

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

**UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017**

This announcement has been prepared by Hosen Group Ltd (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 Catalyst. 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 this announcement.

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

**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 2017.**

Consolidated Statement of Comprehensive Income	Group		% Change
	S\$'000	S\$'000	
	Half Year ended 30/6/2017	Half Year ended 30/6/2016	
Revenue	33,180	37,317	(11.1)
Cost of sales	(27,109)	(30,925)	(12.3)
Gross profit	6,071	6,392	(5.0)
Other income	150	94	59.6
Selling and distribution expenses	(1,896)	(2,225)	(14.8)
Administrative expenses	(2,754)	(3,076)	(10.5)
Other expenses	(1,255)	(1,429)	(12.2)
Finance costs	(178)	(192)	(7.30)
Profit/(Loss) before income tax	138	(436)	NM
Income tax expense	(86)	(52)	65.4
Profit/(Loss) for the financial period	52	(488)	NM

NM – Not meaningful

Consolidated Statement of Comprehensive Income	Group		
	S\$'000	S\$'000	%
	Half Year ended 30/6/2017	Half Year ended 30/6/2016	Change
Other comprehensive income for the financial period, net of tax			
Exchange differences on translating foreign operations	127	270	(53.0)
Total comprehensive income for the financial period attributable to owners of the parent	179	(218)	NM

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

	Group		
	S\$'000	S\$'000	%
	Half Year ended 30/6/2017	Half Year ended 30/6/2016	Change
Depreciation of property, plant and equipment	412	429	(4.0)
Amortisation of intangible asset	32	41	(22.0)
Allowance for doubtful third party trade receivables	49	88	(44.3)
Foreign exchange loss (net)	257	270	(4.8)
Gain on disposal of property, plant and equipment	(15)	(10)	50.0
Allowance for inventory obsolescence	157	200	(21.5)
Interest income	(1)	(1)	0
Interest expenses	178	192	(7.3)

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.

	Group		Company	
	As at 30/6/2017	As at 31/12/2016	As at 30/6/2017	As at 31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	12,820	12,991	-	-
Investments in subsidiaries	-	-	9,836	9,836
Available-for-sale financial asset	-	-	-	-
Intangible asset	75	57	-	-
Other receivables	-	-	12,000	12,000
	12,895	13,048	21,836	21,836
Current assets				
Inventories	14,505	15,607	-	-
Trade and other receivables	11,754	14,915	3,410	3,452
Held-for-trading financial assets	7	7	-	-
Income tax recoverable	95	131	-	-
Fixed deposits	49	49	-	-
Cash and bank balances	4,276	3,475	53	31
	30,686	34,184	3,463	3,483
Less:				
Current liabilities				
Trade and other payables	6,011	6,188	99	175
Current income tax payable	157	140	9	17
Finance lease payables	67	50	-	-
Bank borrowings	5,466	9,005	-	-
	11,701	15,383	108	192
Net current assets	18,985	18,801	3,355	3,291
Less:				
Non-Current liabilities				
Finance lease payables	165	167	-	-
Bank borrowings	3,204	3,350	-	-
Deferred tax liabilities	267	267	-	-
	3,636	3,784	-	-
Net assets	28,244	28,065	25,191	25,127
Equity				
Share capital	28,431	28,431	28,431	28,431
Treasury shares	(3,654)	(3,654)	(3,654)	(3,654)
Foreign currency translation account	(292)	(419)	-	-
Accumulated profits	3,759	3,707	414	350
Equity attributable to owners of the parent	28,244	28,065	25,191	25,127

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

	As at 30 Jun 2017		As at 31 Dec 2016	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Repayable in one year or less or on demand	349	5,184 ⁽¹⁾	331	8,724
Repayable after one year	3,369	-	3,517	-
Total	3,718	5,184	3,848	8,724

⁽¹⁾ Comprises of unsecured bank loans and overdrafts of the Group amounting to S\$0.50 million (As at 31 December 2016: S\$1.50 million) and trust receipts amounting to S\$4.68 million (As at 31 December 2016: S\$7.22 million).

Details of any collateral

1. Term loan amounting to S\$3.49 million (As at 31 December 2016: S\$3.63 million) is secured by legal mortgage over subsidiaries' properties.
2. Finance lease payables are secured by the underlying assets acquired.
3. All the above facilities are covered by corporate guarantees.

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.

Consolidated Statement of Cash Flows	Group	
	Period ended 30/6/2017 S\$'000	Period ended 30/6/2016 S\$'000
Operating activities:		
Profit/(Loss) before income tax	138	(436)
Adjustments for :		
Allowance for doubtful trade receivables	49	88
Allowance for inventory obsolescence	157	200
Depreciation of property, plant and equipment	412	429
Amortisation of intangible asset	32	41
Gain on disposal of property, plant and equipment	(15)	(10)
Fair value loss arising from held-for-trading financial assets	-	1
Interest income	(1)	(1)
Interest expenses	178	192
Operating cash flows before working capital changes	950	504
Inventories	923	3,637
Trade and other receivables	3,092	2,003
Trade and other payables	(73)	(2,095)
Cash generated from operations	4,892	4,049
Income tax (paid)	(38)	(150)
Interest received	1	1
Net cash generated from operating activities	4,855	3,900

Consolidated Statement of Cash Flows (Continued)	Group	
	Period ended 30/6/2017 S\$'000	Period ended 30/6/2016 S\$'000
Investing activities		
Proceeds from disposal of property, plant and equipment	15	68
Purchase of property, plant and equipment (Purchase)/Disposal of intangible asset	(221) (50)	(146) 44
Net cash used in investing activities	(256)	(34)
Financing activities		
Repayment of finance lease payables	(28)	(11)
Interest paid	(178)	(192)
Proceeds from bank borrowings	9,493	9,488
Repayment of bank borrowings	(13,148)	(13,749)
Net cash used in financing activities	(3,861)	(4,464)
Net change in cash and cash equivalents	738	(598)
Cash and cash equivalents at beginning of financial period	3,475	4,389
Net effect of exchange rate changes on cash and cash equivalents	63	112
Cash and cash equivalents at end of financial period	4,276	3,903
<u>Cash and cash equivalents comprise the following:</u>		
Fixed deposits	49	49
Cash and bank balances	4,276	3,903
	4,325	3,952
Fixed deposits with tenure of more than 3 months	(20)	(20)
Fixed deposits pledged	(29)	(29)
Cash and cash equivalents at end of financial period	4,276	3,903

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
Balance at 1 Jan 2017	28,431	(3,654)	(419)	3,707	28,065
Profit for the financial period	-	-	-	52	52
Exchange differences on translating foreign operations	-	-	127	-	127
Total comprehensive income for the financial period	-	-	127	52	179
Contributions by and distributions to owners of the parent:					
Dividends	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30 Jun 2017	28,431	(3,654)	(292)	3,759	28,244
Balance at 1 Jan 2016	28,431	(3,557)	(535)	2,638	26,977
Loss for the financial period	-	-	-	(488)	(488)
Exchange differences on translating foreign operations	-	-	270	-	270
Total comprehensive income for the financial period	-	-	270	(488)	(218)
Contributions by and distributions to owners of the parent:					
Dividends	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30 Jun 2016	28,431	(3,557)	(265)	2,150	26,759

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
Balance at 1 Jan 2017	28,431	(3,654)	350	25,127
Profit for the financial period	-	-	64	64
Total comprehensive income for the financial period	-	-	64	64
Contributions by and distributions to owners of the company:				
Dividends	-	-	-	-
Total transactions with owners of the company	-	-	-	-
Balance at 30 June 2017	28,431	(3,654)	414	25,191
Company	Equity attributable to owners of the company			
	Share capital	Treasury shares	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 Jan 2016	28,431	(3,557)	199	25,073
Profit for the financial period	-	-	176	176
Total comprehensive income for the financial period	-	-	176	176
Contributions by and distributions to owners of the company:				
Dividends	-	-	-	-
Total transactions with owners of the company	-	-	-	-
Balance at 30 June 2016	28,431	(3,557)	375	25,249

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.

	As at 30 June 2017	As at 30 June 2016
Total number of issued shares	357,178,846	357,178,846
Less: Number of treasury shares	(32,278,000)	(29,868,000)
Total number of issued shares excluding treasury shares	324,900,846	327,310,846
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, ie.31 December 2016.

The Company did not have any outstanding options and convertibles as at 30 June 2017 and 30 June 2016. There were also no subsidiary holdings as at 30 June 2017 and 30 June 2016.

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:

	As at 30 June 2017	As at 31 December 2016
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.

Not applicable, as there were no sales, transfers, cancellation and/or use of treasury shares for the half year ended 30 June 2017.

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.

Not applicable, as there were no subsidiary holdings for the half year ended 30 June 2017.

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.

The Group has adopted all the Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are effective for the current financial year. The adoption of new/revised FRS and INT FRS does not have any material impact on the financial statements of the Group.

Save for the abovementioned, the Group has adopted the same accounting policies and methods of computation which are consistent with those used in the most recent audited financial statements for the financial year ended 31 December 2016.

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.

Save as disclosed in Note 4 above, there was no other change in the accounting policies and methods of computation for the current financial period reported on.

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/(loss) per ordinary share of the Group for the period on the net profit/(loss) after income tax: (Singapore cents)	Group	
	Half year ended 30/6/2017	Half year ended 30/6/2016
(a) Based on the weighted average number of shares	0.02	(0.15)
(b) On a fully diluted basis	0.02	(0.15)

Basic earnings/(loss) per share are computed based on 324,900,846 and 327,310,846 (excluding treasury shares) at 30 June 2017 and 30 June 2016.

The basic and dilutive earnings/(loss) per share are the same as there were no potentially dilutive securities for the half year ended 30 June 2017 and 30 June 2016 respectively.

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 30/6/2017	As at 31/12/2016	As at 30/6/2017	As at 31/12/2016
Net asset value per ordinary share (Singapore cents) based on total number of issued shares excluding treasury shares at the end of the period:	8.69	8.64	7.75	7.73

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 2017 and 31 December 2016 respectively.

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 decreased by 11.1% or S\$4.14 million to S\$33.18 million in the half year ended 30 June 2017 ("1H2017") from S\$37.32 million in the half year ended 30 June 2016 ("1H2016") mainly due to lower sales from both local and overseas markets and lower sales from translation to reporting currency arising from the depreciation of Malaysian Ringgit.

Gross Profit

Gross profit decreased by 5.0% or S\$0.32 million to S\$6.07 million in 1H2017 from S\$6.39 million in 1H2016 as a result of the lower revenue recorded despite higher gross margin achieved by the Group.

Other Income

Other income increased by S\$0.06 million to S\$0.15 million in 1H2017 from S\$0.09 million in 1H2016 mainly due to more government grants received in 1H2017.

Selling and Distribution Expenses

Selling and distribution expenses decreased by S\$0.33 million to S\$1.90 million in 1H2017 from S\$2.23 million in 1H2016 due to lesser advertisement and promotion expenses and logistics costs incurred in line with the lower revenue recorded for 1H2017.

Administrative Expenses

Administrative expenses decreased by S\$0.33 million to S\$2.75 million in 1H2017 from S\$3.08 million in 1H2016 mainly due to lesser salary expenses and the decrease in legal and professional fees.

Other Expenses

Other expenses decreased by S\$0.17 million to S\$1.26 million in 1H2017 from S\$1.43 million in 1H2016 was a result of decrease in both provisions for inventory obsolescence on slow moving stock and doubtful debts and foreign exchange loss.

Finance Costs

The finance costs decreased by S\$0.01 million mainly due to lower bank borrowings for working capital.

Profit for the Financial Period

As a result of the abovementioned, the Group recorded a net profit of S\$0.05 million for 1H2017 as compared to a loss of S\$0.49 million for 1H2016.

Statement of Financial Position

As at 30 June 2017, the Group's net assets were S\$28.24 million compared to S\$28.07 million as at 31 December 2016. The increase of S\$0.17 million was mainly due to the profit earned in 1H2017 and the favorable 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 2017 was recorded at S\$12.82 million, decreased from S\$13.00 million as at 31 December 2016, decreased by S\$0.18 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\$1.10 million to S\$14.51 million as at 30 June 2017 from S\$15.61 million as at 31 December 2016 due to the lower inventory level maintained by the Group after 2017 Chinese New Year.
- 3) Trade and other receivables decreased by S\$3.17 million to S\$11.75 million as at 30 June 2017 from S\$14.92 million as at 31 December 2016, resulting from lower sales recorded and prompt collection of debts.
- 4) Trade and other payables decreased by S\$0.18 million to S\$6.01 million as at 30 June 2017 from S\$6.19 million as at 31 December 2016 which is mainly attributable to the absence of accrued bonus and other remunerations accrued and yet to be paid as at 31 December 2016.
- 5) Bank borrowings in current liabilities decreased by S\$3.54 million to S\$5.47 million as at 30 June 2017 from S\$9.01 million as at 31 December 2016 due to partial 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\$0.74 million to S\$4.30 million as at 30 June 2017. S\$4.86 million was generated from operating activities, which was offset by S\$0.26 million used in investing activities and S\$3.86 million used in financing activities.

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

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

The net cash used in financing activities of S\$3.81 million was mainly represented by the net 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.

In view of the current slow economic condition, the FMCG industry remains sluggish. Current uncertain political situation and the fluctuation in foreign exchange rates may also have impact on the Group's business.

However, the Group will continue to explore new market opportunities, promote our house brand canned food products and create new chocolate product lines.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

Name of Dividend	Not applicable.
Dividend Type	Not applicable.
Dividend Amount per Share (in cents)	Not applicable.
Tax Rate	Not applicable.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

Name of Dividend	Not applicable.
Dividend Type	Not applicable.
Dividend Amount per Share (in cents)	Not applicable.
Tax Rate	Not applicable.

(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.

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 2017 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
11 August 2017