

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

**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Comprehensive Income**

	Group		Change %
	Year ended 31/12/2019 (Unaudited)	Year ended 31/12/2018 (Audited) <sup>(1)</sup>	
	S\$'000	S\$'000	
Revenue	67,311	68,311	(1.5)
Cost of sales	(54,062)	(54,524)	(0.8)
<b>Gross profit</b>	<b>13,249</b>	<b>13,787</b>	<b>(3.9)</b>
Other income	382	213	79.3
Selling and distribution expenses	(2,537)	(3,212)	(21.0)
Administrative expenses	(6,635)	(6,463)	2.7
Other expenses	(2,822)	(2,663)	6.0
Loss allowance (made)/reversed for third party trade and other receivables	(2,093)	24	NM
Finance costs	(540)	(360)	50.0
<b>(Loss)/Profit before income tax</b>	<b>(996)</b>	<b>1,326</b>	<b>NM</b>
Income tax expense	(348)	(449)	(22.5)
<b>(Loss)/Profit for the financial year</b>	<b>(1,344)</b>	<b>877</b>	<b>NM</b>
<b>Attributable to:</b>			
Owners of the parent	(936)	892	NM
Non-controlling interests	(408)	(15)	NM
	<b>(1,344)</b>	<b>877</b>	<b>NM</b>

<sup>(1)</sup> The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases for the financial year ended 31 December 2019 ("FY2019") and has not retrospectively applied the new standards for the financial year ended 31 December 2018 ("FY2018").

### Consolidated Statement of Comprehensive Income

	Group		Change
	Year ended 31/12/2019 (Unaudited)	Year ended 31/12/2018 (Audited) <sup>(1)</sup>	
	S\$'000	S\$'000	
<b>Other comprehensive income for the financial year</b> <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations, net of tax	91	94	(3.2)
<b>Total comprehensive income for the financial year</b>	<b>(1,253)</b>	<b>971</b>	<b>NM</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	(848)	986	NM
Non-controlling interests	(405)	(15)	NM
	<b>(1,253)</b>	<b>971</b>	<b>NM</b>

### (Loss)/Profit before income tax arrived at after charging/(crediting) the following:

	Group		Change
	Year ended 31/12/2019 (Unaudited)	Year ended 31/12/2018 (Audited)	
	S\$'000	S\$'000	
Depreciation of property, plant and equipment	764	943	(19.0)
Amortisation of intangible asset	20	20	0.0
Amortisation of right-of-use assets	282	-	100.0
Property, plant and equipment written off	31	815	NM
Loss allowance for third party trade and other receivables	2,175	182	NM
Loss allowance reversed for third party trade receivables	(82)	(206)	(60.2)
Bad debts written off - trade	21	-	NM
Foreign exchange loss/(gain) (net)	88	(66)	NM
Gain on disposal of subsidiary	(141)	-	100.0
Gain on disposal of property, plant and equipment	(74)	(37)	NM
Write down of inventories	525	303	73.3
Impairment of property, plant and equipment	517	-	100.0
Interest income	(32)	(8)	300.0
Interest expense	540	360	50.0
Fair value loss on financial assets at fair value through profit or loss	-	3	(100.0)

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	
	Year ended 31/12/2019 (Unaudited)	Year ended 31/12/2018 (Audited)	Year ended 31/12/2019 (Unaudited)	Year ended 31/12/2018 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	18,001	12,835	-	-
Intangible asset	47	67	-	-
Right-of-use assets	2,493	-	-	-
Investments in subsidiaries	-	-	9,841	9,836
Other receivables	25	504	-	4,234
	20,566	13,406	9,841	14,070
<b>Current assets</b>				
Inventories	17,512	15,170	-	-
Trade and other receivables	13,187	15,585	10,130	12,414
Other current assets	992	1,051	-	-
Financial assets at fair value through profit or loss	3	3	-	-
Income tax recoverable	1	-	-	-
Fixed deposits	32	31	-	-
Cash and bank balances	5,260	5,449	88	51
	36,987	37,289	10,218	12,465
<b>Less:</b>				
<b>Current liabilities</b>				
Trade and other payables	8,121	9,063	173	165
Refund liabilities	1,712	1,726	-	-
Current income tax payable	48	354	29	11
Lease liabilities	172	106	-	-
Bank borrowings	14,342	6,928	-	-
	24,395	18,177	202	176
<b>Net current assets</b>	12,592	19,112	10,016	12,289
<b>Less:</b>				
<b>Non-Current liabilities</b>				
Lease liabilities	2,068	202	-	-
Bank borrowings	2,510	2,808	-	-
Deferred tax liabilities	257	127	-	-
<b>Total non-current liabilities</b>	4,835	3,137	-	-
<b>Net assets</b>	28,323	29,381	19,857	26,359
<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	(210)	(298)	-	-
Fair value reserve	(49)	(49)	-	-
Retained earnings	4,030	4,966	(4,920)	1,582
Equity attributable to owners of the parent	28,548	29,396	19,857	26,359
Non-controlling interests	(225)	(15)	-	-
<b>Total equity</b>	28,323	29,381	19,857	26,359

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

	As at 31/12/2019		As at 31/12/2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Repayable in one year or less or on demand	404	14,048 <sup>(1)</sup>	400	6,634 <sup>(1)</sup>
Repayable after one year	2,759	-	3,010	-
<b>Total</b>	<b>3,163</b>	<b>14,048</b>	<b>3,410</b>	<b>6,634</b>

- <sup>(1)</sup> The unsecured borrowings comprise unsecured bank loans of the Group amounting to S\$3.65 million (31 December 2018: S\$0.50 million) and bills payable amounting to S\$10.40 million (31 December 2018: S\$6.13 million).

**Details of any collateral**

Term loan amounting to S\$2.80 million (As at 31 December 2018: S\$3.10 million) is secured by legal mortgage over subsidiaries' properties. Finance lease payables amounting to S\$0.36 million (31 December 2018: S\$0.31 million) are secured by the underlying assets acquired.

1(c) **A cash flow statement (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>Year ended 31/12/2019 (Unaudited)</b>	<b>Year ended 31/12/2018 (Audited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities:</b>		
(Loss)/Profit before income tax	(996)	1,326
<b>Adjustments for:</b>		
Loss allowance made/(reversed) for third party trade and other receivables	2,093	(24)
Bad debts written off - Trade	21	-
Write down of inventories	525	303
Amortisation of intangible asset	20	20
Amortisation of right-of-use assets	282	-
Depreciation of property, plant and equipment	764	943
Gain on disposal of subsidiary	(141)	-
Property, plant and equipment written off	31	815
Fair value loss arising from financial assets at fair value through profit or loss	-	3
Gain on disposal of property, plant and equipment	(74)	(37)
Impairment of property, plant and equipment	517	-
Interest expense	540	360
Interest income	(32)	(8)
Unrealised exchange loss	231	60
<b>Operating cash flows before working capital changes</b>	<b>3,781</b>	<b>3,761</b>
Inventories	(3,666)	1,182
Trade and other receivables	382	(2,638)
Trade and other payables	(24)	966
Other current assets	59	(310)
Refund liabilities	(14)	593
Cash generated from operations	518	3,554
Income tax paid	(525)	(396)
Income received	32	8
<b>Net cash from operating activities</b>	<b>25</b>	<b>3,166</b>

Consolidated Statement of Cash Flows (Continued)	Group	
	Year ended 31/12/2019 (Unaudited) S\$'000	Year ended 31/12/2018 (Audited) S\$'000
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	111	40
Purchase of right-of-use assets	(146)	-
Proceed from disposal of subsidiary	1	-
Purchase of property, plant and equipment	(6,648)	(927)
<b>Net cash used in investing activities</b>	<b>(6,682)</b>	<b>(887)</b>
<b>Financing activities</b>		
Dividends paid	-	(325)
Fixed Deposit	(1)	(1)
Interest paid	(540)	(360)
Proceeds from issuance of ordinary shares to non-controlling interests	54	-
Repayment of lease liabilities	(167)	(96)
Proceeds from/(Repayment of) bank borrowings	7,132	(697)
<b>Net cash from/(used in) financing activities</b>	<b>6,478</b>	<b>(1,479)</b>
Net change in cash and cash equivalents	(179)	800
Cash and cash equivalents at beginning of financial year	5,449	4,614
Net effect of exchange rate changes on cash and cash equivalents	(10)	35
<b>Cash and cash equivalents at end of financial year</b>	<b>5,260</b>	<b>5,449</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	Share capital	Treasury shares	Foreign currency translation account	Fair value reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>(Unaudited)</b>								
<b>Balance at 1 Jan 2019</b>	28,431	(3,654)	(298)	(49)	4,966	29,396	(15)	29,381
Loss for the financial year	-	-	-	-	(936)	(936)	(408)	(1,344)
Exchange differences on translating foreign operations	-	-	88	-	-	88	3	91
Total comprehensive income for the financial year	-	-	88	-	(936)	(848)	(405)	(1,253)
<b>Transaction with non-controlling interests:</b>								
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	54	54
Disposal of subsidiary by non-controlling interests	-	-	-	-	-	-	141	141
Total transactions with non-controlling interests	-	-	-	-	-	-	195	195
<b>Balance at 31 Dec 2019</b>	28,431	(3,654)	(210)	(49)	4,030	28,548	(225)	28,323
<b>(Audited)</b>								
<b>Balance at 31 Dec 2017</b>	28,431	(3,654)	(392)	-	4,350	28,735	-	28,735
Effect of adopting SFRS(I) 9	-	-	-	(49)	49	-	-	-
<b>Balance at 1 Jan 2018</b>	28,431	(3,654)	(392)	(49)	4,399	28,735	-	28,735
Profit for the financial year	-	-	-	-	892	892	(15)	877
Exchange differences on translating foreign operations	-	-	94	-	-	94	-	94
Total comprehensive income for the financial year	-	-	94	-	892	986	(15)	971
<b>Transactions with owners:</b>								
Dividends	-	-	-	-	(325)	(325)	-	(325)
Total transactions with owners of the parent	-	-	-	-	(325)	(325)	-	(325)
<b>Balance at 31 Dec 2018</b>	28,431	(3,654)	(298)	(49)	4,966	29,396	(15)	29,381

**Statement of Changes in Equity**

Company	Statements of changes in equity			
	Share capital	Treasury shares	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>(Unaudited)</b>				
<b>Balance at 1 Jan 2019</b>	<b>28,431</b>	<b>(3,654)</b>	<b>1,582</b>	<b>26,359</b>
Loss for the financial year	-	-	(6,502)	(6,502)
Total comprehensive income for the financial year	-	-	(6,502)	(6,502)
<b>Transactions with owners:</b>				
Dividends	-	-	-	-
Total transactions with owners of the parent	-	-	-	-
<b>Balance at 31 Dec 2019</b>	<b>28,431</b>	<b>(3,654)</b>	<b>(4,920)</b>	<b>19,857</b>
<b>(Audited)</b>				
<b>Balance at 31 Dec 2017</b>	<b>28,431</b>	<b>(3,654)</b>	<b>1,291</b>	<b>26,068</b>
Effect of adopting SFRS(I) 9	-	-	440	440
<b>Balance at 1 Jan 2018</b>	<b>28,431</b>	<b>(3,654)</b>	<b>1,731</b>	<b>26,508</b>
Profit for the financial year	-	-	176	176
Total comprehensive income for the financial year	-	-	176	176
<b>Transactions with owners:</b>				
Dividends	-	-	(325)	(325)
Total transactions with owners of the parent	-	-	(325)	(325)
<b>Balance at 31 Dec 2018</b>	<b>28,431</b>	<b>(3,654)</b>	<b>1,582</b>	<b>26,359</b>



1(d)(ii) Details of any changes in the company's share capital arising from right 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 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.

Ordinary Share Capital

There were no changes in the Company's share capital since the end of the previous period reported on, as shown below:

	Number of ordinary shares (excluding treasury shares)	Issued and paid-up share capital (S\$'000)
<b>Balance as at 30 June 2019 and 31 December 2019</b>	324,900,846 shares	28,431

Outstanding Convertibles

There were no outstanding convertibles as at 31 December 2019 and 31 December 2018.

Treasury Shares

There were 32,278,000 treasury shares as at 31 December 2019 and 31 December 2018, which represented 9.9% of the Company's total number of ordinary shares (excluding treasury shares) as at 31 December 2019 and 31 December 2018.

Subsidiary Holdings

There were no subsidiary holdings as at 31 December 2019 and 31 December 2018.

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 31 December 2019	As at 31 December 2018
Total number of issued shares	357,178,846	357,178,846
Less: 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 was no sale, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial year reported on.

**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.**

There were no subsidiary holdings during and as at the end of the current financial year reported on.

**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.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- a) Updates on the efforts taken to resolve each outstanding audit issue.
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

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 applied by the Group and the Company in the financial statements for FY2019 are consistent with those applied in the audited financial statements for the financial year ended 31 December 2018.

**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 the new SFRS(I) 16 Leases on 1 January 2019, using the modified retrospective approach. It requires a lessee to recognise a right-of-use asset representing its right of use over the underlying asset and a lease liability representing its obligation to make lease payments. The Group has not restated comparatives for the previous corresponding period as permitted under SFRS(I) 16 Leases.

Leases are recognised as right-of-use assets and the obligation to make lease payments are recorded as lease liabilities which were measured as the present value of the remaining lease payments on 1 January 2019.

Each lease payment is allocated between the lease liability and finance cost. The latter is charged to profit or loss. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-in-basis.

The effect of the adoption of SFRS(I) 16 Leases on the Group's financial statements has been explained in Note 8.

**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.**

(Loss)/Earnings per ordinary share of the Group attributable to owners of the parent for the period on the net profit after income tax:	Group	
	Year ended 31/12/2019 (Unaudited)	Year ended 31/12/2018 (Audited)
(Singapore cents)		
(a) Based on the weighted average number of shares	(0.29) cents	0.27 cents
(b) On a fully diluted basis	(0.29) cents	0.27 cents

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 year ended 31 December 2019 and 31 December 2018.

The basic and dilutive earnings per share are the same as there were no potentially dilutive securities for the financial year ended 31 December 2019 and 31 December 2018.

**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 31/12/2019 (Unaudited)	As at 31/12/2018 (Audited)	As at 31/12/2019 (Unaudited)	As at 31/12/2018 (Audited)
(Singapore cents)				
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	8.79	9.05	6.11	8.11

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 31 December 2019 and 31 December 2018.

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**

The Group recorded a lower revenue of S\$67.31 million for the financial year ended 31 December 2019 ("FY2019") as compared to S\$68.31 million for the financial year ended 31 December 2018 ("FY2018"). The decrease of S\$1.00 million or 1.5% in revenue was mainly due to lower sales in overseas markets, partly offset by higher sales in both Singapore and Malaysia markets.

#### **Gross Profit**

Gross profit decreased by S\$0.54 million or 3.9% to S\$13.25 million in FY2019 from S\$13.79 million in FY2018 mainly due to higher purchase cost resulting from the appreciation of US Dollars.

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

Selling and distribution expenses decreased by S\$0.67 million to S\$2.54 million in FY2019 from S\$3.21 million in FY2018 as less expenses were incurred in promotion and food fair event in FY2019.

#### **Administrative Expenses**

Administrative expenses increased by S\$0.18 million to S\$6.64 million in FY2019 from S\$6.46 million in FY2018 mainly due to higher employment cost which was partly offset by the reduction of directors' profit sharing in FY2019.

#### **Other Expenses**

Other expenses increased by S\$0.16 million to S\$2.82 million in FY2019 from S\$2.66 million in FY2018, which was a combined result of amortisation of right-of-use assets of S\$0.28 million after the adoption of SFRS(I) 16 Leases, impairment loss on property, plant and equipment of S\$0.52 million, increase in provision for slow-moving inventories of S\$0.22 million, reduced by the absence of a one-time write off of the net book value of S\$0.82 million of the one-story warehouse in Singapore upon its demolition in FY2018.

#### **Loss Allowance for Third Party Trade and Other Receivables**

Loss allowance for third party trade and other receivables of S\$2.09 million comprised doubtful debts of S\$1.47 million arising from customers mainly in the PRC region and expected credit loss allowance of S\$0.62 million in FY2019.

#### **Finance Cost**

Finance cost increased by S\$0.18 million to S\$0.54 million in FY2019 due to higher utilisation of trade facilities and bank loan.

#### **(Loss)/Profit for the Financial Year**

As a result, the Group recorded a net loss of S\$0.94 million in FY2019 as compared to a net profit of S\$0.89 million in FY2018.

### **Statements of Financial Position**

As at 31 December 2019, the Group's net assets were S\$28.32 million compared to S\$29.38 million as at 31 December 2018. The decrease of S\$1.06 million was mainly due to the loss of S\$0.94 million incurred and the change of non-controlling interests by S\$0.21 million in FY2019.

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

1. Property, plant and equipment as at 31 December 2019 was recorded at S\$18.00 million, an increase of S\$5.16 million from S\$12.84 million as at 31 December 2018. It is mainly due to the increase in construction-in-progress from the new six-storey building being constructed, which was partly offset by impairment loss of machinery of S\$0.52 million in a subsidiary and the reclassification of certain motor vehicles to right-of use assets after the adoption of SFRS(I) 16 Leases.
2. Right-of-use assets of S\$2.49 million as at 31 December 2019 represented by the leasehold land in Singapore, office premise, certain motor vehicle and office equipment after the adoption of SFRS(I) 16 Leases.
3. Other receivables in non-current assets decreased by S\$0.47 million to S\$0.03 million as at 31 December 2019 from S\$0.50 million as at 31 December 2018 mainly due to down-payment for the construction of the new building in Singapore, which was recognised as other receivables in FY2018, being reclassified as construction-in-progress in FY2019.
4. Inventories increased by S\$2.34 million to S\$17.51 million as at 31 December 2019 from S\$15.17 million as at 31 December 2018 mainly due to more purchases before the end of FY2019 to meet the sales during Chinese New Year in FY2020.
5. Trade and other receivables decreased by S\$2.40 million to S\$13.19 million as at 31 December 2019 from S\$15.59 million as at 31 December 2018 mainly due to loss allowance for third party trade and other receivables of S\$2.09 million.
6. Trade and other payables decreased by S\$0.94 million to S\$8.12 million as at 31 December 2019 from S\$9.06 million as at 31 December 2018 due to timely payments to trade creditors by utilising more bank borrowings in FY2019.
7. Lease liabilities in current liabilities increased by S\$0.06 million to S\$0.17 million as at 31 December 2019 from S\$0.11 million as at 31 December 2018 mainly due to the current portion of lease liabilities recognised pursuant to the adoption of SFRS(I) 16 Leases.
8. Bank borrowings in current liabilities increased by S\$7.41 million to S\$14.34 million as at 31 December 2019 from S\$6.93 million as at 31 December 2018 as a result of higher utilisation of trade facilities and bank loan to finance the increased inventory level, pay off trade and other payables and finance the construction of the new building.
9. Bank borrowings in non-current liabilities decreased by S\$0.30 million to S\$2.51 million as at 31 December 2019 from S\$2.81 million as at 31 December 2018 mainly due to the repayment of term loans for the properties in Malaysia.
10. Lease liabilities in non-current liabilities increased by S\$1.87 million to S\$2.07 million as at 31 December 2019 from S\$0.20 million as at 31 December 2018 mainly due to the recognition of additional lease liabilities after the adoption of SFRS(I) 16 Leases for the leasehold land, office premise, certain motor vehicle and office equipment.

**Consolidated Statement of Cash Flows**

Cash and cash equivalents decreased by S\$0.19 million to S\$5.26 million as at 31 December 2019 from S\$5.45 million as at 31 December 2018. Out of the cash and cash equivalents, S\$0.03 million was generated from operating activities, S\$6.68 million used in investing activities and S\$6.48 million generated from financing activities.

The net cash generated from operating activities mainly comprised the increase in inventories by S\$3.67 million, the decrease in trade and other receivables by S\$0.38 million and decrease in trade and other payables by S\$0.02 million.

The net cash used in investing activities was mainly attributable to the acquisition of property, plant and equipment of S\$6.65 million, in particular, the construction in-progress of the new building in Singapore.

The net cash from financing activities was mainly due to proceeds from bank borrowings of S\$7.13 million and payment of interest of S\$0.54 million in FY2019.

**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 recent outbreak of Covid-19, coupled with the prolonged global trade tension, have led to the deterioration of the global economic conditions. The Group will adapt itself to face the changing economic environment and challenges ahead.

The Group expects the completion of the new building in Singapore by the first half of the financial year ending 31 December 2020. The Group will continue to identify potential investments to expand the Group's operations as and when opportunity arises.

**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 and the reason(s) for the decision.**

No dividend has been declared or recommended for the financial year ended 31 December 2019 in view of the net loss incurred for the current financial year.

**13. Interested Persons Transactions ("IPTs")**

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 year ended 31 December 2019.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**OPERATING SEGMENT**

	<b>House Brands</b>	<b>Non-House Brands</b>	<b>Total</b>
<b>2019</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Revenue</b>			
External revenue	51,270	16,041	67,311
Inter-segment revenue	5,106	1,224	6,330
<b>Total</b>	<b>56,376</b>	<b>17,265</b>	<b>73,641</b>
Interest income	31	1	32
Interest expense	(461)	(79)	(540)
Depreciation of property, plant and equipment	(647)	(117)	(764)
Amortisation of intangible assets	(15)	(5)	(20)
Amortisation of right-of-use assets	(217)	(65)	(282)
Other non-cash items:			
Loss allowance for third party trade and other receivables	(1,583)	(592)	(2,175)
Loss allowance reversed for third party trade receivables	60	22	82
Bad-debt written off – trade	(15)	(6)	(21)
Write down of inventories	(405)	(120)	(525)
Gain on disposal of property, plant and equipment	52	22	74
Loss on written off property, plant and equipment	(22)	(9)	(31)
Impairment of property, plant and equipment	(517)	-	(517)
<b>Segment profit</b>	<b>1,610</b>	<b>(1,491)</b>	<b>119</b>
<b>Assets</b>			
Segment assets	41,434	10,818	52,252
Capital expenditure	5,331	2,193	7,524
<b>Liabilities</b>			
Segment liabilities	19,070	9,379	28,449



Reconciliations of reportable segment revenues, profit or loss, assets and liabilities.

<b>2019</b>	<b>Total</b>
<b>Revenues</b>	<b>S\$'000</b>
Total revenue for reportable segments	73,641
Elimination of inter-segment revenues	(6,330)
Consolidated revenue	<u>67,311</u>
<b>Profit or loss</b>	
Total segment profit	119
Unallocated corporate expenses	(575)
Other expenses	(540)
Consolidated loss before income tax	<u>(996)</u>
<b>Assets</b>	
Segment assets	52,252
Other unallocated amounts	5,301
Consolidated total assets	<u>57,553</u>
<b>Liabilities</b>	
Segment liabilities	28,449
Other unallocated amounts	781
Consolidated total liabilities	<u>29,230</u>

	<b>House Brands</b>	<b>Non-House Brands</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>2018</b>			
<b>Revenue</b>			
External revenue	50,468	17,843	68,311
Inter-segment revenue	5,531	57	5,588
Total	<u>55,999</u>	<u>17,900</u>	<u>73,899</u>
Interest income	7	1	8
Interest expense	(330)	(30)	(360)
Depreciation of property, plant and equipment	(755)	(188)	(943)
Amortisation of intangible assets	(14)	(6)	(20)
Other non-cash items:			
Loss allowance reversed/(made) for third party trade and other receivables	32	(8)	24
Write-down of inventories	(255)	(48)	(303)
Property, plant and equipment written off	(556)	(259)	(815)
Segment profit	2,603	(603)	2,000
<b>Assets</b>			
Segment assets	34,359	10,899	45,258
Capital expenditure	1,027	287	1,314
<b>Liabilities</b>			
Segment liabilities	15,204	4,656	19,860

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities.

<b>2018</b>	<b>Total</b>
<b>Revenues</b>	<b>S\$'000</b>
Total revenue for reportable segments	73,899
Elimination of inter-segment revenues	(5,588)
Consolidated revenue	<u>68,311</u>
<b>Profit or loss</b>	
Total segment profit	2,000
Unallocated corporate expenses	(314)
Other expenses	(360)
Consolidated profit before income tax	<u>1,326</u>
<b>Assets</b>	
Segment assets	45,258
Other unallocated assets	5,437
Consolidated total assets	<u>50,695</u>
<b>Liabilities</b>	
Segment liabilities	19,860
Other unallocated liabilities	1,454
Consolidated total liabilities	<u>21,314</u>

## GEOGRAPHICAL SEGMENT

	<b>Total</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Revenue</b>		
Singapore	31,727	29,994
Malaysia	17,993	17,199
Others <sup>(Note)</sup>	17,591	21,118
	<u>67,311</u>	<u>68,311</u>
<b>Non-current assets</b>		
Singapore	15,023	7,136
Malaysia	5,520	6,264
Others <sup>(Note)</sup>	23	6
	<u>20,566</u>	<u>13,406</u>

Note: Including countries other than Singapore and Malaysia.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

External revenue from House Brands increased by S\$0.80 million to S\$51.27 million in FY2019 from S\$50.47 million in FY2018 and external revenue from Non-House Brands decreased by S\$1.80 million to S\$16.04 million in FY2019 from S\$17.84 million in FY2018 as the Group prioritised on more promoting our House Brands products than Non-House Brands products in order to capture a bigger market share for House Brands products in both local and overseas markets.

**16. A breakdown of sales and (loss)/profit after tax before non-controlling interests.**

	Group		
	Year ended 31/12/2019	Year ended 31/12/2018	Change
	S\$'000	S\$'000	%
<b>First Half</b>			
Sales reported for the first half year	33,548	35,154	(4.57)
Operating profit after income tax before non-controlling interests reported for first half year	155	582	(73.37)
<b>Second Half</b>			
Sales reported for the second half year	33,763	33,157	1.79
Operating (loss)/profit after income tax before non-controlling interests reported for second half year	(1,499)	295	NM

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	FY2019	FY2018
	S\$'000	S\$'000
<b>Ordinary</b>	Nil	Nil
<b>Preference</b>	Nil	Nil
<b>Total:</b>	Nil	Nil

**18. Confirmation that the issuer has procured undertaking 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.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder</b>	<b>Current position and duties, and the year position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Lim Hai Cheok	71	Spouse of Chong Poh Soon, Executive Director and Substantial Shareholder.  Father of Lim Hock Chye Daniel, Executive Director.  Brother of Lim Kim Eng, Executive Director and Substantial Shareholder.	Executive Director, since March 2004.  Chief Executive Officer, since July 2004.	Nil
Chong Poh Soon	71	Spouse of Lim Hai Cheok, Chief Executive Officer, Executive Director and Substantial Shareholder.  Mother of Lim Hock Chye Daniel, Executive Director.  Sister-in-law of Lim Kim Eng, Executive Director and Substantial Shareholder.	Executive Director, since July 2004.	Nil
Lim Kim Eng	67	Sister of Lim Hai Cheok. Chief Executive Officer, Executive Director and Substantial Shareholder.  Sister-in-law of Chong Poh Soon, Executive Director and Substantial Shareholder.  Aunt of Lim Hock Chye Daniel, Executive Director.	Executive Director, since July 2004.	Nil
Lim Hock Chye Daniel	46	Son of Lim Hai Cheok, Chief Executive Officer, Director and Substantial Shareholder; and Chong Poh Soon, Executive Director and Substantial Shareholder.  Nephew of Lim Kim Eng, Executive Director and Substantial Shareholder.	Executive Director, since March 2004.	Nil
Lai Ginn Keow	45	Spouse of Lim Hock Chye Daniel, Executive Director.  Daughter-in-law of Lim Hai Cheok, Chief Executive Officer, Executive Director and Substantial Shareholder; and Chong Poh Soon, Executive Director and Substantial Shareholder.  Niece of Lim Kim Eng, Executive Director and Substantial Shareholder.	Procurement Manager, since August 2019.	Promoted from a position of Procurement Executive.

**24. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A.**

The Company had acquired/disposed of the following subsidiaries during FY2019:

<b>S/N</b>	<b>Subsidiary</b>	<b>Nature of transaction</b>	<b>Date of announcement</b>
1.	Fortune Melinka Pte Ltd	Incorporation of 51%-owned subsidiary	24 May 2019
2.	Shi Chen (Shanghai) Trading Co. Ltd.	Disposal of 51%-owned indirect subsidiary	27 December 2019

Further details on the subsidiaries can be found in the Company's announcement released on the dates as set out above.

BY ORDER OF THE BOARD

Lim Hai Cheok  
Chief Executive Officer  
28 February 2020

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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") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in the announcement.*

*The contact person for the Sponsor is Mr Joseph Au, 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)).*