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## **TS WONDERS HOLDING LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1767)**

### **ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **FINANCIAL HIGHLIGHTS:**

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

	<b>2021</b>	2020	% of change
	<b>S\$</b>	S\$	
Revenue	<b>65,269,727</b>	69,562,227	-6.2
Profit before taxation	<b>5,131,694</b>	8,870,506	-42.1
Profit for the year	<b>3,423,115</b>	6,830,819	-49.9

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

	<b>2021</b>	2020	% of change
	<b>S\$</b>	S\$	
Bank balances and cash	<b>26,277,352</b>	24,400,875	7.7
Bank and other borrowings	<b>3,789,724</b>	2,509,299	51.0
Net assets	<b>61,791,537</b>	58,340,360	5.9

#### **KEY FINANCIAL RATIOS**

	<b>2021</b>	2020
Gross profit margin	<b>27.1%</b>	26.9%
Profit before taxation margin	<b>7.9%</b>	12.8%
Profit margin for the year	<b>5.2%</b>	9.8%
Return on total assets	<b>4.3%</b>	9.5%
Return on equity	<b>5.5%</b>	11.7%
Gearing ratio (times)	<b>0.06</b>	0.04
Current ratio (times)	<b>4.5</b>	5.1

## FINANCIAL INFORMATION

The board (the “Board”) of directors (the “Directors”, each a “Director”) of TS Wonders Holding Limited (the “Company”) hereby announces the audited annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 and selected explanatory notes. All amounts set out in this announcement are presented in Singapore Dollars (“S\$”) unless otherwise indicated.

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

*For the year ended 31 December 2021*

	<i>Note</i>	<b>2021</b> <i>S\$</i>	2020 <i>S\$</i>
<b>Revenue</b>	4	<b>65,269,727</b>	69,562,227
Cost of sales		<u>(47,585,347)</u>	<u>(50,878,961)</u>
<b>Gross profit</b>		<b>17,684,380</b>	18,683,266
Other income	5	<b>348,752</b>	923,823
Other gains and losses	6	<b>(260,373)</b>	(157,878)
Selling and distribution expenses		<b>(3,475,292)</b>	(2,954,517)
Administrative expenses		<b>(9,039,146)</b>	(7,475,492)
Finance costs	7	<b>(126,627)</b>	(148,696)
<b>Profit before taxation</b>		<b>5,131,694</b>	8,870,506
Income tax expense	8	<b>(1,708,579)</b>	(2,039,687)
<b>Profit for the year</b>	9	<b><u>3,423,115</u></b>	<u>6,830,819</u>
<b>Other comprehensive income (expense)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operation		<b>(264,583)</b>	17,614
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property, plant and equipment, net of tax		<b>292,645</b>	(91,960)
<b>Other comprehensive income (expense) for the year</b>		<b><u>28,062</u></b>	<u>(74,346)</u>
<b>Total profit and other comprehensive income for the year, net of tax</b>		<b><u>3,451,177</u></b>	<u>6,756,473</u>
<b>Basic earnings per share (S\$ cents)</b>	10	<b><u>0.34</u></b>	<u>0.68</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	<b>2021</b> <i>S\$</i>	2020 <i>S\$</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		22,769,087	21,200,795
Right-of-use assets		1,110,966	1,112,811
Investment property		2,078,154	–
Deposit		–	493,384
		<u>25,958,207</u>	<u>22,806,990</u>
<b>Current assets</b>			
Inventories		12,371,706	10,636,795
Trade receivables	11	12,818,625	13,156,360
Other receivables, deposits and prepayments		1,252,943	872,228
Derivative financial instruments		41,957	4,545
Bank balances and cash		26,277,352	24,400,875
		<u>52,762,583</u>	<u>49,070,803</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	9,189,627	6,798,189
Derivative financial instruments		108,234	237,308
Lease liabilities		190,882	180,756
Bank and other borrowings		725,115	670,281
Income tax payable		1,479,399	1,824,755
		<u>11,693,257</u>	<u>9,711,289</u>
<b>Net current assets</b>		<u>41,069,326</u>	<u>39,359,514</u>
<b>Total assets less current liabilities</b>		<u>67,027,533</u>	<u>62,166,504</u>
<b>Non-current liabilities</b>			
Lease liabilities		1,076,394	1,076,621
Bank and other borrowings		3,064,609	1,839,018
Deferred tax liabilities		1,094,993	910,505
		<u>5,235,996</u>	<u>3,826,144</u>
<b>Net assets</b>		<u>61,791,537</u>	<u>58,340,360</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		1,725,820	1,725,820
Share premium		13,487,471	13,487,471
Other reserve		(332,000)	(332,000)
Merger reserve		299,994	299,994
Revaluation reserve		11,969,643	11,676,998
Translation reserve		(1,854,416)	(1,589,833)
Accumulated profits		36,495,025	33,071,910
		<u>61,791,537</u>	<u>58,340,360</u>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2021*

### **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”) 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 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 annual results set out in the announcement do not constitute the Group’s financial statements for the year ended 31 December 2021 but are extracted from those financial statements.

The 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 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 2021, the Group and the Company adopted all the new and revised International Financial Reporting Standards (“IFRS”) pronouncements that are relevant to its operations. The adoption of these new/revised IFRS 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 (“IFRSs”) in issue but not yet effective

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

IFRS 17 (including the June 2020 amendments to IFRS 17)	Insurance Contracts <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current <sup>3</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to IAS 16	Property Plant and Equipment – Proceeds before Intended use <sup>1</sup>
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Annual improvements to IFRSs 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture <sup>1</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023, with early application permitted.

<sup>4</sup> Effective date is deferred indefinitely.

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

## 4. REVENUE AND SEGMENT INFORMATION

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

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

	For the year ended 31 December			
	Revenue		Gross profit	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
Nuts	47,298,366	50,611,699	12,917,938	13,590,663
Chips	16,179,724	17,489,566	4,260,008	4,667,510
Others	1,791,637	1,460,962	506,434	425,093
	<u>65,269,727</u>	<u>69,562,227</u>	<u>17,684,380</u>	<u>18,683,266</u>
Total				

## Geographical information

The Group principally operates in Singapore and Malaysia, which are the place of domicile of respective group entities. Geographical segmental revenue is based on the geographical location of the end customers.

	For the year ended 31 December	
	2021	2020
	S\$	S\$
Singapore	41,115,399	39,595,455
Malaysia	14,103,574	15,881,052
The People's Republic of China (including Hong Kong and Macau)	7,679,659	11,612,353
Others <sup>(Note)</sup>	2,371,095	2,473,367
	<u>65,269,727</u>	<u>69,562,227</u>
Total		

Note:

Others include India, the United Kingdom and Indonesia.

## 5. OTHER INCOME

	For the year ended 31 December	
	2021	2020
	S\$	S\$
Government grants <sup>(1)</sup>	249,560	615,083
Interest income <sup>(2)</sup>	53,952	259,537
Rental income	32,211	11,818
Others	13,029	37,385
	<u>348,752</u>	<u>923,823</u>

*Notes:*

- 1) The government grants received during the year ended 31 December 2021 and 2020 mainly comprised support measures by the government which aimed to aid businesses in coping with challenges arising from the Covid-19 pandemic. As certain of these measures were phased out, government grants decreased for the year ended 31 December 2021.

Other government grants comprised the Wage Credit Scheme, the Special Employment Credit and Jobs Growth Incentive by the Singapore government. These are all compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

- 2) Interest income received during the year ended 31 December 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 and was matured during 2020. For the year ended 31 December 2021, interest income decreased due to lower interest rates.

## 6. OTHER GAINS AND LOSSES

	For the year ended 31 December	
	2021	2020
	S\$	S\$
Gain on lease modification	5,832	5,423
Gain on disposal of property, plant and equipment	39,000	3,444
Foreign exchange gain, net	7,378	68,885
Fair value loss on investment property	(264,779) <sup>(2)</sup>	— <sup>(1)</sup>
Fair value loss on derivative financial instruments	(47,804)	(235,630)
	<u>(260,373)</u>	<u>(157,878)</u>

*Notes:*

- 1) Property has since been designated for the Group's own use.
- 2) Property was newly acquired during the year ended 31 December 2021.

## 7. FINANCE COSTS

	For the year ended 31 December	
	2021	2020
	S\$	S\$
Interest on bank loans	51,216	74,177
Interest on lease liabilities	75,411	74,519
	<u>126,627</u>	<u>148,696</u>

## 8. INCOME TAX EXPENSE

	<b>For the year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
<b>Tax expense comprises:</b>		
Current income tax		
Current year	<b>1,571,102</b>	2,087,469
Over provision in prior year	<b>(54,629)</b>	(74,843)
	<b>1,516,473</b>	2,012,626
Withholding tax	<b>3,660</b>	3,962
Deferred tax		
Current year	<b>125,003</b>	(66,292)
Under provision in prior year	<b>69,500</b>	97,126
Effect of revaluations of assets for taxation purposes	<b>(6,057)</b>	(7,735)
	<b>188,446</b>	23,099
	<b>1,708,579</b>	2,039,687

Singapore Corporate Income Tax is calculated at 17% of the estimated assessable profit, determined based on financial year end date of the group of companies. Singapore incorporated companies can 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 ended 31 December 2020 and 2021.

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

	<b>For the year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Profit before taxation	<b>5,131,694</b>	8,870,506
Tax at applicable tax rate of 17%	<b>872,388</b>	1,507,986
Effect of different tax rates of subsidiaries operating in other jurisdiction	<b>147,913</b>	222,929
Tax effect of expenses not deductible for tax purpose	<b>600,835</b>	351,248
Tax effect of income not taxable for tax purpose	<b>(46,834)</b>	(110,137)
Reversal of temporary difference from transfer of investment property to property, plant and equipment	<b>–</b>	(64,013)
Effect of tax concessions and partial tax exemptions	<b>(59,925)</b>	(82,885)
Under provision in prior year	<b>14,871</b>	22,283
Effect of revaluations of assets for taxation purposes	<b>(6,057)</b>	(7,735)
Withholding tax	<b>3,660</b>	3,962
Others	<b>181,728</b>	196,049
	<b>1,708,579</b>	2,039,687

## 9. PROFIT FOR THE YEAR

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

	For the year ended 31 December	
	2021	2020
	S\$	S\$
Depreciation of property, plant and equipment	1,702,525	1,724,916
Annual audit fee:		
– Paid to auditors of the Company	176,500	169,000
– Paid to other auditors	31,780	28,888
Non-audit fees paid to other auditors	5,513	18,080
Directors' remuneration	3,463,906	3,515,000
Other staff costs		
– Salaries and other benefits	6,267,262	6,366,446
– Contributions to Central Provident Fund and Employees' Provident Fund	502,821	483,573
Total staff costs	<u>10,233,989</u>	<u>10,365,019</u>
Inventories recognised as cost of sales	39,441,065	43,009,326
Gross rental income from investment property	<u>(32,211)</u>	<u>(11,818)</u>
<b>Amount recognised in profit or loss relating to leases</b>		

### *(Disclosure required by IFRS 16)*

	2021	2020
	S\$	S\$
Depreciation expense on right-of-use assets	195,147	195,762
Interest expense on lease liabilities	75,411	74,024
Expense relating to short-term leases	<u>46,892</u>	<u>25,198</u>

The total cash outflow for leases amount to S\$299,617 and S\$279,070 for the year ended 31 December 2021 and 31 December 2020 respectively.

## 10. 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 year ended 31 December	
	2021	2020
Earnings:		
Profit for the year attributable to owners of the Company (S\$)	<u>3,423,115</u>	<u>6,830,819</u>
	2021	2020
Number of shares:		
Weighted average number of ordinary shares in issue <sup>(Note)</sup>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Basic earnings per share (S\$ cents)	<u>0.34</u>	<u>0.68</u>

*Note:*

No diluted earnings per share were presented as there were no potential ordinary shares in issue during the years ended 31 December 2021 and 2020.

## 11. TRADE RECEIVABLES

	As at 31 December	
	2021	2020
	S\$	S\$
Trade receivables	<u>12,818,625</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 31 December	
	2021	2020
	S\$	S\$
Within 30 days	7,158,711	8,003,947
31 days to 60 days	4,552,030	4,045,961
61 days to 90 days	1,004,537	1,101,376
91 days to 180 days	103,043	4,771
181 days to one year	304	305
	<u>12,818,625</u>	<u>13,156,360</u>

## 12. TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	S\$	S\$
Trade payables	4,603,668	3,151,033
Accrued operating expenses	3,403,998	3,043,484
Other payables:		
– Deferred grant income	–	110,833
– Advances from customers	45,496	29,872
– Deposits received	33,088	11,601
– Goods and services tax payables	155,714	172,304
– Others	947,663	279,062
	<u>4,585,959</u>	<u>3,647,156</u>
	<u>9,189,627</u>	<u>6,798,189</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 31 December	
	2021	2020
	S\$	S\$
Within 30 days	3,476,148	1,981,482
31 days to 90 days	1,069,076	879,328
91 days to 180 days	58,444	290,223
	<u>4,603,668</u>	<u>3,151,033</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, airlines 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\$4.3 million or 6.2% from approximately S\$69.6 million for the year ended 31 December 2020 to approximately S\$65.3 million for the year ended 31 December 2021 mainly due to a non-recurring large order in 2020 from an OEM customer based in Hong Kong.

### 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 years ended 31 December 2021 and 31 December 2020:

	For the year ended 31 December			
	2021		2020	
	S\$	%	S\$	%
Nuts	47,298,366	72.5%	50,611,699	72.8%
Chips	16,179,724	24.8%	17,489,566	25.1%
Others <sup>(Note)</sup>	1,791,637	2.7%	1,460,962	2.1%
Total	<u>65,269,727</u>	<u>100.0%</u>	<u>69,562,227</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 72.5% and 24.8% of revenue respectively for the year ended 31 December 2021. The product mix between the sale of nuts and chips were relatively stable for the two years ended 31 December 2021.

## 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 years ended 31 December 2021 and 31 December 2020:

	For the year ended 31 December			
	2021		2020	
	S\$	%	S\$	%
Singapore	41,115,399	63.0%	39,595,455	56.9%
Malaysia	14,103,574	21.6%	15,881,052	22.8%
The PRC (including Hong Kong and Macau)	7,679,659	11.8%	11,612,353	16.7%
Others <sup>(Note)</sup>	2,371,095	3.6%	2,473,367	3.6%
Total	<u>65,269,727</u>	<u>100.0%</u>	<u>69,562,227</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 63.0% and 21.6% of total revenue respectively for the year ended 31 December 2021. The composition of sales from end consumers in the PRC decreased from approximately 16.7% for the year ended 31 December 2020 to approximately 11.8% for the year ended 31 December 2021 mainly due to a non-recurring large order in 2020 from an OEM customer based in Hong Kong.

## Gross profit

The following table sets forth a breakdown of the Group's gross profit for the years ended 31 December 2021 and 31 December 2020:

	For the year ended 31 December					
	2021			2020		
	Revenue S\$	Gross profit S\$	Gross profit margin %	Revenue S\$	Gross profit S\$	Gross profit margin %
Nuts	47,298,366	12,917,938	27.3%	50,611,699	13,590,663	26.9%
Chips	16,179,724	4,260,008	26.3%	17,489,566	4,667,510	26.7%
Others	1,791,637	506,434	28.3%	1,460,962	425,093	29.1%
Total/Overall	<u>65,269,727</u>	<u>17,684,380</u>	<u>27.1%</u>	<u>69,562,227</u>	<u>18,683,266</u>	<u>26.9%</u>

The pricing of the Group's nuts and chips products are generally based on prices comparable to competitors for similar products.

The Group's gross profit margin for nuts increased from approximately 26.9% for the year ended 31 December 2020 to approximately 27.3% for the year ended 31 December 2021 mainly due to lower average cost of certain raw nuts, as the Group purchased in bulk from its suppliers.

The Group's gross profit margin for chips decreased from approximately 26.7% for the year ended 31 December 2020 to approximately 26.3% for the year ended 31 December 2021 due to higher average cost of fresh potatoes.

Overall, the Group's gross profit margin for the year increased from 26.9% for the year ended 31 December 2020 to 27.1% for the year ended 31 December 2021.

## **OUTLOOK AND STRATEGIES**

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

The Singapore economy grew by 6.1% on a year-on-year basis in the fourth quarter of 2021, moderating from the 7.5% growth in the third quarter of 2021. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.3%, faster than the 1.5% growth recorded in the third quarter of 2021.

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

### **Overall economic performance in Singapore in 2021**

For the whole of 2021, the Singapore economy expanded by 7.6%, rebounding from the 4.1% contraction in 2020.

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

### **Economic outlook for 2022**

The Ministry of Trade and Industry, Singapore forecasted a gross domestic product growth for 2022 of between 3.0% and 5.0%.

Since the Economic Survey of Singapore in November 2021, Singapore's external demand outlook has deteriorated slightly as the global surge in Covid-19 cases caused by the spread of the highly-transmissible Omicron variant has led to a tightening of restriction measures in many economies. Meanwhile, global supply bottlenecks remain and are expected to persist throughout the first half of 2022, thereby constraining industrial production and GDP growth in some external economies in the near term. Persistent supply bottlenecks, alongside rising energy prices due to geopolitical tensions, have also exacerbated global inflationary pressures.

In Asia, China's GDP growth is projected to slow down as its Covid-19 measures and property market slowdown continue to dampen consumption and investment growth respectively. Meanwhile, the key Southeast Asian economies of Malaysia, Thailand and Indonesia are expected to grow at a faster pace this year due to a pickup in domestic demand and robust external demand. In particular, continued progress in vaccine deployment in Thailand and Indonesia should support the further easing of restrictions in these economies.

Domestically, Singapore's high vaccination rate and steady rollout of booster shots should facilitate further progressive easing of domestic and border restrictions. This will support the recovery of our consumer-facing sectors and alleviate labour shortages in sectors that are reliant on migrant workers. Air travel and visitor arrivals are also expected to improve with the gradual loosening of travel restrictions and expansion of Vaccinated Travel Lanes.

Against this external and domestic backdrop, the Singapore economy is expected to continue to expand this year, although the outlook for the various sectors remains uneven.

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

### **Outlook for the Group and Strategies**

The Group noted that the global snack food market, which includes nuts and chips will continue to grow at approximately 5.5% annually for the next five years driven by changes in dietary habits and demand for healthy and functional snacks.

During the year ended 31 December 2021, the Group's revenue and profits decreased.

Overall, the Group expects that demand for snack products to remain strong, in particular those with less sugar, artificial sweeteners and flavourings, as health awareness is increasing among consumers. Brand awareness will play a bigger role in driving sales as consumers start to pay more attention to the packaging and the messages associated with their purchases. The Group has thus increased its marketing expenses to promote brand awareness and product advertising.

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\$4.3 million or 6.2% from approximately S\$69.6 million for the year ended 31 December 2020 to approximately S\$65.3 million for the year ended 31 December 2021 mainly due to lower sales from the PRC (including Hong Kong) which decreased from S\$11.6 million for the year ended 31 December 2020 to S\$7.7 million for the year ended 31 December 2021, attributed mainly to a non-recurring large order in 2020 from an OEM customer based in Hong Kong.

### **Cost of sales**

The Group's cost of sales decreased by approximately S\$3.3 million or 6.5% from approximately S\$50.9 million for the year ended 31 December 2020 to approximately S\$47.6 million for the year ended 31 December 2021 mainly due to the decrease in cost of materials, consistent with the decrease in revenue and the lower average cost of certain raw nuts.

### **Gross profit**

The Group's total gross profit decreased by approximately S\$1.0 million or 5.3% from approximately S\$18.7 million for the year ended 31 December 2020 to approximately S\$17.7 million for the year ended 31 December 2021 in line with the decrease in revenue. The Group's overall gross profit margin increased from approximately 26.9% for the year ended 31 December 2020 to approximately 27.1% for the year ended 31 December 2021 mainly due to increase in gross profit margin for nuts as discussed above.

### **Other income**

The Group's other income decreased by approximately S\$0.6 million or 62.2% from approximately S\$0.9 million for the year ended 31 December 2020 to approximately S\$0.3 million for the year ended 31 December 2021 mainly due to lower amounts of government grants received as part of the support measures by the government which aimed to aid businesses cope with challenges arising from the Covid-19 pandemic and decrease in interest income mainly arising from lower interest rates.

### **Other gains and losses**

The Group reported other losses of approximately S\$260,000 for the year ended 31 December 2021 compared to other losses of approximately S\$158,000 for the year ended 31 December 2020 mainly due to fair value loss on investment property of approximately S\$265,000 for the year ended 31 December 2021, for a property that was newly acquired in 2021. On the other hand, the Group recorded a lower fair value loss on derivative financial instruments of approximately S\$48,000 for the year ended 31 December 2021, compared to approximately S\$236,000 for the year ended 31 December 2020.

### **Selling and distribution expenses**

Selling and distribution expenses increased by approximately S\$0.5 million or 17.6% from approximately S\$3.0 million for the year ended 31 December 2020 to approximately S\$3.5 million for the year ended 31 December 2021 mainly due to increased marketing activities including online brand and product advertising, and update of packaging designs.

### **Administrative expenses**

Administrative expenses increased by approximately S\$1.6 million or 20.9% from approximately S\$7.5 million for the year ended 31 December 2020 to approximately S\$9.0 million for the year ended 31 December 2021 due to higher professional fees from consultancy services provided for the year ended 31 December 2021.

### **Finance costs**

Finance costs decreased by approximately S\$22,000 or 14.8% from approximately S\$149,000 for the year ended 31 December 2020 to approximately S\$127,000 for the ended 31 December 2021 mainly due to decrease in interest on bank loans arising from lower interest rates in 2021.

### **Income tax expense**

Income tax expense decreased by approximately S\$0.3 million or 16.2% from approximately S\$2.0 million for the year ended 31 December 2020 to approximately S\$1.7 million for the year ended 31 December 2021 due mainly to lower profit before taxation. The Group also had tax effect of expenses not deductible for tax purposes of approximately S\$0.6 million for the year ended 31 December 2021 as compared to approximately S\$0.4 million for the year ended 31 December 2020.

### **Profit for the year**

Profit for the year decreased by approximately S\$3.4 million or 49.9% from approximately S\$6.8 million for the year ended 31 December 2020 to approximately S\$3.4 million for the year ended 31 December 2021 mainly due to decrease in revenue, decrease in other income, increase in other losses, increase in selling and distribution expenses and increase in administrative expenses as discussed above.

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

The Group's source of funds comprises 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 31 December 2021 and 2020, the Group's current ratio, being current assets over current liabilities was 4.5 times and 5.1 times respectively.

As at 31 December 2021, the Group's bank and other borrowings amounted to approximately S\$3.8 million, which was higher 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 0.06 times as at 31 December 2021 (2020: 0.04 times).

### **CONTINGENT LIABILITIES**

As at 31 December 2021 and 31 December 2020, the Group provided performance guarantee to certain customers with balances amounted to approximately S\$0.1 million and approximately S\$0.3 million respectively.

### **PLEDGE OF ASSETS**

The Group has pledged leasehold building, freehold land and building to secure general banking facilities granted to the Group with carrying values of approximately S\$12.5 million and approximately S\$12.7 million as at 31 December 2021 and 31 December 2020 respectively.

### **CAPITAL EXPENDITURES AND COMMITMENTS**

During the year ended 31 December 2021, the Group had incurred capital expenditures of approximately S\$3.2 million as compared to approximately S\$2.0 million in the year ended 31 December 2020. 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\$0.2 million as at 31 December 2021 (2020: approximately S\$3.8 million).

### **SIGNIFICANT INVESTMENTS**

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

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisitions and disposals of subsidiaries and associated companies for the year ended 31 December 2021.

## EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2021, the Group redesignated the investment property located at No. 3, Jalan Istimewa 1, Taman Perindustrian Cemerlang 81800 Ulu Tiram, Johor Darul Takzim, Malaysia for Group's own use and the lease to third party expired on 31 December 2021. The property was transferred from investment property to property, plant and equipment on 1 January 2022.

## USE OF PROCEEDS FROM LISTING

The Company's shares have been listed on the Stock Exchange since 14 January 2019, being the Listing Date, and the net proceeds from the share offer (after deducting listing expenses) amounted to approximately HK\$66.8 million (equivalent to approximately S\$11.7 million) (the "Net IPO Proceeds"). The Group has utilised approximately HK\$16.0 million (equivalent to approximately S\$2.8 million) of the Net IPO Proceeds as at 31 December 2021. The following sets forth a summary of the allocation of the Net IPO Proceeds and its utilisation as at 31 December 2021:

	Approximate amount of net proceeds (HK\$'million)	Approximate percentage of net proceeds (%)	Approximate actual amount utilised as at 31 December 2021 (HK\$'million)	Unused amount of net proceeds as at 31 December 2021 (HK\$'million)
Use of proceeds				
Expansion of existing nuts and potato chips products	26.7	40.0	9.8	16.9
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>16.0</b>	<b>50.8</b>

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 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 macroeconomic outlook ahead as set out in the section headed "Outlook and Strategies" of this announcement, the Board has resolved not to recommend any final dividend for the year ended 31 December 2021 even though the Group was profitable (No dividend declared for the year ended 31 December 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.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the "AGM") will be held at 10:00 a.m. on 30 May 2022 at 255 Pandan Loop, Singapore 128433 and the notice of the AGM will be published and despatched in accordance with the requirements under the Company's articles of association and the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the shareholders' rights to attend and vote at the AGM, the register of members of the Company will be closed from 25 May 2022 to 30 May 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered shareholders must lodge all completed transfer documents accompanied by the relevant share certificates with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 24 May 2022.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 271 employees and 270 employees as at 31 December 2021 and 31 December 2020 respectively. The Group incurred staff costs of approximately S\$10.2 million and S\$10.4 million for the years ended 31 December 2021 and 2020 respectively. Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. The Company has adopted a share option scheme (the “Share Option Scheme”) on 20 December 2018 to enable the Board to grant share options to eligible participants with an opportunity to have a personal stake in the Company with a view to achieve the following objectives: (i) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an ongoing business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

As at 31 December 2021, there was no outstanding share option granted under the Share Option Scheme.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year ended 31 December 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 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 year ended 31 December 2021 save for Code Provision C.2.5 (currently known as D.2.5). For the year ended 31 December 2021, due to the continuous outbreak of Covid-19, the Company encountered difficulties in conducting internal audit and thus the internal audit was postponed. The annual internal audit will be conducted later this year.

## **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 year ended 31 December 2021.

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

As at 31 December 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 31 December 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 31 December 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 31 December 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 year ended 31 December 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 year ended 31 December 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 (Zhou Jieyao). Mr. Chan Ka Yu is the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 December 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.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The annual 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 annual report of the Company for the year ended 31 December 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, 31 March 2022

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