



CO REG NO: 200403029E

**Unaudited Condensed Interim Consolidated Financial Statements
For The Half Year Ended 30 June 2023**

Condensed Interim Consolidated Income Statement and Consolidated Statement of Comprehensive Income

	Note	Group	
		Half Year ended 30/6/2023 (Unaudited) S\$'000	Half Year ended 30/6/2022 (Unaudited) S\$'000
Revenue	4.2	33,765	36,340
Cost of sales		(26,536)	(28,398)
Gross profit		7,229	7,942
Other income		470	157
Selling and distribution expenses		(1,657)	(1,721)
Administrative expenses		(3,860)	(3,775)
Other expenses		(1,491)	(1,704)
Loss allowance reversed/(made) on third party trade and other receivables		68	(28)
Finance costs		(261)	(187)
Profit before income tax	6	498	684
Income tax expense	7	(194)	(314)
Profit for the financial period		304	370
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(359)	153
Other comprehensive (loss)/income for the financial period, net of tax		(359)	153
Total comprehensive (loss)/income for the financial period		(55)	523
Profit attributable to:			
Owners of the parent		314	378
Non-controlling interests		(10)	(8)
		304	370
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(44)	539
Non-controlling interests		(11)	(16)
		(55)	523
Earnings per share			
Basic and diluted (in cents)	9	0.10	0.12

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		As at 30/6/2023 (Unaudited) S\$'000	As at 31/12/2022 (Audited) S\$'000	As at 30/6/2023 (Unaudited) S\$'000	As at 31/12/2022 (Audited) S\$'000
Non-current assets					
Property, plant and equipment	11	17,568	18,172	-	-
Intangible asset	12	174	205	-	-
Investments in subsidiaries		-	-	9,841	9,841
Financial assets, at fair value through profit or loss		94	-	-	-
Financial assets, at fair value through other comprehensive income	13	-	-	-	-
		<u>17,836</u>	<u>18,377</u>	<u>9,841</u>	<u>9,841</u>
Current assets					
Inventories		15,097	17,720	-	-
Trade and other receivables		9,777	16,164	10,387	12,455
Other current assets		226	986	-	-
Financial assets, at fair value through profit or loss		4	7	-	-
Fixed deposits		31	132	-	-
Cash and bank balances		7,138	5,416	73	68
		<u>32,273</u>	<u>40,425</u>	<u>10,460</u>	<u>12,523</u>
Less:					
Current liabilities					
Trade and other payables		5,958	6,766	126	226
Refund liabilities		617	1,922	-	-
Current income tax payable		284	503	12	8
Lease liabilities		113	111	-	-
Bank borrowings		6,679	12,220	-	-
		<u>13,651</u>	<u>21,522</u>	<u>138</u>	<u>234</u>
Net current assets		<u>18,622</u>	<u>18,903</u>	<u>10,322</u>	<u>12,289</u>
Less:					
Non-current liabilities					
Other payables		343	343	-	-
Lease liabilities		2,272	2,309	-	-
Bank borrowings		729	809	-	-
Deferred tax liabilities		215	215	23	23
		<u>3,559</u>	<u>3,676</u>	<u>23</u>	<u>23</u>
Net assets		<u>32,899</u>	<u>33,604</u>	<u>20,140</u>	<u>22,107</u>
Equity					
Share capital	15	24,777	24,777	24,777	24,777
Foreign currency translation account		(472)	(114)	-	-
Fair value reserve		(49)	(49)	-	-
Retained earnings/(Accumulated loss)		8,940	9,276	(4,637)	(2,670)
Equity attributable to owners of the parent		<u>33,196</u>	<u>33,890</u>	<u>20,140</u>	<u>22,107</u>
Non-controlling interests		(297)	(286)	-	-
Total equity		<u>32,899</u>	<u>33,604</u>	<u>20,140</u>	<u>22,107</u>

Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		Half Year ended 30/6/2023 (Unaudited) S\$'000	Half Year ended 30/6/2022 (Unaudited) S\$'000
Operating activities			
Profit before income tax		498	684
Adjustments for:			
Loss allowance (reversed)/made on third party trade and other receivables		(68)	28
Bad debt written off		25	-
Write-down of inventories	6.1	413	338
Amortisation of intangible asset		31	29
Depreciation of property, plant and equipment	6.1	554	609
Fair value loss arising from financial assets, at fair value through profit or loss		9	1
Gain on disposal of property, plant and equipment		-	(5)
Interest expense	6.1	261	187
Interest income		(16)	(12)
Unrealised exchange (gain)/loss		(797)	561
Operating cash flows before working capital changes		910	2,420
Working capital changes:			
Inventories		1,968	1,664
Trade and other receivables		6,399	1,668
Trade and other payables		208	(2,230)
Other current assets		760	543
Refund liabilities		(1,305)	(820)
Cash generated from operations		8,940	3,245
Income tax paid		(409)	(370)
Interest received		16	12
Net cash from operating activities		8,547	2,887
Investing activities			
Proceeds from disposal of property, plant and equipment		-	18
Purchase of property, plant and equipment		(123)	(126)
Financial assets, at fair value through other comprehensive income		(100)	-
Net cash used in investing activities		(223)	(108)
Financing activities			
Dividend paid	8	(650)	(650)
Fixed deposit		100	(100)
Interest paid		(261)	(187)
Repayment of lease liabilities		(69)	(86)
Repayment of bank borrowings		(5,382)	(896)
Net cash used in financing activities		(6,262)	(1,919)
Net change in cash and cash equivalents		2,062	860
Cash and cash equivalents at beginning of financial period		5,416	7,850
Net effect of exchange rate changes on cash and cash equivalents		(340)	(168)
Cash and cash equivalents at end of financial period		7,138	8,542

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 2023	24,777	(114)	(49)	9,276	33,890	(286)	33,604
Profit for the financial period	-	-	-	314	314	(10)	304
Exchange differences on translating foreign operations	-	(358)	-	-	(358)	(1)	(359)
Total comprehensive loss for the financial period	-	(358)	-	314	(44)	(11)	(55)
Transactions with owners:							
Dividends	-	-	-	(650)	(650)	-	(650)
Balance at 30 June 2023	<u>24,777</u>	<u>(472)</u>	<u>(49)</u>	<u>8,940</u>	<u>33,196</u>	<u>(297)</u>	<u>32,899</u>
(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
Transactions with owners:							
Dividends	-	-	-	(650)	(650)	-	(650)
Balance at 30 June 2022	<u>24,777</u>	<u>(372)</u>	<u>(49)</u>	<u>8,440</u>	<u>32,796</u>	<u>(288)</u>	<u>32,508</u>

Condensed Interim Statement of Changes in Equity

Company	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
(Unaudited)			
Balance at 1 January 2023	24,777	(2,670)	22,107
Total comprehensive loss for the financial period:			
Loss for the financial period	-	(1,317)	(1,317)
Transactions with owners:			
Dividends	-	(650)	(650)
Balance at 30 June 2023	<u>24,777</u>	<u>(4,637)</u>	<u>20,140</u>
(Unaudited)			
Balance at 1 January 2022	24,777	(3,950)	20,827
Total comprehensive income for the financial period:			
Profit for the financial period	-	25	25
Transactions with owners:			
Dividends	-	(650)	(650)
Balance at 30 June 2022	<u>24,777</u>	<u>(4,575)</u>	<u>20,202</u>

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 2023 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 2023 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 2022.

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 (“\$”) 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, 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 2022.

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 recognised 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 2023	Group		
	House Brands (Unaudited) S\$'000	Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
External revenue	28,235	5,530	33,765
Inter-segment revenue	2,460	11	2,471
Total revenue	30,695	5,541	36,236
Interest expense	(224)	(37)	(261)
Depreciation of property, plant and equipment	(439)	(85)	(524)
Amortisation of intangible asset	(23)	(8)	(31)
Other non-cash items:			
Loss allowance reversed/(made) on third party trade and other receivables	77	(9)	68
Bad debt written off	(25)	-	(25)
Write-down of inventories	(366)	(47)	(413)
Segment profit	657	9	666
Assets			
Segment assets	34,983	7,446	42,429
Capital expenditure	136	21	157
Liabilities			
Segment liabilities	15,359	837	16,196

Half year ended 30 June 2022	Group		
	House Brands (Unaudited) S\$'000	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 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
Assets			
Segment assets	35,285	8,964	44,249
Capital expenditure	324	87	411
Liabilities			
Segment liabilities	16,270	3,276	19,546

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

	Group	
	Half Year ended 30/6/2023 (Unaudited) S\$'000	Half Year ended 30/6/2022 (Unaudited) S\$'000
Revenue		
Total revenue for reportable segments	36,236	38,665
Elimination of inter-segment revenue	(2,471)	(2,325)
Consolidated revenue	33,765	36,340
Profit or loss		
Total segment profit	666	1,104
Unallocated corporate income/(expenses)	93	(234)
Other expenses	(261)	(186)
Consolidated profit before income tax	498	684
Assets		
Segment assets	42,429	44,249
Other unallocated assets	7,680	8,822
Consolidated total assets	50,109	53,071
Liabilities		
Segment liabilities	16,196	19,546
Other unallocated liabilities	1,014	1,017
Consolidated total liabilities	17,210	20,563

Geographical segment

	Group	
	Half Year ended 30/6/2023 (Unaudited) S\$'000	Half Year ended 30/6/2022 (Unaudited) S\$'000
Total revenue from external customers		
Singapore	15,796	15,803
Malaysia	11,403	12,076
Others ⁽¹⁾	6,566	8,461
	33,765	36,340
Non-current assets		
Singapore	13,673	14,007
Malaysia	4,162	4,740
Others ⁽¹⁾	1	3
	17,836	18,750

⁽¹⁾ "Others" include countries in Africa, Europe and Asia other than Malaysia and Singapore of which none of these countries contributes individually more than 10 percent of the Group's revenue.

4.2 Disaggregation of revenue

Half year ended 30 June 2023	Group		
	House Brands (Unaudited) S\$'000	Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
Type of good or service:			
Goods	28,169	5,509	33,678
Services	66	21	87
	<u>28,235</u>	<u>5,530</u>	<u>33,765</u>

Half year ended 30 June 2022	Group		
	House Brands (Unaudited) S\$'000	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>

5. Financial assets and financial liabilities

	Group		Company	
	As at 30/6/2023 (Unaudited) S\$'000	As at 31/12/2022 (Audited) S\$'000	As at 30/6/2023 (Unaudited) S\$'000	As at 31/12/2022 (Audited) S\$'000
Financial assets				
Cash and bank balances, fixed deposits and trade and other receivables ⁽¹⁾	16,117	20,515	10,460	12,515
Financial liabilities				
Trade and other payables and borrowings ⁽²⁾	(15,114)	(21,417)	(126)	(226)

⁽¹⁾ Excludes advance payment to suppliers, goods and services tax and prepayments.

⁽²⁾ Excludes advance receipts from customers and goods and services tax.

6. Profit before taxation

6.1 Significant items

	Group	
	Half Year ended 30/6/2023 (Unaudited) S\$'000	Half Year ended 30/6/2022 (Unaudited) S\$'000
Expenses		
Write-down of inventories	413	338
Depreciation of property, plant and equipment	554	609
Interest expense	261	187
Forex exchange loss (net)	130	509

6.2 Related party transactions

	Group	
	Half Year ended 30/6/2023 (Unaudited) S\$'000	Half Year ended 30/6/2022 (Unaudited) S\$'000
Sales to related parties	21	19
Purchases from related parties	32	18

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 30/6/2023 (Unaudited) S\$'000	Half Year ended 30/6/2022 (Unaudited) S\$'000
Current income tax expense	194	314
Deferred income tax expense relating to origination and reversal of temporary differences	-	-
	<u>194</u>	<u>314</u>

8. Dividends

	Group	
	Half Year ended 30/6/2023 (Unaudited) S\$'000	Half Year ended 30/6/2022 (Unaudited) S\$'000
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

	Group	
	Half Year ended 30/6/2023 (Unaudited)	Half Year ended 30/6/2022 (Unaudited)
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	0.10	0.12
(b) On a fully diluted basis	0.10	0.12

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 2023 and 30 June 2022.

The basic and diluted earnings per share are the same as there were no potentially dilutive securities for the period ended 30 June 2023 and 30 June 2022.

10. Net asset value

	Group		Company	
	As at 30/6/2023 (Unaudited)	As at 31/12/2022 (Audited)	As at 30/6/2023 (Unaudited)	As at 31/12/2022 (Audited)
(Singapore cents)				
Net asset value per ordinary share	10.22	10.43	6.20	6.80

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 2023 and 31 December 2022.

11. Property, plant and equipment

The Group's addition of assets amounted to S\$157,000 and no disposal of assets in the half year ended 30 June 2023 as compared to addition of assets amounting to S\$144,000 and disposal of assets with net book value of S\$13,000 in the half year ended 30 June 2022.

12. Intangible assets

	Group Computer Software S\$'000
As at 31 December 2022 (Audited)	
Cost	676
Accumulated amortisation	(471)
Net carrying amount	<u>205</u>
Half year ended 30 June 2023 (Unaudited)	
Balance as at 1 January 2023	205
Additions	-
Amortisation charge	(31)
Balance as at 30 June 2023	<u>174</u>
As at 30 June 2023 (Unaudited)	
Cost	676
Accumulated amortisation	(502)
Net carrying amount	<u>174</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 2023 (31 December 2022: S\$Nil).

14. Borrowings

	Group			
	As at 30/6/2023 (Unaudited)		As at 31/12/2022 (Audited)	
	⁽²⁾ Secured S\$'000	⁽¹⁾ Unsecured S\$'000	⁽²⁾ Secured S\$'000	⁽¹⁾ Unsecured S\$'000
Repayable within one year or less or on demand	132	6,592	142	12,130
Repayable after one year	750	-	851	-
Total	<u>882</u>	<u>6,592</u>	<u>993</u>	<u>12,130</u>

⁽¹⁾ The unsecured borrowings comprise unsecured short term bank loans of the Group amounting to S\$1.50 million (31 December 2022: S\$5.60 million) and bills payable amounting to S\$5.09 million (31 December 2022: S\$6.53 million).

⁽²⁾ The secured borrowings include term loan amounting to S\$0.82 million (31 December 2022: S\$0.90 million) and finance lease of the Group amounting to S\$0.07 million (31 December 2022: S\$0.09 million).

Details of any collateral

Term loan is secured by legal mortgage over a property in Malaysia. Finance lease payables are secured by the underlying assets acquired.

15. Share capital

	Group and Company			
	As at 30/6/2023 (Unaudited)		As at 31/12/2022 (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 which was as at 31 December 2022.

There were no outstanding convertibles as at 30 June 2023 and 30 June 2022.

There were no treasury shares as at 30 June 2023 and 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 2023 and 30 June 2022. 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 2023.

Other Information Required by Appendix 7C of the Catalyst Rules

1. Review

The half year ended 30 June 2023 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 2022 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

The Group recorded a lower revenue of S\$33.77 million in the half year ended 30 June 2023 ("1H2023") compared to S\$36.34 million in the half year ended 30 June 2022 ("1H2022"). The decrease of S\$2.57 million or 7.1% in revenue was mainly due to the decrease in overseas sales as high inflation and rising global interest rates resulted in lower demand from overseas customers.

Gross profit decreased by S\$0.71 million to S\$7.23 million in 1H2023 from S\$7.94 million in 1H2022 mainly due to decrease in revenue. There is no significant variance in the gross profit margin for both periods which stood at 21.41% for 1H2023 and 21.85% for 1H2022.

Other income increased by S\$0.31 million to S\$0.47 million in 1H2023 from S\$0.16 million in 1H2022 mainly due to the rental income from leasing out two storeys of our building in Singapore which commenced towards the end of 1H2022.

Other expenses decreased by S\$0.21 million to S\$1.49 million in 1H2023 from S\$1.70 million in 1H2022 mainly due to lesser foreign exchange loss in 1H2023.

There was a slight reversal on loss allowance on third party trade and other receivables amounting to S\$0.07 million in 1H2023 as compared to loss allowance made amounting to S\$0.03 million in 1H2022 mainly due to lower provision for expected credit loss allowance in 1H2023 as the Group continues to exercise tight credit control.

Finance costs increased by S\$0.07 million to S\$0.26 million in 1H2023 from S\$0.19 million in 1H2022 due to higher interest rate in 1H2023.

As a result of the abovementioned, the Group recorded a net profit attributable to owners of the parent of S\$0.31 million for 1H2023 as compared to net profit of S\$0.38 million for 1H2022.

Condensed Interim Statement of Financial Position

The Group's net assets were S\$32.90 million as at 30 June 2023, compared to S\$33.60 million as at 31 December 2022. The net decrease of S\$0.70 million was mainly a net result of the profit earned in 1H2023 less first and final dividend in respect of FY2022 which was paid in 1H2023, and the effect of exchange differences on translating foreign operations.

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

Property, plant and equipment as at 30 June 2023 and as at 31 December 2022 were respectively recorded at S\$17.57 million and S\$18.17 million. The decrease of S\$0.60 million was mainly represented by the current period depreciation in 1H2023.

Financial assets, at fair value through profit or loss as at 30 June 2023 with the amount S\$0.09 million consists of an investment in Structured Deposit.

Inventories decreased by S\$2.62 million to S\$15.10 million as at 30 June 2023 from S\$17.72 million as at 31 December 2022 mainly due to higher inventory level maintained by the Group at the end of FY2022 to meet the sales during Chinese New Year in 2023 ("CNY2023").

Trade and other receivables decreased by S\$6.38 million to S\$9.78 million as at 30 June 2023 from S\$16.16 million as at 31 December 2022, resulting from more sales made before the year end of FY2022 as the CNY2023 fell in early FY2023.

Other current assets, representing the right to the recovered goods for sales returns by customers, reduced to S\$0.23 million as at 30 June 2023 from S\$0.99 million as at 31 December 2022 mainly due to the higher expected return of goods in connection with CNY2023 at the end of FY2022.

Trade and other payables in current liabilities decreased by S\$0.81 million to S\$5.96 million as at 30 June 2023 from S\$6.77 million as at 31 December 2022 mainly due to (i) the accrual of profit sharing and employees' bonus for the half-year period from January 2023 to June 2023 as compared with the accrual of the same related expenses for a full-year period in FY2022 which was paid in 1H2023 (ii) the decrease in trade payables which was attributable to lower level of inventory maintained as at 30 June 2023.

Refund liabilities represents the liabilities for return of goods and sales rebates. It dropped to S\$0.62 million as at 30 June 2023 from S\$1.92 million as at 31 December 2022 which was in line with the reduction in other current assets.

Bank borrowings in current liabilities, mainly comprised bills payable and short term unsecured loan, decreased by S\$5.54 million to S\$6.68 million as at 30 June 2023 from S\$12.22 million as at 31 December 2022 which was in line with the lower inventory kept by the Group and lower trade and other receivables after CNY2023 pursuant to payments received from the trade and other receivables.

Condensed Interim Consolidated Statement of Cash Flows

Cash and cash equivalents was recorded at S\$7.14 million as at 30 June 2023. Out of the cash and cash equivalents, S\$8.55 million was generated from operating activities, S\$0.22 million used in investing activities and S\$6.26 million used in financing activities.

The net cash generated from operating activities mainly comprised the operating cash flows before working capital changes of S\$0.91 million, decrease in inventories by S\$1.97 million, decrease in trade and other receivables by S\$6.40 million and decrease in refund liabilities by S\$1.31 million.

The net cash used in investing activities was mainly attributable to the acquisition of property, plant and equipment of S\$0.12 million.

The net cash used in financing activities mainly consisted of repayment of bank borrowings of S\$5.38 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

The Group expects sales demand will continue to be affected by inflation and rising global interest rates. While the economic condition is expected to be challenging, the Group will actively manage its cost while exploring more 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

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 2023 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 during 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 2023



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 2023 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 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg