



CO REG NO: 200403029E

**Unaudited Condensed Interim Consolidated Financial Statements
For The Half Year and Full Year Ended 31 December 2022**

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Condensed Interim Consolidated Income Statement and Consolidated Statement of Comprehensive Income

	Note	Group			
		Half Year ended 31/12/2022 (Unaudited) S\$'000	Half Year ended 31/12/2021 (Unaudited) S\$'000	Full Year ended 31/12/2022 (Unaudited) S\$'000	Full Year ended 31/12/2021 (Audited) S\$'000
Revenue	4.4	37,718	31,806	74,058	68,166
Cost of sales		(29,306)	(24,253)	(57,704)	(52,422)
Gross profit		8,412	7,553	16,354	15,744
Other income		742	382	899	817
Selling and distribution expenses		(1,475)	(955)	(3,196)	(2,718)
Administrative expenses		(4,243)	(4,189)	(8,018)	(7,976)
Other expenses		(1,802)	(900)	(3,506)	(2,230)
Loss allowance (made)/reversed on third party trade and other receivables		(40)	139	(68)	(51)
Finance costs		(253)	(164)	(440)	(332)
Profit before income tax	6	1,341	1,866	2,025	3,254
Income tax expense	7	(514)	(475)	(828)	(860)
Profit for the financial year		827	1,391	1,197	2,394
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		269	(75)	422	(175)
Other comprehensive income for the financial period, net of tax		269	(75)	422	(175)
Total comprehensive income for the financial year		1,096	1,316	1,619	2,219
Profit attributable to:					
Owners of the parent		836	1,399	1,214	2,412
Non-controlling interests		(9)	(8)	(17)	(18)
		827	1,391	1,197	2,394
Total comprehensive income attributable to:					
Owners of the parent		1,094	1,323	1,633	2,243
Non-controlling interests		2	(7)	(14)	(24)
		1,096	1,316	1,619	2,219
Earnings per share					
Basic and diluted (in cents)	9	0.25	0.43	0.37	0.74

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		As at 31/12/2022 (Unaudited) S\$'000	As at 31/12/2021 (Audited) S\$'000	As at 31/12/2022 (Unaudited) S\$'000	As at 31/12/2021 (Audited) S\$'000
Non-current assets					
Property, plant and equipment	11	18,172	19,236	-	-
Intangible asset	12	205	196	-	-
Investments in subsidiaries		-	-	9,841	9,841
Financial assets, at fair value through other comprehensive income	13	-	-	-	-
		<u>18,377</u>	<u>19,432</u>	<u>9,841</u>	<u>9,841</u>
Current assets					
Inventories		17,720	15,923	-	-
Trade and other receivables		16,164	13,424	12,455	11,153
Other current assets		986	849	-	-
Financial assets, at fair value through profit or loss		7	8	-	-
Fixed deposits		132	34	-	-
Cash and bank balances		5,416	7,850	68	64
		<u>40,425</u>	<u>38,088</u>	<u>12,523</u>	<u>11,217</u>
Current liabilities					
Trade and other payables		6,766	9,376	226	214
Refund liabilities		1,922	1,561	-	-
Current income tax payable		503	457	8	17
Lease liabilities		111	138	-	-
Bank borrowings		12,220	9,939	-	-
		<u>21,522</u>	<u>21,471</u>	<u>234</u>	<u>231</u>
Net current assets		<u>18,903</u>	<u>16,617</u>	<u>12,289</u>	<u>10,986</u>
Non-current liabilities					
Other payables		343	-	-	-
Lease liabilities		2,309	2,187	-	-
Bank borrowings		809	970	-	-
Deferred tax liabilities		215	257	23	-
		<u>3,676</u>	<u>3,414</u>	<u>23</u>	<u>-</u>
Net assets		<u>33,604</u>	<u>32,635</u>	<u>22,107</u>	<u>20,827</u>
Equity					
Share capital	15	24,777	24,777	24,777	24,777
Foreign currency translation account		(114)	(533)	-	-
Fair value reserve		(49)	(49)	-	-
Retained earnings/(Accumulated losses)		9,276	8,712	(2,670)	(3,950)
Equity attributable to owners of the parent		<u>33,890</u>	<u>32,907</u>	<u>22,107</u>	<u>20,827</u>
Non-controlling interests		(286)	(272)	-	-
Total equity		<u>33,604</u>	<u>32,635</u>	<u>22,107</u>	<u>20,827</u>

Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		Full Year ended 31/12/2022 (Unaudited) S\$'000	Full Year ended 31/12/2021 (Audited) S\$'000
Operating activities			
Profit before income tax		2,025	3,254
Adjustments for:			
Loss allowance made on third party trade and other receivables	6.1	68	51
Write-down of inventories	6.1	337	375
Amortisation of intangible asset	6.1	60	60
Depreciation of property, plant and equipment	6.1	1,172	1,290
Fair value loss/(gain) arising from financial assets, at fair value through profit or loss	6.1	1	(4)
Gain on disposal of property, plant and equipment	6.1	(5)	(3)
Interest expense	6.1	440	332
Interest income	6.1	(22)	(15)
Unrealised exchange loss/(gain)		1,387	(350)
Operating cash flows before working capital changes		5,463	4,990
Working capital changes:			
Inventories		(2,537)	(1,034)
Trade and other receivables		(3,404)	(2,015)
Trade and other payables		(2,084)	1,976
Other current assets		(137)	(296)
Refund liabilities		361	526
Cash (used in)/generated from operations		(2,338)	4,147
Income tax paid		(821)	(820)
Interest received		22	15
Net cash (used in)/from operating activities		(3,137)	3,342
Investing activities			
Proceeds from disposal of property, plant and equipment		17	3
Purchase of property, plant and equipment		(241)	(322)
Purchase of intangible asset		(69)	(44)
Net cash used in investing activities		(293)	(363)
Financing activities			
Dividend paid	8	(650)	(650)
Fixed deposits		(101)	(1)
Interest paid		(440)	(332)
Repayment of lease liabilities		(151)	(193)
Proceeds from bank borrowings		35,676	27,550
Repayment of bank borrowings		(33,146)	(27,630)
Net cash from/(used in) financing activities		1,188	(1,256)
Net change in cash and cash equivalents		(2,242)	1,723
Cash and cash equivalents at beginning of financial year		7,850	6,049
Net effect of exchange rate changes on cash and cash equivalents		(192)	78
Cash and cash equivalents at end of financial year		5,416	7,850

Condensed Interim Consolidated Statement of Changes in Equity

Group	Share capital S\$'000	Foreign currency translation account S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non- controlling interests S\$'000	Total S\$'000
(Unaudited)							
Balance at 1 January 2022	24,777	(533)	(49)	8,712	32,907	(272)	32,635
Profit for the financial year	-	-	-	1,214	1,214	(17)	1,197
Exchange differences on translating foreign operations	-	419	-	-	419	3	422
Total comprehensive income for the financial year	-	419	-	1,214	1,633	(14)	1,619
Translations with owners:							
Dividend	-	-	-	(650)	(650)	-	(650)
Total transactions with owners of the parent	-	-	-	(650)	(650)	-	(650)
Balance at 31 December 2022	24,777	(114)	(49)	9,276	33,890	(286)	33,604
(Audited)							
Balance at 1 January 2021	24,777	(364)	(49)	6,950	31,314	(248)	31,066
Profit for the financial year	-	-	-	2,412	2,412	(18)	2,394
Exchange differences on translating foreign operations	-	(169)	-	-	(169)	(6)	(175)
Total comprehensive income for the financial year	-	(169)	-	2,412	2,243	(24)	2,219
Transactions with owners:							
Dividend	-	-	-	(650)	(650)	-	(650)
Total transactions with owners of the parent	-	-	-	(650)	(650)	-	(650)
Balance at 31 December 2021	24,777	(533)	(49)	8,712	32,907	(272)	32,635

Condensed Interim Statement of Changes in Equity

Company	Share capital S\$'000	Accumulated losses S\$'000	Total S\$'000
(Unaudited)			
Balance at 1 January 2022	24,777	(3,950)	20,827
Total comprehensive income for the financial year:			
Profit for the financial year	-	1,930	1,930
Total transactions with owners of the parent:			
Dividend	-	(650)	(650)
Balance at 31 December 2022	<u>24,777</u>	<u>(2,670)</u>	<u>22,107</u>
(Audited)			
Balance at 1 January 2021	24,777	(4,065)	20,712
Total comprehensive income for the financial year:			
Profit for the financial year	-	765	765
Total transactions with owners of the parent:			
Dividend	-	(650)	(650)
Balance at 31 December 2021	<u>24,777</u>	<u>(3,950)</u>	<u>20,827</u>

Notes to Condensed Interim Consolidated Financial Statements

1. General corporate information

Hosen Group Ltd. (the “Company”) (Registration Number: 200403029E) is a public company limited by shares incorporated and domiciled in Singapore with its principal place of business and registered office at 267 Pandan Loop, Singapore 128439. The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

These condensed interim consolidated financial statements as at and for the half and full year ended 31 December 2022 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 and full year ended 31 December 2022 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 condensed interim financial statements for the half year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s. There was no change in the accounting policies and methods of computation for the current financial year reported on.

The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The condensed interim consolidated financial statements of the Group and the condensed interim statement of financial position of the Company are presented in Singapore dollar (“\$”) which is the functional currency of the Company and the presentation currency for the condensed interim consolidated financial statements and all values presented are rounded to the nearest thousand (“\$’000”), unless otherwise stated.

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder value.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, treasury shares (if any), foreign currency translation account, fair value reserve 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 the 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 half and full year ended 31 December 2021.

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

3. Seasonal operations

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

	Group		
	House Brands (Unaudited) S\$'000	Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
Half Year ended 31 December 2022			
External revenue	29,938	7,780	37,718
Inter-segment revenue	4,598	215	4,813
Total revenue	34,536	7,995	42,531
Interest expense	(210)	(43)	(253)
Depreciation of property, plant and equipment	(425)	(105)	(530)
Amortisation of intangible asset	(23)	(8)	(31)
Loss allowance (made)/reversed on third party trade and other receivables	(65)	25	(40)
(Write-down)/Written-back of inventories	(50)	51	1
Segment profit	693	735	1,428
Assets			
Segment assets	41,683	11,270	52,953
Capital expenditure	257	86	343
Liabilities			
Segment liabilities	18,732	5,118	23,850

	Group		
	House Brands (Unaudited) S\$'000	Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
Half Year ended 31 December 2021			
External revenue	24,965	6,841	31,806
Inter-segment revenue	2,687	154	2,841
Total revenue	27,652	6,995	34,647
Interest expense	(142)	(22)	(164)
Depreciation of property, plant and equipment	(438)	(121)	(559)
Amortisation of intangible asset	(20)	(10)	(30)
Loss allowance reversed on third party trade and other receivables	126	13	139
(Write-down)/Written-back of inventories	(61)	8	(53)
Segment profit	1,228	1,045	2,273
Assets			
Segment assets	40,113	9,318	49,431
Capital expenditure	362	93	455
Liabilities			
Segment liabilities	19,487	4,365	23,852

	Group		
	House Brands (Unaudited) S\$'000	Non-House Brands (Unaudited) S\$'000	Total (Unaudited) S\$'000
Full Year ended 31 December 2022			
External revenue	58,852	15,206	74,058
Inter-segment revenue	6,904	234	7,138
Total revenue	<u>65,756</u>	<u>15,440</u>	<u>81,196</u>
Interest expense	(376)	(64)	(440)
Depreciation of property, plant and equipment	(865)	(216)	(1,081)
Amortisation of intangible asset	(43)	(17)	(60)
Loss allowance (made)/reversed on third party trade and other receivables	(90)	22	(68)
(Write-down)/Written-back of inventories	(349)	12	(337)
Gain on disposal of property, plant and equipment	4	1	5
Segment profit	<u>1,224</u>	<u>1,308</u>	<u>2,532</u>
Assets			
Segment assets	41,683	11,270	52,953
Capital expenditure	257	86	343
Liabilities			
Segment liabilities	<u>18,732</u>	<u>5,118</u>	<u>23,850</u>

	Group		
	House Brands (Audited) S\$'000	Non-House Brands (Audited) S\$'000	Total (Audited) S\$'000
Full Year ended 31 December 2021			
External revenue	54,485	13,681	68,166
Inter-segment revenue	5,207	293	5,500
Total revenue	<u>59,692</u>	<u>13,974</u>	<u>73,666</u>
Interest expense	(293)	(39)	(332)
Depreciation of property, plant and equipment	(895)	(218)	(1,113)
Amortisation of intangible asset	(43)	(17)	(60)
Loss allowance made on third party trade and other receivables	(36)	(15)	(51)
(Write-down)/Written-back of inventories	(405)	30	(375)
Gain on disposal of property, plant and equipment	3	-	3
Segment profit	<u>3,071</u>	<u>1,021</u>	<u>4,092</u>
Assets			
Segment assets	40,113	9,318	49,431
Capital expenditure	362	93	455
Liabilities			
Segment liabilities	<u>19,487</u>	<u>4,365</u>	<u>23,852</u>

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

	Group			
	Half Year ended 31/12/2022 (Unaudited)	Half Year ended 31/12/2021 (Unaudited)	Full Year ended 31/12/2022 (Unaudited)	Full Year ended 31/12/2021 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
Total revenue for reportable segments	42,531	34,647	81,196	73,666
Elimination of inter-segment revenue	(4,813)	(2,841)	(7,138)	(5,500)
Consolidated revenue	<u>37,718</u>	<u>31,806</u>	<u>74,058</u>	<u>68,166</u>
Profit or loss				
Total segment profit	1,428	2,273	2,532	4,092
Unallocated corporate expenses	167	(243)	(67)	(506)
Other expenses	(254)	(164)	(440)	(332)
Consolidated profit before income tax	<u>1,341</u>	<u>1,866</u>	<u>2,025</u>	<u>3,254</u>
Assets				
Segment assets	52,953	49,431	52,953	49,431
Other unallocated assets	5,849	8,089	5,849	8,089
Consolidated total assets	<u>58,802</u>	<u>57,520</u>	<u>58,802</u>	<u>57,520</u>
Liabilities				
Segment liabilities	23,850	23,852	23,850	23,852
Other unallocated liabilities	1,348	1,033	1,348	1,033
Consolidated total liabilities	<u>25,198</u>	<u>24,885</u>	<u>25,198</u>	<u>24,885</u>

Geographical segment

	Group			
	Half Year ended 31/12/2022 (Unaudited)	Half Year ended 31/12/2021 (Unaudited)	Full Year ended 31/12/2022 (Unaudited)	Full Year ended 31/12/2021 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers				
Singapore	18,762	16,384	34,565	33,855
Malaysia	10,818	9,383	22,894	20,370
Others ⁽¹⁾	8,138	6,039	16,599	13,941
	<u>37,718</u>	<u>31,806</u>	<u>74,058</u>	<u>68,166</u>
Non-current assets				
Singapore	13,929	14,351	13,929	14,351
Malaysia	4,447	5,062	4,447	5,062
Others ⁽¹⁾	1	19	1	19
	<u>18,377</u>	<u>19,432</u>	<u>18,377</u>	<u>19,432</u>

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

4.2 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\$4.36 million to S\$58.85 million in FY2022 from S\$54.49 million in FY2021 and external revenue from Non-House Brands increased by S\$1.53 million to S\$15.21 million in FY2022 from S\$13.68 million in FY2021, which were the results of the adjustments of selling price and higher sales volume. Hence, the revenue of the Group increased by S\$5.89 million to S\$74.06 million in FY2022 from S\$68.17 million in FY2021. The percentage of external revenue for the House Brands products and Non-House Brands products over the Group's revenue remained at similar level on year-on-year basis. Since more national borders were opened up, the Group also spent more on promotional expenses in overseas countries that resulted in improved sales.

4.3 A breakdown of sales and profit after tax before non-controlling interests

	Full year ended 31/12/2022 (Unaudited) S\$'000	Group Full year ended 31/12/2021 (Unaudited) S\$'000	Increase / (Decrease) (Unaudited) %
First Half			
Sales reported for the first half year	36,340	36,360	(0.06)
Operating profit after income tax before non-controlling interests reported for the first half year	370	1,003	(63.11)
Second Half			
Sales reported for the second half year	37,718	31,806	18.59
Operating profit after income tax before non-controlling interests reported for the second half year	827	1,391	(40.55)

4.4 Disaggregation of revenue

The Group's revenue is recognised at a point in time and disaggregated into the following:

	Group					
	House Brands		Non-House Brands		Total	
	Half Year ended 31/12/2022 (Unaudited) S\$'000	Half Year ended 31/12/2021 (Unaudited) S\$'000	Half Year ended 31/12/2022 (Unaudited) S\$'000	Half Year ended 31/12/2021 (Unaudited) S\$'000	Half Year ended 31/12/2022 (Unaudited) S\$'000	Half Year ended 31/12/2021 (Unaudited) S\$'000
Type of good or service:						
Goods	29,880	24,884	7,758	6,807	37,638	31,691
Services	58	81	22	34	80	115
	<u>29,938</u>	<u>24,965</u>	<u>7,780</u>	<u>6,841</u>	<u>37,718</u>	<u>31,806</u>

	Group					
	House Brands		Non-House Brands		Total	
	Full Year ended 31/12/2022 (Unaudited) S\$'000	Full Year ended 31/12/2021 (Audited) S\$'000	Full Year ended 31/12/2022 (Unaudited) S\$'000	Full Year ended 31/12/2021 (Audited) S\$'000	Full Year ended 31/12/2022 (Unaudited) S\$'000	Full Year ended 31/12/2021 (Audited) S\$'000
Type of good or service:						
Goods	58,708	54,302	15,147	13,611	73,855	67,913
Services	144	183	59	70	203	253
	<u>58,852</u>	<u>54,485</u>	<u>15,206</u>	<u>13,681</u>	<u>74,058</u>	<u>68,166</u>

5. Financial assets and financial liabilities

	Group		Company	
	As at 31/12/2022 (Unaudited) S\$'000	As at 31/12/2021 (Audited) S\$'000	As at 31/12/2022 (Unaudited) S\$'000	As at 31/12/2021 (Audited) S\$'000
Financial assets				
Cash and bank balances, fixed deposits and trade and other receivables ⁽¹⁾	20,522	19,763	12,515	11,210
Financial liabilities				
Trade and other payables and borrowings ⁽²⁾	(21,080)	(21,548)	(226)	(214)

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

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

6. Profit before taxation

6.1 Significant items

	Group			
	Half Year ended 31/12/2022 (Unaudited) S\$'000	Half Year ended 31/12/2021 (Unaudited) S\$'000	Full Year ended 31/12/2022 (Unaudited) S\$'000	Full Year ended 31/12/2021 (Audited) S\$'000
Expenses/(Income)				
(Write-back)/Write-down of inventories	(1)	53	337	375
Depreciation of property, plant and equipment	563	642	1,172	1,290
Interest expense	253	164	440	332
Forex exchange loss/(gain) - net	729	(317)	1,238	(428)

6.2 Related party transactions

	Group			
	Half Year ended 31/12/2022 (Unaudited) S\$'000	Half Year ended 31/12/2021 (Unaudited) S\$'000	Full Year ended 31/12/2022 (Unaudited) S\$'000	Full Year ended 31/12/2021 (Audited) S\$'000
Sales to related parties	23	31	42	42
Purchases from related parties	23	12	41	38

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 31/12/2022 (Unaudited) S\$'000	Half Year ended 31/12/2021 (Unaudited) S\$'000	Full Year ended 31/12/2022 (Unaudited) S\$'000	Full Year ended 31/12/2021 (Audited) S\$'000
Current income tax expense	556	475	870	860
Deferred income tax expense relating to origination and reversal of temporary differences	(42)	-	(42)	-
	<u>514</u>	<u>475</u>	<u>828</u>	<u>860</u>

8. Dividend

	Group	
	Full Year ended 31/12/2022 (Unaudited) S\$'000	Full Year ended 31/12/2021 (Audited) S\$'000
First and final tax-exempt dividend paid in respect of the previous financial year		
- Per share	S\$0.002	S\$0.002
- Value	<u>650</u>	<u>650</u>

9. Earnings per ordinary share

	Group			
	Half Year ended 31/12/2022 (Unaudited)	Half Year ended 31/12/2021 (Unaudited)	Full Year ended 31/12/2022 (Unaudited)	Full Year ended 31/12/2021 (Audited)
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	0.25	0.43	0.37	0.74
(b) On a fully diluted basis	<u>0.25</u>	<u>0.43</u>	<u>0.37</u>	<u>0.74</u>

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 2022 and 31 December 2021.

The basic and diluted earnings per share are the same as there were no potentially dilutive securities for the period ended 31 December 2022 and 31 December 2021.

10. Net asset value

(Singapore cents)	Group		Company	
	As at 31/12/2022 (Unaudited)	As at 31/12/2021 (Audited)	As at 31/12/2022 (Unaudited)	As at 31/12/2021 (Audited)
Net asset value per ordinary share	10.43	10.13	6.80	6.41

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 2022 and 31 December 2021.

11. Property, plant and equipment

The Group's addition of assets amounted to S\$130,000 and disposal of assets with net book value of S\$12,000 for the half year ended 31 December 2022 as compared to addition of assets amounting to S\$190,000 and disposal of assets with net book value of S\$Nil for the half year ended 31 December 2021.

The Group's addition of assets amounted to S\$274,000 and disposal of assets with net book value of S\$12,000 in the full year ended 31 December 2022 as compared to addition of assets amounting to S\$411,000 and disposal of assets with net book value of S\$Nil in the full year ended 31 December 2021.

12. Intangible assets

	Group Computer Software S\$'000
As at 30 June 2022 (Unaudited)	
Cost	607
Accumulated amortisation	(440)
Net carrying amount	167
Half Year ended 31 December 2022 (Unaudited)	
Balance as at 1 July 2022	167
Additions	69
Amortisation charge	(31)
Balance as at 31 December 2022	205
As at 31 December 2022 (Unaudited)	
Cost	676
Accumulated amortisation	(471)
Net carrying amount	205

13. Financial assets, at fair value through other comprehensive income

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

The fair value of the unlisted equity investment was derived using adjusted net assets of the unlisted equity investment as at 31 December 2022, the carrying amount of which was S\$Nil (31 December 2021: S\$Nil).

14. Borrowings

	Group			
	As at 31/12/2022 (Unaudited)		As at 31/12/2021 (Audited)	
	⁽²⁾ Secured S\$'000	⁽¹⁾ Unsecured S\$'000	⁽²⁾ Secured S\$'000	⁽¹⁾ Unsecured S\$'000
Repayable within one year or less or on demand	142	12,130	167	9,844
Repayable after one year	851	-	1,051	-
Total	993	12,130	1,218	9,844

(1) The unsecured borrowings comprise unsecured short term bank loans of the Group amounting to S\$5.60 million (31 December 2021: S\$1.50 million) and bills payable amounting to S\$6.53 million (31 December 2021: S\$8.34 million).

(2) The secured borrowings include term loan amounting to S\$0.90 million (31 December 2021: S\$1.07 million) and finance lease of the Group amounting to S\$0.09 million (31 December 2021: S\$0.15 million).

Details of any collateral

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

15. Share capital

	Group and Company			
	As at 31/12/2022 (Unaudited)		As at 31/12/2021 (Audited)	
	Number of shares	Amount S\$'000	Number of shares	Amount S\$'000
Total number/amount of Ordinary Shares	324,900,846	24,777	324,900,846	24,777

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

There were no outstanding convertibles as at 31 December 2022 and 31 December 2021.

There were no treasury shares as at 31 December 2022 and 31 December 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 year reported on.

There were no subsidiary holdings as at 31 December 2022 and 31 December 2021. As such, there was no sale, transfer, cancellation and/or use of subsidiary holdings during and as at the end of the current financial year reported on.

16. Subsequent events

There is no known subsequent events which have led to adjustments to the condensed interim financial statements for the half year and full year ended 31 December 2022.

On 28 February 2023, the Company announced that its wholly-owned subsidiary, Hock Seng Food Pte Ltd ("HSF"), has subscribed for an additional 11,791,153 shares of RM1.00 each in the issued and paid-up share capital of Hock Seng Worldwide Sdn Bhd ("HSW"), a wholly-owned subsidiary of HSF, for a total consideration of RM11,791,153 by capitalising an amount of RM11,791,153.00 due from HSW to HSF.

Other Information Required by Appendix 7C of the Catalyst Rules

1. Review

The condensed interim consolidated financial statements for the half year and full year ended 31 December 2022 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 2021 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 year 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 year reported on

Condensed Interim Consolidated Statement of Comprehensive Income

The Group recorded a higher revenue of S\$74.06 million for the financial year ended 31 December 2022 ("FY2022") as compared to S\$68.17 million for the financial year ended 31 December 2021 ("FY2021"). The increase of S\$5.89 million or 8.6% in revenue was mainly due to adjustments on selling prices as a result of the inflated import costs of goods, and higher sales volume in both Singapore and Malaysia subsidiaries in FY2022.

Gross profit increased by S\$0.61 million to S\$16.35 million in FY2022 from S\$15.74 million in FY2021 following higher sales generated in both Singapore and Malaysia subsidiaries even though the gross profit margin slipped slightly due to the higher import costs of goods, notwithstanding the adjustments on selling prices as mentioned above.

Other income increased by S\$0.08 million to S\$0.90 million in FY2022 from S\$0.82 million in FY2021 due to a new rental income stream from leasing out two storeys in our new building in Singapore in second half of FY2022 and government grant received, which was offset by the absence of foreign exchange gain recorded in FY2021.

Selling and distribution expenses increased by S\$0.48 million to S\$3.20 million in FY2022 from S\$2.72 million in FY2021 due to more expenses spent on advertisement and promotion and logistic costs which commensurate with the higher sales.

Other expenses increased by S\$1.28 million to S\$3.51 million in FY2022 from S\$2.23 million in FY2021 mainly due to foreign exchange loss recorded in FY2022 as compared to foreign exchange gain in FY2021.

Finance costs increased by S\$0.11 million to S\$0.44 million in FY2022 from S\$0.33 million in FY2021 due to higher interest rate and higher borrowings to finance the increased purchase of goods in FY2022.

As a result, the Group recorded a net profit attributable to owners of the parent of S\$1.21 million in FY2022 as compared to a net profit of S\$2.41 million in FY2021.

Condensed Interim Consolidated Statement of Financial Position

The Group's net assets were S\$33.60 million as at 31 December 2022, compared to S\$32.64 million as at 31 December 2021. The net increase of S\$0.96 million was mainly a result of the profit earned in FY2022 offset against dividend paid.

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

Property, plant and equipment as at 31 December 2022 and as at 31 December 2021 were respectively recorded at S\$18.17 million and S\$19.24 million. The decrease of S\$1.07 million was mainly represented by the current period depreciation charged and disposal of motor vehicle, which is partially offset by the addition of property, plant and equipment.

Inventories increased by S\$1.80 million to S\$17.72 million as at 31 December 2022 from S\$15.92 million as at 31 December 2021 mainly due to higher inventory level maintained by the Group at the end of FY2022 to meet the sales during Chinese New Year in January 2023 (“CNY2023”).

Trade and other receivables increased by S\$2.74 million to S\$16.16 million as at 31 December 2022 from S\$13.42 million as at 31 December 2021 due to more sales made before the year end as the CNY2023 came earlier in January 2023 as compared to the Chinese New Year in FY2022 and rebates claimable from a supplier in FY2022, which would be billed in early FY2023.

Other current assets, representing the right to the recovered goods for sales returns by customers, increased to S\$0.99 million as at 31 December 2022 from S\$0.85 million as at 31 December 2021 mainly due to the higher sales of goods near the end of FY2022 in connection with CNY2023 sales.

Trade and other payables in current liabilities decreased by S\$2.61 million to S\$6.77 million as at 31 December 2022 from S\$9.38 million as at 31 December 2021 mainly due to our prompt repayments to suppliers and decrease in accrual of directors' remuneration in FY2022.

Refund liabilities represents the liabilities for return of goods and sales rebates. It increased to S\$1.92 million as at 31 December 2022 from S\$1.56 million as at 31 December 2021 which was in line with the increase in other current assets.

Lease liabilities in current liabilities and non-current liabilities in aggregate increased by S\$0.09 million to S\$2.42 million as at 31 December 2022 from S\$2.33 million as at 31 December 2021 mainly due to adjustment on lease obligations of JTC rent for the new building in Singapore which was partially offset by the repayment of lease obligations of a motor vehicle.

Bank borrowings in current liabilities increased by S\$2.28 million to S\$12.22 million as at 31 December 2022 from S\$9.94 million as at 31 December 2021 as a result of higher utilisation of trade facilities and short term loan to finance higher inventory level of the Group towards the end of FY2022 to meet the demand of CNY2023.

Other payables in non-current liabilities of S\$0.34 million in FY2022 arises from the rental deposit received in FY2022 in respect of the lease of two storeys in the new building in Singapore.

Bank borrowings in non-current liabilities decreased by S\$0.16 million to S\$0.81 million as at 31 December 2022 from S\$0.97 million as at 31 December 2021 mainly due to repayment of term loan for the property in Malaysia.

Condensed Interim Consolidated Statement of Cash Flows

Cash and cash equivalents stood at S\$5.42 million as at 31 December 2022. Out of the cash and cash equivalents, S\$3.14 million was used in operating activities, S\$0.29 million used in investing activities and S\$1.19 million generated from financing activities.

The net cash used in operating activities mainly comprised the operating cash flows before working capital changes of S\$5.46 million, increase in inventories by S\$2.54 million, increase in trade and other receivables by S\$3.40 million and decrease in trade and other payables by S\$2.08 million.

The net cash used in investing activities was mainly attributable to the acquisition of property, plant and equipment as well as intangible asset of S\$0.24 million and S\$0.07 million respectively.

The net cash generated from financing activities was mainly due to dividend paid of S\$0.65 million, interest paid of S\$0.44 million and net proceeds from bank borrowings of S\$2.53 million in FY2022.

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 full year

The Group expects sales demand to be affected by high inflation and rising interest cost. Raw material cost and finance cost is also expected to continue to increase. The Group remains cautiously optimistic on the outlook for the year by managing costs. At the same time, the Group will explore more business opportunities.

5. Dividend information

5.1 If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

The Board recommends a first and final dividend, subject to the approval of shareholders at the upcoming annual general meeting of the Company.

(b) (i) Amount per share cents

0.2 Singapore cents

(ii) Previous corresponding period cents

0.2 Singapore cents

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

The proposed dividend is tax-exempt one-tier dividend.

(d) The date the dividend is payable.

The proposed first and final dividend, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 2 June 2023.

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

The record date will be on 19 May 2023 at 5.00p.m.

5.2 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

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 year.

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 year.

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. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Lim Hai Cheok	74	Spouse of Chong Poh Soon, Senior 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
Lim Kim Eng	70	Sister of Lim Hai Cheok. Chief Executive Officer, Executive Director and Substantial Shareholder. Sister-in-law of Chong Poh Soon, Senior Director and Substantial Shareholder. Aunt of Lim Hock Chye Daniel, Executive Director.	Executive Director, since July 2004.	Nil
Lim Hock Chye Daniel	49	Son of Lim Hai Cheok, Chief Executive Officer, Director and Substantial Shareholder; and Chong Poh Soon, Senior Director and Substantial Shareholder. Nephew of Lim Kim Eng, Executive Director and Substantial Shareholder.	Executive Director, since March 2004.	Nil
Chong Poh Soon	74	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.	Senior Director, since December 2020.	Nil
Lai Ginn Keow	48	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, Senior Director and Substantial Shareholder. Niece-in-law of Lim Kim Eng, Executive Director and Substantial Shareholder.	Procurement Manager, since August 2019.	Nil

BY ORDER OF THE BOARD

Lim Hai Cheok
Chief Executive Officer

28 February 2023

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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