



CO REG NO: 200403029E

**Unaudited Condensed Interim Consolidated Financial Statements
For The Half Year Ended 30 June 2021**

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Condensed Interim Consolidated Income Statement and Consolidated Statement of Comprehensive Income

	Note	Group	
		Half Year ended 30/6/2021 (Unaudited) S\$'000	Half Year ended 30/6/2020 (Unaudited) S\$'000
Revenue	4.2	36,360	40,531
Cost of sales		(28,169)	(32,852)
Gross profit		8,191	7,679
Other income		435	844
Selling and distribution expenses		(1,763)	(1,486)
Administrative expenses		(3,787)	(3,780)
Other expenses		(1,330)	(1,262)
Loss allowance made on third party trade and other receivables		(190)	(94)
Finance costs		(168)	(293)
Profit before income tax	6	1,388	1,608
Income tax expense	7	(385)	(457)
Profit for the financial period		1,003	1,151
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(100)	(61)
Other comprehensive income for the financial period, net of tax		(100)	(61)
Total comprehensive income for the financial period		903	1,090
Profit attributable to:			
Owners of the parent		1,013	1,160
Non-controlling interests		(10)	(9)
		1,003	1,151
Total comprehensive income attributable to:			
Owners of the parent		920	1,107
Non-controlling interests		(17)	(17)
		903	1,090
Earnings per share			
Basic and diluted (in cents)		0.31	0.36

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		As at 30/6/2021 (Unaudited) S\$'000	As at 31/12/2020 (Audited) S\$'000	As at 30/6/2021 (Unaudited) S\$'000	As at 31/12/2020 (Audited) S\$'000
Non-current assets					
Property, plant and equipment	12	19,416	19,922	-	-
Intangible asset	13	182	212	-	-
Investments in subsidiaries		-	-	9,841	9,841
Financial assets, at fair value through other comprehensive income		-	-	-	-
Other receivables		-	-	-	-
		<u>19,598</u>	<u>20,134</u>	<u>9,841</u>	<u>9,841</u>
Current assets					
Inventories		12,770	15,249	-	-
Trade and other receivables		11,014	11,272	10,289	11,013
Other current assets		212	553	-	-
Financial assets, at fair value through profit or loss		8	4	-	-
Fixed deposits		33	33	-	-
Cash and bank balances		7,420	6,049	80	62
		<u>31,457</u>	<u>33,160</u>	<u>10,369</u>	<u>11,075</u>
Less:					
Current liabilities					
Trade and other payables		6,999	7,211	109	182
Refund liabilities		575	1,035	-	-
Current income tax payable		484	417	13	22
Lease liabilities		179	195	-	-
Bank borrowings		8,187	9,915	-	-
		<u>16,424</u>	<u>18,773</u>	<u>122</u>	<u>204</u>
Net current assets		<u>15,033</u>	<u>14,387</u>	<u>10,247</u>	<u>10,871</u>
Less:					
Non-current liabilities					
Lease liabilities		2,049	2,129	-	-
Bank borrowings		1,006	1,069	-	-
Deferred tax liabilities		257	257	-	-
		<u>3,312</u>	<u>3,455</u>	<u>-</u>	<u>-</u>
Net assets		<u>31,319</u>	<u>31,066</u>	<u>20,088</u>	<u>20,712</u>
Equity					
Share capital	15	24,777	24,777	24,777	24,777
Foreign currency translation account		(457)	(364)	-	-
Fair value reserve		(49)	(49)	-	-
Retained earnings		7,313	6,950	(4,689)	(4,065)
Equity attributable to owners of the parent		<u>31,584</u>	<u>31,314</u>	<u>20,088</u>	<u>20,712</u>
Non-controlling interests		(265)	(248)	-	-
Total equity		<u>31,319</u>	<u>31,066</u>	<u>20,088</u>	<u>20,712</u>

Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		Half Year ended 30/6/2021 (Unaudited) S\$'000	Half Year ended 30/6/2020 (Unaudited) S\$'000
Operating activities			
Profit before income tax		1,388	1,608
Adjustments for:			
Loss allowance made on third party trade and other receivables	6.1	190	94
Write-down of inventories	6.1	322	422
Amortisation of intangible asset	6.1	30	10
Depreciation of property, plant and equipment	6.1	648	591
Fair value gain arising from financial assets, at fair value through profit or loss	6.1	(4)	-
Gain on disposal of property, plant and equipment	6.1	(3)	(16)
Impairment of property, plant and equipment	6.1	-	13
Interest expense	6.1	168	293
Interest income	6.1	(8)	(11)
Unrealised exchange gain		(59)	(129)
Operating cash flows before working capital changes		2,672	2,875
Working capital changes:			
Inventories		2,095	2,666
Trade and other receivables		200	1,193
Trade and other payables		(320)	(1,403)
Other current assets		341	791
Refund liabilities		(460)	(1,061)
Cash generated from operations		4,528	5,061
Income tax paid		(316)	(140)
Interest received		8	11
Net cash from operating activities		4,220	4,932
Investing activities			
Proceeds from disposal of property, plant and equipment		3	35
Purchase of property, plant and equipment		(221)	(32)
Net cash (used in)/from investing activities		(218)	3
Financing activities			
Dividend paid	8	(650)	-
Interest paid		(168)	(293)
Repayment of from lease liabilities		(97)	(57)
Repayment of bank borrowings		(1,704)	(1,624)
Net cash used in financing activities		(2,619)	(1,974)
Net change in cash and cash equivalents		1,383	2,961
Cash and cash equivalents at beginning of financial period		6,049	5,260
Net effect of exchange rate changes on cash and cash equivalents		(12)	(13)
Cash and cash equivalents at end of financial period		7,420	8,208

Condensed Interim Consolidated Statement of Changes in Equity

Group	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation account S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total S\$'000
(Unaudited)								
Balance at 1 January 2021	24,777	-	(364)	(49)	6,950	31,314	(248)	31,066
Profit for the financial 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
(Unaudited)								
Balance at 1 January 2020	28,431	(3,654)	(210)	(49)	4,030	28,548	(225)	28,323
Profit for the financial period	-	-	-	-	1,160	1,160	(9)	1,151
Exchange differences on translating foreign operations	-	-	(53)	-	-	(53)	(8)	(61)
Total comprehensive income for the financial period	-	-	(53)	-	1,160	1,107	(17)	1,090
Balance at 30 June 2020	28,431	(3,654)	(263)	(49)	5,190	29,655	(242)	29,413

Condensed Interim Statement of Changes in Equity

Company	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Total S\$'000
(Unaudited)				
Balance at 1 January 2021	24,777	-	(4,065)	20,712
Profit for the financial 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
(Unaudited)				
Balance at 1 January 2020	28,431	(3,654)	(4,920)	19,857
Profit for the financial period	-	-	118	118
Total comprehensive income for the financial period	-	-	118	118
Balance at 30 June 2020	28,431	(3,654)	(4,802)	19,975

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 2021 comprise the Company and its subsidiaries (the “Group”).

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

The principal activities of the Group are:

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

2. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention and SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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, 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 2020.

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

3. Seasonal operations

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

4. Segment and revenue information

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

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

Principal activities of each business segment are as follows:

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

4.1 Reportable segments

Operating segment

Half year ended 30 June 2021	Group		
	House Brands (Unaudited) S\$'000	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 assets	(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
Assets			
Segment assets	36,010	7,310	43,320
Capital expenditure	177	44	221
Liabilities			
Segment liabilities	15,486	3,251	18,737

Half year ended 30 June 2020	Group		
	House Brands (Unaudited) S\$'000	Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
External revenue	31,101	9,430	40,531
Inter-segment revenue	2,165	37	2,202
Total revenue	33,266	9,467	42,733
Interest income	11	-	11
Interest expense	(251)	(42)	(293)
Depreciation of property, plant and equipment	(401)	(95)	(496)
Amortisation of intangible assets	(7)	(3)	(10)
Other non-cash items:			
Loss allowance reversed on third party trade and other receivables	(93)	(1)	(94)
Write-down of inventories	(362)	(60)	(422)
Gain on disposal of property, plant and equipment	16	-	16
Impairment of property, plant and equipment	(13)	-	(13)
Segment profit	2,117	13	2,130
Assets			
Segment assets	36,733	9,540	46,273
Capital expenditure	158	38	196
Liabilities			
Segment liabilities	19,108	5,477	24,585

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

	Group	
	Half Year ended 30/6/2021 (Unaudited) S\$'000	Half Year ended 30/6/2020 (Unaudited) S\$'000
Revenue		
Total revenue for reportable segments	39,019	42,733
Elimination of inter-segment revenue	(2,659)	(2,202)
Consolidated revenue	36,360	40,531
Profit or loss		
Total segment profit	1,819	2,130
Unallocated corporate expenses	(263)	(229)
Other expenses	(168)	(293)
Consolidated profit before income tax	1,388	1,608
Assets		
Segment assets	43,320	46,273
Other unallocated assets	7,735	8,704
Consolidated total assets	51,055	54,977
Liabilities		
Segment liabilities	18,737	24,585
Other unallocated liabilities	999	979
Consolidated total liabilities	19,736	25,564

Geographical segment

	Group	
	Half Year ended 30/6/2021 (Unaudited) S\$'000	Half Year ended 30/6/2020 (Unaudited) S\$'000
Total revenue from external customers		
Singapore	17,471	21,341
Malaysia	10,987	11,802
Others ⁽¹⁾	7,902	7,388
	36,360	40,531
Non-current assets		
Singapore	14,503	14,730
Malaysia	5,060	5,324
Others ⁽¹⁾	35	6
	19,598	20,060

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

4.2 Disaggregation of revenue

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	29,383	6,792	36,175
Services	137	48	185
	<u>29,520</u>	<u>6,840</u>	<u>36,360</u>

Half year ended 30 June 2020			
	House Brands (Unaudited) S\$'000	Group Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
Type of good or service:			
Goods	30,974	9,372	40,346
Services	127	58	185
	<u>31,101</u>	<u>9,430</u>	<u>40,531</u>

5. Financial assets and financial liabilities

	Group		Company	
	As at 30/6/2021 (Unaudited) S\$'000	As at 31/12/2020 (Audited) S\$'000	As at 30/6/2021 (Unaudited) S\$'000	As at 31/12/2020 (Audited) S\$'000
Financial assets				
Cash and bank balances and trade and other receivables	<u>32,288</u>	<u>31,669</u>	<u>10,366</u>	<u>11,067</u>
Financial liabilities				
Trade and other payables and borrowings	<u>(43,568)</u>	<u>(46,501)</u>	<u>(109)</u>	<u>(182)</u>

6. Profit before taxation

6.1 Significant items

	Group	
	Half Year ended 30/6/2021 (Unaudited) S\$'000	Half Year ended 30/6/2020 (Unaudited) S\$'000
Expenses / (Income)		
Loss allowance made on third party trade and other receivables	190	94
Write-down of inventories	322	422
Amortisation of intangible asset	30	10
Depreciation of property, plant and equipment	648	591
Fair value gain arising from financial assets, at fair value through profit or loss	(4)	-
Gain on disposal of property, plant and equipment	(3)	(16)
Impairment of property, plant and equipment	-	13
Interest expense	168	293
Interest income	(8)	(11)
Forex exchange gain (net)	(111)	(263)

6.2 Related party transactions

	Group	
	Half Year ended 30/6/2021 (Unaudited) S\$'000	Half Year ended 30/6/2020 (Unaudited) S\$'000
Sales to related parties	11	78
Purchases from related parties	26	33

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 30/6/2021 (Unaudited) S\$'000	Half Year ended 30/6/2020 (Unaudited) S\$'000
Current income tax expense	385	457
Deferred income tax expense relating to origination and reversal of temporary differences	-	-
	385	457

8. Dividend

	Group	
	Half Year ended 30/6/2021 (Unaudited) S\$'000	Half Year ended 30/6/2020 (Unaudited) S\$'000
First and final tax-exempt dividend of S\$0.002 per share paid in respect of the financial year ended 31 December 2020	650	-

9. Earnings per ordinary share

	Group	
	Half Year ended 30/6/2021 (Unaudited)	Half Year ended 30/6/2020 (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	0.31	0.36
(b) On a fully diluted basis	0.31	0.36

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 2021 and 30 June 2020.

The basic and diluted earnings per share are the same as there were no potentially dilutive securities for the period ended 30 June 2021 and 30 June 2020.

10. Net asset value

	Group		Company	
	As at 30/6/2021 (Unaudited)	As at 31/12/2020 (Audited)	As at 30/6/2021 (Unaudited)	As at 31/12/2020 (Audited)
(Singapore cents)				
Net asset value per ordinary share	9.72	9.64	6.18	6.37

The net asset value per share is calculated based on the total number of issued shares excluding treasury shares of 324,900,846 as at 30 June 2021 and 31 December 2020.

11. Financial assets at fair value through other comprehensive income

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

The fair value of unlisted equity investment was derived using adjusted net assets of the unlisted equity investment, which approximated the carrying amount of \$Nil as at 30 June 2021 and 31 December 2020.

12. Property, plant and equipment

The Group's addition of assets amounted to S\$221,000 and disposal of assets with net book value of S\$Nil in the half year ended 30 June 2021 as compared to addition of assets amounting to S\$196,000 and disposal of assets with net book value of S\$Nil in the half year ended 30 June 2020.

13. Intangible assets

	Group Computer Software S\$'000
As at 31 December 2020 (Audited)	
Cost	647
Accumulated amortisation	(435)
Net book amount	<u>212</u>
Half year ended 30 June 2021 (Unaudited)	
Opening net book amount	212
Additions	-
Amortisation charge	(30)
Closing net book amount	<u>182</u>
As at 30 June 2021 (Unaudited)	
Cost	647
Accumulated amortisation	(465)
Net book amount	<u><u>182</u></u>

14. Borrowings

	Group			
	As at 30/6/2021 (Unaudited)		As at 31/12/2020 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Repayable within one year or less or on demand	187	⁽²⁾ 8,095	206	⁽²⁾ 9,823
Repayable after one year	1,117	-	1,222	-
Total	<u>1,304</u>	<u>8,095</u>	<u>1,428</u>	<u>9,823</u>

⁽²⁾ The unsecured borrowings comprise unsecured bank loans of the Group amounting to S\$2.00 million (31 December 2020: S\$3.65 million) and bills payable amounting to S\$6.10 million (31 December 2020: S\$6.17 million).

Details of any collateral

Term loan amounting to S\$1.10 million (31 December 2020: S\$1.16 million) is secured by legal mortgage over subsidiaries' properties. Finance lease payables amounting to S\$0.21 million (31 December 2020: S\$0.27 million) are secured by the underlying assets acquired.

15. Share capital

	Group and Company			
	As at 30/6/2021 (Unaudited)		As at 31/12/2020 (Audited)	
	Number of shares	Amount S\$'000	Number of shares	Amount S\$'000
Total number/amount of Ordinary Shares	<u>324,900,846</u>	<u>24,777</u>	<u>324,900,846</u>	<u>24,777</u>

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

There were no outstanding convertibles as at 30 June 2021 and 30 June 2020.

There were no treasury shares as at 30 June 2021. 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 32,278,000 treasury shares as at 30 June 2020 which represented 9.9% of the Company's total number of ordinary shares (excluding treasury shares) as at 30 June 2020.

There were no subsidiary holdings as at 30 June 2021 and 30 June 2020. As such, there was no sale, transfer, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

16. 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 reported on.

17. Subsequent events

There is no known subsequent events which have led to adjustments to 1H2021 condensed interim financial statements.

Other Information Required by Appendix 7C of the Catalyst Rules

1. Review

The half year 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 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial 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 decreased by 10.3% or S\$4.17 million to S\$36.36 million in the half year ended 30 June 2021 ("1H2021") from S\$40.53 million in the half year ended 30 June 2020 ("1H2020") mainly due to the higher demand of our products resulting from consumers' stockpiling of food during the Circuit-Breaker period in Singapore and the Movement Control Order in Malaysia in 1H2020.

Gross profit increased by S\$0.51 million to S\$8.19 million in 1H2021 from S\$7.68 million in 1H2020 mainly due to higher profit margin earned by our major operating subsidiaries in Singapore and Malaysia.

Other income decreased by S\$0.40 million to S\$0.44 million in 1H2021 from S\$0.84 million in 1H2020 mainly due to the reduction of government grants and foreign exchange gain in 1H2021.

Selling and distribution expenses increased by S\$0.27 million to S\$1.76 million in 1H2021 from S\$1.49 million in 1H2020 due to higher distribution costs following the escalated freight costs and higher promotion expenses incurred in 1H2021 as compared to lesser promotion activities during the circuit breaker in 1H2020.

Other expenses increased by S\$0.07 million to S\$1.33 million in 1H2021 from S\$1.26 million in 1H2020 mainly due to the depreciation on the new six-storey building in Singapore for full six months in 1H2021 as the new building was put into use only in March 2020 and higher amortization costs for the additional intangible assets acquired in the second half year of FY2020.

Loss allowance on third-party trade and other receivables increased by S\$0.10 million to S\$0.19 million in 1H2021 from S\$0.09 million in 1H2020 mainly due to higher provision for expected credit loss allowance in 1H2021.

Finance costs decreased by S\$0.12 million to S\$0.17 million in 1H2021 from S\$0.29 million in 1H2020 due to lesser borrowings to finance the purchases of goods.

As a result of the abovementioned, the Group recorded a net profit attributable to owners of the parent of S\$1.01 million for 1H2021 as compared to net profit of S\$1.16 million for 1H2020.

Condensed Interim Statement of Financial Position

The Group's net assets were S\$31.32 million as at 30 June 2021, compared to S\$31.07 million as at 31 December 2020. The net increase of S\$0.25 million was mainly a net result of the profit earned in 1H2021 less first and final dividend in respect of FY2020 which was paid in 1H2021.

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

Property, plant and equipment as at 30 June 2021 and as at 31 December 2020 were respectively recorded at S\$19.42 million and S\$19.92 million. The decrease of S\$0.50 million was mainly represented by the current period depreciation.

Inventories decreased by S\$2.48 million to S\$12.77 million as at 30 June 2021 from S\$15.25 million as at 31 December 2020 mainly due to higher inventory level maintained by the Group at the end of FY2020 to meet the sales during Chinese New Year in 2021 ("CNY2021").

Trade and other receivables decreased by S\$0.26 million to S\$11.01 million as at 30 June 2021 from S\$11.27 million as at 31 December 2020 as a result of reduced advance payment to suppliers and other debtors as at 30 June 2021.

Other current assets, representing the right to the recovered goods for sales returns by customers, reduced to S\$0.21 million as at 30 June 2021 from S\$0.55 million as at 31 December 2020 mainly due to the higher expected return of goods in connection with CNY2021 at the end of FY2020.

Trade and other payables decreased by S\$0.21 million to S\$7.00 million as at 30 June 2021 from S\$7.21 million as at 31 December 2020 mainly due to the directors' profit sharing for FY2020 paid in 1H2021 which is partially offset by the provision of the same in 1H2021 and increase in trade payables as at 30 June 2021 due to more purchases being made towards the end of 1H2021.

Refund liabilities represents the liabilities for return of goods and sales rebates. It dropped to S\$0.58 million as at 30 June 2021 from S\$1.04 million as at 31 December 2020 which was in line with the reduction in other current assets.

Lease liabilities in current liabilities and non-current liabilities reduced by S\$0.09 million to S\$2.23 million as at 30 June 2021 from S\$2.32 million as at 31 December 2020 due to repayment of lease obligations.

Bank borrowings in current liabilities, mainly comprised of bills payable and short term unsecured loan, decreased by S\$1.73 million to S\$8.19 million as at 30 June 2021 from S\$9.92 million as at 31 December 2020 which was in line with the lower inventory kept by the Group after CNY2021.

Condensed Interim Consolidated Statement of Cash Flows

Cash and cash equivalents was recorded at S\$7.42 million as at 30 June 2021. Out of the net change in cash and cash equivalents of S\$1.38 million for 1H2021, S\$4.22 million was generated from operating activities, S\$0.22 million used in investing activities and S\$2.62 million used in financing activities.

The net cash generated from operating activities mainly comprised the decrease in inventories by S\$2.10 million, the decrease in trade and other receivables by S\$0.20 million and decrease in trade and other payables by S\$0.32 million.

The net cash used in investing activities was mainly attributable to the acquisition of property, plant and equipment of S\$0.22 million.

The net cash used in financing activities mainly consisted of repayment of bank borrowings of S\$1.70 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 Covid-19 pandemic has resulted in economic uncertainties in many countries. Freight costs have also increased due to the delay of shipping schedules and shortage of containers. The Group will continue to monitor the situation and remain cautious in facing the challenging market conditions.

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

(b) (ii) Previous corresponding period cents

Nil

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

Not applicable.

(b) The date the dividend is payable.

No applicable.

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

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 2021 as the Group intends to conserve funds for future expansion and potential investments when opportunities arise.

6. Interested person transactions

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

9. Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual (Section B: Rules of Catalyst) 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 financial statements for the half year ended 30 June 2021 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

Lim Hock Chye Daniel
Executive Director

BY ORDER OF THE BOARD

Lim Hai Cheok
Chief Executive Officer

12 August 2021

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

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