



HOTUNG GROUP

HOTUNG INVESTMENT HOLDINGS LIMITED

First Quarter Financial Statement for the Period Ended 31/3/2018

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY
(Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED MARCH 31, 2018

	Group		Change %
	1Q 2018 NT\$'000	1Q 2017 NT\$'000	
Revenue			
Interest income	1,863	1,507	24
Dividend/distribution income	38,655	496	7693
Gains on sale of held-for-trading investments		452	nm
Gains on sale of available-for-sale investments	-	189,696	nm
Changes in fair value of held-for-trading investments	-	8,044	nm
Changes in fair value of other financial assets at fair value through profit or loss	-	(41,840)	nm
Net gains on financial assets at fair value through profit or loss	100,636	-	nm
Foreign exchange losses	(7,082)	(30,068)	(76)
Others	2,328	2,083	12
Total revenue	136,400	130,370	5
Impairment losses			
Impairment losses on available-for-sale investments	-	(16,760)	nm
Total impairment losses	-	(16,760)	nm
Operating expenses			
General and administrative expenses	(34,220)	(31,806)	8
Total operating expenses	(34,220)	(31,806)	8
Profit before tax	102,180	81,804	25
Tax expense	(4,120)	(8,728)	(53)
Profit after tax	98,060	73,076	34
Other comprehensive losses:			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations and others	(62,210)	(171,837)	(64)
Financial assets - available-for-sale (AFS):			
- Net change in fair value	-	(39,371)	nm
- Reclassification adjustments for gains taken to profit before tax from sale of AFS financial assets	-	(176,405)	nm
Tax relating to components of other comprehensive losses	-	1,956	nm
Other comprehensive losses for the period, net of tax	(62,210)	(385,657)	(84)
TOTAL COMPREHENSIVE INCOME/(LOSSES) FOR THE PERIOD	35,850	(312,581)	nm
Profit attributable to:			
Owners of the Company	93,666	71,261	31
Non-controlling interests	4,394	1,815	142
	98,060	73,076	34
Total comprehensive income/(losses) for the period attributable to:			
Owners of the Company	31,456	(314,396)	nm
Non-controlling interests	4,394	1,815	142
	35,850	(312,581)	nm

nm: Not Meaningful

The Group has initially applied IFRS 9 at 1 January 2018. Under the transition method chosen, comparative information has not been restated. See Note 4 and 5.

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 AS AT MARCH 31, 2018

	Group			Company		
	31/3/2018	31/12/2017	Change	31/3/2018	31/12/2017	Change
	NT\$'000	NT\$'000	%	NT\$'000	NT\$'000	%
Assets						
Non-current assets:						
Investments in subsidiaries	-	-	-	4,960,021	4,960,021	-
Available-for-sale investments	-	2,830,613	nm	-	-	-
Financial assets at fair value through profit or loss	4,586,074	1,928,046	138	-	-	-
Property, plant and equipment	1,053	1,149	(8)	-	-	-
	<u>4,587,127</u>	<u>4,759,808</u>	(4)	<u>4,960,021</u>	<u>4,960,021</u>	-
Current assets:						
Held-for-trading investments	-	148,075	nm	-	-	-
Financial assets at fair value through profit or loss	201,015	-	nm	-	-	-
Trade and other receivables	66,483	13,758	383	94	684	(86)
Cash and cash equivalents	1,627,673	1,522,667	7	53,067	58,100	(9)
	<u>1,895,171</u>	<u>1,684,500</u>	13	<u>53,161</u>	<u>58,784</u>	(10)
Total assets	<u>6,482,298</u>	<u>6,444,308</u>	1	<u>5,013,182</u>	<u>5,018,805</u>	-
Equity						
Share capital	5,233,033	5,233,033	-	5,233,033	5,233,033	-
Share premium	1,347,887	1,347,887	-	1,347,887	1,347,887	-
Reserves	525,881	504,047	4	115,016	115,016	-
Accumulated losses	(950,155)	(959,777)	(1)	(1,708,280)	(1,701,112)	-
Equity attributable to owners of the Company	<u>6,156,646</u>	<u>6,125,190</u>	1	<u>4,987,656</u>	<u>4,994,824</u>	-
Non-controlling interests	105,850	101,456	4	-	-	-
Total equity	<u>6,262,496</u>	<u>6,226,646</u>	1	<u>4,987,656</u>	<u>4,994,824</u>	-
Current liabilities:						
Advance receipts	75,188	73,748	2	-	-	-
Trade and other payables	78,231	81,437	(4)	25,526	23,981	6
Income tax payable	66,383	62,477	6	-	-	-
	<u>219,802</u>	<u>217,662</u>	1	<u>25,526</u>	<u>23,981</u>	6
Total liabilities	<u>219,802</u>	<u>217,662</u>	1	<u>25,526</u>	<u>23,981</u>	6
Total equity and liabilities	<u>6,482,298</u>	<u>6,444,308</u>	1	<u>5,013,182</u>	<u>5,018,805</u>	-

nm: Not Meaningful

The Group has initially applied IFRS 9 at 1 January 2018. Under the transition method chosen, comparative information has not been restated. See Note 4 and 5.

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

Amount repayable in one year or less , or on demand

As at 31/3/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
None	None	None	None

Amount repayable after one year

As at 31/3/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
None	None	None	None

Details of any collateral

None

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED MARCH 31, 2018

	GROUP	
	1Q	Restated*
	2018	2017
	NT\$'000	NT\$'000
Cash flows from operating activities		
Profit after tax	98,060	73,076
Adjustments for:		
Changes in fair value of other financial assets at fair value through profit or loss	-	41,840
Net gains on financial assets at fair value through profit or loss	(100,636)	-
Dividend/distribution income	(38,655)	(496)
Gains on sale of held-for-trading investments	-	(452)
Gains on sale of available-for-sale investments	-	(189,696)
Impairment losses on available-for-sale investments	-	16,760
Depreciation expense	96	66
Interest income	(1,863)	(1,507)
Tax expense	4,120	8,728
	<u>(38,878)</u>	<u>(51,681)</u>
Changes to:		
Held-for-trading investments	-	(8,771)
Available-for-sale investments	-	255,402
Financial assets at fair value through profit or loss	71,790	(135,762)
Trade and other receivables	658	(70)
Trade and other payables	(3,206)	(7,954)
Advance receipts	46,180	55,788
Cash from operations	76,544	106,952
Interest received	1,296	1,817
Dividend/distribution income received	38,655	496
Tax paid	(214)	(149)
Net cash from operating activities	<u>116,281</u>	<u>109,116</u>
Cash flows from financing activities:		
Purchase of treasury shares	-	(14,576)
Net cash used in financing activities	<u>-</u>	<u>(14,576)</u>
Net increase in cash and cash equivalents	116,281	94,540
Cash and cash equivalents at January 1	1,521,959	2,078,778
Effect of exchange rate on cash and cash equivalents	(11,259)	(32,783)
Cash and cash equivalents at March 31	<u>1,626,981</u>	<u>2,140,535</u>
Supplemental disclosure of cash flow information		
Cash and cash equivalent in the statement of cash flows	1,626,981	2,140,535
Cash held by trustee	692	722
Cash and cash equivalent in the statement of financial position	<u>1,627,673</u>	<u>2,141,257</u>

*In 2017, the Group presented its cash flows from available-for-sale investments and financial assets at fair value through profit or loss as cash flows arising from investing activities. In 2018, the Group assessed that as its principal activities pertain to investment and fund management, it is more appropriate to present the relevant cash flows as cash flows from operating activities. The 2017 comparatives have been restated to provide consistency in the presentation of the financial statements.

**The Group has initially applied IFRS 9 at 1 January 2018. Under the transition method chosen, comparative information has not been restated. See Note 4 and 5.

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2018

	Attributable to owners of the Company											Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus reserve	Currency translation and other reserve	Legal reserve	Special reserve	Capital surplus - net assets from merger	Fair value reserve	Treasury shares reserve	Accumulated losses	Sub-total		
	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000
At December 31, 2017	5,233,033	1,347,887	406,116	(181,203)	486,947	19,801	126,667	(63,181)	(291,100)	(959,777)	6,125,190	101,456	6,226,646
Adjustment on initial application of IFRS9 (net of tax)	-	-	-	-	-	-	-	63,181	-	(63,181)	-	-	-
Adjusted At January 1, 2018	5,233,033	1,347,887	406,116	(181,203)	486,947	19,801	126,667	-	(291,100)	(1,022,958)	6,125,190	101,456	6,226,646
Total comprehensive income/ (losses) for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	93,666	93,666	4,394	98,060
Exchange differences on translation of foreign operations and others	-	-	-	(62,210)	-	-	-	-	-	-	(62,210)	-	(62,210)
Total other comprehensive losses	-	-	-	(62,210)	-	-	-	-	-	-	(62,210)	-	(62,210)
Total comprehensive income/(losses) for the period	-	-	-	(62,210)	-	-	-	-	-	93,666	31,456	4,394	35,850
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners													
Transfer to legal reserve of certain subsidiaries	-	-	-	-	20,863	-	-	-	-	(20,863)	-	-	-
Total transactions with owner	-	-	-	-	20,863	-	-	-	-	(20,863)	-	-	-
At March 31, 2018	5,233,033	1,347,887	406,116	(243,413)	507,810	19,801	126,667	-	(291,100)	(950,155)	6,156,646	105,850	6,262,496

The Group has initially applied IFRS 9 at 1 January 2018. Under the transition method chosen, comparative information has not been restated. See Note 4 and 5.

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2017

	Attributable to owners of the Company												Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus reserve	Currency translation and other reserve	Legal reserve	Special reserve	Capital surplus - net assets from merger	Fair value reserve	Treasury shares reserve	Accumulated losses	Sub-total			
	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000
At January 1, 2017	5,233,033	1,347,887	406,116	62,408	477,508	19,801	126,667	759,471	(254,062)	(994,400)	7,184,429	113,667	7,298,096	
Total comprehensive income/ (losses) for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	71,261	71,261	1,815	73,076	
Exchange differences on translation of foreign operations and others	-	-	-	(171,837)	-	-	-	-	-	-	(171,837)	-	(171,837)	
Financial assets - available-for-sale (AFS)	-	-	-	-	-	-	-	(213,820)	-	-	(213,820)	-	(213,820)	
Total other comprehensive losses	-	-	-	(171,837)	-	-	-	(213,820)	-	-	(385,657)	-	(385,657)	
Total comprehensive income/ (losses) for the period	-	-	-	(171,837)	-	-	-	(213,820)	-	71,261	(314,396)	1,815	(312,581)	
Transactions with owners, recognised directly in equity														
Contributions by and distributions to owners														
Shares bought back as treasury shares	-	-	-	-	-	-	-	-	(7,251)	-	(7,251)	-	(7,251)	
Transfer to legal reserve of certain subsidiaries	-	-	-	-	9,439	-	-	-	-	(9,439)	-	-	-	
Total transactions with owner	-	-	-	-	9,439	-	-	-	(7,251)	(9,439)	(7,251)	-	(7,251)	
At March 31, 2017	5,233,033	1,347,887	406,116	(109,429)	486,947	19,801	126,667	545,651	(261,313)	(932,578)	6,862,782	115,482	6,978,264	

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2018

	Share capital	Share premium	Contributed surplus reserve	Treasury shares reserve	Accumulated losses	Total
	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000
At January 1, 2018	5,233,033	1,347,887	406,116	(291,100)	(1,701,112)	4,994,824
Total comprehensive losses for the period						
Losses for the period	-	-	-	-	(7,168)	(7,168)
Total other comprehensive losses for the period	-	-	-	-	-	-
Total comprehensive losses for the period					(7,168)	(7,168)
Total transactions with owner						
At March 31, 2018	5,233,033	1,347,887	406,116	(291,100)	(1,708,280)	4,987,656

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2017

	Share capital	Share premium	Contributed surplus reserve	Treasury shares reserve	Accumulated losses	Total
	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000
At January 1, 2017	5,233,033	1,347,887	406,116	(254,062)	(1,393,374)	5,339,600
Total comprehensive losses for the period						
Losses for the period	-	-	-	-	(11,136)	(11,136)
Total other comprehensive losses for the period	-	-	-	-	-	-
Total comprehensive losses for the period					(11,136)	(11,136)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Shares bought back as treasury shares	-	-	-	(7,251)	-	(7,251)
Total transactions with owner				(7,251)		(7,251)
At March 31, 2017	5,233,033	1,347,887	406,116	(261,313)	(1,404,510)	5,321,213

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	
	1Q 2018	1Q 2017
Issued ordinary shares :		
As at beginning of period	104,660,662	104,660,662
Issued during the period	-	-
As at end of period	<u>104,660,662</u>	<u>104,660,662</u>
Treasury shares :		
As at beginning of period	8,175,180	7,240,280
Purchase of treasury shares	-	216,600
As at end of period	<u>8,175,180</u>	<u>7,456,880</u>
Issued ordinary shares excluding treasury shares	<u>96,485,482</u>	<u>97,203,782</u>

The Company has no subsidiary holdings as at 31 March 2018 and 31 March 2017.

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.

	31/3/2018	31/12/2017
Total number of issued shares, excluding treasury shares	<u>96,485,482</u>	<u>96,485,482</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The movement of treasury share is as follows:

	Number of Shares
At January 1, 2018	8,175,180
Shares bought back as treasury shares	-
At March 31, 2018	<u>8,175,180</u>

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company has no subsidiary holdings as at 31 March 2018.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

Figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter.)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as those applied in the audited financial statements for the year ended 31 December 2017 except for the adoption of the revised and/or new International Financial Reporting Standards (IFRS) effective in FY2018. The adoption of these revised and/or new IFRS have no significant impact on the Group's financial statements except as described in note 5 below.

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.

IFRS 9 is effective on 1 January 2018. The Group's financial assets in relation to the portfolio of available-for-sale financial assets have been designated as fair value through profit or loss (FVTPL) and the associated balances of the fair value reserve have been reclassified to retained earnings on the initial date of application of IFRS 9. Under the transition method chosen, comparative information has not been restated.

The impact of the adoption of IFRS 9 on the Group's equity as at 1 January 2018 is summarised below.

NTS'000	As reported at 31 December 2017	Adjustments due to adoption of IFRS 9	Adjusted opening balance at 1 January 2018
Fair value reserve	(63,181)	63,181	–
Accumulated losses	(959,777)	(63,181)	(1,022,958)

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.

Group		
	NT\$	
	1Q 2018	1Q 2017
Earnings per ordinary share after deducting any provisions for preference dividends :		
(a) Based on weighted average number of ordinary shares on issue; and	0.97	0.73
(b) On a fully diluted basis	0.97	0.73
Earnings per ordinary share has been computed on the following weighted average number of shares :		
(a) Basic	96,485,482	97,219,698
(b) Diluted	96,485,482	97,219,698

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	
		31/3/2018	31/12/2017	31/3/2018	31/12/2017
Net asset value (attributable to owners of the Company)	NT\$	63.81	63.48	51.69	51.77
per share based on issued share capital at end of the period/year	S\$	2.87	2.85	2.33	2.33

Note : Exchange rate of S\$1: NT\$22.21 for 2018.3.31 and S\$1:NT\$22.26 for 2017.12.31

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group 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.**

- (a)
1. The Group's net gains on financial assets at fair value through profit or loss of NT\$100.6 million arose mainly due to favorable change in fair value of FVTPL investments and the gains on divestment.
 2. Dividend/distribution income of NT\$38.7 million (1Q2017: NT\$0.5 million).
 3. Foreign exchange losses of NT\$7.1 million due to the depreciation of US dollar against NT dollar during 1Q2018 (1Q2017: losses of NT\$30.1 million).

4. Exchange differences on translation of foreign operations of NT\$62.2 million was a result of depreciation of US dollar against NT dollar during 1Q2018.

(b)

1. The increase of NT\$105 million in the Group's Cash balance from NT\$1,522.7 million to NT\$1,627.7 million was due to divestments during 1Q2018.

2. The Group's trade and other receivables of NT\$66.5 million was mainly due to the unsettled proceeds for sold trades as at the end of 1Q2018.

3. The Group has designated the portfolio of held-for-trading financial assets (2017: NT\$148.1 million) as FVTPL (current) on initial application of IFRS 9 as of 1 January 2018.

4. The portfolio of available-for-sale financial assets of NT\$2,830 million at the end of 2017 have been designated as FVTPL when initially applied IFRS 9 as at 1 January 2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast was previously disclosed in relation to first quarter 2018 results.

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 tit-for-tat tariff threats by the United States and China may compel companies to delay investment plans. As a result, the external sector of the US economy may add to uncertainties. There are signs that growth is moderating in Europe and that emerging markets will experience less strengthening during the second half of 2018 than initially expected. In such a challenging environment, the Group will continue to leverage on its capabilities and experience to seek out promising investment or divestment opportunities.

11. Dividend

(a) Current Financial Period Reported on

Any dividend recommended 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

N.A.

(d) Books closure date

N.A.

12. If no dividend has been declared (recommended), a statement to that effect.

N.A.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a shareholder's mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

14. Negative confirmation pursuant to rule 705(5) of the listing manual

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group, comprising the statements of financial position (Group and Company), consolidated statement of comprehensive income, statements of changes in equity (Group and Company) and consolidated statement of cash flows, together with the accompanying information required by Appendix 7.2 of Listing Manual of the Singapore Exchange Securities Trading Limited, for the first quarter ended March 31, 2018, to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the listing manual.

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the listing manual.

BY ORDER OF THE BOARD

Hsin-Chieh Chung
Company Secretary
May 10, 2018