*The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.*

# 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 2019

**FINANCIAL HIGHLIGHTS:**

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

| | **Six months ended 30 June** | | |
|---|---|---|---|
| | **2019** | 2018 | % of change |
| | ***S$*** | *S$* | |
| Revenue | **28,417,231** | 29,687,441 | -4.3% |
| Listing expenses | **785,196** | 1,494,073 | -47.4% |
| Profit before taxation | **2,537,563** | 4,008,777 | -36.7% |
| Profit for the period | **1,686,660** | 3,012,750 | -44.0% |

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| | **As at 30 June 2019** | As at 31 December 2018 | % of change |
|---|---|---|---|
| | ***S$*** | *S$* | |
| Bank balances and cash | **20,139,217** | 4,025,006 | 400.4% |
| Bank and other borrowings | **2,954,888** | 4,958,554 | -40.4% |
| Net assets | **50,741,344** | 33,842,744 | 49.9% |

**KEY FINANCIAL RATIOS**

| | **Six months ended 30 June** | |
|---|---|---|
| | **2019** | 2018 |
| Gross profit margin | **26.6%** | 28.5% |
| Profit before taxation margin | **8.9%** | 13.5% |
| Profit margin for the period | **5.9%** | 10.1% |

| | **As at 30 June 2019** | As at 31 December 2018 |
|---|---|---|
| Return on total assets | **2.8%** | 4.6% |
| Return on equity | **3.3%** | 6.3% |
| Gearing ratio (times) | **0.06** | 0.1 |
| Current ratio (times) | **9.2** | 2.6 |

## 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 2019 together with the comparative figures for the six months ended 30 June 2018 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 2019*

| | *Note* | **For the six months ended 30 June** | |
|---|---|---|---|
| | | **2019** | 2018 |
| | | ***S$*** | *S$* |
| | | **(Unaudited)** | (Audited) |
| **Revenue** | *5* | **28,417,231** | 29,687,441 |
| Cost of sales | | **(20,844,425)** | (21,232,777) |
| **Gross profit** | *5* | **7,572,806** | 8,454,664 |
| Other income | *6* | **75,639** | 79,224 |
| Other (losses) gains | *7* | **(80,536)** | 189,403 |
| Selling and distribution expenses | | **(1,306,712)** | (1,084,292) |
| Administrative expenses | | **(2,845,559)** | (2,099,328) |
| Listing expenses | | **(785,196)** | (1,494,073) |
| Finance costs | *8* | **(92,879)** | (36,821) |
| **Profit before taxation** | | **2,537,563** | 4,008,777 |
| Income tax expense | *9* | **(850,903)** | (996,027) |
| **Profit for the period** | *10* | **1,686,660** | 3,012,750 |
| **Other comprehensive income** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operation | | **(12,181)** | 237,045 |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Revaluation of property, plant and equipment, net of tax | | **130,770** | 152,521 |
| **Other comprehensive income for the period** | | **118,589** | 389,566 |
| **Total profit and other comprehensive income for the period** | | **1,805,249** | 3,402,316 |
| **Basic and diluted earnings per share (S$ cents)** | *11* | **0.17** | 0.38 |

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*As at 30 June 2019*

| | *Note* | **As at 30 June 2019** **S$** **(Unaudited)** | As at 31 December 2018 S$ (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **18,161,646** | 17,974,631 |
| Right-of-use assets | | **1,155,529** | – |
| Investment property | | **1,437,920** | 1,451,120 |
| | | **20,755,095** | 19,425,751 |
| **Current assets** | | | |
| Inventories | | **8,997,084** | 10,234,921 |
| Trade receivables | *12* | **7,559,017** | 10,851,673 |
| Other receivables, deposits and prepayments | | **1,140,646** | 1,284,544 |
| Financial asset at fair value through profit or loss | | **998,583** | – |
| Derivative financial instruments | | **4,469** | 51,237 |
| Amounts due from shareholders | | **–** | 173,374 |
| Bank balances and cash | | **20,139,217** | 4,025,006 |
| | | **38,839,016** | 26,620,755 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | *13* | **2,258,804** | 5,227,444 |
| Derivative financial instruments | | **40,674** | 61,985 |
| Obligations under finance leases | | **9,315** | 13,765 |
| Lease liabilities | | **192,444** | – |
| Bank and other borrowings | | **420,932** | 4,083,125 |
| Income tax payable | | **1,277,761** | 885,780 |
| | | **4,199,930** | 10,272,099 |
| **Net current assets** | | **34,639,086** | 16,348,656 |

| | As at 30 June 2019 S$ (Unaudited) | As at 31 December 2018 S$ (Audited) |
|---|---|---|
| **Non-current liabilities** | | |
| Obligations under finance leases | **–** | 2,551 |
| Lease liabilities | **1,088,301** | – |
| Bank and other borrowings | **2,533,956** | 875,429 |
| Deferred tax liabilities | **1,030,580** | 1,053,683 |
| | **4,652,837** | 1,931,663 |
| **Net assets** | **50,741,344** | 33,842,744 |
| **EQUITY** | | |
| **Capital and reserves** | | |
| Share capital | **1,725,819** | 2 |
| Share premium | **13,487,470** | – |
| Other reserve | **(332,000)** | (332,000) |
| Merger reserve | **299,994** | 299,994 |
| Revaluation reserve | **11,784,084** | 11,653,314 |
| Translation reserve | **(1,586,684)** | (1,574,503) |
| Accumulated profits | **25,362,661** | 23,795,937 |
| | **50,741,344** | 33,842,744 |

## 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 GROUP REORGANISATION AND BASIS OF PRESENTATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Prior to the group reorganisation (the "Group Reorganisation") scheme, Tai Sun Lim Kee Food Industries (M) Sdn. Bhd. ("TSF") and Treatz Food Sdn. Bhd. ("TZF") were held directly by Tai Sun (Lim Kee) Food Industries Pte. Ltd. ("TSS"), Mr. Winston Lim and Mr. Lawrence Lim of 64.4%, 17.8% and 17.8%, respectively whereas TSS was beneficially owned by the Controlling Shareholders.

On 23 April 2018, each of Mr. Winston Lim and Mr. Lawrence Lim transferred all his shares in TZF to TSS for a cash consideration of Ringgit Malaysia ("RM") 89,000 and RM89,000 respectively. Upon completion of the share transfer, TZF became a direct wholly-owned subsidiary of TSS.

On 24 April 2018, each of Mr. Winston Lim and Mr. Lawrence Lim transferred all his shares in TSF to TSS for a cash consideration of RM409,000 and RM409,000 respectively. Upon completion of the share transfer, TSF became a direct wholly-owned subsidiary of TSS.

Tai Sun Holding Limited ("TSH") was incorporated in the BVI with limited liability on 3 May 2018. On 10 May 2018, one share in TSH was allotted and issued to the Company, credited as fully paid. Upon completion of the share subscription, TSH was directly wholly-owned by the Company.

On 18 December 2018, the Controlling Shareholders transferred all his/her shares to TSH at the consideration of S$6, which was settled by the Company allotting and issuing 900 new shares, all credited as fully paid, to SWL at the directions from the Controlling Shareholders. Upon completion of the share transfer, TSS became an indirect wholly-owned subsidiary of the Company.

Pursuant to the Group Reorganisation detailed above, TSS and its subsidiaries were controlled by the Controlling Shareholders. As part of the Group Reorganisation, the Group has been under the common control of the Controlling Shareholders and is regarded as a continuing entity. Accordingly, the interim consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

## 3 ADOPTION OF NEW AND REVISED STANDARDS

**New and amended International Financial Reporting Standards ("IFRS") that are effective for the current year**

**IFRS 16 Leases**

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with exemption for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged, The impact of the adoption of IFRS 16 on the Group's interim consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the Standard:

- No reassessment on whether a contract is or contains a lease if the contract was entered into before 1 January 2019. Accordingly, the definition of a lease in accordance with IFRS 1-17 and IFRS INT 4 will continue to be applied to those leases entered or modified before 1 January 2019.

- For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the interim consolidated statement of profit or loss.

- The Group accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

- The Group has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- The Group has excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application.

- The Group has adjusted right-of-use assets by the amount of provision for onerous leases recognised under IFRS 1-37 to approximate impairment.

**Impact of the new definition of a lease**

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group had carried out an implementation project. The project has shown that the new definition in IFRS 16 does not change significantly the scope of contracts that meet the definition of a lease for the Group.

**Impact on lessee accounting**

***Former operating leases***

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IFRS 1-17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments;

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the interim consolidated statement of profit or loss; and

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the interim consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IFRS 1-17 they resulted in the interim recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IFRS 1-36 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the interim consolidated statement of profit or loss.

The Group has applied IFRS 16 retrospectively with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application, as permitted under the specific transition provisions in the Standard. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.92%.

Explanation of difference between operating lease commitments and lease liabilities:

| | 2019 |
|---|---|
| | *S$* |
| Operating lease commitments disclosed as at 31 December 2018 | **1,902,558** |
| Less: Short-term leases recognised on a straight-line basis as expense | **(12,947)** |
| | **1,889,611** |
| Discounted using the Group's incremental borrowing rate of 4.92% | **1,133,435** |
| Add: Finance lease liabilities recognised as at 31 December 2018 | **224,997** |
| Lease liability recognised as at 1 January 2019 | **1,358,432** |

The right-of-use assets for property leases were measured on a retrospective basis as if the Standard had been applied since the commencement date. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of S$1,238,684 were recognised on 1 January 2019, the net decrease on retained earnings of S$119,936 was recognised on 1 January 2019.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. In addition, the interim consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the applicable disclosures required by the Companies Ordinance.

## 5. 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 year, the CODM starts to review the profits by type of product sold instead of overall results of the Group as a whole as compared to prior years. 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 | |
| | **2019** | 2018 | **2019** | 2018 |
| | ***S$*** | *S$* | ***S$*** | *S$* |
| Nuts | **21,479,087** | 22,477,969 | **5,477,051** | 5,883,445 |
| Chips | **5,642,557** | 5,713,391 | **1,750,535** | 2,213,838 |
| Others | **1,295,587** | 1,496,081 | **345,220** | 357,381 |
| Total | **28,417,231** | 29,687,441 | **7,572,806** | 8,454,664 |

**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 | |
|---|---|---|
| | **2019** | 2018 |
| | ***S$*** | *S$* |
| Singapore | **17,303,982** | 18,403,193 |
| Malaysia | **6,927,365** | 6,416,596 |
| The People's Republic of China (including Hong Kong) | **1,933,779** | 1,891,273 |
| Others *(Note)* | **2,252,105** | 2,976,379 |
| Total | **28,417,231** | 29,687,441 |

*Note:*

Others include India, the United Kingdom and Indonesia.

## 6. OTHER INCOME

| | For the six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***S$*** | *S$* |
| Government grants* | **20,896** | 31,556 |
| Interest income | **18,544** | 8,301 |
| Rental income | **35,780** | 38,969 |
| Others | **419** | 398 |
| | **75,639** | 79,224 |

* The government grants received mainly comprise 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.

## 7. OTHER (LOSSES) GAINS

| | For the six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***S$*** | *S$* |
| Loss on disposal of property, plant and equipment | **–** | (2,711) |
| Foreign exchange (loss) gain, net | **(32,859)** | 222,489 |
| Fair value loss on derivative financial instruments | **(47,677)** | (30,375) |
| | **(80,536)** | 189,403 |

## 8. FINANCE COSTS

| | For the six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***S$*** | *S$* |
| Interest on bank overdrafts, trust receipts and borrowings | **57,616** | 35,937 |
| Interest on obligations under finance leases | **1,465** | 884 |
| Interest on lease liability | **33,798** | – |
| | **92,879** | 36,821 |

## 9. INCOME TAX EXPENSE

| | For the six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***S$*** | *S$* |
| **Tax expense comprises:** | | |
| Current income tax | | |
| Current period | **869,998** | 955,889 |
| | **869,998** | 955,889 |
| Deferred tax | | |
| Current period | **(34,106)** | 40,877 |
| Underprovision in prior period | **15,011** | – |
| Effect of revaluations of assets for taxation purposes | **–** | (739) |
| | **(19,095)** | 40,138 |
| | **850,903** | 996,027 |

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 20% of the tax payable capped at S$10,000 for Year of Assessment 2019 which is determined based on financial year end date of the group companies.

In Malaysia, the standard corporate tax rate is 24% for 2018 and 2019 which is applicable to companies incorporated in Malaysia with a paid-up capital of more than RM2,500,000. For Year of Assessment 2018, Malaysian subsidiaries are eligible for a reduction of between 1% and 4% on the standard tax rate for a portion of their income if there is an increase of 5% or more in the company's chargeable income from a business, compared to the immediately preceding Year of Assessment. The reduction in the tax rate will apply to the portion of chargeable income representing the increase.

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 | |
|---|---|---|
| | **2019** | 2018 |
| | ***S$*** | *S$* |
| Profit before taxation | **2,537,563** | 4,008,777 |
| Tax at applicable tax rate of 17% | **431,386** | 681,492 |
| Effect of different tax rates of subsidiaries operating in other jurisdiction | **110,781** | 176,970 |
| Tax effect of expenses not deductible for tax purpose | **296,198** | 265,895 |
| Tax effect of income not taxable for tax purpose | **(8,587)** | – |
| Tax effect of tax exemption under CIT | **(17,425)** | (52,791) |
| Effect of tax concessions and partial tax exemption | **–** | (74,042) |
| Under provision in prior period | **15,011** | – |
| Others | **23,539** | (1,497) |
| | **850,903** | 996,027 |

## 10. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

| | For the six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| | ***S$*** | *S$* |
| Depreciation of property, plant and equipment | | |
| Recognised as cost of sales | **702,038** | 690,940 |
| Recognised as administrative expenses | **123,902** | 135,149 |
| | **825,940** | 826,089 |
| Depreciation of right-of-use assets | **99,741** | – |
| Auditors' remuneration | **2,000** | – |
| Listing expenses | **785,196** | 1,494,073 |
| Directors' remuneration | **734,773** | 609,643 |
| Other staff costs | | |
| – Salaries and other benefits | **2,546,508** | 2,266,771 |
| – Contributions to employees' provident fund and social security | **214,058** | 195,531 |
| Total staff costs | **3,495,339** | 3,071,945 |
| Inventories recognised as cost of sales | **17,506,481** | 18,102,803 |
| Gross rental income from investment property | **(35,780)** | (36,431) |

## 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 | |
|---|---|---|
| | **2019** | 2018 |
| Earnings: | | |
| Profit for the year attributable to owners of the Company *(S$)* | **1,686,660** | 3,012,750 |

| | For the six months ended 30 June | |
|---|---|---|
| | **2019** | 2018 |
| Number of shares: | | |
| Weighted average number of ordinary shares in issue *(Note)* | **984,530,387** | 800,000,000 |
| Basic and diluted earnings per share *(S$ cents)* | **0.17** | 0.38 |

*Note:*

The calculation of basic earnings per share for the six months ended 30 June 2018 and 2019 is based on the profit for the period attributable to owners of the Company and the weighted average number of shares in issue.

The weighted average number of shares in issue for the purpose of calculating basic earnings per share for the six months ended 30 June 2018 is based on number of outstanding shares before the Company's initial public offering.

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 2018 and 2019.

## 12. TRADE RECEIVABLES

| | **As at 30 June 2019** *S$* | As at 31 December 2018 *S$* |
|---|---|---|
| Trade receivables | **7,559,017** | 10,851,673 |

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 2019** *S$* | As at 31 December 2018 *S$* |
|---|---|---|
| Within 30 days | **3,498,689** | 5,568,133 |
| 31 days to 60 days | **3,278,024** | 4,226,041 |
| 61 days to 90 days | **741,737** | 823,123 |
| 91 days to 180 days | **702** | 193,249 |
| 181 days to one year | **39,865** | 41,127 |
| | **7,559,017** | 10,851,673 |

## 13. TRADE AND OTHER PAYABLES

| | As at 30 June 2019 S$ | As at 31 December 2018 S$ |
|---|---|---|
| Trade payables | **1,726,238** | 3,072,114 |
| Trade accruals | **–** | 131,690 |
| | **1,726,238** | 3,203,804 |
| Accrued operating expenses | **135,547** | 551,642 |
| Accrued listing costs | **–** | 1,012,214 |
| Other payables | | |
| – Advances from customers | **9,952** | 76,809 |
| – Deposits received | **18,781** | 11,401 |
| – Goods and services tax payables | **79,333** | 146,236 |
| – Others | **288,953** | 225,338 |
| | **532,566** | 2,023,640 |
| | **2,258,804** | 5,227,444 |

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 2019 S$ | As at 31 December 2018 S$ |
|---|---|---|
| Within 30 days | **783,765** | 2,469,111 |
| 31 days to 90 days | **717,141** | 577,483 |
| 91 days to 180 days | **225,332** | 25,520 |
| | **1,726,238** | 3,072,114 |

## 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 decreased by approximately S$1.3 million or 4.3% from approximately S$29.7 million for the six months ended 30 June 2018 to approximately S$28.4 million for the six months ended 30 June 2019 mainly due to a shorter Chinese New Year period which fell in early February 2019 which led to a shorter period of ramp up sales in the beginning of 2019 as compared to the six months ended 30 June 2018 whereby Chinese New Year period fell later, i.e. in the middle of February 2018.

### 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 2018 and 30 June 2019:

| | **For the six months ended 30 June** | | | |
|---|---|---|---|---|
| | **2019** | | 2018 | |
| | ***S$*** | ***%*** | *S$* | *%* |
| Nuts | **21,479,087** | **75.6%** | 22,477,969 | 75.7% |
| Chips | **5,642,557** | **19.9%** | 5,713,391 | 19.3% |
| Others *(Note)* | **1,295,587** | **4.5%** | 1,496,081 | 5.0% |
| Total | **28,417,231** | **100.0%** | 29,687,441 | 100.0% |

*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 75.6% and 19.9% of revenue respectively for the six months ended 30 June 2019. The product mix between the sale of nuts and chips were relatively stable for the six months ended 30 June 2018 and 30 June 2019.

**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 2018 and 30 June 2019:

| | For the six months ended 30 June | | | |
|---|---|---|---|---|
| | **2019** | | 2018 | |
| | ***S$*** | *%* | *S$* | *%* |
| Singapore | **17,303,982** | **60.9%** | 18,403,193 | 62.0% |
| Malaysia | **6,927,365** | **24.4%** | 6,416,596 | 21.6% |
| The PRC (including Hong Kong) | **1,933,779** | **6.8%** | 1,891,273 | 6.4% |
| Others *(Note)* | **2,252,105** | **7.9%** | 2,976,379 | 10.0% |
| Total | **28,417,231** | **100.0%** | 29,687,441 | 100.0% |

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

The Group's products were largely sold in Singapore and Malaysia which accounted for approximately 60.9% and 24.4% of total revenue respectively for the six months ended 30 June 2019. The composition of sales by geographical location of end consumers for the six months ended 30 June 2019 was relatively stable as compared to the six months ended 30 June 2018.

**Gross profit**

The following table sets forth a breakdown of the Group's gross profit for the six months ended 30 June 2018 and 30 June 2019:

| | For the six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | | **2019** | | | 2018 | |
| | **Revenue** | **Gross Profit** | **Gross Profit margin** | Revenue | Gross Profit | Gross Profit margin |
| | ***S$*** | ***S$*** | *%* | *S$* | *S$* | *%* |
| Nuts | **21,479,087** | **5,477,051** | **25.5%** | 22,477,969 | 5,883,445 | 26.2% |
| Chips | **5,642,557** | **1,750,535** | **31.0%** | 5,713,391 | 2,213,838 | 38.7% |
| Others | **1,295,587** | **345,220** | **26.6%** | 1,496,081 | 357,381 | 23.9% |
| Total | **28,417,231** | **7,572,806** | **26.6%** | 29,687,441 | 8,454,664 | 28.5% |

The pricing of the Group's nuts and chips products are generally based on prices comparable to competitors for similar products. In addition, the cost of fresh potatoes and cassava roots are generally lower than the cost of raw nuts, thereby resulting in a lower cost of producing chips products. The percentage of cost of materials to revenue for chips products was lower as compared to the percentage of cost of materials to revenue for nuts products. As such, chips products recorded a higher gross profit margin as compared to nuts products.

The Group's gross profit margin for chips decreased from approximately 38.7% for the six months ended 30 June 2018 to approximately 31.0% for the six months ended 30 June 2019 mainly due to depreciation of the S$ against the US$ (which was one of the main currencies in which purchases of fresh potatoes were denominated within the period) as well as 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**

Looking forward in 2019, while the Group takes cognizance of an uncertain market ahead arising from among others, the United States of America-PRC trade tensions and Brexit, the Group will continue to stay focused on implementing its business objectives.

The Group's business objectives are to maintain sustainable growth in its business and create long-term shareholders' value. The Group intends to achieve a higher growth in the future by expanding and strengthening its market position in the snacks industry, through (i) the production and launch of tortilla chips, a new chips product range by leveraging its branding and production capability strength; and (ii) increase the production capacity and sales of nuts and potato chips products.

As stated in the Company's prospectus dated 31 December 2018 (the "Prospectus"), demand for snack products with less sugar, artificial sweeteners and flavourings such as savoury snacks over the years has seen stronger growth in terms of revenue for Singapore, Malaysia and the PRC as consumers strive to eat better. Demand for chip products, notably potato and tortilla chips, are expected to increase in tandem with the overall savoury snacks segment in Singapore, Malaysia and the PRC. Potato and tortilla chips are made from ingredients, such as potato, wheat and corn, and generally contain less sugar, artificial sweeteners and flavourings as compared to sweet snacks. In addition, chip products can generally be offered in differing flavours and packaging sizes, allowing the products to cater to a wider range of snack consumers with differing preferences. For tortilla chips, the chips became popular within the savoury snack market during the late 1990s, and has been gaining in momentum since to become the second most popular chip after potato chips within the savoury snack market. Notably, the chips can be consumed with a variety of dips, such as salsa, which adds flavour to the chips and provides a unique taste experience over other snack products. This serves as a key differentiating factor for tortilla chips over other snack products, contributing to its popularity within the savoury snacks segment and to urban millennials. As such, these factors are expected to bode well for the demand for chips products, such as potato and tortilla chips, and subsequently the savoury snacks segment in Singapore, Malaysia and the PRC.

## FINANCIAL REVIEW

**Revenue**

The Group's revenue decreased by approximately S$1.3 million or 4.3% from approximately S$29.7 million for the six months ended 30 June 2018 to approximately S$28.4 million for the six months ended 30 June 2019 mainly due to a shorter Chinese New Year period which fell in early February 2019 which led to a shorter period of ramp up sales in the beginning of 2019 as compared to the six months ended 30 June 2018 whereby Chinese New Year period fell later, i.e. in the middle of February 2018.

**Cost of sales**

The Group's cost of sales decreased slightly by approximately S$0.4 million or 1.8% from approximately S$21.2 million for the six months ended 30 June 2018 to approximately S$20.8 million for the six months ended 30 June 2019 mainly due to the decrease in cost of materials purchased by the Group. As there is a shorter Chinese New Year period which fell in early February 2019 compared to the previous year, the Group experienced relatively fewer orders from customers during the Chinese New Year period in the six months ended 30 June 2019 compared to the six months ended 30 June 2018.

**Gross profit**

The Group's total gross profit decreased by approximately S$0.9 million or 10.4% from approximately S$8.5 million for the six months ended 30 June 2018 to approximately S$7.6 million for the six months ended 30 June 2019 in line with the decrease in revenue. The Group's overall gross profit margin decreased from approximately 28.5% for the six months ended 30 June 2018 to approximately 26.6% for the six months ended 30 June 2019 mainly due to the increase in cost of potatoes as discussed above.

**Other income**

The Group's other income was relatively stable at approximately S$79,000 and S$76,000 for the six months ended 30 June 2018 and 30 June 2019 respectively.

**Other (losses) gains**

The Group reported other losses of approximately S$81,000 for the six months ended 30 June 2019 from other gains of approximately S$189,000 for the six months ended 30 June 2018 mainly due to recognition of exchange losses arising from the depreciation of S$ against US$ from certain payables of the Group.

**Selling and distribution expenses**

Selling and distribution expenses increased by approximately S$0.2 million or 20.5% from approximately S$1.1 million for the six months ended 30 June 2018 to approximately S$1.3 million for the six months ended 30 June 2019 mainly due to advertising and promotional activities to further promote the Group's products in Malaysia.

**Administrative expenses**

Administrative expenses increased by approximately S$0.7 million or approximately 35.5% from approximately S$2.1 million for the six months ended 30 June 2018 to approximately S$2.8 million for the six months ended 30 June 2019, mainly due to increase in staff cost due to increase in staff headcount and increment of salaries and allowances to staffs, and professional fees incurred by the Company in conjunction with its listing status.

**Listing expenses**

The Group incurred and recognised listing expenses of approximately S$785,000 for the six months ended 30 June 2019 compared to listing expenses of approximately S$1.5 million for the six months ended 30 June 2018 as the Company was successfully listed on the Stock Exchange on the Listing Date.

**Finance costs**

Finance costs increased by approximately S$56,000 or 152.2% from approximately S$37,000 for the six months ended 30 June 2018 to approximately S$93,000 for the six months ended 30 June 2019 due to interest on lease liability arising from the Group's rights-of-use assets.

**Income tax expense**

Income tax expense decreased from approximately S$996,000 for the six months ended 30 June 2018 to approximately S$851,000 for the six months ended 30 June 2019 mainly due to the decrease in the Group's profit before tax by approximately S$1.5 million or 36.7% from approximately S$4.0 million for the six months ended 30 June 2018 to approximately S$2.5 million for the six months ended 30 June 2019. Such decrease in profit before tax was mainly due to the decrease in revenue, decrease in gross profit margin and increase in selling and distribution and administrative expenses as discussed above.

**Profit for the period**

Profit for the period decreased by approximately S$1.3 million or 44.0% from approximately S$3.0 million for the six months ended 30 June 2018 to approximately S$1.7 million for the six months ended 30 June 2019 mainly due to the decrease in revenue, decrease in gross profit margin and increase in selling and distribution and administrative expenses as discussed above.

**Liquidity and capital resources**

Prior to the listing of the Company on the Stock Exchange, the Group's source of funds for its operations mainly came from cash generated from operations, bank borrowings and funds advanced by the executive Directors. The Group's primary uses of cash are for working capital needs and purchase of property, plant and equipment. Upon the listing, the Group's source of funds are a combination of internal generated funds, bank 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 a 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 2018 and 30 June 2019, the Group's current ratio, being current assets over current liabilities was 2.6 times and 9.2 times respectively.

**Bank Borrowings**

As at 30 June 2019, the Group's bank borrowings amounted to approximately S$3.0 million, which was lower as compared to approximately S$5.0 million as at 31 December 2018. The Group maintained a relatively low gearing ratio, based on interest-bearing bank borrowings divided by net assets, at approximately 0.1 times and 0.06 times as at 31 December 2018 and 30 June 2019 respectively.

## CONTINGENT LIABILITIES

As at 31 December 2018 and 30 June 2019, the Group provided performance guarantee to certain customers with balances amounted to approximately S$0.4 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$11.8 million as at 31 December 2018 and 30 June 2019 respectively.

## CAPITAL EXPENDITURES AND COMMITMENTS

During the six months ended 30 June 2019, the Group had incurred capital expenditures of approximately S$941,000 as compared to approximately S$107,000 in the six months ended 30 June 2018. The expenditures were mainly related to the purchase of property, plant and equipment to support the growth of the Group's business.

The Group has no capital commitments as at 30 June 2019 (31 December 2018 :Nil).

## SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2018 and 30 June 2019.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the six months ended 30 June 2019, the Group did not have any material acquisitions or disposals of subsidiaries and associated companies, save for the reorganisation of the Group with details set forth in the Prospectus.

## EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the six months ended 30 June 2019 and up to the date of this announcement.

## 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 is in the process of implementing its business strategies as set out in the Prospectus and has utilised approximately HK$1.9 million (equivalent to approximately S$324,000) of the proceeds as at 30 June 2019 based on the proposed applications under the Section headed "Future Plans and Use of Proceeds" in the Prospectus. The following sets forth a summary of the allocation of the Net Proceeds and its utilisation as at 30 June 2019:

| Use of proceeds | Approximate amount of net proceeds *(HK$'million)* | Approximate percentage of net proceeds *(%)* | Approximate actual amount utilised as at 30 June 2019 *(HK$'million)* | Unused amount of net proceeds as at 30 June 2019 *(HK$'million)* |
|---|---|---|---|---|
| Expansion of existing nuts and potato chips products | 26.7 | 39.9 | – | 26.7 |
| Production and launch of tortilla chips | 16.3 | 24.4 | – | 16.3 |
| Expansion of workforce | 17.6 | 26.4 | – | 17.6 |
| Working capital | 6.2 | 9.3 | 1.9 | 4.3 |
| **Total** | **66.8** | **100.0** | **1.9** | **64.9** |

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

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

## EMPLOYEES AND REMUNERATION POLICIES

The Group had 215 employees and 256 employees as at 30 June 2018 and 30 June 2019 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 2019, there was no outstanding share option granted under the Share Option Scheme.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Since 14 January 2019, being the Listing Date, and up to 30 June 2019, 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 since the Listing Date and up to the date of this announcement.

## 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 2019 and up to the date of this announcement.

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

As at 30 June 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 2019.

## REVIEW BY THE AUDIT COMMITTEE

The Company established an 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 2019. 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 2019 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 2019 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, 26 August 2019

*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).*