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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 2023

FINANCIAL HIGHLIGHTS:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2023	2022	% of change
	S\$	S\$	
Revenue	70,117,966	74,799,701	-6.3
Profit before taxation	6,901,898	7,234,805	-4.6
Profit for the year	5,455,152	5,815,266	-6.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2023	2022	% of change
	S\$	S\$	
Bank balances and cash	19,490,038	29,879,477	-34.8
Bank and other borrowings	–	2,859,361	-100.0
Net assets	73,205,907	68,400,285	7.0

KEY FINANCIAL RATIOS

	2023	2022
Gross profit margin	28.2%	24.0%
Profit before taxation margin	9.8%	9.7%
Profit margin for the year	7.8%	7.8%
Return on total assets	6.5%	7.2%
Return on equity	7.5%	8.5%
Gearing ratio (times)	–	0.04
Current ratio (times)	6.6	7.1

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 2023 together with the comparative figures for the year ended 31 December 2022 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 2023

	<i>Note</i>	2023 <i>S\$</i>	2022 <i>S\$</i>
Revenue	4	70,117,966	74,799,701
Cost of sales		50,351,818	(56,834,928)
Gross profit		19,766,148	17,964,773
Other income	5	909,388	2,138,120
Other gains and losses	6	(440,582)	(542,269)
Selling and distribution expenses		(4,662,465)	(3,932,929)
Administrative expenses		(8,574,011)	(8,276,069)
Finance costs	7	(96,580)	(116,821)
Profit before taxation		6,901,898	7,234,805
Income tax expense	8	(1,446,746)	(1,419,539)
Profit for the year	9	5,455,152	5,815,266
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operation		(1,133,560)	(1,058,590)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property, plant and equipment, net of tax		484,030	1,852,072
Other comprehensive (expense) income for the year		(649,530)	793,482
Total profit and other comprehensive income for the year, net of tax		4,805,622	6,608,748
Basic earnings per share (S\$ cents)	10	0.55	0.58
Diluted earnings per share (S\$ cents)	10	0.55	0.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 S\$	2022 S\$
ASSETS			
Non-current assets			
Property, plant and equipment		26,821,228	26,125,438
Right-of-use assets		1,151,487	1,184,035
Deposits		717,631	62,083
		<u>28,690,346</u>	<u>27,371,556</u>
Current assets			
Inventories		11,438,773	10,288,780
Trade receivables	11	11,557,873	12,242,384
Other receivables, deposits and prepayments		990,398	922,473
Derivative financial instruments		34,839	1,184
Financial asset at fair value through profit or loss		7,774,260	–
Financial asset at amortised cost		3,990,800	–
Bank balances and cash		19,490,038	29,879,477
		<u>55,276,981</u>	<u>53,334,298</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	6,453,647	5,450,646
Derivative financial instruments		157,480	20,911
Lease liabilities		196,907	183,459
Bank and other borrowings		–	496,498
Income tax payable		1,532,741	1,411,186
		<u>8,340,775</u>	<u>7,562,700</u>
Net current assets		<u>46,936,206</u>	<u>45,771,598</u>
Total assets less current liabilities		<u>75,626,552</u>	<u>73,143,154</u>
Non-current liabilities			
Lease liabilities		1,126,109	1,166,708
Bank and other borrowings		–	2,362,863
Deferred tax liabilities		1,294,536	1,213,298
		<u>2,420,645</u>	<u>4,742,869</u>
Net assets		<u>73,205,907</u>	<u>68,400,285</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		14,305,745	13,821,715
Translation reserve		(4,046,566)	(2,913,006)
Accumulated profits		47,765,443	42,310,291
		<u>73,205,907</u>	<u>68,400,285</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 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 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 2023 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS Accounting Standards”) 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 2023, 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 except as below.

Amendments to International Accounting Standards (“IAS”) 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting Policies*

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Group has applied materiality guidance in IFRS Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term ‘significant accounting policies’ used throughout the financial statements has been replaced with ‘material accounting policy information’.

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 ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current ¹
Amendments to IAS 1	Non-current Liabilities with Covenants ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IAS 21	Lack of Exchangeability ²

¹ *Effective for annual periods beginning on or after 1 January 2024.*

² *Effective for annual periods beginning on or after 1 January 2025.*

³ *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 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.

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 segments:

	For the year ended 31 December			
	Revenue		Gross profit	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
Nuts	45,972,369	50,834,158	12,039,839	11,333,281
Chips	22,027,219	21,656,353	7,183,114	6,073,935
Others	2,118,378	2,309,190	543,195	557,557
	<u>70,117,966</u>	<u>74,799,701</u>	<u>19,766,148</u>	<u>17,964,773</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	
	2023	2022
	S\$	S\$
Singapore	42,721,738	44,797,269
Malaysia	20,491,958	20,915,473
The People's Republic of China (including Hong Kong and Macau)	3,670,934	6,710,316
Others*	3,233,336	2,376,643
	<u>70,117,966</u>	<u>74,799,701</u>
Total		

* This includes customers from Southeast Asia other than Singapore and Malaysia.

5. OTHER INCOME

	For the year ended 31 December	
	2023	2022
	S\$	S\$
Government grants ⁽¹⁾	91,509	43,575
Interest income ⁽²⁾	811,045	268,195
Others ⁽³⁾	6,834	1,826,350
	<u>909,388</u>	<u>2,138,120</u>

Notes:

- (1) The government grants received during the year ended 31 December 2023 and 2022 mainly comprised support measures by the government which aimed to aid businesses in coping with mandatory wage increases for lower-wage workers and challenges arising from the Covid-19 pandemic.

The government grants received mainly comprise the Progressive Wages Credit Scheme (“PWCS”), Wage Subsidy Program (“PSU”), the Senior Employment Credit (“SEC”), Jobs Growth Incentive (“JGI”) and CPF Transition Credit (“CTO”), all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

- (2) Interest income mainly comprised interest income from fixed deposits and increased due to higher interest rates and more fixed deposit placements during the year ended 31 December 2023.
- (3) Others mainly relates to a reimbursement of professional fees for consultancy services recorded as administrative expenses in 2021.

6. OTHER GAINS AND LOSSES

	For the year ended 31 December	
	2023	2022
	S\$	S\$
Gain on lease modification	3,506	7,384
Loss on disposal of property, plant and equipment	(340)	–
Foreign exchange loss, net	(512,122)	(600,048)
Fair value gain on financial asset at FVTPL	43,469	–
Fair value gain on derivative financial instruments	24,905	50,395
	(440,582)	(542,269)

7. FINANCE COSTS

	For the year ended 31 December	
	2023	2022
	S\$	S\$
Interest on bank loans	34,503	42,166
Interest on lease liabilities	62,077	74,655
	96,580	116,821

8. INCOME TAX EXPENSE

	For the year ended 31 December	
	2023	2022
	S\$	S\$
Tax expense comprises:		
Current income tax		
Current year	1,328,668	1,428,097
Over provision in prior year	(31,132)	(6,201)
	1,297,536	1,421,896
Withholding tax	1,748	2,774
Deferred tax		
Current year	197,345	108,456
Over provision in prior year	(39,756)	(102,927)
Effect of revaluations of assets for taxation purposes	(10,127)	(10,660)
	147,462	(5,131)
	1,446,746	1,419,539

The Group has no assessable profit before tax in Cayman Islands and Hong Kong other than subject to Singapore and Malaysia corporate income tax.

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 2023 and 2022.

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:

	For the year ended 31 December	
	2023	2022
	S\$	S\$
Profit before taxation	6,901,898	7,234,805
Tax at applicable tax rate of 17%	1,173,323	1,229,917
Effect of different tax rates of subsidiaries operating in other jurisdiction	204,226	195,720
Tax effect of expenses not deductible for tax purpose	237,703	211,992
Tax effect of income not taxable for tax purpose	(66,057)	(312,088)
Effect of tax concessions and partial tax exemptions	(17,425)	(17,425)
Over provision in prior year	(70,888)	(109,128)
Effect of revaluations of assets for taxation purposes	(10,127)	(10,660)
Withholding tax	1,748	2,774
Others	(5,757)	228,437
	1,446,746	1,419,539

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	For the year ended 31 December	
	2023	2022
	S\$	S\$
Depreciation of property, plant and equipment	1,843,434	1,714,590
Annual audit fees:		
– Paid to auditors of the Company and Deloitte Network firms	225,963	228,007
Non-audit fees:		
– Paid to auditors of the Deloitte Network firms	25,038	5,329
– Paid to other auditors	4,500	6,500
Directors' remuneration	4,318,139	4,303,900
Other staff costs		
– Salaries and other benefits	7,480,049	6,893,998
– Contributions to Central Provident Fund and Employees' Provident Fund	570,430	519,532
Total staff costs	<u>12,368,618</u>	<u>11,717,430</u>
Inventories recognised as cost of sales	<u>41,114,079</u>	<u>47,466,346</u>

Amount recognised in profit or loss relating to leases

(Disclosure required by IFRS 16)

	2023	2022
	S\$	S\$
Depreciation expense on right-of-use assets	197,757	203,280
Interest expense on lease liabilities	62,077	74,655
Expense relating to short-term leases	<u>10,650</u>	<u>19,589</u>

The total cash outflow for leases, including short-term leases, amount to S\$260,807 and S\$279,435 for the year ended 31 December 2023 and 31 December 2022 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	
	2023	2022
Earnings:		
Profit for the year attributable to owners of the Company (S\$)	<u>5,455,152</u>	<u>5,815,266</u>
	2023	2022
Number of shares:		
Weighted average number of ordinary shares in issue ^(Note)	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Basic earnings per share (S\$ cents)	<u>0.55</u>	<u>0.58</u>

Note:

No diluted earnings per share were presented as there were no potential ordinary shares in issue during the years ended 31 December 2023 and 2022.

11. TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	S\$	S\$
Trade receivables	<u>11,557,873</u>	<u>12,242,384</u>

The Group grants credit terms to customers typically ranging from 7 to 60 days (2022: 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	
	2023	2022
	S\$	S\$
Within 30 days	6,315,158	6,245,171
31 days to 60 days	4,305,913	4,863,646
61 days to 90 days	889,146	1,062,947
91 days to 180 days	38,114	70,620
181 days to one year	9,542	–
	<u>11,557,873</u>	<u>12,242,384</u>

12. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	S\$	S\$
Trade payables	4,448,421	3,926,392
Accrued operating expenses	1,157,547	975,769
Other payables:		
– Advances from customers	105,115	1,115
– Deposits received	62,192	20,600
– Goods and services tax payables	187,605	168,181
– Others	492,767	358,589
	<u>2,005,226</u>	<u>1,524,254</u>
	<u>6,453,647</u>	<u>5,450,646</u>

The credit period on purchases from suppliers is between 7 to 60 days (2022: 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 31 December	
	2023	2022
	S\$	S\$
Within 30 days	3,493,592	3,415,624
31 days to 90 days	928,408	510,483
91 days to 180 days	26,421	285
	<u>4,448,421</u>	<u>3,926,392</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 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, 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\$4.7 million or 6.3% from approximately S\$74.8 million for the year ended 31 December 2022 to approximately S\$70.1 million for the year ended 31 December 2023 mainly due to lower sales for nuts in Singapore, Malaysia and the PRC (including 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 2023 and 31 December 2022:

	For the year ended 31 December			
	2023		2022	
	S\$	%	S\$	%
Nuts	45,972,369	65.6	50,834,158	68.0
Chips	22,027,219	31.4	21,656,353	28.9
Others ^(Note)	2,118,378	3.0	2,309,190	3.1
Total	<u>70,117,966</u>	<u>100.0</u>	<u>74,799,701</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 65.6% and 31.4% of revenue respectively for the year ended 31 December 2023. The proportion of revenue contributed by nuts decreased from approximately 68.0% for the year ended 31 December 2022 to approximately 65.6% for the year ended 31 December 2023, mainly due to lower sales from existing customers in Singapore, Malaysia and the PRC (including Hong Kong).

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 2023 and 31 December 2022:

	For the year ended 31 December			
	2023		2022	
	S\$	%	S\$	%
Singapore	42,721,738	60.9	44,797,269	59.9
Malaysia	20,491,958	29.2	20,915,473	28.0
The PRC (including Hong Kong and Macau)	3,670,934	5.2	6,710,316	9.0
Others	3,233,336	4.7	2,376,643	3.1
Total	<u>70,117,966</u>	<u>100.0</u>	<u>74,799,701</u>	<u>100.0</u>

The Group's products were largely sold in Singapore and Malaysia which accounted for approximately 60.9% and 29.2% of total revenue respectively for the year ended 31 December 2023. The composition of sales from end consumers in the PRC decreased from approximately 9.0% for the year ended 31 December 2022 to approximately 5.2% for the year ended 31 December 2023 mainly due to lower sales from existing customers in Hong Kong for nuts.

Gross profit

The following table sets forth a breakdown of the Group's gross profit for the years ended 31 December 2023 and 31 December 2022:

	For the year ended 31 December					
	2023			2022		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	S\$	S\$	%	S\$	S\$	%
Nuts	45,972,369	12,039,839	26.2	50,834,158	11,333,281	22.3
Chips	22,027,219	7,183,114	32.6	21,656,353	6,073,935	28.0
Others	2,118,378	543,195	25.6	2,309,190	557,557	24.1
Total/Overall	<u>70,117,966</u>	<u>19,766,148</u>	<u>28.2</u>	<u>74,799,701</u>	<u>17,964,773</u>	<u>24.0</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 22.3% for the year ended 31 December 2022 to approximately 26.2% for the year ended 31 December 2023 mainly due to lower average cost of certain raw nuts.

The Group's gross profit margin for chips increased from approximately 28.0% for the year ended 31 December 2022 to approximately 32.6% for the year ended 31 December 2023 due to lower average cost of fresh potatoes.

Overall, the Group's gross profit margin for the year increased from 24.0% for the year ended 31 December 2022 to 28.2% for the year ended 31 December 2023.

OUTLOOK AND STRATEGIES

Economic performance in Singapore in the fourth quarter of 2023

The Singapore economy grew by 2.2% on a year-on-year basis in the fourth quarter of 2023, accelerating from the 1.0% expansion in the third quarter of 2023. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.2%, slightly faster than the 1.0% growth in the third quarter of 2023.

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

Overall economic performance in Singapore in 2023

For the whole of 2023, the Singapore economy expanded by 1.1%, moderating from the 3.8% expansion in 2022.

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

Economic outlook for 2024

The Ministry of Trade and Industry, Singapore forecasted a gross domestic product growth for 2024 of between 1.0% and 3.0%.

Since the Economic Survey of Singapore in November 2023, Singapore's external demand outlook for 2024 has remained largely unchanged. Growth in the advanced economies is expected to moderate in the first half of the year, mainly due to continued tight financial conditions, before recovering gradually in line with an expected easing of monetary policy as inflationary pressures recede. Meanwhile, regional economies are expected to see a pickup in growth in the year ahead, supported in part by the turnaround in global electronics demand.

In the US, GDP growth is expected to continue to ease in the coming quarters amidst continued tight financial conditions, before picking up later in the year alongside a loosening of monetary policy, which will support a recovery in investment growth. Similarly, GDP growth in the Eurozone is forecast to remain subdued in the first half of the year. However, growth should improve in the latter part of the year as a further easing of inflationary pressures and anticipated policy rate cuts are likely to support a firmer recovery in private consumption expenditure.

In Asia, China's GDP growth is projected to remain lacklustre in the first half of the year due to sluggish domestic consumption and exports growth alongside weak property market conditions. Growth is likely to recover gradually in the second half of the year in line with improvements in consumer sentiments and global demand. Meanwhile, GDP growth in the Southeast Asian economies of Malaysia and Thailand is likely to be supported by the continued recovery in tourist arrivals, as well as an anticipated pickup in global electronics demand.

Taking into account the global and domestic economic environment, the GDP growth forecast for Singapore for 2024 is maintained at 1.0% to 3.0%.

(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 2.7% annually to 2027 driven by changes in dietary habits and demand for healthy and functional snacks.

During the year ended 31 December 2023, the Group's revenue and profit decreased by approximately 6.3% and 6.2% respectively.

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 continued to increase 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.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately S\$4.7 million or 6.3% from approximately S\$74.8 million for the year ended 31 December 2022 to approximately S\$70.1 million for the year ended 31 December 2023 mainly due to lower sales for nuts in Singapore, Malaysia and the PRC (including Hong Kong).

Cost of sales

The Group's cost of sales decreased by approximately S\$6.5 million or 11.4% from approximately S\$56.8 million for the year ended 31 December 2022 to approximately S\$50.3 million for the year ended 31 December 2023 mainly due to the decrease in cost of materials, consistent with decrease in revenue and lower average cost of certain raw nuts and fresh potatoes.

Gross profit

The Group's total gross profit increased by approximately S\$1.8 million or 10.0% from approximately S\$18.0 million for the year ended 31 December 2022 to approximately S\$19.8 million for the year ended 31 December 2023 despite the decrease in revenue. The Group's overall gross profit margin increased from approximately 24.0% for the year ended 31 December 2022 to approximately 28.2% for the year ended 31 December 2023 mainly due to lower cost of sales as discussed above.

Other income

The Group's other income decreased by approximately S\$1.2 million or 57.5% from approximately S\$2.1 million for the year ended 31 December 2022 to approximately S\$0.9 million for the year ended 31 December 2023 mainly due to one-off reimbursement of professional fees in 2022 for consultancy services recorded as administrative expenses in 2021, partially offset by higher interest income and government grants.

Other gains and losses

The Group reported other losses of approximately S\$0.5 million and S\$0.4 million for the year ended 31 December 2022 and 31 December 2023 mainly due to foreign exchange losses of approximately S\$0.5 million for the year ended 31 December 2023 and S\$0.6 million for the year ended 31 December 2022.

Selling and distribution expenses

Selling and distribution expenses increased by approximately S\$0.7 million or 18.5% from approximately S\$3.9 million for the year ended 31 December 2022 to approximately S\$4.7 million for the year ended 31 December 2023 mainly due to increased marketing activities including online brand and product advertising.

Administrative expenses

Administrative expenses increased by approximately S\$0.3 million or 3.6% from approximately S\$8.3 million for the year ended 31 December 2022 to approximately S\$8.6 million for the year ended 31 December 2023 mainly due to increase in staff cost for the year ended 31 December 2023.

Finance costs

Finance costs decreased by approximately S\$20,000 or 17.3% from approximately S\$117,000 for the year ended 31 December 2022 to approximately S\$97,000 for the year ended 31 December 2023 mainly due to lower interest on bank loans with full repayment of bank loans during the year ended 31 December 2023 and lower interest on lease liabilities.

Income tax expense

Income tax expense increased by approximately S\$27,000 or 1.9% from approximately S\$1.42 million for the year ended 31 December 2022 to approximately S\$1.45 million for the year ended 31 December 2023, despite lower profit before taxation, mainly due to increase in deferred tax liability which resulted from temporary taxable difference arising from accelerated depreciation in relation to capital allowance claims on qualified assets.

Profit for the year

Profit for the year decreased by approximately S\$0.4 million or 6.2% from approximately S\$5.8 million for the year ended 31 December 2022 to approximately S\$5.5 million for the year ended 31 December 2023 mainly due to decrease in other income, increase in selling and distribution expenses and administrative expenses, partially offset by increase in gross profit 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 2023 and 2022, the Group's current ratio, being current assets over current liabilities was 6.6 times and 7.1 times respectively.

As at 31 December 2023, the Group had nil bank and other borrowings as compared to approximately S\$2.9 million as at 31 December 2022. The Group had repaid all its borrowings by 31 December 2023 and its gearing ratio, based on interest-bearing bank and other borrowings divided by net assets, was nil as at 31 December 2023 (2022: 0.04 times).

CONTINGENT LIABILITIES

As at 31 December 2023 and 31 December 2022, the Group provided performance guarantee to certain customers with balances amounted to approximately S\$0.5 million and approximately S\$0.1 million respectively.

PLEDGE OF ASSETS

The Group has pledged leasehold building, freehold land and building to secure general banking facilities granted to the Group with carrying values of approximately S\$7.0 million and approximately S\$11.8 million as at 31 December 2023 and 31 December 2022 respectively.

CAPITAL EXPENDITURES AND COMMITMENTS

During the year ended 31 December 2023, the Group had incurred capital expenditures of approximately S\$3.1 million as compared to approximately S\$2.0 million in the year ended 31 December 2022. 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\$0.5 million as at 31 December 2023 (2022: approximately S\$0.3 million).

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2023 and 31 December 2022.

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 2023.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2023 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 31 December 2023, and the expected timeline for utilisation of the unutilised Net IPO Proceeds:

Use of proceeds	Planned use	Actual use of	Unutilised	Expected timeline for utilisation of unutilised Net IPO Proceeds
	of Net IPO Proceeds (HK\$'million)	Net IPO Proceeds as at 31 December 2023 (HK\$'million)	Net IPO Proceeds as at 31 December 2023 (HK\$'million)	
Expansion of existing nuts and potato chips products (output capacity and product diversity)	47.0	36.2	10.8	by 31 December 2025
Expansion of workforce	7.6	1.9	5.7	by 31 December 2025
Working capital	12.2	10.3	1.9	by 31 December 2025
Total	66.8	48.4	18.4	

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.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 0.23 Hong Kong cents per ordinary share for the year ended 31 December 2023 (the "2023 Final Dividend"), representing a total payment of approximately HK\$2.3 million (equivalent to approximately S\$0.4 million) (No dividend declared for the year ended 31 December 2022). The payment of the 2023 Final Dividend is subject to approval of the shareholders of the Company at the annual general meeting to be held.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held at 10:00 a.m. on 27 May 2024 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 22 May 2024 to 27 May 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 21 May 2024.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 358 employees and 311 employees as at 31 December 2023 and 31 December 2022 respectively. The Group incurred staff costs of approximately S\$12.4 million and S\$11.7 million for the years ended 31 December 2023 and 2022 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 2023, there was no outstanding share option granted under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2023, 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 year ended 31 December 2023.

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 year ended 31 December 2023.

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

As at 31 December 2023, 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 31 December 2023, 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 2023, 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 31 December 2023, 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 2023, 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 2023.

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 audited consolidated financial statements for the year ended 31 December 2023. 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.

SCOPE OF WORK OF DELOITTE & TOUCHE LLP

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte & Touche LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte & Touche LLP in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by International Auditing and Assurance Standards and consequently no opinion or assurance conclusion has been expressed by Deloitte & Touche LLP on the preliminary announcement.

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) and on the website of the Company (www.tswonders.com.hk). The annual report of the Company for the year ended 31 December 2023 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, 28 March 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).