

**HOSEN GROUP LTD**  
(Incorporated in Singapore)  
(Co. Reg. No. 200403029E)

**UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE PERIOD ENDED 30 JUNE 2018**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 &  
Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Unaudited Group Income Statement and Statement of Comprehensive Income for the financial period ended 30 June 2018.**

Consolidated Statement of Comprehensive Income	Group		
	S\$'000	S\$'000	%
	Half Year ended 30/6/2018	Half Year ended 30/6/2017	Change
Revenue	35,154	33,180	5.9
Cost of sales	(27,906)	(27,109)	2.9
<b>Gross profit</b>	<b>7,248</b>	<b>6,071</b>	<b>19.4</b>
Other income	437	150	191.3
Selling and distribution expenses	(2,242)	(1,896)	18.2
Administrative expenses	(3,115)	(2,754)	13.1
Other expenses	(1,281)	(1,255)	2.1
Finance costs	(186)	(178)	4.5
<b>Profit before income tax</b>	<b>861</b>	<b>138</b>	<b>523.9</b>
Income tax expense	(279)	(86)	224.4
<b>Profit for the financial period</b>	<b>582</b>	<b>52</b>	<b>1,019.2</b>

NM – Not meaningful

Consolidated Statement of Comprehensive Income	Group		
	S\$'000	S\$'000	%
	Half Year ended 30/6/2018	Half Year ended 30/6/2017	Change
<b>Other comprehensive income for the financial period, net of tax</b>			
Exchange differences on translating foreign operations	(12)	127	NM
<b>Total comprehensive income for the financial period attributable to owners of the parent</b>	<b>570</b>	<b>179</b>	<b>218.4</b>

**Operating profit/(loss) is arrived at after charging/(crediting) the following:**

	Group		
	S\$'000	S\$'000	%
	Half Year ended 30/6/2018	Half Year ended 30/6/2017	Change
Depreciation of property, plant and equipment	460	412	11.7
Amortisation of intangible asset	10	32	(68.8)
Foreign exchange (gain) / loss – net	(376)	257	NM
Gain on disposal of property, plant and equipment	-	(15)	NM
Allowance for doubtful third party trade receivables	58	49	18.4
Bad debts written off	6	-	NM
Write down of inventories	373	157	137.6
Interest income	(2)	(1)	100.0
Interest expense	186	178	4.5

NM – Not meaningful

**1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**Statements of Financial Position**

	Group		Company	
	As at 30/6/2018	As at 31/12/2017	As at 30/6/2018	As at 31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	13,043	13,270	-	-
Investments in subsidiaries	-	-	9,836	9,836
Intangible asset	77	87	-	-
Other receivables	-	-	14,767	14,194
	13,120	13,357	24,603	24,030
<b>Current assets</b>				
Inventories	12,991	16,654	-	-
Trade and other receivables	11,785	13,328	1,239	2,156
Held-for-trading financial assets	4	6	-	-
Fixed deposits	31	30	-	-
Cash and bank balances	6,292	4,614	105	58
	31,103	34,632	1,344	2,214
<b>Less:</b>				
<b>Current liabilities</b>				
Trade and other payables	7,046	7,963	124	163
Current income tax payable	306	161	5	13
Finance lease payables	94	94	-	-
Bank borrowings	4,239	7,326	-	-
	11,685	15,544	129	176
<b>Net current assets</b>	19,418	19,088	1,215	2,038
<b>Less:</b>				
<b>Non-Current liabilities</b>				
Finance lease payables	196	243	-	-
Bank borrowings	2,987	3,092	-	-
Deferred tax liabilities	267	267	-	-
	3,450	3,602	-	-
<b>Net assets</b>	29,088	28,843	25,818	26,068
<b>Equity</b>				
Share capital	28,431	28,431	28,431	28,431
Treasury shares	(3,654)	(3,654)	(3,654)	(3,654)
Foreign currency translation account	(404)	(392)	-	-
Accumulated profits	4,715	4,458	1,041	1,291
Equity attributable to owners of the parent	29,088	28,843	25,818	26,068

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

	<b>As at 30 Jun 2018</b>		<b>As at 31 Dec 2017</b>	
	<b>S\$'000</b>		<b>S\$'000</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
Repayable in one year or less or on demand	383	3,950	385	7,035
Repayable after one year	3,183	-	3,335	-
<b>Total</b>	<b>3,566</b>	<b>3,950</b>	<b>3,720</b>	<b>7,035</b>

**Details of any collateral**

1. The Group's unsecured borrowings comprised of bills payable amounting to S\$3.95 million (As at 31 December 2017: S\$6.53 million) and short-term loans is Nil (As at 31 December 2017: S\$0.50 million).
2. Term loan amounting to S\$3.28 million (As at 31 December 2017: S\$3.38 million) is secured by legal mortgage over subsidiaries' properties.
3. All the above facilities are covered by corporate guarantees.
4. Finance lease payables are secured by the leased assets.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b>Consolidated Statement of Cash Flows</b>	<b>Group</b>	
	<b>Period ended 30/6/2018 S\$'000</b>	<b>Period ended 30/6/2017 S\$'000</b>
<b>Operating activities:</b>		
Profit before income tax	861	138
<b>Adjustments for :</b>		
Allowance for doubtful trade receivables	58	49
Write down of inventories	373	157
Bad debts written off	6	-
Depreciation of property, plant and equipment	460	412
Amortisation of intangible asset	10	32
Gain on disposal of property, plant and equipment	-	(15)
Fair value loss arising from held-for-trading financial assets	2	-
Interest income	(2)	(1)
Interest expense	186	178
<b>Operating cash flows before working capital changes</b>	<b>1,954</b>	<b>950</b>
Inventories	3,346	923
Trade and other receivables	1,594	3,092
Trade and other payables	(1,157)	(73)
Cash generated from operations	5,737	4,892
Income tax paid	(140)	(38)
Interest received	2	1
<b>Net cash generated from operating activities</b>	<b>5,599</b>	<b>4,855</b>

<b>Consolidated Statement of Cash Flows (Continued)</b>	<b>Group</b>	
	<b>Period ended 30/6/2018 S\$'000</b>	<b>Period ended 30/6/2017 S\$'000</b>
<b>Investing activities</b>		
Proceeds from disposal of property, plant and Equipment	-	15
Purchase of property, plant and equipment	(78)	(221)
Purchase of intangible asset	-	(50)
<b>Net cash used in investing activities</b>	<b>(78)</b>	<b>(256)</b>
<b>Financing activities</b>		
Repayment of finance lease payables	(48)	(28)
Interest paid	(186)	(178)
Dividend paid	(325)	-
Fixed deposit	(1)	-
Repayment of bank borrowings	(3,282)	(3,655)
<b>Net cash used in financing activities</b>	<b>(3,842)</b>	<b>(3,861)</b>
Net change in cash and cash equivalents	1,679	738
Cash and cash equivalents at beginning of financial period	4,614	3,475
Net effect of exchange rate changes on cash and cash equivalents	(1)	63
<b>Cash and cash equivalents at end of financial period</b>	<b>6,292</b>	<b>4,276</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Changes in Equity**

Group	Equity attributable to owners of the parent				
	Share capital	Treasury shares	Foreign currency translation account	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 Jan 2018</b>	<b>28,431</b>	<b>(3,654)</b>	<b>(392)</b>	<b>4,458</b>	<b>28,843</b>
Profit for the financial period	-	-	-	582	582
Exchange differences on translating foreign operations	-	-	(12)	-	(12)
Total comprehensive income for the financial period	-	-	(12)	582	570
<b>Contributions by and distributions to owners of the parent:</b>					
Dividends	-	-	-	(325)	(325)
Total transactions with owners of the parent	-	-	-	(325)	(325)
<b>Balance at 30 Jun 2018</b>	<b>28,431</b>	<b>(3,654)</b>	<b>(404)</b>	<b>4,715</b>	<b>29,088</b>
<b>Balance at 1 Jan 2017</b>	<b>28,431</b>	<b>(3,654)</b>	<b>(419)</b>	<b>3,707</b>	<b>28,065</b>
Loss for the financial period	-	-	-	52	52
Exchange differences on translating foreign operations	-	-	127	-	127
Total comprehensive income for the financial period	-	-	127	52	179
<b>Contributions by and distributions to owners of the parent:</b>					
Dividends	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
<b>Balance at 30 Jun 2017</b>	<b>28,431</b>	<b>(3,654)</b>	<b>(292)</b>	<b>3,759</b>	<b>28,244</b>

**Statement of Changes in Equity**

Company	Equity attributable to owners of the company			
	Share capital	Treasury shares	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 Jan 2018</b>	<b>28,431</b>	<b>(3,654)</b>	<b>1,291</b>	<b>26,068</b>
Profit for the financial period	-	-	75	75
Total comprehensive income for the financial period	-	-	75	75
<b>Contributions by and distributions to owners of the company:</b>				
Dividends	-	-	(325)	(325)
Total transactions with owners of the company	-	-	(325)	(325)
<b>Balance at 30 June 2018</b>	<b>28,431</b>	<b>(3,654)</b>	<b>1,041</b>	<b>25,818</b>
Company	Equity attributable to owners of the company			
	Share capital	Treasury shares	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 Jan 2017</b>	<b>28,431</b>	<b>(3,654)</b>	<b>350</b>	<b>25,127</b>
Profit for the financial period	-	-	64	64
Total comprehensive income for the financial period	-	-	64	64
<b>Contributions by and distributions to owners of the company:</b>				
Dividends	-	-	-	-
Total transactions with owners of the company	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>28,431</b>	<b>(3,654)</b>	<b>414</b>	<b>25,191</b>



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	<b>As at 30 June 2018</b>	<b>As at 30 June 2017</b>
Total number of issued shares	357,178,846	357,178,846
Share Capital (S\$'000)	28,431	28,431

There are no changes in the Company's share capital since the end of the previous period reported on, i.e. 31 December 2017.

The Company held 32,278,000 ordinary shares as treasury shares as at 30 June 2018 and 30 June 2017. The total number of issued shares of the Company (excluding the treasury shares) was 357,178,846 as at 30 June 2018 and 30 June 2017. The percentage of treasury shares held against the total number of shares is 9.0% as at 30 June 2018 and 30 June 2017.

Save as disclosed above, the Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 June 2018 and 30 June 2017.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares:

	<b>As at 30 June 2018</b>	<b>As at 31 December 2017</b>
Total number of issued shares	357,178,846	357,178,846
Less: Number of treasury shares	(32,278,000)	(32,278,000)
Total number of issued shares excluding treasury shares	324,900,846	324,900,846

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/or use of treasury shares for the half year ended 30 June 2018.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company did not have subsidiary holdings for the half year ended 30 June 2018.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the accounting policies have been consistently applied by the Group and the Company and are consistent with the audited financial statements as at 31 December 2017.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its financial information under SFRS(I)s for the half year ended 30 June 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

In addition, during the current financial period, the Group and Company adopted the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018.

The following SFRS(I)s are adopted by the Group for the financial year beginning 1 January 2018:

*SFRS(I) 9      Financial Instruments*  
*SFRS(I) 15    Revenue from Contracts with Customers*

The adoption of the above SFRS(I) did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share of the Group for the period on the net profit/(loss) after income tax:	Group	
	Half year ended 30/6/2018 (Singapore Cents)	Half year ended 30/6/2017 (Singapore Cents)
(a) Based on the weighted average number of shares	0.18	0.02
(b) On a fully diluted basis	0.18	0.02

Basic earnings per share are computed based on the weighted average number of issued shares excluding treasury shares of 324,900,846 for the half year ended 30 June 2018 and 30 June 2017.

The basic and dilutive earnings per share are the same as there were no potentially dilutive securities for the half year ended 30 June 2018 and 30 June 2017.

**7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	As at 30/6/2018	As at 31/12/2017	As at 30/6/2018	As at 31/12/2017
Net asset value per ordinary share (Singapore cents) based on total number of issued shares excluding treasury shares at the end of the period:	8.95	8.88	7.95	8.02

Note: 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 2018 and 31 December 2017.

8. **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.**

### **Consolidated Statement of Comprehensive Income**

#### **Revenue**

Revenue increased by 5.9% or S\$1.97 million to S\$35.15 million in the half year ended 30 June 2018 ("1H2018") from S\$33.18 million in the half year ended 30 June 2017 ("1H2017") mainly due to higher sales generated from Malaysia and overseas markets, as compared to the previous corresponding financial period.

#### **Gross Profit**

Gross profit increased S\$1.18 million to S\$7.25 million in 1H2018 from S\$6.07 million in 1H2017 was a result of the increase in sales for 1H2018 and higher profit margin achieved.

#### **Other Income**

Other income increased by S\$0.29 million to S\$0.44 million in 1H2018 from S\$0.15 million in 1H2017 mainly due to net gain in foreign exchange of S\$0.37 million in 1H2018 which was partially offset by the reduction of government grant.

#### **Selling and Distribution Expenses**

Selling and distribution expenses increased by S\$0.34 million to S\$2.24 million in 1H2018 from S\$1.90 million in 1H2017 due to more advertisement and promotion expenses incurred in 1H2018.

#### **Administrative Expenses**

Administrative expenses increased by S\$0.37 million to S\$3.12 million in 1H2018 from S\$2.75 million in 1H2017 mainly due to increase in salaries and bonus for staff and higher provision of directors' profit sharing in the light of higher profit earned for 1H2018.

#### **Other Expenses**

Other expenses increased by S\$0.02 million to S\$1.28 million in 1H2018 from S\$1.26 million in 1H2017 was a result of the write-down of inventories, which was offset by the absence of net loss of foreign exchange as there was a net gain in foreign exchange in 1H2018.

#### **Profit for the Financial Period**

As a result of the abovementioned, the Group recorded a net profit of S\$0.58 million for 1H2018 as compared to net profit of S\$0.05 million for 1H2017.

### **Statement of Financial Position**

As at 30 June 2018, the Group's net assets were S\$29.09 million compared to S\$28.84 million as at 31 December 2017. The increase of S\$0.25 million was a result of the profit for 1H2018, dividend paid in 1H2018, and the effect of exchange differences on translating foreign operations.

The other significant changes to the Statement of Financial Position were as follows:-

- 1) Property, plant and equipment as at 30 June 2018 was recorded at S\$13.04 million, a decrease from S\$13.27 million as at 31 December 2017 by S\$0.23 million was mainly due to depreciation expenses charged for the period, after offsetting the purchase of plant and equipment for the Group.
- 2) Inventories decreased by S\$3.66 million to S\$12.99 million as at 30 June 2018 from S\$16.65 million as at 31 December 2017 due to the lower inventory level maintained by the Group after 2018 Chinese New Year and increase in allowance for inventory obsolescence.
- 3) Trade and other receivables decreased by S\$1.54 million to S\$11.79 million as at 30 June 2018 from S\$13.33 million as at 31 December 2017, resulting from prompt collection of debts.
- 4) Trade and other payables decreased by S\$0.91 million to S\$7.05 million as at 30 June 2018 from S\$7.96 million as at 31 December 2017 which was mainly attributable to lower level of inventory maintained.
- 5) Bank borrowings in current liabilities decreased by S\$3.09 million to S\$4.24 million as at 30 June 2018 from S\$7.33 million as at 31 December 2017 due to repayment of short-term bank borrowings and reduction in trade financing.

### **Consolidated Statement of Cash Flows**

The net change in cash and cash equivalents increased by S\$1.68 million to S\$6.29 million as at 30 June 2018. S\$5.60 million was generated from operating activities, which was offset by S\$0.08 million used in investing activities and S\$3.84 million used in financing activities.

The net cash generated from operating activities was largely due to the decrease in inventories.

The net cash used in investing activities was due to the net purchase in property, plant and equipment.

The net cash used in financing activities was mainly represented by the repayment of bank borrowings.

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

Not applicable.

**10. 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.**

The current global trade tension may affect the global economic growth which, together with the increase in competition and the escalating operating costs, may affect the Group's performance in the FMCG industry.

The Group will continue to look for new opportunities to grow the Group's operations. As part of the Group's expansion plan, it will commence the construction of a new warehouse in Singapore in the third quarter of the current financial year.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the half year ended 30 June 2018.

### **13. Interested Persons 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 period.

### **14. 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 financial statements for the half year ended 30 June 2018 to be false or misleading in any material aspects.

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

Lim Hai Cheok  
Chief Executive Officer

Chong Poh Soon  
Executive Director

### **15. 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  
13 August 2018

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the announcement.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).