



CO REG NO: 200403029E

**Unaudited Condensed Interim Consolidated Financial Statements  
For The Half Year Ended 30 June 2022**

## CONTENTS

01	Condensed Interim Consolidated Income Statement and Consolidated Statement of Comprehensive Income
02	Condensed Interim Statements of Financial Position
03	Condensed Interim Consolidated Statement of Cash Flows
04	Condensed Interim Consolidated Statement of Changes in Equity
05	Condensed Interim Statement of Changes in Equity
06	Notes to Condensed Interim Consolidated Financial Statements
15	Other Information Required by Appendix 7C of the Catalist Rules



**Condensed Interim Consolidated Income Statement and Consolidated Statement of Comprehensive Income**

		<b>Group</b>	
	<b>Note</b>	<b>Half Year ended 30/6/2022 (Unaudited) S\$'000</b>	<b>Half Year ended 30/6/2021 (Unaudited) S\$'000</b>
Revenue	4.2	36,340	36,360
Cost of sales		(28,398)	(28,169)
<b>Gross profit</b>		<b>7,942</b>	<b>8,191</b>
Other income		157	435
Selling and distribution expenses		(1,721)	(1,763)
Administrative expenses		(3,775)	(3,787)
Other expenses		(1,704)	(1,330)
Loss allowance made on third party trade and other receivables		(28)	(190)
Finance costs		(187)	(168)
<b>Profit before income tax</b>	6	<b>684</b>	<b>1,388</b>
Income tax expense	7	(314)	(385)
<b>Profit for the financial period</b>		<b>370</b>	<b>1,003</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		153	(100)
<b>Other comprehensive income for the financial period, net of tax</b>		<b>153</b>	<b>(100)</b>
<b>Total comprehensive income for the financial period</b>		<b>523</b>	<b>903</b>
<b>Profit attributable to:</b>			
Owners of the parent		378	1,013
Non-controlling interests		(8)	(10)
		<b>370</b>	<b>1,003</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		539	920
Non-controlling interests		(16)	(17)
		<b>523</b>	<b>903</b>
<b>Earnings per share</b>			
Basic and diluted (in cents)	9	0.12	0.31

## Condensed Interim Statements of Financial Position

		Group		Company	
	Note	As at 30/6/2022 (Unaudited) S\$'000	As at 31/12/2021 (Audited) S\$'000	As at 30/6/2022 (Unaudited) S\$'000	As at 31/12/2021 (Audited) S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	18,583	19,236	-	-
Intangible asset	12	167	196	-	-
Investments in subsidiaries		-	-	9,841	9,841
Financial assets, at fair value through other comprehensive income	13	-	-	-	-
		18,750	19,432	9,841	9,841
<b>Current assets</b>					
Inventories		13,738	15,923	-	-
Trade and other receivables		11,594	13,424	10,422	11,153
Other current assets		306	849	-	-
Financial assets, at fair value through profit or loss		8	8	-	-
Fixed deposits		133	34	-	-
Cash and bank balances		8,542	7,850	72	64
		34,321	38,088	10,494	11,217
Less:					
<b>Current liabilities</b>					
Trade and other payables		6,966	9,376	121	214
Refund liabilities		741	1,561	-	-
Current income tax payable		399	457	12	17
Lease liabilities		120	138	-	-
Bank borrowings		8,878	9,939	-	-
		17,104	21,471	133	231
<b>Net current assets</b>		17,217	16,617	10,361	10,986
Less:					
<b>Non-current liabilities</b>					
Other payables		165	-	-	-
Lease liabilities		2,151	2,187	-	-
Bank borrowings		886	970	-	-
Deferred tax liabilities		257	257	-	-
		3,459	3,414	-	-
<b>Net assets</b>		32,508	32,635	20,202	20,827
<b>Equity</b>					
Share capital	15	24,777	24,777	24,777	24,777
Foreign currency translation account		(372)	(533)	-	-
Fair value reserve		(49)	(49)	-	-
Retained earnings		8,440	8,712	(4,575)	(3,950)
<b>Equity attributable to owners of the parent</b>		32,796	32,907	20,202	20,827
Non-controlling interests		(288)	(272)	-	-
<b>Total equity</b>		32,508	32,635	20,202	20,827

## Condensed Interim Consolidated Statement of Cash Flows

		<b>Group</b>	
	<b>Note</b>	<b>Half Year ended 30/6/2022 (Unaudited) S\$'000</b>	<b>Half Year ended 30/6/2021 (Unaudited) S\$'000</b>
<b>Operating activities</b>			
Profit before income tax		684	1,388
Adjustments for:			
Loss allowance made on third party trade and other receivables	6.1	28	190
Write-down of inventories	6.1	338	322
Amortisation of intangible asset	6.1	29	30
Depreciation of property, plant and equipment	6.1	609	648
Fair value loss/(gain) arising from financial assets, at fair value through profit or loss	6.1	1	(4)
Gain on disposal of property, plant and equipment	6.1	(5)	(3)
Interest expense	6.1	187	168
Interest income	6.1	(12)	(8)
Unrealised exchange loss/(gain)		561	(59)
Operating cash flows before working capital changes		2,420	2,672
Working capital changes:			
Inventories		1,664	2,095
Trade and other receivables		1,668	200
Trade and other payables		(2,230)	(320)
Other current assets		543	341
Refund liabilities		(820)	(460)
Cash generated from operations		3,245	4,528
Income tax paid		(370)	(316)
Interest received		12	8
<b>Net cash from operating activities</b>		<b>2,887</b>	<b>4,220</b>
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		18	3
Purchase of property, plant and equipment		(126)	(221)
<b>Net cash used in investing activities</b>		<b>(108)</b>	<b>(218)</b>
<b>Financing activities</b>			
Dividend paid	8	(650)	(650)
Fixed deposit		(100)	-
Interest paid		(187)	(168)
Repayment of lease liabilities		(86)	(97)
Repayment of bank borrowings		(896)	(1,704)
<b>Net cash used in financing activities</b>		<b>(1,919)</b>	<b>(2,619)</b>
Net change in cash and cash equivalents		860	1,383
Cash and cash equivalents at beginning of financial period		7,850	6,049
Net effect of exchange rate changes on cash and cash equivalents		(168)	(12)
<b>Cash and cash equivalents at end of financial period</b>		<b>8,542</b>	<b>7,420</b>

### Condensed Interim Consolidated Statement of Changes in Equity

Group	Share capital 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 2022	24,777	(533)	(49)	8,712	32,907	(272)	32,635
Profit for the financial period	-	-	-	378	378	(8)	370
Exchange differences on translating foreign operations	-	161	-	-	161	(8)	153
Total comprehensive income for the financial period	-	161	-	378	539	(16)	523
Translations with owners:							
Dividend	-	-	-	(650)	(650)	-	(650)
Total transactions with owners of the parent	-	-	-	(650)	(650)	-	(650)
Balance at 30 June 2022	24,777	(372)	(49)	8,440	32,796	(288)	32,508
(Unaudited)							
Balance at 1 January 2021	24,777	(364)	(49)	6,950	31,314	(248)	31,066
Profit for the financial period	-	-	-	1,013	1,013	(10)	1,003
Exchange differences on translating foreign operations	-	(93)	-	-	(93)	(7)	(100)
Total comprehensive income for the financial period	-	(93)	-	1,013	920	(17)	903
Translations with owners:							
Dividend	-	-	-	(650)	(650)	-	(650)
Total transactions with owners of the parent	-	-	-	(650)	(650)	-	(650)
Balance at 30 June 2021	24,777	(457)	(49)	7,313	31,584	(265)	31,319

### Condensed Interim Statement of Changes in Equity

Company	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
(Unaudited)			
Balance at 1 January 2022	24,777	(3,950)	20,827
Profit for the financial period	-	25	25
Total comprehensive income for the financial period	-	25	25
Transactions with owners:			
Dividend	-	(650)	(650)
Total transactions with owners of the parent	-	(650)	(650)
Balance at 30 June 2022	24,777	(4,575)	20,202
(Unaudited)			
Balance at 1 January 2021	24,777	(4,065)	20,712
Profit for the financial period	-	26	26
Total comprehensive income for the financial period	-	26	26
Transactions with owners:			
Dividend	-	(650)	(650)
Total transactions with owners of the parent	-	(650)	(650)
Balance at 30 June 2021	24,777	(4,689)	20,088

## 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 six months financial period ended 30 June 2022 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 year ended 30 June 2022 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 annual financial statements for the year ended 31 December 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 period 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 ("S") 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 ("S'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, treasury shares (if any), 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 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 year ended 31 December 2021.

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 30 June 2022			
	House Brands (Unaudited) S\$'000	Group Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
External revenue	28,914	7,426	36,340
Inter-segment revenue	2,306	19	2,325
Total revenue	31,220	7,445	38,665
Interest income	12	-	12
Interest expense	(166)	(21)	(187)
Depreciation of property, plant and equipment	(440)	(111)	(551)
Amortisation of intangible asset	(20)	(9)	(29)
Other non-cash items:			
Loss allowance reversed on third party trade and other receivables	(25)	(3)	(28)
Write-down of inventories	(299)	(39)	(338)
Gain on disposal of property, plant and equipment	4	1	5
Segment profit	531	573	1,104
<b>Assets</b>			
Segment assets	35,285	8,964	44,249
Capital expenditure	324	87	411
<b>Liabilities</b>			
Segment liabilities	16,270	3,276	19,546

Half year ended 30 June 2021			
	House Brands (Unaudited) S\$'000	Group Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
External revenue	29,520	6,840	36,360
Inter-segment revenue	2,520	139	2,659
Total revenue	32,040	6,979	39,019
Interest income	8	-	8
Interest expense	(151)	(17)	(168)
Depreciation of property, plant and equipment	(457)	(97)	(554)
Amortisation of intangible asset	(23)	(7)	(30)
Other non-cash items:			
Loss allowance reversed on third party trade and other receivables	(162)	(28)	(190)
Write-down of inventories	(344)	22	(322)
Gain on disposal of property, plant and equipment	3	-	3
Segment profit	1,843	(24)	1,819
<b>Assets</b>			
Segment assets	36,010	7,310	43,320
Capital expenditure	177	44	221
<b>Liabilities</b>			
Segment liabilities	15,486	3,251	18,737

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

	<b>Group</b>	
	<b>Half Year ended 30/6/2022 (Unaudited)</b>	<b>Half Year ended 30/6/2021 (Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Revenue</b>		
Total revenue for reportable segments	38,665	39,019
Elimination of inter-segment revenue	(2,325)	(2,659)
Consolidated revenue	36,340	36,360
<b>Profit or loss</b>		
Total segment profit	1,104	1,819
Unallocated corporate expenses	(234)	(263)
Other expenses	(186)	(168)
Consolidated profit before income tax	684	1,388
<b>Assets</b>		
Segment assets	44,249	43,320
Other unallocated assets	8,822	7,735
Consolidated total assets	53,071	51,055
<b>Liabilities</b>		
Segment liabilities	19,546	18,737
Other unallocated liabilities	1,017	999
Consolidated total liabilities	20,563	19,736

**Geographical segment**

	<b>Group</b>	
	<b>Half Year ended 30/6/2022 (Unaudited)</b>	<b>Half Year ended 30/6/2021 (Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Total revenue from external customers</b>		
Singapore	15,803	17,471
Malaysia	12,076	10,987
Others <sup>(1)</sup>	8,461	7,902
	36,340	36,360
<b>Non-current assets</b>		
Singapore	14,007	14,503
Malaysia	4,740	5,060
Others <sup>(1)</sup>	3	35
	18,750	19,598

<sup>(1)</sup> Others include countries other than Singapore and Malaysia.

#### 4.2 Disaggregation of revenue

Half year ended 30 June 2022			
	House Brands (Unaudited) S\$'000	Group Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
Type of good or service:			
Goods	28,828	7,389	36,217
Services	86	37	123
	<u>28,914</u>	<u>7,426</u>	<u>36,340</u>

Half year ended 30 June 2021			
	House Brands (Unaudited) S\$'000	Group Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
Type of good or service:			
Goods	29,418	6,804	36,222
Services	102	36	138
	<u>29,520</u>	<u>6,840</u>	<u>36,360</u>

#### 5. Financial assets and financial liabilities

	Group		Company	
	As at 30/6/2022 (Unaudited) S\$'000	As at 31/12/2021 (Audited) S\$'000	As at 30/6/2022 (Unaudited) S\$'000	As at 31/12/2021 (Audited) S\$'000
<b>Financial assets</b>				
Cash and bank balances, fixed deposits and trade and other receivables	<u>18,589</u>	<u>19,763</u>	<u>10,486</u>	<u>11,210</u>
<b>Financial liabilities</b>				
Trade and other payables and borrowings	<u>(18,106)</u>	<u>(21,548)</u>	<u>(121)</u>	<u>(214)</u>

## 6. Profit before taxation

### 6.1 Significant items

	Group	
	Half Year ended 30/6/2022 (Unaudited) S\$'000	Half Year ended 30/6/2021 (Unaudited) S\$'000
<b>Expenses / (Income)</b>		
Loss allowance made on third party trade and other receivables	28	190
Write-down of inventories	338	322
Amortisation of intangible asset	29	30
Depreciation of property, plant and equipment	609	648
Fair value loss/(gain) arising from financial assets, at fair value through profit or loss	1	(4)
Gain on disposal of property, plant and equipment	(5)	(3)
Interest expense	187	168
Interest income	(12)	(8)
Forex exchange loss/(gain) (net)	509	(111)

### 6.2 Related party transactions

	Group	
	Half Year ended 30/6/2022 (Unaudited) S\$'000	Half Year ended 30/6/2021 (Unaudited) S\$'000
Sales to related parties	19	11
Purchases from related parties	18	26

## 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 30/6/2022 (Unaudited) S\$'000	Half Year ended 30/6/2021 (Unaudited) S\$'000
Current income tax expense	314	385
Deferred income tax expense relating to origination and reversal of temporary differences	-	-
	<u>314</u>	<u>385</u>

## 8. Dividend

	<b>Group</b>	
	<b>Half Year ended 30/6/2022 (Unaudited) S\$'000</b>	<b>Half Year ended 30/6/2021 (Unaudited) S\$'000</b>
First and final tax-exempt dividend paid in respect of the previous financial year		
- Per share	S\$0.002	S\$0.002
- Value	650	650

## 9. Earnings per ordinary share

	<b>Group</b>	
	<b>Half Year ended 30/6/2022 (Unaudited)</b>	<b>Half Year ended 30/6/2021 (Unaudited)</b>
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	0.12	0.31
(b) On a fully diluted basis	0.12	0.31

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 period ended 30 June 2022 and 30 June 2021.

The basic and diluted earnings per share are the same as there were no potentially dilutive securities for the period ended 30 June 2022 and 30 June 2021.

## 10. Net asset value

	<b>Group</b>		<b>Company</b>	
	<b>As at 30/6/2022 (Unaudited)</b>	<b>As at 31/12/2021 (Audited)</b>	<b>As at 30/6/2022 (Unaudited)</b>	<b>As at 31/12/2021 (Audited)</b>
(Singapore cents)				
Net asset value per ordinary share	10.09	10.13	6.22	6.41

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 30 June 2022 and 31 December 2021.

## 11. Property, plant and equipment

The Group's addition of assets amounted to S\$144,000 and disposal of assets with net book value of S\$13,000 in the half year ended 30 June 2022 as compared to addition of assets amounting to S\$221,000 and disposal of assets with net book value of S\$Nil in the half year ended 30 June 2021.

## 12. Intangible assets

	<b>Group Computer Software S\$'000</b>
<b>As at 31 December 2021 (Audited)</b>	
Cost	607
Accumulated amortisation	(411)
Net carrying amount	<u>196</u>
<b>Half year ended 30 June 2022 (Unaudited)</b>	
Balance as at 1 January 2022	196
Additions	-
Amortisation charge	(29)
Balance as at 30 June 2022	<u>167</u>
<b>As at 30 June 2022 (Unaudited)</b>	
Cost	607
Accumulated amortisation	(440)
Net carrying amount	<u>167</u>

## 13. 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 which approximated the carrying amount of S\$Nil as at 30 June 2022 (31 December 2021: S\$Nil).

## 14. Borrowings

	<b>Group</b>			
	<b>As at 30/6/2022 (Unaudited)</b>		<b>As at 31/12/2021 (Audited)</b>	
	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
Repayable within one year or less or on demand	154	(2) 8,784	167	(2) 9,844
Repayable after one year	953	-	1,051	-
Total	<u>1,107</u>	<u>8,784</u>	<u>1,218</u>	<u>9,844</u>

(2) The unsecured borrowings comprise unsecured bank loans of the Group amounting to S\$2.83 million (31 December 2021: S\$1.50 million) and bills payable amounting to S\$5.95 million (31 December 2021: S\$8.34 million).

### Details of any collateral

Term loan amounting to S\$0.98 million (31 December 2021: S\$1.07 million) is secured by legal mortgage over subsidiaries' properties. Finance lease payables amounting to S\$0.13 million (31 December 2021: S\$0.15 million) are secured by the underlying assets acquired.

## 15. Share capital

	Group and Company			
	As at 30/6/2022 (Unaudited)		As at 31/12/2021 (Audited)	
	Number of shares	Amount	Number of shares	Amount
		S\$'000		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 which was as at 31 December 2021.

There were no outstanding convertibles as at 30 June 2022 and 30 June 2021.

There were no treasury shares as at 30 June 2022. As such, there was no sale, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

There were no subsidiary holdings as at 30 June 2022 and 30 June 2021. 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.

## 16. Subsequent events

There is no known subsequent events which have led to adjustments to the condensed interim financial statements for the half year ended 30 June 2022.



## Other Information Required by Appendix 7C of the Catalyst Rules

### 1. Review

The half year ended 30 June 2022 condensed interim financial statements 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 2021 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 period 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 period reported on**

### **Condensed Interim Consolidated Statement of Comprehensive Income**

Revenue maintained at comparable level at S\$36.34 million in the half year ended 30 June 2022 ("1H2022") compared to S\$36.36 million in the half year ended 30 June 2021 ("1H2021"). There was an increase in sales in one of the subsidiaries in Malaysia and it was offset by the drop in sales of Singapore and Shanghai subsidiaries.

Gross profit decreased by S\$0.25 million to S\$7.94 million in 1H2022 from S\$8.19 million in 1H2021 mainly due to increased material costs and higher international freight charges.

Other income decreased by S\$0.28 million to S\$0.16 million in 1H2022 from S\$0.44 million in 1H2021 mainly due to the reduction of government grants and absence of foreign exchange gain in 1H2022.

Selling and distribution expenses decreased by S\$0.04 million to S\$1.72 million in 1H2022 from S\$1.76 million in 1H2021 mainly due to relatively lesser advertisement and promotion expenses in 1H2022.

Other expenses increased by S\$0.37 million to S\$1.70 million in 1H2022 from S\$1.33 million in 1H2021 mainly due to foreign exchange loss in 1H2022.

Loss allowance made on third-party trade and other receivables decreased by S\$0.16 million to S\$0.03 million in 1H2022 from S\$0.19 million in 1H2021 mainly due to lower provision for expected credit loss allowance in 1H2022 as the Group continues to exercise tight credit control.

Finance costs increased by S\$0.02 million to S\$0.19 million in 1H2022 from S\$0.17 million in 1H2021 due to higher interest expense incurred on borrowings to finance the purchases of goods in one of the subsidiaries in Malaysia.

As a result of the abovementioned, the Group recorded a net profit attributable to owners of the parent of S\$0.38 million for 1H2022 as compared to net profit of S\$1.01 million for 1H2021.

### **Condensed Interim Statement of Financial Position**

The Group's net assets were S\$32.51 million as at 30 June 2022, compared to S\$32.64 million as at 31 December 2021. The net decrease of S\$0.13 million was mainly a net result of the profit earned in 1H2022 less first and final dividend in respect of FY2021 which was paid in 1H2022, and the effect of exchange differences on translating foreign operations.

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

Property, plant and equipment as at 30 June 2022 and as at 31 December 2021 were respectively recorded at S\$18.58 million and S\$19.24 million. The decrease of S\$0.66 million was mainly represented by the current period depreciation and disposal of a motor vehicle in 1H2022.

Inventories decreased by S\$2.18 million to S\$13.74 million as at 30 June 2022 from S\$15.92 million as at 31 December 2021 mainly due to higher inventory level maintained by the Group at the end of FY2021 to meet the sales during Chinese New Year in 2022 ("CNY2022").

Trade and other receivables decreased by S\$1.83 million to S\$11.59 million as at 30 June 2022 from S\$13.42 million as at 31 December 2021, resulting from more sales made before the year end of FY2021 as the CNY2022 fell in early FY2022.

Other current assets, representing the right to the recovered goods for sales returns by customers, reduced to S\$0.31 million as at 30 June 2022 from S\$0.85 million as at 31 December 2021 mainly due to the higher expected return of goods in connection with CNY2022 at the end of FY2021.

Fixed deposits increased by S\$0.10 million to S\$0.13 million as at 30 June 2022 from S\$0.03 million as at 31 December 2021 mainly due to an additional fixed deposit placed in 1H2022.

Trade and other payables in current liabilities and non-current liabilities decreased by S\$2.25 million to S\$7.13 million as at 30 June 2022 from S\$9.38 million as at 31 December 2021 mainly due to (i) the accrual of profit sharing and employees' bonus for the half-year period from January 2022 to June 2022 as compared with the accrual of the same related expenses for a full-year period in FY2021 which was paid in 1H2022, and (ii) the decrease in trade payables which was attributable to lower level of inventory maintained as at 30 June 2022.

Refund liabilities represents the liabilities for return of goods and sales rebates. It dropped to S\$0.74 million as at 30 June 2022 from S\$1.56 million as at 31 December 2021 which was in line with the reduction in other current assets.

Lease liabilities in current liabilities and non-current liabilities decreased by S\$0.06 million to S\$2.27 million as at 30 June 2022 from S\$2.33 million as at 31 December 2021 due to the repayment of lease obligations which was partially offset by new lease obligations of an additional hire purchase of copier machine.

Bank borrowings in current liabilities, mainly comprised bills payable and short term unsecured loan, decreased by S\$1.06 million to S\$8.88 million as at 30 June 2022 from S\$9.94 million as at 31 December 2021 which was in line with the lower inventory kept by the Group after CNY2022.

### **Condensed Interim Consolidated Statement of Cash Flows**

Cash and cash equivalents was recorded at S\$8.54 million as at 30 June 2022. Out of the cash and cash equivalents, S\$2.89 million was generated from operating activities, S\$0.11 million used in investing activities and S\$1.92 million used in financing activities.

The net cash generated from operating activities mainly comprised the operating cash flows before working capital changes of S\$2.42 million, decrease in inventories by S\$1.66 million, decrease in trade and other receivables by S\$1.67 million and decrease in trade and other payables by S\$2.23 million.

The net cash used in investing activities was mainly attributable to the acquisition of property, plant and equipment of S\$0.13 million.

The net cash used in financing activities mainly consisted of repayment of bank borrowings of S\$0.90 million and payment of dividend of S\$0.65 million.

**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 12 months**

In view of the rising inflation, the current geopolitical climate and the possibilities of further interest rate hikes, the economic condition is expected to be challenging.

**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**

Not applicable.

**(b) (i) Amount per share ..... cents**

Nil

**(ii) Previous corresponding period ..... cents**

Nil

**(c) 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).**

Not applicable.

**(d) The date the dividend is payable.**

No applicable.

**(e) 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.**

Not applicable.

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

No dividend has been declared or recommended for the half year ended 30 June 2022 as the Group intends to conserve funds for working capital purposes.

**6. Interested person transactions**

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

**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 period.

**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.

BY ORDER OF THE BOARD

Lim Hai Cheok  
Chief Executive Officer

11 August 2022

**Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited**

On behalf of the Board of Directors, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of Hosen Group Ltd which may render the unaudited condensed interim consolidated financial statements for the half year ended 30 June 2022 to be false or misleading in any material aspects.

For and on behalf of the Board of Hosen Group Ltd.

Lim Hai Cheok  
Executive Director and Chief Executive Officer

Lim Hock Chye Daniel  
Executive Director

---

*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.*

*The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)*