



CO REG NO: 200403029E

**Unaudited Condensed Interim Consolidated Financial Statements
For The Half Year and Full Year Ended 31 December 2021**

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Condensed Interim Consolidated Income Statement and Consolidated Statement of Comprehensive Income

| | Note | Group | | | |
|---|------|---|---|---|---|
| | | Half Year ended 31/12/2021 (Unaudited) S\$'000 | Half Year ended 31/12/2020 (Unaudited) S\$'000 | Full Year ended 31/12/2021 (Unaudited) S\$'000 | Full Year ended 31/12/2020 (Audited) S\$'000 |
| Revenue | 4.1 | 31,806 | 30,992 | 68,166 | 71,523 |
| Cost of sales | | (24,253) | (24,036) | (52,422) | (56,888) |
| Gross profit | | 7,553 | 6,956 | 15,744 | 14,635 |
| Other income | | 382 | 534 | 817 | 1,378 |
| Selling and distribution expenses | | (955) | (658) | (2,718) | (2,144) |
| Administrative expenses | | (4,189) | (3,999) | (7,976) | (7,779) |
| Other expenses | | (900) | (791) | (2,230) | (2,053) |
| Loss allowance (made)/reversed on third party trade and other receivables | | 139 | 110 | (51) | 16 |
| Finance costs | | (164) | (196) | (332) | (489) |
| Profit before income tax | 6 | 1,866 | 1,956 | 3,254 | 3,564 |
| Income tax expense | 7 | (475) | (215) | (860) | (672) |
| Profit for the financial year | | 1,391 | 1,741 | 2,394 | 2,892 |
| Other comprehensive income | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | |
| Exchange differences on translation of foreign operations | | (75) | (88) | (175) | (149) |
| Other comprehensive income for the financial period, net of tax | | (75) | (88) | (175) | (149) |
| Total comprehensive income for the financial year | | 1,316 | 1,653 | 2,219 | 2,743 |
| Profit attributable to: | | | | | |
| Owners of the parent | | 1,399 | 1,760 | 2,412 | 2,920 |
| Non-controlling interests | | (8) | (19) | (18) | (28) |
| | | 1,391 | 1,741 | 2,394 | 2,892 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 1,323 | 1,659 | 2,243 | 2,766 |
| Non-controlling interests | | (7) | (6) | (24) | (23) |
| | | 1,316 | 1,653 | 2,219 | 2,743 |
| Earnings per share | | | | | |
| Basic and diluted (in cents) | 9 | 0.43 | 0.54 | 0.74 | 0.90 |

Condensed Interim Statements of Financial Position

| | Note | Group | | Company | |
|--|------|---|---|---|---|
| | | As at 31/12/2021 (Unaudited) S\$'000 | As at 31/12/2020 (Audited) S\$'000 | As at 31/12/2021 (Unaudited) S\$'000 | As at 31/12/2020 (Audited) S\$'000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 12 | 19,236 | 19,922 | - | - |
| Intangible asset | 13 | 196 | 212 | - | - |
| Investments in subsidiaries | | - | - | 9,841 | 9,841 |
| Financial assets, at fair value through other comprehensive income | 14 | - | - | - | - |
| | | <u>19,432</u> | <u>20,134</u> | <u>9,841</u> | <u>9,841</u> |
| Current assets | | | | | |
| Inventories | | 15,923 | 15,249 | - | - |
| Trade and other receivables | | 13,424 | 11,272 | 11,153 | 11,013 |
| Other current assets | | 849 | 553 | - | - |
| Financial assets, at fair value through profit or loss | | 8 | 4 | - | - |
| Fixed deposits | | 34 | 33 | - | - |
| Cash and bank balances | | 7,850 | 6,049 | 64 | 62 |
| | | <u>38,088</u> | <u>33,160</u> | <u>11,217</u> | <u>11,075</u> |
| Less: | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | | 9,376 | 7,211 | 214 | 182 |
| Refund liabilities | | 1,561 | 1,035 | - | - |
| Current income tax payable | | 457 | 417 | 17 | 22 |
| Lease liabilities | | 138 | 195 | - | - |
| Bank borrowings | | 9,939 | 9,915 | - | - |
| | | <u>21,471</u> | <u>18,773</u> | <u>231</u> | <u>204</u> |
| Net current assets | | <u>16,617</u> | <u>14,387</u> | <u>10,986</u> | <u>10,871</u> |
| Less: | | | | | |
| Non-current liabilities | | | | | |
| Lease liabilities | | 2,187 | 2,129 | - | - |
| Bank borrowings | | 970 | 1,069 | - | - |
| Deferred tax liabilities | | 257 | 257 | - | - |
| | | <u>3,414</u> | <u>3,455</u> | <u>-</u> | <u>-</u> |
| Net assets | | <u>32,635</u> | <u>31,066</u> | <u>20,827</u> | <u>20,712</u> |
| Equity | | | | | |
| Share capital | 16 | 24,777 | 24,777 | 24,777 | 24,777 |
| Foreign currency translation account | | (533) | (364) | - | - |
| Fair value reserve | | (49) | (49) | - | - |
| Retained earnings | | 8,712 | 6,950 | (3,950) | (4,065) |
| Equity attributable to owners of the parent | | <u>32,907</u> | <u>31,314</u> | <u>20,827</u> | <u>20,712</u> |
| Non-controlling interests | | (272) | (248) | - | - |
| Total equity | | <u>32,635</u> | <u>31,066</u> | <u>20,827</u> | <u>20,712</u> |

Condensed Interim Consolidated Statement of Cash Flows

| | Note | Group | |
|---|------|--|--|
| | | Full Year ended 31/12/2021 (Unaudited) S\$'000 | Full Year ended 31/12/2020 (Audited) S\$'000 |
| Operating activities | | | |
| Profit before income tax | | 3,254 | 3,564 |
| Adjustments for: | | | |
| Loss allowance made/(reversed) on third party trade and other receivables | 6.1 | 51 | (16) |
| Write-down of inventories | 6.1 | 375 | 327 |
| Amortisation of intangible asset | 6.1 | 60 | 33 |
| Depreciation of property, plant and equipment | 6.1 | 1,290 | 1,226 |
| Fair value gain arising from financial assets, at fair value through profit or loss | 6.1 | (4) | (1) |
| Gain on disposal of property, plant and equipment | 6.1 | (3) | (34) |
| Interest expense | 6.1 | 332 | 489 |
| Interest income | 6.1 | (15) | (19) |
| Unrealised exchange gain | | (350) | (198) |
| Operating cash flows before working capital changes | | 4,990 | 5,371 |
| Working capital changes: | | | |
| Inventories | | (1,034) | 1,957 |
| Trade and other receivables | | (2,015) | 1,962 |
| Trade and other payables | | 1,976 | (1,055) |
| Other current assets | | (296) | 439 |
| Refund liabilities | | 526 | (677) |
| Cash generated from operations | | 4,147 | 7,997 |
| Income tax paid | | (820) | (302) |
| Interest received | | 15 | 19 |
| Net cash from operating activities | | 3,342 | 7,714 |
| Investing activities | | | |
| Proceeds from disposal of property, plant and equipment | | 3 | 34 |
| Purchase of property, plant and equipment | | (322) | (263) |
| Purchase of intangible asset | | (44) | (149) |
| Net cash used in investing activities | | (363) | (378) |
| Financing activities | | | |
| Dividend paid | 8 | (650) | - |
| Fixed deposits | | (1) | (1) |
| Interest paid | | (332) | (489) |
| Repayment of lease liabilities | | (193) | (194) |
| Proceeds from bank borrowings | | 27,550 | 30,044 |
| Repayment of bank borrowings | | (27,630) | (35,930) |
| Net cash used in financing activities | | (1,256) | (6,570) |
| Net change in cash and cash equivalents | | 1,723 | 766 |
| Cash and cash equivalents at beginning of financial year | | 6,049 | 5,260 |
| Net effect of exchange rate changes on cash and cash equivalents | | 78 | 23 |
| Cash and cash equivalents at end of financial year | | 7,850 | 6,049 |

Condensed Interim Consolidated Statement of Changes in Equity

| Group | Share capital S\$'000 | Treasury shares S\$'000 | Foreign currency translation account S\$'000 | Fair value reserve S\$'000 | Retained earnings S\$'000 | Equity attributable to owners of the parent S\$'000 | Non-controlling interests S\$'000 | Total S\$'000 |
|--|----------------------------------|------------------------------------|---|---------------------------------------|--------------------------------------|--|--|--------------------------|
| (Unaudited) | | | | | | | | |
| Balance at 1 January 2021 | 24,777 | - | (364) | (49) | 6,950 | 31,314 | (248) | 31,066 |
| Profit for the financial year | - | - | - | - | 2,412 | 2,412 | (18) | 2,394 |
| Exchange differences on translating foreign operations | - | - | (169) | - | - | (169) | (6) | (175) |
| Total comprehensive income for the financial year | - | - | (169) | - | 2,412 | 2,243 | (24) | 2,219 |
| Translations with owners: | | | | | | | | |
| Dividend | - | - | - | - | (650) | (650) | - | (650) |
| Total transactions with owners of the parent | - | - | - | - | (650) | (650) | - | (650) |
| Balance at 31 December 2021 | 24,777 | - | (533) | (49) | 8,712 | 32,907 | (272) | 32,635 |
| (Audited) | | | | | | | | |
| Balance at 1 January 2020 | 28,431 | (3,654) | (210) | (49) | 4,030 | 28,548 | (225) | 28,323 |
| Profit for the financial year | - | - | - | - | 2,920 | 2,920 | (28) | 2,892 |
| Exchange differences on translating foreign operations | - | - | (154) | - | - | (154) | 5 | (149) |
| Total comprehensive income for the financial year | - | - | (154) | - | 2,920 | 2,766 | (23) | 2,743 |
| Cancellation of treasury shares, representing total transactions with owners of the parent | (3,654) | 3,654 | - | - | - | - | - | - |
| Balance at 31 December 2020 | 24,777 | - | (364) | (49) | 6,950 | 31,314 | (248) | 31,066 |

Condensed Interim Statement of Changes in Equity

| Company | Share capital S\$'000 | Treasury shares S\$'000 | Retained earnings S\$'000 | Total S\$'000 |
|---|----------------------------------|------------------------------------|--------------------------------------|--------------------------|
| (Unaudited) | | | | |
| Balance at 1 January 2021 | 24,777 | - | (4,065) | 20,712 |
| Profit for the financial year | - | - | 765 | 765 |
| Total comprehensive income for the financial year | - | - | 765 | 765 |
| Transactions with owners: | | | | |
| Dividend | - | - | (650) | (650) |
| Total transactions with owners of the parent | - | - | (650) | (650) |
| Balance at 31 December 2021 | 24,777 | - | (3,950) | 20,827 |
| (Audited) | | | | |
| Balance at 1 January 2020 | 28,431 | (3,654) | (4,920) | 19,857 |
| Profit for the financial year | - | - | 855 | 855 |
| Cancellation of treasury shares | (3,654) | 3,654 | - | - |
| Total comprehensive income for the financial year | (3,654) | 3,654 | 855 | 855 |
| Balance at 31 December 2020 | 24,777 | - | (4,065) | 20,712 |

Notes to Condensed Interim Consolidated Financial Statements

1. General corporate information

Hosen Group Ltd. (the “Company”) (Registration Number: 200403029E) is a public company limited by shares incorporated and domiciled in Singapore with its principal place of business and registered office at 267 Pandan Loop, Singapore 128439. The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

These condensed interim consolidated financial statements as at and for the half and full year ended 31 December 2021 comprise the Company and its subsidiaries (the “Group”).

The principal activity of the Company is that of investment holding.

The principal activities of the Group are:

- (a) import, distribution, wholesale of fast moving consumer goods; and
- (b) develop, process, trade and distribute house brand and new chocolate products.

2. Basis of preparation

The condensed interim financial statements for the half and full year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention and SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last condensed interim financial statements for the half year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s. There was no change in the accounting policies and methods of computation for the current financial year reported on.

The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The condensed interim consolidated financial statements of the Group and the condensed interim statement of financial position of the Company are presented in Singapore dollar (“\$”) which is the functional currency of the Company and the presentation currency for the condensed interim consolidated financial statements and all values presented are rounded to the nearest thousand (“\$’000”), unless otherwise stated.

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder value.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, foreign currency translation account and retained earnings. The Group’s management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividend, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group’s overall strategy remains unchanged from the previous financial year.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards. As such, the adoption of those standards had no material effect on the financial results reported on the current period.

2.2 Use of judgements and estimates

The preparation of condensed interim financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

In the application of the Group's accounting policies, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the condensed interim consolidated financial statements as at and for the half and full year ended 31 December 2020.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Seasonal operations

Management uses the expected value method which analyses the historical purchasing patterns and product returns of customers, including seasonal trends, to develop its estimation of refund liabilities for return of goods and the assets recognized from rights to the recovered goods. The trend is dependent on market and economic factors which may affect customers' behaviour.

4. Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

The Group is primarily engaged in two reportable segments, namely, house brands and non-house brands.

Principal activities of each business segment are as follows:

- House brands – Development, trading and distribution of canned seafood, canned fruits and vegetables and canned meat products, and chocolate products.
- Non-house brands – Importation, distribution, wholesaling and retailing of canned food and household consumable goods.

4.1 Reportable segments

Operating segment

| Half Year ended 31 December 2021 | | | |
|--|---|---|--|
| | House Brands (Unaudited) S\$'000 | Group Non-House Brands (Unaudited) S\$'000 | Total (Unaudited) S\$'000 |
| External revenue | 24,965 | 6,841 | 31,806 |
| Inter-segment revenue | 2,687 | 154 | 2,841 |
| Total revenue | 27,652 | 6,995 | 34,647 |
| Interest income | 7 | - | 7 |
| Interest expense | (142) | (22) | (164) |
| Depreciation of property, plant and equipment | (438) | (121) | (559) |
| Amortisation of intangible asset | (20) | (10) | (30) |
| Other non-cash items: | | | |
| Loss allowance reversed on third party trade and other receivables | 126 | 13 | 139 |
| (Write-down) / Written-back of inventories | (61) | 8 | (53) |
| Segment profit | 1,228 | 1,045 | 2,273 |
| Assets | | | |
| Segment assets | 40,113 | 9,318 | 49,431 |
| Capital expenditure | 362 | 93 | 455 |
| Liabilities | | | |
| Segment liabilities | 19,487 | 4,365 | 23,852 |

| Half Year ended 31 December 2020 | | | |
|--|---|---|--|
| | House Brands (Unaudited) S\$'000 | Group Non-House Brands (Unaudited) S\$'000 | Total (Unaudited) S\$'000 |
| External revenue | 23,758 | 7,234 | 30,992 |
| Inter-segment revenue | 2,442 | 13 | 2,455 |
| Total revenue | 26,200 | 7,247 | 33,447 |
| Interest income | 7 | 1 | 8 |
| Interest expense | (172) | (24) | (196) |
| Depreciation of property, plant and equipment | (434) | (107) | (541) |
| Amortisation of intangible asset | (16) | (7) | (23) |
| Other non-cash items: | | | |
| Loss allowance reversed on third party trade and other receivables | 110 | - | 110 |
| Reversal of Write-down of inventories | 82 | 13 | 95 |
| Gain on disposal of property, plant and equipment | 13 | 5 | 18 |
| Segment profit | 2,528 | (116) | 2,412 |
| Assets | | | |
| Segment assets | 37,417 | 9,417 | 46,834 |
| Capital expenditure | 499 | 174 | 673 |
| Liabilities | | | |
| Segment liabilities | 16,035 | 5,137 | 21,172 |

| | Group | | |
|--|---|---|--|
| | House Brands (Unaudited) S\$'000 | Non-House Brands (Unaudited) S\$'000 | Total (Unaudited) S\$'000 |
| Full Year ended 31 December 2021 | | | |
| External revenue | 54,485 | 13,681 | 68,166 |
| Inter-segment revenue | 5,207 | 293 | 5,500 |
| Total revenue | <u>59,692</u> | <u>13,974</u> | <u>73,666</u> |
| Interest income | 15 | - | 15 |
| Interest expense | (293) | (39) | (332) |
| Depreciation of property, plant and equipment | (895) | (218) | (1,113) |
| Amortisation of intangible asset | (43) | (17) | (60) |
| Other non-cash items: | | | |
| Loss allowance made on third party trade and other receivables | (36) | (15) | (51) |
| Write-down of inventories | (405) | 30 | (375) |
| Gain on disposal of property, plant and equipment | 3 | - | 3 |
| Segment profit | <u>3,071</u> | <u>1,021</u> | <u>4,092</u> |
| Assets | | | |
| Segment assets | 40,113 | 9,318 | 49,431 |
| Capital expenditure | 362 | 93 | 455 |
| Liabilities | | | |
| Segment liabilities | <u>19,487</u> | <u>4,365</u> | <u>23,852</u> |

| | Group | | |
|--|---|---|--|
| | House Brands (Audited) S\$'000 | Non-House Brands (Audited) S\$'000 | Total (Audited) S\$'000 |
| Full Year ended 31 December 2020 | | | |
| External revenue | 54,859 | 16,664 | 71,523 |
| Inter-segment revenue | 4,607 | 50 | 4,657 |
| Total revenue | <u>59,466</u> | <u>16,714</u> | <u>76,180</u> |
| Interest income | 18 | 1 | 19 |
| Interest expense | (423) | (66) | (489) |
| Depreciation of property, plant and equipment | (835) | (202) | (1,037) |
| Amortisation of intangible asset | (23) | (10) | (33) |
| Other non-cash items: | | | |
| Loss allowance reversed on third party trade and other receivables | 17 | (1) | 16 |
| Write-down of inventories | (280) | (47) | (327) |
| Gain on disposal of property, plant and equipment | 29 | 5 | 34 |
| Segment profit | <u>4,645</u> | <u>(103)</u> | <u>4,542</u> |
| Assets | | | |
| Segment assets | 37,417 | 9,417 | 46,834 |
| Capital expenditure | 499 | 174 | 673 |
| Liabilities | | | |
| Segment liabilities | <u>16,035</u> | <u>5,137</u> | <u>21,172</u> |

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

| | Group | | | |
|---------------------------------------|---|---|---|---|
| | Half Year ended 31/12/2021 (Unaudited) | Half Year ended 31/12/2020 (Unaudited) | Full Year ended 31/12/2021 (Unaudited) | Full Year ended 31/12/2020 (Audited) |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | | | | |
| Revenue | | | | |
| Total revenue for reportable segments | 34,647 | 33,447 | 73,666 | 76,180 |
| Elimination of inter-segment revenue | (2,841) | (2,455) | (5,500) | (4,657) |
| Consolidated revenue | <u>31,806</u> | <u>30,992</u> | <u>68,166</u> | <u>71,523</u> |
| Profit or loss | | | | |
| Total segment profit | 2,273 | 2,412 | 4,092 | 4,542 |
| Unallocated corporate expenses | (243) | (260) | (506) | (489) |
| Other expenses | (164) | (196) | (332) | (489) |
| Consolidated profit before income tax | <u>1,866</u> | <u>1,956</u> | <u>3,254</u> | <u>3,564</u> |
| Assets | | | | |
| Segment assets | 49,431 | 46,834 | 49,431 | 46,834 |
| Other unallocated assets | 8,089 | 6,460 | 8,089 | 6,460 |
| Consolidated total assets | <u>57,520</u> | <u>53,294</u> | <u>57,520</u> | <u>53,294</u> |
| Liabilities | | | | |
| Segment liabilities | 23,852 | 21,172 | 23,852 | 21,172 |
| Other unallocated liabilities | 1,033 | 1,056 | 1,033 | 1,056 |
| Consolidated total liabilities | <u>24,885</u> | <u>22,228</u> | <u>24,885</u> | <u>22,228</u> |

Geographical segment

| | Group | | | |
|--|---|---|---|---|
| | Half Year ended 31/12/2021 (Unaudited) | Half Year ended 31/12/2020 (Unaudited) | Full Year ended 31/12/2021 (Unaudited) | Full Year ended 31/12/2020 (Audited) |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | | | | |
| Total revenue from external customers | | | | |
| Singapore | 16,384 | 15,339 | 33,855 | 36,680 |
| Malaysia | 9,383 | 8,203 | 20,370 | 20,005 |
| Others ⁽¹⁾ | 6,039 | 7,450 | 13,941 | 14,838 |
| | <u>31,806</u> | <u>30,992</u> | <u>68,166</u> | <u>71,523</u> |
| Non-current assets | | | | |
| Singapore | 14,351 | 14,832 | 14,351 | 14,832 |
| Malaysia | 5,062 | 5,253 | 5,062 | 5,253 |
| Others ⁽¹⁾ | 19 | 49 | 19 | 49 |
| | <u>19,432</u> | <u>20,134</u> | <u>19,432</u> | <u>20,134</u> |

⁽¹⁾ Others include countries other than Singapore and Malaysia.

4.2 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

External revenue from House Brands slipped slightly by S\$0.37 million to S\$54.49 million in FY2021 from S\$54.86 million in FY2020 and external revenue from Non-House Brands dropped by S\$2.99 million to S\$13.68 million in FY2021 from S\$16.67 million in FY2020 as the Group focused on the sales of House Brands products. As a result, the revenue of the Group decreased by S\$3.35 million to S\$68.17 million in FY2021 from S\$71.53 million in FY2020. During the Circuit-Breaker period in Singapore and the Movement Control Order in Malaysia in FY2020, sales in both Singapore and Malaysia were recorded at a high. As many countries had considered to open their borders again and implemented vaccination programs, the sales in FY2021 stabilised and retreated with the absence of consumers' stockpiling of foods related products.

4.3 A breakdown of sales and profit after tax before non-controlling interests

| | Full year ended 31/12/2021 (Unaudited) S\$'000 | Group Full year ended 31/12/2020 (Unaudited) S\$'000 | Increase / (Decrease) (Unaudited) S\$'000 |
|--|---|--|--|
| First Half | | | |
| Sales reported for the first half year | 36,360 | 40,531 | (4,171) |
| Operating profit after income tax before non-controlling interests reported for the first half year | 1,003 | 1,151 | (148) |
| Second Half | | | |
| Sales reported for the second half year | 31,806 | 30,992 | 814 |
| Operating profit after income tax before non-controlling interests reported for the second half year | 1,391 | 1,741 | (350) |

4.4 Disaggregation of revenue

| | Group | | | | | |
|--------------------------|---|---|---|---|---|---|
| | House Brands | | Non-House Brands | | Total | |
| | Half Year ended 31/12/2021 (Unaudited) S\$'000 | Half Year ended 31/12/2020 (Unaudited) S\$'000 | Half Year ended 31/12/2021 (Unaudited) S\$'000 | Half Year ended 31/12/2020 (Unaudited) S\$'000 | Half Year ended 31/12/2021 (Unaudited) S\$'000 | Half Year ended 31/12/2020 (Unaudited) S\$'000 |
| Type of good or service: | | | | | | |
| Goods | 24,884 | 23,698 | 6,807 | 7,207 | 31,691 | 30,905 |
| Services | 81 | 60 | 34 | 27 | 115 | 87 |
| | <u>24,965</u> | <u>23,758</u> | <u>6,841</u> | <u>7,234</u> | <u>31,806</u> | <u>30,992</u> |

| | Group | | | | | |
|--------------------------|---|---|---|---|---|---|
| | House Brands | | Non-House Brands | | Total | |
| | Full Year ended 31/12/2021 (Unaudited) S\$'000 | Full Year ended 31/12/2020 (Audited) S\$'000 | Full Year ended 31/12/2021 (Unaudited) S\$'000 | Full Year ended 31/12/2020 (Audited) S\$'000 | Full Year ended 31/12/2021 (Unaudited) S\$'000 | Full Year ended 31/12/2020 (Audited) S\$'000 |
| Type of good or service: | | | | | | |
| Goods | 54,302 | 54,732 | 13,611 | 16,606 | 67,913 | 71,338 |
| Services | 183 | 127 | 70 | 58 | 253 | 185 |
| | <u>54,485</u> | <u>54,859</u> | <u>13,681</u> | <u>16,664</u> | <u>68,166</u> | <u>71,523</u> |

5. Financial assets and financial liabilities

| | Group | | Company | |
|--|---|---|---|---|
| | As at 31/12/2021 (Unaudited) S\$'000 | As at 31/12/2020 (Audited) S\$'000 | As at 31/12/2021 (Unaudited) S\$'000 | As at 31/12/2020 (Audited) S\$'000 |
| Financial assets | | | | |
| Cash and bank balances, fixed deposits and trade and other receivables | 19,763 | 15,999 | 11,210 | 11,067 |
| Financial liabilities | | | | |
| Trade and other payables and borrowings | (21,548) | (19,734) | (214) | (182) |

6. Profit before taxation

6.1 Significant items

| | Group | | | |
|---|--|--|--|--|
| | Half Year ended 31/12/2021 (Unaudited) S\$'000 | Half Year ended 31/12/2020 (Unaudited) S\$'000 | Full Year ended 31/12/2021 (Unaudited) S\$'000 | Full Year ended 31/12/2020 (Audited) S\$'000 |
| Expenses / (Income) | | | | |
| Loss allowance made/(reversed) on third party trade and other receivables | (139) | (110) | 51 | (16) |
| Write-down of inventories | 53 | (95) | 375 | 327 |
| Amortisation of intangible asset | 30 | 23 | 60 | 33 |
| Depreciation of property, plant and equipment | 642 | 635 | 1,290 | 1,226 |
| Fair value gain arising from financial assets, at fair value through profit or loss | - | (1) | (4) | (1) |
| Gain on disposal of property, plant and equipment | - | (18) | (3) | (34) |
| Interest expense | 164 | 196 | 332 | 489 |
| Interest income | (7) | (8) | (15) | (19) |
| Forex exchange gain (net) | (317) | (64) | (428) | (327) |

6.2 Related party transactions

| | Group | | | |
|--------------------------------|--|--|--|--|
| | Half Year ended 31/12/2021 (Unaudited) S\$'000 | Half Year ended 31/12/2020 (Unaudited) S\$'000 | Full Year ended 31/12/2021 (Unaudited) S\$'000 | Full Year ended 31/12/2020 (Audited) S\$'000 |
| Sales to related parties | 31 | - | 42 | 78 |
| Purchases from related parties | 12 | 11 | 38 | 44 |

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

| | Group | | | |
|---|--|--|--|--|
| | Half Year ended 31/12/2021 (Unaudited) S\$'000 | Half Year ended 31/12/2020 (Unaudited) S\$'000 | Full Year ended 31/12/2021 (Unaudited) S\$'000 | Full Year ended 31/12/2020 (Audited) S\$'000 |
| Current income tax expense | 475 | 215 | 860 | 672 |
| Deferred income tax expense relating to origination and reversal of temporary differences | - | - | - | - |
| | <u>475</u> | <u>215</u> | <u>860</u> | <u>672</u> |

8. Dividend

| | Group | |
|--|--|--|
| | Full Year ended 31/12/2021 (Unaudited) S\$'000 | Full Year ended 31/12/2020 (Audited) S\$'000 |
| First and final tax-exempt dividend paid in respect of the previous financial year | | |
| - Per share | S\$0.002 | S\$Nil |
| - Value | <u>650</u> | <u>-</u> |

9. Earnings per ordinary share

| | Group | | | |
|--|---|---|---|---|
| | Half Year ended 31/12/2021 (Unaudited) | Half Year ended 31/12/2020 (Unaudited) | Full Year ended 31/12/2021 (Unaudited) | Full Year ended 31/12/2020 (Audited) |
| Earnings per ordinary share of the Group attributable to owners of the parent for the period on the net profit after income tax: | | | | |
| (Singapore cents) | | | | |
| (a) Based on the weighted average number of shares | 0.43 | 0.54 | 0.74 | 0.90 |
| (b) On a fully diluted basis | <u>0.43</u> | <u>0.54</u> | <u>0.74</u> | <u>0.90</u> |

Basic earnings per share are computed based on the weighted average number of issued shares excluding treasury shares of 324,900,846 for the financial year ended 31 December 2021 and 31 December 2020.

The basic and diluted earnings per share are the same as there were no potentially dilutive securities for the period ended 31 December 2021 and 31 December 2020.

10. Net asset value

| (Singapore cents) | Group | | Company | |
|------------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| | As at 31/12/2021 (Unaudited) | As at 31/12/2020 (Audited) | As at 31/12/2021 (Unaudited) | As at 31/12/2020 (Audited) |
| Net asset value per ordinary share | 10.13 | 9.64 | 6.41 | 6.37 |

The net asset value per share is calculated based on the total number of issued shares excluding treasury shares of 324,900,846 as at 31 December 2021 and 31 December 2020.

11. Financial assets at fair value through other comprehensive income

The Group has designated its unlisted equity investment in Singapore of \$49,000 to be measured at FVOCI. The Group intends to hold this investment for long-term and strategic investment purposes.

The fair value of unlisted equity investment was derived using adjusted net assets of the unlisted equity investment, which approximated the carrying amount of \$Nil as at 31 December 2021 and 31 December 2020.

12. Property, plant and equipment

The Group's addition of assets amounted to S\$190,000 and disposal of assets with net book value of S\$Nil for the half year ended 31 December 2021 as compared to addition of assets amounting to S\$279,000 and disposal of assets with net book value of S\$Nil for the half year ended 31 December 2020.

The Group's addition of assets amounted to S\$411,000 and disposal of assets with net book value of S\$Nil in the full year ended 31 December 2021 as compared to addition of assets amounting to S\$475,000 and disposal of assets with net book value of S\$Nil in the full year ended 31 December 2020.

13. Intangible assets

| | Group Computer Software S\$'000 |
|---|--|
| As at 30 June 2021 (Unaudited) | |
| Cost | 647 |
| Accumulated amortisation | (465) |
| Net carrying amount | 182 |
| Half Year ended 31 December 2021 (Unaudited) | |
| Balance as at 1 July 2021 | 182 |
| Additions | 44 |
| Amortisation charge | (30) |
| Balance as at 31 December 2021 | 196 |
| As at 31 December 2021 (Unaudited) | |
| Cost | 607 |
| Accumulated amortisation | (411) |
| Net carrying amount | 196 |

14. Financial assets, at fair value through other comprehensive income

The Group has designated its unlisted equity investment in Singapore of S\$49,000 to be measured at FVOCI. The Group intends to hold this investment for long-term and strategic investment purposes.

The fair value of unlisted equity investment was derived using adjusted net assets of the unlisted equity investment as at 31 December 2021, which approximately the carrying amount of S\$Nil (2020: S\$Nil).

15. Borrowings

| | Group | | | |
|--|------------------------------------|----------------------|----------------------------------|----------------------|
| | As at 31/12/2021 (Unaudited) | | As at 31/12/2020 (Audited) | |
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Repayable within one year or less or on demand | 167 | (2) 9,844 | 205 | (2) 9,824 |
| Repayable after one year | 1,051 | - | 1,222 | - |
| Total | 1,218 | 9,844 | 1,427 | 9,824 |

⁽²⁾ The unsecured borrowings comprise unsecured bank loans of the Group amounting to S\$1.50 million (31 December 2020: S\$3.65 million) and bills payable amounting to S\$8.34 million (31 December 2020: S\$6.17 million).

Details of any collateral

Term loan amounting to S\$1.07 million (31 December 2020: S\$1.16 million) is secured by legal mortgage over a property in Malaysia. Finance lease payables amounting to S\$0.15 million (31 December 2020: S\$0.27 million) are secured by the underlying assets acquired.

16. Share capital

| | Group and Company | | | |
|--|------------------------------------|-------------------|----------------------------------|-------------------|
| | As at 31/12/2021 (Unaudited) | | As at 31/12/2020 (Audited) | |
| | Number of shares | Amount S\$'000 | Number of shares | Amount S\$'000 |
| Total number/amount of Ordinary Shares | 324,900,846 | 24,777 | 324,900,846 | 24,777 |

There were no changes in the Company's share capital since the end of the previous period reported on.

There were no outstanding convertibles as at 31 December 2021 and 31 December 2020.

After all 32,278,000 treasury shares were cancelled during the financial year ended 31 December 2020, there were no treasury shares as at 31 December 2021 and 31 December 2020. As such, there was no sale, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial year reported on.

There were no subsidiary holdings as at 31 December 2021 and 31 December 2020. As such, there was no sale, transfer, cancellation and/or use of subsidiary holdings during and as at the end of the current financial year reported on.

17. Subsequent events

There is no known subsequent events which have led to adjustments to the condensed interim financial statements for the half year and full year ended 31 December 2021.

On 22 February 2022, the Company announced that Hosen Chocolate Marketing Sdn. Bhd, an indirect wholly-owned dormant subsidiary, has been struck off under Section 550 of the Companies Act, 2016 of Malaysia.

Other Information Required by Appendix 7C of the Catalyst Rules

1. Review

The condensed interim consolidated financial statements for the half year and full year ended 31 December 2021 and certain explanatory notes have not been audited or reviewed by the Company's auditor.

The Group's latest financial statements for the year ended 31 December 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on

Condensed Interim Consolidated Statement of Comprehensive Income

The Group recorded a lower revenue of S\$68.17 million for the financial year ended 31 December 2021 ("FY2021") as compared to S\$71.52 million for the financial year ended 31 December 2020 ("FY2020"). The decrease of S\$3.35 million or 4.7% in revenue was mainly due to high demand of our products resulting from consumers' stockpiling of food related products during the early stage of the pandemic period in FY2020.

Gross profit increased by S\$1.11 million or 7.6% to S\$15.74 million in FY2021 from S\$14.64 million in FY2020 mainly due to higher profit margin earned by our major operating subsidiaries in Singapore and Malaysia.

Other income decreased by S\$0.56 million to S\$0.82 million in FY2021 from S\$1.38 million in FY2020. The reduction was due to lesser government grant and support from both Singapore and Malaysia Governments as part of their response to the COVID-19 pandemic on their respective economies in FY2021 compared to FY2020.

Selling and distribution expenses increased by S\$0.57 million to S\$2.71 million in FY2021 from S\$2.14 million in FY2020 due to higher distribution costs following the escalated freight costs and higher promotion expenses incurred in FY2021 as compared to lesser promotion activities and no overseas exhibitions attended in the period of travel restrictions and national lockdown in FY2020.

Administrative expenses increased by S\$0.20 million to S\$7.98 million in FY2021 from S\$7.78 million in FY2020 mainly due to higher staff cost with more headcount.

Other expenses increased by S\$0.18 million to S\$2.23 million in FY2021 from S\$2.05 million in FY2020 was mainly due to higher written-down of slow-moving stocks and increase in depreciation and amortisation in FY2021.

Finance costs decreased by S\$0.16 million to S\$0.33 million in FY2021 from S\$0.49 million in FY2020 due to lesser borrowings to finance the purchases of goods.

As a result, the Group recorded a net profit attributable to owners of the parent of S\$2.41 million in FY2021 as compared to a net profit of S\$2.92 million in FY2020.

Condensed Interim Statement of Financial Position

The Group's net assets were S\$32.64 million as at 31 December 2021, compared to S\$31.07 million as at 31 December 2020. The net increase of S\$1.57 million was mainly a result of the profit earned in FY2021 offset against dividend paid.

The significant changes to the Condensed Interim Statement of Financial Position were as follow:-

Property, plant and equipment as at 31 December 2021 and as at 31 December 2020 were respectively recorded at S\$19.24 million and S\$19.92 million. The decrease of S\$0.68 million was mainly represented by the current period depreciation charged, which is partially offset by the addition of property, plant and equipment.

Inventories increased by S\$0.67 million to S\$15.92 million as at 31 December 2021 from S\$15.25 million as at 31 December 2020 mainly due to higher inventory level maintained by the Group at the end of FY2021 to meet the sales during Chinese New Year in early 2022 (“CNY2022”).

Trade and other receivables increased by S\$2.15 million to S\$13.42 million as at 31 December 2021 from S\$11.27 million as at 31 December 2020 due to more sales made before the year end as the CNY2022 falls in early FY2022 and increased in advance payment to suppliers in FY2021.

Other current assets, representing the right to the recovered goods for sales returns by customers, increased to S\$0.85 million as at 31 December 2021 from S\$0.55 million as at 31 December 2020 mainly due to the higher expected return of goods in connection with CNY2022 at the end of FY2021.

Trade and other payables increased by S\$2.17 million to S\$9.38 million as at 31 December 2021 from S\$7.21 million as at 31 December 2020 mainly due to increase in trade payables as at 31 December 2021 due to more purchases being made towards the end of FY2021.

Refund liabilities represents the liabilities for return of goods and sales rebates. It increased to S\$1.56 million as at 31 December 2021 from S\$1.04 million as at 31 December 2020 which was in line with the increase in other current assets.

Bank borrowings in non-current liabilities decreased by S\$0.10 million to S\$0.97 million as at 31 December 2021 from S\$1.07 million as at 31 December 2020 mainly due to repayment of property in Malaysia.

Condensed Interim Consolidated Statement of Cash Flows

Cash and cash equivalents stood at S\$7.85 million as at 31 December 2021. Out of the cash and cash equivalents, S\$3.34 million was generated from operating activities, S\$0.36 million used in investing activities and S\$1.26 million used in financing activities.

The net cash generated from operating activities mainly comprised the operating cash flows before working capital changes of S\$4.99 million and increase in trade and other payables by S\$1.97 million, offset by the increase in inventories by S\$1.03 million, the increase in trade and other receivables by S\$2.03 million.

The net cash used in investing activities was mainly attributable to the acquisition of property, plant and equipment of S\$0.32 million and purchase of intangible asset of S\$0.04 million.

The net cash used in financing activities was mainly due to dividend paid of S\$0.65 million, interest paid of S\$0.33 million and repayment of lease liabilities of S\$0.19 million in FY2021.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next full year

The on-going Covid-19 pandemic has resulted in rising material and logistic costs. Oil prices may rise further resulting in higher shipping and land transportation costs. The Group is confident to manage the rising costs with effective pricing policies and operation efficiencies. The Group will also continue to look out for other business opportunities.

5. Dividend information

5.1 If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

First and final dividend has been proposed.

(b) (i) Amount per share cents

0.2 Singapore cents

(b) (ii) Previous corresponding period cents

0.2 Singapore cents

(a) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

The proposed dividend is tax-exempt one-tier dividend.

(b) The date the dividend is payable.

The proposed first and final dividend, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 27 May 2022.

(c) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

The record date will be on 13 May 2022 at 5.00p.m.

5.2 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

6. Interested person transactions

The Company does not have a general mandate for IPT from shareholders. There was no IPT with value of more than S\$100,000 entered into during the financial year.

7. Disclosure of acquisition (including incorporations) and sale of shares under Rule 706A

The Company did not carry out any acquisition or sale of shares for the current financial year.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

9. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

| Name | Age | Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder | Current position and duties, and the year position was first held | Details of changes in duties and position held, if any, during the year |
|----------------------|------------|---|--|--|
| Lim Hai Cheok | 73 | Spouse of Chong Poh Soon, Senior Director and Substantial Shareholder. Father of Lim Hock Chye Daniel, Executive Director. Brother of Lim Kim Eng, Executive Director and Substantial Shareholder. | Executive Director, since March 2004. Chief Executive Officer, since July 2004. | Nil |
| Lim Kim Eng | 69 | Sister of Lim Hai Cheok. Chief Executive Officer, Executive Director and Substantial Shareholder. Sister-in-law of Chong Poh Soon, Senior Director and Substantial Shareholder. Aunt of Lim Hock Chye Daniel, Executive Director. | Executive Director, since July 2004. | Nil |
| Lim Hock Chye Daniel | 48 | Son of Lim Hai Cheok, Chief Executive Officer, Director and Substantial Shareholder; and Chong Poh Soon, Senior Director and Substantial Shareholder. Nephew of Lim Kim Eng, Executive Director and Substantial Shareholder. | Executive Director, since March 2004. | Nil |
| Chong Poh Soon | 73 | Spouse of Lim Hai Cheok, Chief Executive Officer, Executive Director and Substantial Shareholder. Mother of Lim Hock Chye Daniel, Executive Director. Sister-in-law of Lim Kim Eng, Executive Director and Substantial Shareholder. | Senior Director, since December 2020. | Nil |
| Lai Ginn Keow | 47 | Spouse of Lim Hock Chye Daniel, Executive Director. Daughter-in-law of Lim Hai Cheok, Chief Executive Officer, Executive Director and Substantial Shareholder; and Chong Poh Soon, Senior Director and Substantial Shareholder. Niece of Lim Kim Eng, Executive Director and Substantial Shareholder. | Procurement Manager, since August 2019. | Nil |

BY ORDER OF THE BOARD

Lim Hai Cheok
Chief Executive Officer

25 February 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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