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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 2024

FINANCIAL HIGHLIGHTS:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June		
	2024	2023	% of change
	S\$	S\$	
Revenue	32,887,425	33,619,903	(2.2%)
Profit before taxation	4,950,379	4,606,551	7.5%
Profit for the period	4,025,254	3,384,403	18.9%

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2024 S\$	As at 31 December 2023 S\$	% of change
Bank balances and cash	36,584,798	19,490,038	87.7%
Net assets	77,103,286	73,205,907	5.3%

KEY FINANCIAL RATIOS

	Six months ended 30 June	
	2024	2023
Gross profit margin	27.3%	27.8%
Profit before taxation margin	15.1%	13.7%
Profit margin for the period	12.2%	10.1%
	As at 30 June 2024	As at 31 December 2023
Return on total assets	4.7%	6.5%
Return on equity	5.2%	7.5%
Current ratio (times)	9.5	6.6

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 2024 together with the comparative figures for the six months ended 30 June 2023 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 2024

		For the six months ended 30 June	
	<i>Note</i>	2024	2023
		S\$	S\$
		(Unaudited)	(Unaudited)
Revenue	4	32,887,425	33,619,903
Cost of sales		(23,923,570)	(24,278,903)
Gross profit	4	8,963,855	9,341,000
Other income	5	541,473	420,141
Other gains and losses	6	465,015	(180,921)
Selling and distribution expenses		(1,803,776)	(2,051,161)
Administrative expenses		(3,186,857)	(2,873,802)
Finance costs	7	(29,331)	(48,706)
Profit before taxation		4,950,379	4,606,551
Income tax expense	8	(925,125)	(1,222,148)
Profit for the period	9	4,025,254	3,384,403
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		46,566	(970,310)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment, net of tax		223,827	196,208
Other comprehensive income (expense) for the period		270,393	(774,102)
Total profit and other comprehensive income for the period, net of tax		4,295,647	2,610,301
Basic earnings per share (S\$ cents)	11	0.40	0.34

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Note</i>	As at 30 June 2024 S\$ (Unaudited)	As at 31 December 2023 S\$ (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		27,893,814	26,821,228
Right-of-use assets		1,073,190	1,151,487
Deposits		301,803	717,631
		<u>29,268,807</u>	<u>28,690,346</u>
Current assets			
Inventories		8,929,280	11,438,773
Trade receivables	12	8,895,041	11,557,873
Other receivables, deposits and prepayments		1,674,637	990,398
Derivative financial instruments		87,400	34,839
Financial asset at fair value through profit or loss		–	7,774,260
Financial asset at amortised cost		–	3,990,800
Bank balances and cash		36,584,798	19,490,038
		<u>56,171,156</u>	<u>55,276,981</u>
LIABILITIES			
Current liabilities			
Trade and other payables	13	3,953,357	6,453,647
Derivative financial instruments		15,040	157,480
Lease liabilities		212,779	196,907
Income tax payable		1,708,572	1,532,741
		<u>5,889,748</u>	<u>8,340,775</u>
Net current assets		<u>50,281,408</u>	<u>46,936,206</u>
Total assets less current liabilities		<u>79,550,215</u>	<u>75,626,552</u>

	As at 30 June 2024 S\$ (Unaudited)	As at 31 December 2023 S\$ (Audited)
Non-current liabilities		
Lease liabilities	1,036,647	1,126,109
Deferred tax liabilities	1,410,282	1,294,536
	<u>2,446,929</u>	<u>2,420,645</u>
Net assets	<u>77,103,286</u>	<u>73,205,907</u>
EQUITY		
Capital and reserves		
Share capital	1,725,820	1,725,820
Share premium	13,487,471	13,487,471
Other reserve	(332,000)	(332,000)
Merger reserve	299,994	299,994
Revaluation reserve	14,529,572	14,305,745
Translation reserve	(4,000,000)	(4,046,566)
Accumulated profits	51,392,429	47,765,443
	<u>77,103,286</u>	<u>73,205,907</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 April 2018. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (the “Companies Ordinance”) on 23 May 2018 and the principal place of business in Hong Kong is located at Rooms 1901A, 1902 & 1902A, 19/F, New World Tower I, 16-18 Queen 's Road Central, Hong Kong. Its registered office and principal place of business are located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and 255 Pandan Loop, Singapore 128433, respectively. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 14 January 2019 (the “Listing Date”).

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

Adoption of new and revised Standards – On 1 January 2024, the Group and the Company adopted all the new and revised International Financial Reporting Standards (“IFRS Accounting Standards”) pronouncements that are relevant to its operations. The adoption of these new/revised IFRS Accounting Standards pronouncements does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

New and revised IFRS Standards (“IFRS Accounting Standards”) in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IAS 21	Lack of Exchangeability ¹

¹ Effective for annual periods beginning on or after 1 January 2025.

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

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

4. REVENUE AND SEGMENT INFORMATION

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

Information is reported to the executive directors of the Company, which are also the Chief Operating Decision Maker (the “CODM”) of the Group, for the purposes of resource allocation and assessment of segment performance focuses on the types of products sold and in respect of the “Nuts” and “Chips” operations.

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

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

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

Segment revenue and results

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

	For the six months ended 30 June			
	Revenue		Gross profit	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
Nuts	21,916,371	21,735,085	5,655,757	5,326,495
Chips	9,691,889	10,771,824	2,980,012	3,732,373
Others	1,279,165	1,112,994	328,086	282,132
	<u>32,887,425</u>	<u>33,619,903</u>	<u>8,963,855</u>	<u>9,341,000</u>
Total	<u>32,887,425</u>	<u>33,619,903</u>	<u>8,963,855</u>	<u>9,341,000</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	
	2024	2023
	S\$	S\$
Singapore	20,275,725	20,687,355
Malaysia	9,850,091	9,979,868
The People’s Republic of China (including Hong Kong)	1,565,896	1,555,549
Others	1,195,713	1,397,131
	<u>32,887,425</u>	<u>33,619,903</u>
Total	<u>32,887,425</u>	<u>33,619,903</u>

5. OTHER INCOME

	For the six months ended 30 June	
	2024	2023
	S\$	S\$
Government grants	4,402	54,500
Interest income	535,848	364,900
Others	1,223	741
	<u>541,473</u>	<u>420,141</u>

6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2024	2023
	S\$	S\$
Foreign exchange gain (loss), net	265,322	(338,794)
Fair value gain on derivative financial instruments	242,081	158,398
Gain (Loss) on disposal of property, plant and equipment	1,081	(525)
Fair value loss on financial asset at fair value through profit or loss	(43,469)	–
	<u>465,015</u>	<u>(180,921)</u>

7. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	S\$	S\$
Financing cost of bank facilities	–	18,415
Interest on lease liabilities	29,331	30,291
	<u>29,331</u>	<u>48,706</u>

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	S\$	S\$
Tax expense comprises:		
Current income tax		
Current period	842,656	1,056,638
Withholding tax	524	1,001
(Over) Underprovision in prior year	(30,031)	53,601
Deferred tax		
Current period	98,426	110,908
Underprovision in prior year	13,550	—
	<u>925,125</u>	<u>1,222,148</u>

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

In Malaysia, the standard corporate tax rate is 24% for the Year of Assessment 2023 and 2024.

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	For the six months ended 30 June	
	2024	2023
	S\$	S\$
Depreciation of property, plant and equipment		
Recognised as cost of sales	930,786	790,094
Recognised as administrative expenses	119,894	102,753
	<u>1,050,680</u>	<u>892,847</u>
Directors’ remuneration	1,088,770	1,047,885
Other staff costs		
– Salaries and other benefits	3,350,991	3,240,227
– Contributions to Central Provident Fund and Employees’ Provident Fund	258,866	245,815
	<u>4,698,627</u>	<u>4,533,927</u>
Total staff costs	<u>4,698,627</u>	<u>4,533,927</u>
Inventories recognised as cost of sales	<u>19,541,574</u>	<u>19,822,604</u>

Amount recognised in profit or loss relating to leases

(Disclosure required by IFRS 16)

	For the six months ended 30 June	
	2024	2023
	S\$	S\$
Depreciation expense on right-of-use assets	102,255	98,032
Interest expense on lease liabilities	29,331	30,291
Expense relating to short-term leases	4,750	4,950

The total cash outflow for leases amount to S\$126,900 and S\$130,034 for the six months ended 30 June 2024 and 2023 respectively.

10. DIVIDEND

	For the six months ended 30 June	
	2024	2023
	S\$	S\$
Dividend for ordinary shareholders of the Company declared and paid during the period:		
2023 Final – HK\$0.23 cents (2022: nil) per share	398,268	–

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	
	2024	2023
Earnings:		
Profit for the period attributable to owners of the Company (S\$)	4,025,254	3,384,403
	For the six months ended 30 June	
	2024	2023
Number of shares:		
Weighted average number of ordinary shares in issue (Note)	1,000,000,000	1,000,000,000
Basic earnings per share (S\$ cents)	0.40	0.34

Note:

No diluted earnings per share were presented as there were no potential ordinary shares in issue during the six months ended 30 June 2024 and 2023.

12. TRADE RECEIVABLES

	As at 30 June 2024 S\$	As at 31 December 2023 S\$
Trade receivables	<u>8,895,041</u>	<u>11,557,873</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 2024 S\$	As at 31 December 2023 S\$
Within 30 days	4,627,033	6,315,158
31 days to 60 days	3,190,286	4,305,913
61 days to 90 days	1,027,536	889,146
91 days to 180 days	30,756	38,114
181 days to one year	19,430	9,542
	<u>8,895,041</u>	<u>11,557,873</u>

13. TRADE AND OTHER PAYABLES

	As at 30 June 2024 S\$	As at 31 December 2023 S\$
Trade payables	<u>2,554,835</u>	<u>4,448,421</u>
Accrued operating expenses	618,723	1,157,547
Other payables		
– Advances from customers	131,238	105,115
– Deposits received	80,484	62,192
– Goods and services tax payables	153,109	187,605
– Others	414,968	492,767
	<u>1,398,522</u>	<u>2,005,226</u>
	<u>3,953,357</u>	<u>6,453,647</u>

The credit period on purchases from suppliers is between 7 to 60 days (2023: 7 to 60 days) or payable upon delivery.

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

	As at 30 June 2024 S\$	As at 31 December 2023 S\$
Within 30 days	2,277,349	3,493,592
31 days to 90 days	277,416	928,408
91 days to 180 days	70	26,421
	<hr/>	<hr/>
	2,554,835	4,448,421
	<hr/>	<hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group which is headquartered in Singapore is primarily focused on the production, packaging and sale of nuts and chips with track record of more than 50 years. The Group's core products include roasted nuts, baked nuts, potato chips and cassava chips. The Group's products have been sold and distributed to over 10 countries, including Singapore, Malaysia and the People's Republic of China (the "PRC"). The Group principally sells its products on a wholesale basis to (i) key account customers which include supermarkets, hotels, airline and original equipment manufacturer (OEM) customers; and (ii) distributors.

The Group is committed to delivering high quality and safe food products and continuously meeting consumers' expectations and complying with legal requirements. It implements comprehensive and strict quality assurance procedures throughout all stages of the production, from the procurement of raw materials to the packaging and delivery of the finished products. In this regard, the Group has been accredited with various certifications in relation to quality management and food safety.

The Group's revenue decreased by approximately S\$0.7 million or 2.2% from approximately S\$33.6 million for the six months ended 30 June 2023 to approximately S\$32.9 million for the six months ended 30 June 2024, mainly due to lower sale for chips in Singapore and Malaysia during the six months ended 30 June 2024 as elaborated in the section headed 'Geographical location' of this announcement.

Products

The Group's revenue was primarily derived from the sale of nuts and chips. The following table sets forth a breakdown of the Group's revenue for the six months ended 30 June 2024 and 30 June 2023:

	For the six months ended 30 June			
	2024		2023	
	S\$		S\$	
Nuts	21,916,371	66.6%	21,735,085	64.7%
Chips	9,691,889	29.5%	10,771,824	32.0%
Others (<i>Note</i>)	1,279,165	3.9%	1,112,994	3.3%
Total	<u>32,887,425</u>	<u>100.0%</u>	<u>33,619,903</u>	<u>100.0%</u>

Note: Others mainly refer to items such as disposable towels which were normally sold together with nuts and chips products to food and beverage companies.

The sale of nuts and chips products accounted for approximately 66.6% and 29.5% of revenue respectively for the six months ended 30 June 2024. For the six months ended 30 June 2023, the revenue derived from the sale of chips decreased to 29.5% of total revenue as compared to 32.0% of revenue for the six months ended 30 June 2023. This was due mainly to decrease in demand for chips in Singapore and Malaysia.

Geographical location

The Group's products are sold and distributed to customers in over 10 countries. The table below sets forth the breakdown of revenue by geographical location of end customers for the six months ended 30 June 2024 and 30 June 2023:

	For the six months ended 30 June			
	2024		2023	
	S\$		S\$	
Singapore	20,275,725	61.7%	20,687,355	61.5%
Malaysia	9,850,091	30.0%	9,979,868	29.7%
The PRC (including Hong Kong)	1,565,896	4.8%	1,555,549	4.6%
Others	1,195,713	3.5%	1,397,131	4.2%
Total	<u>32,887,425</u>	<u>100.0%</u>	<u>33,619,903</u>	<u>100.0%</u>

The Group's products were largely sold in Singapore and Malaysia which accounted for approximately 61.7% and 30.0% of total revenue respectively for the six months ended 30 June 2024. The composition of sales to end consumers in other countries decreased from approximately 4.2% for the six months ended 30 June 2023 to approximately 3.5% for the six months ended 30 June 2024 mainly due to lower sales from existing customers in Southeast Asia during the six months ended 30 June 2024.

Gross profit

The following table sets forth a breakdown of the Group's gross profit for the six months ended 30 June 2024 and 30 June 2023:

	For the six months ended 30 June					
	2024			2023		
	Revenue	Gross Profit	Gross Profit margin	Revenue	Gross Profit	Gross Profit margin
	S\$	S\$		S\$	S\$	
Nuts	21,916,371	5,655,757	25.8%	21,735,085	5,326,495	24.5%
Chips	9,691,889	2,980,012	30.7%	10,771,824	3,732,373	34.6%
Others	1,279,165	328,086	25.6%	1,112,994	282,132	25.3%
Total	<u>32,887,425</u>	<u>8,963,855</u>	<u>27.3%</u>	<u>33,619,903</u>	<u>9,341,000</u>	<u>27.8%</u>

The Group's gross profit decreased by approximately S\$0.4 million or 4.0% from approximately S\$9.3 million for the six months ended 30 June 2023 to approximately S\$9.0 million for the six months ended 30 June 2024, in line with the decrease in revenue and decrease in gross profit margin from approximately 27.8% for the six months ended 30 June 2023 to approximately 27.3% for the six months ended 30 June 2024.

The Group's gross profit margin for chips decreased from approximately 34.6% for the six months ended 30 June 2023 to approximately 30.7% for the six months ended 30 June 2024 mainly due to increase in average cost of fresh potatoes.

The Group's gross profit margin for nuts increased from approximately 24.5% for the six months ended 30 June 2023 to approximately 25.8% for the six months ended 30 June 2024 mainly due to lower average cost of certain raw nuts.

Outlook and Strategies

Economic performance in Singapore in the second quarter of 2024

The Singapore economy grew by 2.9% on a year-on-year basis in the second quarter of 2024, extending the 3.0% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.4%, unchanged from the 0.4% expansion in the first quarter of 2024.

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

Overall economic performance in Singapore in the first half of 2024

For the first half of 2024, Singapore's GDP growth averaged 3.0% year-on-year.

Economic outlook for 2024

The Ministry of Trade and Industry, Singapore has forecasted Singapore's GDP growth forecast for 2024 to range between 2.0% and 3.0%.

Since the Economic Survey of Singapore in May 2024, the GDP growth performances of Singapore's major trading partners have largely been in line with expectations, with the US, Japan and Malaysia being key exceptions. Notably, the US and Malaysian economies performed better than expected in the second quarter on the back of strong domestic demand. By contrast, GDP growth in Japan was weighed down by weak private consumption as real wages continued to decline.

In Asia, China's economy is projected to expand at a slightly slower pace in the second half of the year as investment growth tapers amidst signs of overcapacity in some sectors. Nonetheless, as the property market is likely to stabilise with the rollout of government support measures, consumer sentiments should start to improve and lead to a modest recovery in consumption. Meanwhile, GDP growth in key Southeast Asian economies is projected to pick up slightly in the second half of the year in tandem with improvements in domestic demand, as well as the ongoing recoveries in global electronics and tourism demand.

On balance, Singapore's external demand outlook is expected to be resilient for the rest of the year. However, downside risks in the global economy remain. First, an intensification of geopolitical and trade conflicts could dampen business sentiments and add to production costs, which could weigh on global trade and growth. Second, disruptions to the global disinflation process could lead to tighter financial conditions for longer, and trigger market volatility or latent vulnerabilities in banking and financial systems.

Against this backdrop, Singapore's manufacturing sector is expected to see a gradual recovery in the second half of the year. In particular, the electronics cluster is projected to recover more strongly, supported by robust demand for smartphone, PC and AI-related chips. This will in turn provide a boost to the precision engineering cluster. In addition, the chemicals cluster is expected to continue to expand, supported in part by higher production in the petrochemicals and specialty chemicals segments. By contrast, the biomedical manufacturing cluster is likely to contract, as pharmaceuticals output is projected to stay weak for the rest of the year.

At the same time, the projected recovery of the manufacturing sector, particularly that of the electronics cluster, is expected to benefit trade-related services sectors such as the machinery, equipment & supplies segment of the wholesale trade sector. Meanwhile, the continued recovery in air travel and tourism demand will support growth in the tourism- and aviation-related sectors (e.g., accommodation and air transport). Growth in the finance & insurance sector should also remain robust, as global policy rate cuts continue to be implemented amidst sustained disinflation.

Taking into account the performance of the Singapore economy in the first half of 2024, as well as the latest global and domestic economic developments, Singapore's GDP growth forecast for 2024 ranges from 2.0% to 3.0%.

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

Outlook for the Group and strategies

During the first half of 2024, the Group's revenue decreased by approximately S\$0.7 million or 2.2% from approximately S\$33.6 million for the six months ended 30 June 2023 to approximately S\$32.9 million for the six months ended 30 June 2024, mainly due to lower sale for chips in Singapore and Malaysia during the six months ended 30 June 2024, as further elaborated in the section headed 'Geographical location' of this announcement. Overall, despite the decrease in gross profit and higher administrative expenses, increase in other income, increase in other gains and losses, lower selling and distribution expenses and lower income tax expense, among other factors, resulted in an increase of the Group's profit for the period by approximately S\$0.6 million or 18.9% from approximately S\$3.4 million for the six months ended 30 June 2023 to approximately S\$4.0 million for the six months ended 30 June 2024.

The Group expects that demand for snack products with less sugar, artificial sweeteners and flavourings such as savoury snacks to remain resilient in the long term as health awareness is increasing among consumers. The Group noted that the global snack food market, which includes nuts and chips, will continue to grow at approximately 2.7% annually to 2027, driven by changes in dietary habits and demand for healthy and functional snacks.

In view of the foregoing, the Group will continue to adopt a cautious and prudent approach in managing its business without compromising the quality of its products in line with its objectives to maintain sustainable growth in its business and create long-term shareholders' value.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately S\$0.7 million or 2.2% from approximately S\$33.6 million for the six months ended 30 June 2023 to approximately S\$32.9 million for the six months ended 30 June 2024, mainly due to lower sale for chips in Singapore and Malaysia during the six months ended 30 June 2024, 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 1.5% from approximately S\$24.3 million for the six months ended 30 June 2023 to approximately S\$23.9 million for the six months ended 30 June 2024 mainly due to decrease in cost of materials, consistent with decrease in revenue.

Gross profit

The Group's gross profit decreased by approximately S\$0.4 million or 4.0% from approximately S\$9.3 million for the six months ended 30 June 2023 to approximately S\$9.0 million for the six months ended 30 June 2024, in line with the decrease in revenue and decrease in gross profit margin from approximately 27.8% for the six months ended 30 June 2023 to approximately 27.3% for the six months ended 30 June 2024. The decrease in the Group's gross profit margin was mainly due to the decrease in gross profit margin for chips, which resulted mainly from an increase in average cost of fresh potatoes as elaborated in the section headed "Gross profit" under the section headed "Business Review" of this announcement.

Other income

The Group's other income increased by approximately S\$0.1 million from approximately S\$0.4 million for the six months ended 30 June 2023 to approximately S\$0.5 million for the six months ended 30 June 2024 mainly due to higher interest income arising from more fixed deposit placements during the six months ended 30 June 2024.

Other gains and losses

The Group's other gains and losses increased by approximately S\$0.6 million from losses of approximately S\$0.2 million for the six months ended 30 June 2023 to gains of approximately S\$0.5 million for the six months ended 30 June 2024 mainly due to net foreign exchange gains of approximately S\$265,000 for the six months ended 30 June 2024 compared to net foreign exchange losses of approximately S\$339,000 for the six months ended 30 June 2023.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately S\$0.2 million or 12.1% from approximately S\$2.1 million for the six months ended 30 June 2023 to approximately S\$1.8 million for the six months ended 30 June 2024 mainly due to decrease in marketing expenditure.

Administrative expenses

Administrative expenses increased by approximately S\$0.3 million or approximately 10.9% from approximately S\$2.9 million for the six months ended 30 June 2023 to approximately S\$3.2 million for the six months ended 30 June 2024 mainly due to higher staff costs and repair and maintenance expenditure.

Finance costs

The Group's finance costs decreased by approximately S\$19,000 or 40.0% from approximately S\$49,000 for the six months ended 30 June 2023 to approximately S\$29,000 for the six months ended 30 June 2024 mainly due to the repayment of bank borrowings in 2023 and there were no new bank borrowings.

Income tax expense

Income tax expense decreased by approximately S\$0.3 million or 24.3% from approximately S\$1.2 million for the six months ended 30 June 2023 to approximately S\$0.9 million for the six months ended 30 June 2024 despite higher profit before taxation.

The Group had prior year's over-provision of taxation of approximately S\$16,000 for the six months ended 30 June 2024 as compared to prior year's under-provision of taxation of approximately S\$54,000 for the six months ended 30 June 2023. The Group also had tax effect of lower expenses not deductible for tax purposes of approximately S\$0.1 million for the six months ended 30 June 2024 as compared to approximately S\$0.3 million for the six months ended 30 June 2023.

Profit for the period

Profit for the period increased by approximately S\$0.6 million or 18.9% from approximately S\$3.4 million for the six months ended 30 June 2023 to approximately S\$4.0 million for the six months ended 30 June 2024 mainly due to increase in other income, increase in other gains and losses and decrease in selling and distribution expenses, partially offset by decrease in gross profit and increase in administrative expenses as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's source of funds comprises of a combination of internally generated funds 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 2024 and 31 December 2023, the Group's current ratio, being current assets over current liabilities was 9.5 times and 6.6 times respectively.

As at 30 June 2024 and 31 December 2023, the Group had nil bank borrowings. The Group's gearing ratio (being the Group's total bank borrowings divided by total equity as at the end of the reporting period) was therefore nil as at 30 June 2024 and 31 December 2023.

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group provided performance guarantee to certain customers with balances amounted to approximately S\$0.4 million and S\$0.5 million respectively.

PLEDGE OF ASSETS

The Group has pledged leasehold building to secure general banking facilities granted to the Group with carrying value of approximately S\$7.0 million and S\$7.0 million as at 30 June 2024 and 31 December 2023 respectively.

CAPITAL EXPENDITURES AND COMMITMENTS

During the six months ended 30 June 2024, the Group had incurred capital expenditures of approximately S\$1.9 million as compared to approximately S\$2.0 million in the six months ended 30 June 2023. 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 capital commitments of approximately S\$86,000 as at 30 June 2024 (31 December 2023: S\$0.5 million).

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 30 June 2024 and 31 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the six months ended 30 June 2024, 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 2024 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 following sets forth a summary of the utilisation of the Net IPO Proceeds as at 30 June 2024 and the expected timeline for utilisation of the unutilised Net IPO Proceeds:

Use of proceeds	Planned use of Net IPO Proceeds (HK\$'million)	Actual use of Net IPO Proceeds as at 30 June 2024 (HK\$'million)	Unutilised Net IPO Proceeds as at 30 June 2024 (HK\$'million)	Expected timeline for utilisation of unutilised Net IPO Proceeds
Expansion of existing nuts and potato chips products (output capacity and product diversity)	47.0	46.7	0.3	by 31 December 2025
Expansion of workforce	7.6	1.9	5.7	by 31 December 2025
Working capital	12.2	11.3	0.9	by 31 December 2025
Total	<u>66.8</u>	<u>59.9</u>	<u>6.9</u>	

As at the date of this announcement, the unutilised Net IPO Proceeds were deposited with licensed banks in Singapore and Hong Kong.

FOREIGN EXCHANGE EXPOSURE

As the Group sells a majority of its food products overseas in which these sales are principally denominated in USD and sources its main materials in which these purchases are principally denominated in USD, EUR and AUD, the Group is exposed to foreign currency exchange fluctuations arising in the normal course of its business operations.

The Group generally hedges 30% of its expected monthly sales and purchases denominated in foreign currencies.

The Group has a committee in place, comprising of its finance manager and its executive Directors. The committee meets regularly from time to time when necessary and is responsible for reviewing, researching and studying the future foreign exchange rates and the methods of hedging. In deciding whether to enter into any foreign currency hedging transactions, the committee will undertake a cautious approach and will consider factors including (i) the expected sales and purchases denominated in foreign currencies; (ii) the historical foreign exchange rates; and (iii) the perceived future foreign exchange rates. The finance manager keeps track of the Group's hedging activities and all hedging contracts have to be approved by the executive Directors. As sales and purchases will continue to be denominated in foreign currencies, the Group expects that it will continue to enter into hedging arrangements where necessary.

DIVIDEND

After due consideration of the uncertain global outlook ahead as set out in the section headed “Outlook and Strategies” of this announcement, the Board has resolved not to recommend any interim dividend for the six months ended 30 June 2024 even though the Group was profitable (No dividend declared for the six months ended 30 June 2023). 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.

Final dividend of 0.23 Hong Kong cents per ordinary share for the year ended 31 December 2023 was approved by Shareholders at the annual general meeting on 27 May 2024 and paid on 27 June 2024.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 356 employees and 300 employees as at 30 June 2024 and 30 June 2023 respectively. The Group incurred staff costs of approximately S\$4.7 million and S\$4.5 million for the six months ended 30 June 2024 and 30 June 2023 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 2024, there was no outstanding share option granted under the Share Option Scheme, and the total number of Shares available for issue under the Share Option Scheme is 100,000,000 Shares, representing 10% of the total number of issued Shares.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to its shareholders and protecting and enhancing shareholders’ value through good corporate governance.

The Directors recognise that a good corporate governance is essential for the Company to achieve its objectives and drive improvement, as well as maintain legal and ethical standing in the eyes of shareholders, regulators and the general public.

The Company has adopted the Corporate Governance Code contained in Part 2 of Appendix C1 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 2024.

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 C3 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 2024.

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 2024.

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

As at 30 June 2024, 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 C3 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 2024, 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 2024, 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 2024, 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 2024, 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 2024.

REVIEW BY THE AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) on 20 December 2018 with written terms of reference in compliance with the Corporate Governance code. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the Group’s financial report system, risk management and internal control procedures, provide advice and comments to the Board, and monitor the independence and objectivity of the external auditor.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Chan Ka Yu, Mr. Lee Yan Fai and Mr. Chew Keat Yeow (Zhou Jieyao). Mr. Chan Ka Yu is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim consolidated financial statements for the six months ended 30 June 2024. 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 2024 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.ts wonders.com.hk). The interim report of the Company for the six months ended 30 June 2024 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 2024

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).