months ended 30 June 2019 to approximately S\$2.5 million for the six months ended 30 June 2020. Administrative expenses was higher during the six months ended 30 June 2019 mainly due to incentives awarded to staffs in conjunction with the successful listing of the Company on the Stock Exchange in January 2019.

Finance costs

Finance costs decreased by approximately S\$19,000 or 20.7% from approximately S\$93,000 for the six months ended 30 June 2019 to approximately S\$74,000 for the six months ended 30 June 2020 due to lower interest incurred in line with the decrease in bank and other borrowings.

Income tax expense

Income tax expense increased by approximately S\$0.2 million or 28.7% from approximately S\$0.9 million for the six months ended 30 June 2019 to approximately S\$1.1 million for the six months ended 30 June 2020 in line with the increase in revenue, gross profit margin and subsequently, profit before tax.

Profit for the period

Profit for the period increased by approximately S\$3.4 million or 200.9% from approximately S\$1.7 million for the six months ended 30 June 2019 to approximately S\$5.1 million for the six months ended 30 June 2020 mainly due to the increase in revenue, increase in gross profit margin, increase in other income, other gains and decrease in 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 finance lease payments.

As at 31 December 2019 and 30 June 2020, the Group's current ratio, being current assets over current liabilities was 5.1 times and 6.0 times respectively.

As at 30 June 2020, the Group's bank borrowings amounted to approximately S\$2.5 million, which was lower as compared to approximately S\$2.8 million as at 31 December 2019. The Group maintained a relatively low gearing ratio, based on interest-bearing bank and other borrowings divided by net assets, at approximately 0.04 times as at 30 June 2020.

CONTINGENT LIABILITIES

As at 31 December 2019 and 30 June 2020, the Group provided performance guarantee to certain customers with balances amounted to approximately S\$0.3 million respectively.

PLEDGE OF ASSETS

The Group has pledged leasehold building, freehold land and building to secure general banking facilities granted to the Group with carrying values of approximately S\$11.8 million as at 31 December 2019 and 30 June 2020 respectively.

CAPITAL EXPENDITURES AND COMMITMENTS

During the six months ended 30 June 2020, the Group had incurred capital expenditures of approximately S\$631,000 as compared to approximately S\$941,000 in the six months ended 30 June 2019. 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\$2.3 million as at 30 June 2020 (31 December 2019: S\$1.6 million).

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2019 and 30 June 2020.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the six months ended 30 June 2020, 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 2020 and up to the date of this announcement save for the following:

The Group will continue to pay close attention to the development of the outbreak of the Covid-19 subsequent to the end of the reporting period and its related impact on the Group's businesses and financials. Based on the currently available information, the Group considers the event would not have a material impact to the Group's operations given that there is no major disruptions for inventories supplies.

However, given the unpredictability associated with the Covid-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact of the Covid-19 outbreak, if any, on the Group's 2020 financial statements could be significantly different depending on how the situation evolves, the Group will closely monitor in this regard.

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\$5.4 million (equivalent to approximately S\$1.0 million) of the Net IPO Proceeds as at 5 August 2020. The following sets forth a summary of the allocation of the Net IPO Proceeds and its utilisation as at 5 August 2020:

Use of proceeds	Approximate amount of net proceeds (HK\$'million)	Approximate percentage of net proceeds (%)	Approximate actual amount utilised as at 5 August 2020 (HK\$'million)	Unused amount of net proceeds as at 5 August 2020 (HK\$'million)
Expansion of existing nuts and potato chips products	26.7	40.0	–	26.7
Production and launch of tortilla chips	16.3	24.4	–	16.3
Expansion of workforce	17.6	26.3	–	17.6
Working capital	6.2	9.3	5.4	0.8
Total	66.8	100.0	5.4	61.4

The Company had on 5 August 2020 announced a revision to 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 5 August 2020 for further details.

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.

DIVIDENDS

After due consideration of the uncertain macroeconomic outlook ahead as set out in the section headed "Outlook and Strategies" of this announcement, the Board has resolved not to recommend any interim dividend for the six months ended 30 June 2020 even though the Group was profitable (six months ended 30 June 2019: Nil). 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 256 employees and 262 employees as at 31 December 2019 and 30 June 2020 respectively. Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. The Company has adopted a share option scheme (the "Share Option Scheme") on 20 December 2018 to enable the Board to grant share options to eligible participants with an opportunity to have a personal stake in the Company with a view to achieve the following objectives: (i) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an ongoing business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

As at 30 June 2020, there was no outstanding share option granted under the Share Option Scheme.

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 2020, 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 2020, 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 2020.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Vinco Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 20 December 2018, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

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 2020.

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

As at 30 June 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020.

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 objective 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. 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 2020. 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 2020 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 2020 containing all the relevant information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 31 August 2020

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