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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 2021**

#### **FINANCIAL HIGHLIGHTS:**

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

	<b>Six months ended 30 June</b>		
	<b>2021</b>	<b>2020</b>	<b>% of change</b>
	<b>S\$</b>	<b>S\$</b>	
Revenue	<b>31,098,399</b>	31,928,532	(2.6%)
Profit before taxation	<b>5,110,138</b>	6,171,126	(17.2%)
Profit for the period	<b>4,131,468</b>	5,075,891	(18.6%)

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

	<b>As at 30 June 2021 S\$</b>	<b>As at 31 December 2020 S\$</b>	<b>% of change</b>
Bank balances and cash	<b>27,303,525</b>	24,400,875	11.9%
Bank and other borrowings	<b>2,062,121</b>	2,509,299	(17.8%)
Net assets	<b>62,371,184</b>	58,340,360	6.9%

#### **KEY FINANCIAL RATIOS**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
Gross profit margin	<b>28.0%</b>	28.6%
Profit before taxation margin	<b>16.4%</b>	19.3%
Profit margin for the period	<b>13.3%</b>	15.9%

  

	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
Return on total assets	<b>5.7%</b>	9.5%
Return on equity	<b>6.6%</b>	11.7%
Gearing ratio (times)	<b>0.03</b>	0.04
Current ratio (times)	<b>7.3</b>	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 2021 together with the comparative figures for the six months ended 30 June 2020 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 2021

		<b>For the six months ended 30 June</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>S\$</b>	<b>S\$</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	4	<b>31,098,399</b>	31,928,532
Cost of sales		<b>(22,395,584)</b>	(22,784,610)
<b>Gross profit</b>	4	<b>8,702,815</b>	9,143,922
Other income	5	<b>204,487</b>	573,592
Other gains and losses	6	<b>81,037</b>	359,533
Selling and distribution expenses		<b>(1,430,075)</b>	(1,321,921)
Administrative expenses		<b>(2,377,069)</b>	(2,510,367)
Finance costs	7	<b>(71,057)</b>	(73,633)
<b>Profit before taxation</b>		<b>5,110,138</b>	6,171,126
Income tax expense	8	<b>(978,670)</b>	(1,095,235)
<b>Profit for the period</b>	9	<b>4,131,468</b>	5,075,891
<b>Other comprehensive (expense) income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		<b>(275,940)</b>	(164,976)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment, net of tax		<b>175,296</b>	165,458
<b>Other comprehensive (expense) income for the period</b>		<b>(100,644)</b>	482
<b>Total profit and other comprehensive income for the period, net of tax</b>		<b>4,030,824</b>	5,076,373
<b>Basic and diluted earnings per share (S\$ cents)</b>	11	<b>0.41</b>	0.51

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2021*

	<i>Note</i>	As at <b>30 June</b> <b>2021</b> <i>S\$</i> <b>(Unaudited)</b>	As at 31 December 2020 <i>S\$</i> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>21,401,221</b>	21,200,795
Right-of-use assets		<b>1,018,253</b>	1,112,811
Deposits		<b>1,710,643</b>	493,384
		<hr/> <b>24,130,117</b>	<hr/> 22,806,990
<b>Current assets</b>			
Inventories		<b>11,184,806</b>	10,636,795
Trade receivables	<i>12</i>	<b>7,999,972</b>	13,156,360
Other receivables, deposits and prepayments		<b>1,602,909</b>	872,228
Derivative financial instruments		<b>64,339</b>	4,545
Bank balances and cash		<b>27,303,525</b>	24,400,875
		<hr/> <b>48,155,551</b>	<hr/> 49,070,803
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>3,949,010</b>	6,798,189
Derivative financial instruments		<b>82,161</b>	237,308
Lease liabilities		<b>163,698</b>	180,756
Bank and other borrowings		<b>473,736</b>	670,281
Income tax payable		<b>1,887,461</b>	1,824,755
		<hr/> <b>6,556,066</b>	<hr/> 9,711,289
<b>Net current assets</b>		<hr/> <b>41,599,485</b>	<hr/> 39,359,514
<b>Total assets less current liabilities</b>		<hr/> <b>65,729,602</b>	<hr/> 62,166,504

	As at <b>30 June</b> <b>2021</b> <i>S\$</i> <b>(Unaudited)</b>	As at 31 December 2020 <i>S\$</i> (Audited)
<b>Non-current liabilities</b>		
Lease liabilities	<b>1,001,559</b>	1,076,621
Bank and other borrowings	<b>1,588,385</b>	1,839,018
Deferred tax liabilities	<b>768,474</b>	910,505
	<u><b>3,358,418</b></u>	<u>3,826,144</u>
<b>Net assets</b>	<u><b>62,371,184</b></u>	<u>58,340,360</u>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	<b>1,725,820</b>	1,725,820
Share premium	<b>13,487,471</b>	13,487,471
Other reserve	<b>(332,000)</b>	(332,000)
Merger reserve	<b>299,994</b>	299,994
Revaluation reserve	<b>11,852,294</b>	11,676,998
Translation reserve	<b>(1,865,773)</b>	(1,589,833)
Accumulated profits	<b>37,203,378</b>	33,071,910
	<u><b>62,371,184</b></u>	<u>58,340,360</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 Hong Kong Companies Ordinance (the “Companies Ordinance”) (Chapter 622 of the Laws of Hong Kong) on 23 May 2018 and the principal place of business in Hong Kong is Room 901, 9th Floor, Prosperity Tower, No. 39 Queen’s Road Central, Central, Hong Kong. Its registered office and principal place of business are located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and 255 Pandan Loop, Singapore 128433, respectively. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 14 January 2019 (the “Listing Date”).

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

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

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

The interim financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) which collective term includes all applicable individual IFRS, International Accounting Standards (“IAS”) and Interpretations issued by the International Accounting Standards Board (“IASB”).

These interim financial statements also comply with the disclosure requirements of the Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

### 3. ADOPTION OF NEW AND REVISED STANDARDS

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

In the current period, the Group has applied the amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

## New and revised IFRS in issue but not yet effective

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

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8 IFRS 17	Definition of Accounting Estimates <sup>1</sup> Insurance Contracts <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1 Amendments to IFRS 3 Amendments to IAS 16	Classification of Liabilities as Current or Non-Current <sup>2</sup> Reference to the Conceptual Framework <sup>4</sup> Property, Plant and Equipment – Proceeds before Intended use <sup>4</sup>
Amendments to IAS 37 Annual improvements to IFRS standards 2018-2020 Cycle	Onerous Contracts – Cost of Fulfilling a Contract <sup>4</sup> Amendments to IFRS 9 Financial Instruments and IFRS 16 Leases <sup>4</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2023.*

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

<sup>3</sup> *Effective for annual periods beginning on or after a date to be determined.*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2022, with early application permitted.*

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

## 4. REVENUE AND SEGMENT INFORMATION

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

Information is reported to the executive directors of the Company, which are also the Chief Operating Decision Maker (the “CODM”) of the Group, for the purposes of resource allocation and assessment of segment performance focuses on the types of products sold and in respect of the “Nuts” and “Chips” operations. In current period, the CODM reviews the profits by type of product sold instead of overall results of the Group. Accordingly, the comparative figure is disclosed with segment result. No operating segments have been aggregated in arriving at the reportable segments of the Group.

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

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

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

### Segment revenue and results

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

	For the six months ended 30 June			
	Revenue		Gross profit	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
Nuts	22,195,286	23,572,724	6,201,785	6,686,108
Chips	8,023,512	7,433,591	2,229,981	2,144,429
Others	879,601	922,217	271,049	313,385
Total	<u>31,098,399</u>	<u>31,928,532</u>	<u>8,702,815</u>	<u>9,143,922</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	
	2021	2020
	S\$	S\$
Singapore	19,706,269	19,291,614
Malaysia	6,477,552	6,051,044
The People's Republic of China (including Hong Kong)	3,570,939	5,236,536
Others ( <i>Note</i> )	1,343,639	1,349,338
Total	<u>31,098,399</u>	<u>31,928,532</u>

*Note:*

Others include India, the United Kingdom and Indonesia.

## 5. OTHER INCOME

	For the six months ended 30 June	
	2021	2020
	S\$	S\$
Government grants <sup>(1)</sup>	173,158	372,915
Interest income <sup>(2)</sup>	31,297	188,363
Rental income	–	11,845
Others	32	469
	<u>204,487</u>	<u>573,592</u>

### Notes:

- 1) The government grants received during the six months ended 30 June 2021 and 30 June 2020 mainly comprised support measures by the government which aims to aid businesses cope with challenges arising from the Covid-19 pandemic.

Other government grants comprised the Wage Credit Scheme and the Special Employment Credit by the Singapore government. These compensation were 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 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 AND LOSSES

	For the six months ended 30 June	
	2021	2020
	S\$	S\$
Foreign exchange gain, net	6,095	558,471
Fair value gain (loss) on derivative financial instruments	35,321	(198,938)
Other gains	39,621	–
	<u>81,037</u>	<u>359,533</u>

## 7. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	S\$	S\$
Financing cost of bank facilities	38,985	40,214
Interest on lease liabilities	32,072	33,419
	<u>71,057</u>	<u>73,633</u>



## 8. INCOME TAX EXPENSE

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
<b>Tax expense comprises:</b>		
Current income tax		
Current period	<b>1,105,127</b>	925,983
Withholding tax	<b>1,806</b>	2,107
Deferred tax		
Current period	<b>(128,263)</b>	172,874
Overprovision in prior period	<b>–</b>	(5,729)
	<b>(128,263)</b>	167,145
	<b>978,670</b>	1,095,235

Singapore Corporate Income Tax (“CIT”) is calculated at 17% of the estimated assessable profit. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$190,000 of chargeable income.

In Malaysia, the standard corporate tax rate is 24% for the Year of Assessment 2020 and 2021.

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:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Profit before taxation	<b>5,110,138</b>	6,171,126
Tax at applicable tax rate of 17%	<b>868,723</b>	1,049,091
Effect of different tax rates of subsidiaries operating in other jurisdiction	<b>163,569</b>	111,586
Tax effect of expenses not deductible for tax purpose	<b>121,632</b>	93,300
Tax effect of income not taxable for tax purpose	<b>(126,240)</b>	(135,520)
Tax effect of tax exemption under CIT	<b>(17,425)</b>	(24,260)
Effect of tax concessions and partial tax exemption	<b>(58,886)</b>	(5,527)
Overprovision in prior period	<b>–</b>	(5,729)
Withholding tax	<b>1,806</b>	2,107
Others	<b>25,491</b>	10,187
	<b>978,670</b>	1,095,235

## 9. PROFIT FOR THE PERIOD

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

	For the six months ended 30 June	
	2021	2020
	S\$	S\$
Depreciation of property, plant and equipment		
Recognised as cost of sales	747,906	638,576
Recognised as administrative expenses	73,245	200,523
	<u>821,151</u>	<u>839,099</u>
Directors' remuneration	830,496	799,985
Other staff costs		
– Salaries and other benefits	2,631,467	2,529,378
– Contributions to Central Provident Fund and Employees' Provident Fund	215,777	197,153
	<u>3,677,740</u>	<u>3,526,516</u>
Total staff costs		
	<u>18,560,574</u>	<u>19,368,784</u>
Inventories recognised as cost of sales		
Gross rental income from investment property	–	(11,845)
	<u>–</u>	<u>(11,845)</u>

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

*(Disclosure required by IFRS 16)*

	2021	2020
	S\$	S\$
Depreciation expense on right-of-use assets	97,327	98,039
Interest expense on lease liabilities	32,072	33,419
Expense relating to short-term leases	24,313	16,466
	<u>153,712</u>	<u>147,924</u>

The total cash outflow for leases amount to S\$150,527 and S\$129,583 for the six months ended 30 June 2021 and 2020 respectively.

## 10. DIVIDENDS

At a meeting of the Board held on 30 August 2021, 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 2021 (Payment of an interim dividend to the shareholders of the Company for the six months ended 30 June 2020: 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	
	2021	2020
Earnings:		
Profit for the period attributable to owners of the Company (S\$)	<u>4,131,468</u>	<u>5,075,891</u>
	For the six months ended 30 June	
	2021	2020
Number of shares:		
Weighted average number of ordinary shares in issue (Note)	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Basic and diluted earnings per share (S\$ cents)	<u>0.41</u>	<u>0.51</u>

Note:

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 2021 and 2020.

## 12. TRADE RECEIVABLES

	As at 30 June 2021 S\$	As at 31 December 2020 S\$
Trade receivables	<u>7,999,972</u>	<u>13,156,360</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 2021 S\$	As at 31 December 2020 S\$
Within 30 days	3,765,839	8,003,947
31 days to 60 days	3,452,360	4,045,961
61 days to 90 days	666,721	1,101,376
91 days to 180 days	46,859	4,771
181 days to one year	<u>68,193</u>	<u>305</u>
	<u>7,999,972</u>	<u>13,156,360</u>

### 13. TRADE AND OTHER PAYABLES

	As at 30 June 2021 S\$	As at 31 December 2020 S\$
Trade payables	<u>3,081,618</u>	<u>3,151,033</u>
Accrued operating expenses	171,086	3,043,484
Other payables		
– Deferred grant income	38,076	110,833
– Advances from customers	–	29,872
– Deposits received	13,601	11,601
– Goods and services tax payables	64,099	172,304
– Others	<u>580,530</u>	<u>279,062</u>
	<u>867,392</u>	<u>3,647,156</u>
	<u><u>3,949,010</u></u>	<u><u>6,798,189</u></u>

The credit period on purchases from suppliers is between 7 to 30 days or payable upon delivery.

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

	As at 30 June 2021 S\$	As at 31 December 2020 S\$
Within 30 days	2,424,600	1,981,482
31 days to 90 days	653,901	879,328
91 days to 180 days	<u>3,117</u>	<u>290,223</u>
	<u><u>3,081,618</u></u>	<u><u>3,151,033</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group which is headquartered in Singapore is primarily focused on the production, packaging and sale of nuts and chips with track record of more than 50 years. The Group's core products include roasted nuts, baked nuts, potato chips and cassava chips. The Group's products have been sold and distributed to over 10 countries, including Singapore, Malaysia, the People's Republic of China (the "PRC"), 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\$0.8 million or 2.6% from approximately S\$31.9 million for the six months ended 30 June 2020 to approximately S\$31.1 million for the six months ended 30 June 2021. Although generally there was an increase in sales to end customers in Singapore and Malaysia during the six months ended 30 June 2021, there was a decline in sales to end customers in the PRC as elaborated in the section headed 'Geographical location' of this announcement.

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 2021 and 30 June 2020:

	For the six months ended 30 June			
	2021		2020	
	S\$		S\$	
Nuts	22,195,286	71.4%	23,572,724	73.8%
Chips	8,023,512	25.8%	7,433,591	23.3%
Others (Note)	879,601	2.8%	922,217	2.9%
Total	<u>31,098,399</u>	<u>100.0%</u>	<u>31,928,532</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 71.4% and 25.8% of revenue respectively for the six months ended 30 June 2021. The product mix between the sale of nuts and chips were relatively stable for the six months ended 30 June 2021 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 2021 and 30 June 2020:

	For the six months ended 30 June			
	2021		2020	
	S\$		S\$	
Singapore	19,706,269	63.4%	19,291,614	60.4%
Malaysia	6,477,552	20.8%	6,051,044	19.0%
The PRC (including Hong Kong)	3,570,939	11.5%	5,236,536	16.4%
Others ( <i>Note</i> )	1,343,639	4.3%	1,349,338	4.2%
Total	<u>31,098,399</u>	<u>100.0%</u>	<u>31,928,532</u>	<u>100.0%</u>

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

The Group's products were largely sold in Singapore and Malaysia which accounted for approximately 63.4% and 20.8% of total revenue respectively for the six months ended 30 June 2021. The composition of sales to end consumers in the PRC decreased from approximately 16.4% for the six months ended 30 June 2020 to approximately 11.5% for the six months ended 30 June 2021 mainly due to a non-recurring large order from an OEM customer based in Hong Kong during the six months ended 30 June 2020. The large order by the said customer was due to higher demand in the first half of 2020 as consumers in the PRC (including Hong Kong) were encouraged to stay indoors during that period when the Covid-19 pandemic first started. As a result of staying indoors, 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 2021 and 30 June 2020:

	For the six months ended 30 June					
	2021			2020		
	Revenue	Gross Profit	Gross Profit margin	Revenue	Gross Profit	Gross Profit margin
	S\$	S\$		S\$	S\$	
Nuts	22,195,286	6,201,785	27.9%	23,572,724	6,686,108	28.4%
Chips	8,023,512	2,229,981	27.8%	7,433,591	2,144,429	28.8%
Others	879,601	271,049	30.8%	922,217	313,385	34.0%
Total	<u>31,098,399</u>	<u>8,702,815</u>	<u>28.0%</u>	<u>31,928,532</u>	<u>9,143,922</u>	<u>28.6%</u>

The Group's gross profit decreased by approximately S\$0.4 million or 4.8% from approximately S\$9.1 million for the six months ended 30 June 2020 to approximately S\$8.7 million for the six months ended 30 June 2021 in line with the decrease in revenue as well as decrease in gross profit margin from approximately 28.6% for the six months ended 30 June 2020 to approximately 28.0% for the six months ended 30 June 2021. The decrease in the Group's gross profit margin was mainly due to the decrease in gross profit margin for nuts and chips.

The decrease in gross profit margin for nuts and chips during the period was due to fluctuation in certain raw potato and nuts prices in certain countries amid the pandemic as well as fluctuation in exchange rates involved.

## **Outlook and Strategies**

### ***Economic performance in Singapore in the second quarter of 2021***

The Singapore economy expanded by 14.7% on a year-on-year basis in the second quarter of 2021, faster than the 1.5% growth in the first quarter of 2021. The strong growth was largely due to the low base in the same period in 2020 when GDP fell by 13.3% as a result of the Circuit Breaker (CB) measures implemented in Singapore to curb the spread of the Covid-19 pandemic from 7 April 2020 to 1 June 2020, as well as the sharp fall in external demand amidst the Covid-19 pandemic. In absolute terms, GDP remained 0.6% below its pre-pandemic level in the second quarter of 2019. On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy contracted by 1.8% in the second quarter of 2021, a reversal from the 3.3% expansion in the first quarter of 2021.

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

### **Overall economic performance in Singapore in the first half of 2021**

Taking into account the GDP performance in the first quarter of 2021, the Singapore economy expanded by 7.7% on a year-on-year basis in the first half of 2021.

### **Economic outlook for 2021**

The Ministry of Trade and Industry, Singapore has upgraded the GDP growth forecast for 2021 to 6.0% to 7.0%, from 4.0% to 6.0% forecasted previously.

Covid-19 cases continue to be on the rise globally due to the spread of the highly transmissible Delta variant. However, vaccination rates have also picked up in key advanced economies such as the US and Eurozone, which have in turn allowed these economies to press on with their re-opening plans notwithstanding an uptick in cases. By contrast, regional economies which have been slow to vaccinate their populations have had to re-impose restriction measures to curb a resurgence in infections. This has in turn dampened their growth outlook. On balance, the recovery in external demand for Singapore for the rest of the year remains largely on track. Details of the outlook of the key external economies are as follows:

In the US, the pace of economic growth is expected to pick up in the second half of 2021. Continuing improvements in labour market conditions, along with elevated savings due to the disbursement of fiscal stimulus cheques, will bolster personal consumption expenditure, which will in turn support the US' economic recovery. The Eurozone economy is also projected to see a faster pace of recovery in the second half of 2021. The strong pickup in vaccine deployment in recent months has led to a quicker-than-expected resumption in business activity. This has resulted in an improvement in business sentiments and employment expectations, which will support a rebound in domestic demand.

In Asia, the PRC's growth is expected to ease in the second half of 2021 on the back of a moderation in investment growth amidst weaker base effects and credit conditions. The latest Covid-19 outbreak could also weigh on the recovery of consumption in the near term as restrictions have been imposed to contain the virus. In Japan, the pace of economic recovery is projected to quicken in the second half of 2021. While the re-imposition of a state of emergency in Tokyo and Okinawa to slow the spread of the virus is expected to weigh on domestic consumption in the near term, strong external demand will continue to support growth.

Growth in the key Southeast Asian economies in the second half of 2021 is likely to be slower than earlier projected. In particular, the recovery in domestic demand in countries such as Malaysia, Indonesia and Thailand are expected to be dampened by the tightening of restrictions to contain the surge in Covid-19 infections, although external demand should lend some support to their GDP growth.

At the same time, downside risks in the global economy remain. First, there continues to be uncertainty surrounding the trajectory of the Covid-19 pandemic. The ongoing economic recovery in advanced economies could be derailed if vaccination progress stalls due to vaccine hesitancy or if the efficacy of existing vaccines is weakened as a result of virus mutations or waning antibody levels. Meanwhile, effective containment of the outbreaks in regional economies may be impeded by their slow vaccination rollouts, which could then lead to an even sharper and more protracted period of slowdown in these economies. Second, there are upside risks to inflation, especially if supply-side bottlenecks persist alongside a stronger pickup in final demand. This could result in an earlier or larger increase in interest rates than currently anticipated, thereby triggering a sharp tightening of global financial conditions. The latter could in turn lead to a premature withdrawal of policy support in economies with limited fiscal space and delay their economic recovery. Third, continued geopolitical uncertainty involving the major economies could weigh on trade and the global economic recovery.



Domestically, the performance of the Singapore economy in the first half of 2021 was stronger than expected. The Covid-19 situation has also stabilised, with Singapore's vaccination programme continuing to make good progress. Barring a major setback in the global economy, the Singapore economy is expected to continue to see a gradual recovery in the second half of 2021, supported in large part by outward oriented sectors. The progressive easing of domestic and border restrictions as Singapore's vaccination rates continue to rise will also help to support the recovery of its consumer-facing sectors and alleviate labour shortages in sectors that are reliant on migrant workers.

Against this backdrop, the recovery of the various sectors of the economy over the course of 2021 is expected to remain uneven.

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

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

During the first half of 2021, the Group's revenue decreased by approximately S\$0.8 million or 2.6% from approximately S\$31.9 million for the six months ended 30 June 2020 to approximately S\$31.1 million for the six months ended 30 June 2021. Although generally there was an increase in sales to end customers in Singapore and Malaysia during the six months ended 30 June 2021, there was a decline in sales to end customers in the PRC due to a non-recurring large order from an OEM customer based in Hong Kong in the first half of 2020 as further elaborated in the section headed 'Geographical location' of this announcement. During the first half of 2021 compared to the first half of 2020, the Group received relatively lower amount of government's assistance which was rolled out in stages to aid businesses cope with challenges arising from the Covid-19 pandemic. Overall, due to the decline in revenue and government's assistance, among other factors, the Group's profit for the period decreased by approximately S\$1.0 million or 18.6% from approximately S\$5.1 million for the six months ended 30 June 2020 to approximately S\$4.1 million for the six months ended 30 June 2021.

Despite the decline in revenue and profit in the first half of 2021, the Group still expects that demand for snack products with less sugar, artificial sweeteners and flavourings such as savoury snacks to remain resilient in the long term as health awareness is increasing among consumers. The Group noted that global snack food market, which includes nuts and chips will reach US\$743.4 billion by 2026, growing by 5.5% annually over 2020-2026 owing to the growing needs for snack food amid Covid-19 pandemic<sup>(1)</sup>.

#### *Note:*

<sup>(1)</sup> As extracted from excerpts of the "Global Snack Food market is anticipated to grow at a CAGR of 5.5% by 2026" report, which was made available at [www.ozonemarketreports.com](http://www.ozonemarketreports.com) as at the date of this announcement.

As highlighted by the Ministry of Trade and Industry, Singapore, the domestic performance of the Singapore economy is expected to improve in 2021. However, there is still some uncertainty arising on the global front. In Malaysia, including the state of Johor where the Group's production facilities are located, daily Covid-19 cases remain high and majority part of Malaysia remains under strict lockdown in conjunction with the Malaysia government's attempt to curb the soaring number of Covid-19 cases. As announced by the Company on 25 May 2021 and 28 May 2021, the Group had to temporarily shut down its production facilities from 24 May 2021 until 2 June 2021 after some of its workers tested positive for Covid-19. Although the Company considered that the temporary closure of the Group's manufacturing plants in Malaysia during that period did not have any material adverse impact on the business, operations and financial position of the Group in the long run, uncertainty remains.

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.

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

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue decreased by approximately S\$0.8 million or 2.6% from approximately S\$31.9 million for the six months ended 30 June 2020 to approximately S\$31.1 million for the six months ended 30 June 2021. Although generally there was an increase in sales to end customers in Singapore and Malaysia during the six months ended 30 June 2021, there was a decline in sales to end customers in the PRC as elaborated in the section headed 'Geographical location' of this announcement.

### **Cost of sales**

The Group's cost of sales decreased by approximately S\$0.4 million or 1.7% from approximately S\$22.8 million for the six months ended 30 June 2020 to approximately S\$22.4 million for the six months ended 30 June 2021 in line with the decrease in revenue, i.e. lesser materials incurred to fulfil orders from customers.

## **Gross profit**

The Group's gross profit decreased by approximately S\$0.4 million or 4.8% from approximately S\$9.1 million for the six months ended 30 June 2020 to approximately S\$8.7 million for the six months ended 30 June 2021 in line with the decrease in revenue as well as decrease in gross profit margin from approximately 28.6% for the six months ended 30 June 2020 to approximately 28.0% for the six months ended 30 June 2021. The decrease in the Group's gross profit margin was mainly due to the decrease in gross profit margin for nuts and chips. The decrease in gross profit margin for nuts and chips during the period was due to fluctuation in certain raw potato and nuts prices in certain countries amid the pandemic as well as fluctuation in exchange rates involved.

## **Other income**

The Group's other income decreased by approximately S\$370,000 or 64.3% from approximately S\$574,000 for the six months ended 30 June 2020 to approximately S\$204,000 for the six months ended 30 June 2021 mainly due to more receipt of government grants in the first half of 2020 when the Covid-19 pandemic first started as part of the support measures by the government which aims to aid businesses cope with challenges arising from the Covid-19 pandemic and higher interest income in the first half of 2020 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 and losses**

The Group's other gains decreased by approximately S\$279,000 or 77.5% from approximately S\$360,000 for the six months ended 30 June 2020 to approximately S\$81,000 for the six months ended 30 June 2021 mainly due to higher recognition of exchange gains in the first half of 2020 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**

Selling and distribution expenses increased by approximately S\$0.1 million or 8.2% from approximately S\$1.3 million for the six months ended 30 June 2020 to approximately S\$1.4 million for the six months ended 30 June 2021 mainly due to the lockdowns and movement control restrictions imposed by the authorities in the first half of 2020 which led to reduced marketing activities of the Group in the first half of 2020. Hence, in the first half of 2021, the marketing activities gained momentum.

## **Administrative expenses**

Administrative expenses decreased by approximately S\$0.1 million or approximately 5.3% from approximately S\$2.5 million for the six months ended 30 June 2020 to approximately S\$2.4 million for the six months ended 30 June 2021 mainly due to depreciation charges being reclassified from administrative expenses to cost of sales.

## **Finance costs**

The Group's finance costs were relatively stable at approximately S\$71,000 and S\$74,000 for the six months ended 30 June 2021 and 30 June 2020 respectively.

## **Income tax expense**

Income tax expense decreased by approximately S\$0.1 million or 10.6% from approximately S\$1.1 million for the six months ended 30 June 2020 to approximately S\$1.0 million for the six months ended 30 June 2021 in line with the Group's decrease in profit before tax.

## **Profit for the period**

Profit for the period decreased by approximately S\$1.0 million or 18.6% from approximately S\$5.1 million for the six months ended 30 June 2020 to approximately S\$4.1 million for the six months ended 30 June 2021 mainly due to the decrease in revenue, decrease in gross profit margin, decrease in other income, decrease in other gains and increase in selling and distribution expenses as discussed above.

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

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

As at 30 June 2021 and 31 December 2020, the Group's current ratio, being current assets over current liabilities was 7.3 times and 5.1 times respectively.

As at 30 June 2021, the Group's bank borrowings amounted to approximately S\$2.1 million, which was lower as compared to approximately S\$2.5 million as at 31 December 2020. The Group maintained a relatively low gearing ratio, based on interest-bearing bank and other borrowings divided by net assets, at approximately 0.03 times as at 30 June 2021 (31 December 2020: 0.04 times).

## **CONTINGENT LIABILITIES**

As at 30 June 2021 and 31 December 2020, the Group provided performance guarantee to certain customers with balances amounted to approximately S\$0.1 million and 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\$12.6 million and S\$12.7 million as at 30 June 2021 and 31 December 2020 respectively.

## **CAPITAL EXPENDITURES AND COMMITMENTS**

During the six months ended 30 June 2021, the Group had incurred capital expenditures of approximately S\$1.1 million as compared to approximately S\$631,000 in the six months ended 30 June 2020. 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\$2.4 million as at 30 June 2021 (31 December 2020: S\$3.8 million).

## **SIGNIFICANT INVESTMENTS**

The Group did not hold any significant investments as at 30 June 2021 and 31 December 2020.

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

For the six months ended 30 June 2021, 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 2021 and up to the date of this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this announcement, there was no specific plan for material investments or capital assets as at 30 June 2021 (31 December 2020: Nil).

## USE OF PROCEEDS FROM LISTING

The Company's shares have been listed on the Stock Exchange since 14 January 2019, being the Listing Date, and the net proceeds from the share offer (after deducting listing expenses) amounted to approximately HK\$66.8 million (equivalent to approximately S\$11.7 million) (the "Net IPO Proceeds"). The Group has utilised approximately HK\$14.6 million (equivalent to approximately S\$2.5 million) of the Net IPO Proceeds as at 23 August 2021. The following sets forth a summary of the allocation of the Net IPO Proceeds and its utilisation as at 23 August 2021:

Use of proceeds	Approximate amount of net proceeds (HK\$'million)	Approximate percentage of net proceeds (%)	Approximate actual amount utilised as at 23 August 2021 (HK\$'million)	Unused amount of net proceeds as at 23 August 2021 (HK\$'million)
Expansion of existing nuts and potato chips products	26.7	40.0	8.4	18.3
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	6.2	–
<b>Total</b>	<b>66.8</b>	<b>100.0</b>	<b>14.6</b>	<b>52.2</b>

On 23 August 2021, the Company had 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") and revised by the announcement of the Company dated 5 August 2020, after taking into consideration the recent business environment and development of the Group. Please refer to the announcement of the Company dated 23 August 2021 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 global outlook ahead as set out in the section headed "Outlook and Strategies" of this announcement, the Board has resolved not to recommend any interim dividend for the six months ended 30 June 2021 even though the Group was profitable (No dividend declared for the six months ended 30 June 2020). 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 258 employees and 262 employees as at 30 June 2021 and 30 June 2020 respectively. The Group incurred staff costs of approximately S\$3.7 million and S\$3.5 million for the six months ended 30 June 2021 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.

### **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 2021, 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 2021, 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 2021.

## **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 2021.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained at all times the sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2021.



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

As at 30 June 2021, the interests or short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules, were as follows:

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

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

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

Save as disclosed above, as at 30 June 2021, 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 2021, so far as is known to the Directors, the following persons (other than a Director of the Company) and entities had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO:

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

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

Save as disclosed above, as at 30 June 2021, 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 2021, 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 2021.

## **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 2021. 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 2021 has not been audited by the auditor of the Company.

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

The unaudited interim results announcement of the Company is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.taisun.com.sg](http://www.taisun.com.sg)). The interim report of the Company for the six months ended 30 June 2021 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, 30 August 2021

*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).*