



**HOTUNG GROUP**

HOTUNG INVESTMENT HOLDINGS LIMITED

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**First Half Year Financial Statement for the Period Ended 30/6/2020**

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**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 HALF YEAR ENDED JUNE 30, 2020

	Group		Change %
	1H 2020 NT\$'000	1H 2019 NT\$'000	
Revenue			
Interest income	622	1,008	(38)
Dividend/ distribution income	142,502	9,008	1482
Net gains on financial assets at fair value through profit or loss	14,681	262,280	(94)
Foreign exchange (losses)/ gains	(1,904)	492	nm
Others	1,994	4,092	(51)
<b>Total revenue</b>	<u>157,895</u>	<u>276,880</u>	(43)
Operating expenses			
General and administrative expenses	(67,211)	(66,539)	1
<b>Total operating expenses</b>	<u>(67,211)</u>	<u>(66,539)</u>	1
Operating profit	90,684	210,341	(57)
Finance costs	(89)	(95)	(6)
<b>Profit before tax</b>	<u>90,595</u>	<u>210,246</u>	(57)
Tax expense	(7,573)	(11,611)	(35)
<b>Profit after tax</b>	<u>83,022</u>	<u>198,635</u>	(58)
<b>Other comprehensive income:</b>			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations and others	(38,005)	33,278	nm
<b>Other comprehensive (losses)/ income for the period, net of tax</b>	<u>(38,005)</u>	<u>33,278</u>	nm
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>45,017</u>	<u>231,913</u>	(81)
<b>Profit attributable to:</b>			
Owners of the Company	76,262	190,265	(60)
Non-controlling interests	6,760	8,370	(19)
	<u>83,022</u>	<u>198,635</u>	(58)
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company	38,257	223,543	(83)
Non-controlling interests	6,760	8,370	(19)
	<u>45,017</u>	<u>231,913</u>	(81)

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 AS AT JUNE 30, 2020

	Group			Company		
	30/6/2020	31/12/2019	Change	30/6/2020	31/12/2019	Change
	NT\$'000	NT\$'000	%	NT\$'000	NT\$'000	%
<b>Assets</b>						
<b>Non-current assets:</b>						
Investments in subsidiaries	-	-	-	4,433,372	4,433,372	-
Financial assets at fair value through profit or loss	5,122,221	5,194,876	(1)	-	-	-
Property, plant and equipment	22,942	26,636	(14)	-	-	-
	<u>5,145,163</u>	<u>5,221,512</u>	(1)	<u>4,433,372</u>	<u>4,433,372</u>	-
<b>Current assets:</b>						
Financial assets at fair value through profit or loss	81,717	41,101	99	-	-	-
Trade and other receivables	44,514	7,385	503	681	135	404
Cash and cash equivalents	1,088,803	1,073,674	1	194,234	42,595	356
	<u>1,215,034</u>	<u>1,122,160</u>	8	<u>194,915</u>	<u>42,730</u>	356
<b>Total assets</b>	<u>6,360,197</u>	<u>6,343,672</u>	-	<u>4,628,287</u>	<u>4,476,102</u>	3
<b>Equity</b>						
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	563,800	601,805	(6)	105,882	105,882	-
Accumulated losses	(1,247,241)	(1,077,203)	16	(2,333,921)	(2,234,372)	4
<b>Equity attributable to owners of the Company</b>	<u>5,897,479</u>	<u>6,105,522</u>	(3)	<u>4,352,881</u>	<u>4,452,430</u>	(2)
Non-controlling interests	78,518	96,976	(19)	-	-	-
<b>Total equity</b>	<u>5,975,997</u>	<u>6,202,498</u>	(4)	<u>4,352,881</u>	<u>4,452,430</u>	(2)
<b>Liabilities</b>						
<b>Non-current liability:</b>						
Lease liabilities	15,167	18,632	(19)	-	-	-
	<u>15,167</u>	<u>18,632</u>	(19)	<u>-</u>	<u>-</u>	-
<b>Current liabilities:</b>						
Trade and other payables	344,450	92,755	271	275,406	23,672	1,063
Income tax payables	24,583	29,787	(17)	-	-	-
	<u>369,033</u>	<u>122,542</u>	201	<u>275,406</u>	<u>23,672</u>	1,063
<b>Total liabilities</b>	<u>384,200</u>	<u>141,174</u>	172	<u>275,406</u>	<u>23,672</u>	1,063
<b>Total equity and liabilities</b>	<u>6,360,197</u>	<u>6,343,672</u>	-	<u>4,628,287</u>	<u>4,476,102</u>	3

nm: Not Meaningful

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

**Amount repayable in one year or less, or on demand.**

As at 30/6/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
None	None	None	None

**Amount repayable after one year**

As at 30/6/2020		As at 31/12/2019	
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 HALF YEAR ENDED JUNE 30, 2020

	GROUP	
	1H	1H
	2020	2019
	NT\$'000	NT\$'000
<b>Cash flows from operating activities</b>		
Profit after tax	83,022	198,635
Adjustments for:		
Net gains on financial assets at fair value through profit or loss	(14,681)	(262,280)
Dividend/distribution income	(142,502)	(9,008)
Interest income	(622)	(1,008)
Depreciation expense	3,694	3,668
Finance costs	89	95
Gains on disposal of property, plant and equipment	-	(193)
Tax expense	7,573	11,611
	<u>(63,427)</u>	<u>(58,480)</u>
Changes to:		
Financial assets at fair value through profit or loss	12,567	157,770
Trade and other receivables	(37,247)	(1,376)
Trade and other payables	4,058	2,913
Cash (used in)/from operations	<u>(84,049)</u>	<u>100,827</u>
Interest received	740	987
Finance costs paid	(89)	(95)
Dividend/distribution income received	142,502	9,581
Tax paid	(12,777)	(24,560)
<b>Net cash from operating activities</b>	<u>46,327</u>	<u>86,740</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	-	(1,199)
Proceeds from disposal of property, plant and equipment	-	551
<b>Net cash used in investing activities</b>	<u>-</u>	<u>(648)</u>
<b>Cash flows from financing activities:</b>		
Dividend paid to non-controlling shareholders in subsidiaries	(24,138)	(22,454)
Capital reduction in subsidiaries paid to non-controlling interests	-	(12)
Dividends paid to shareholders of the Company	-	(269,601)
Payment of lease liabilities	(3,440)	(3,435)
<b>Net cash used in financing activities</b>	<u>(27,578)</u>	<u>(295,502)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	18,749	(209,410)
Cash and cash equivalents at January 1	1,073,674	1,134,962
Effect of exchange rate on cash and cash equivalents	(3,620)	3,487
<b>Cash and cash equivalents at June 30</b>	<u>1,088,803</u>	<u>929,039</u>

**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 HALF YEAR ENDED JUNE 30, 2020

	Attributable to owners of the Company											
	Share capital	Share premium	Contributed surplus reserve	Currency translation and other reserve	Legal reserve	Special reserve	Capital surplus - net assets from merger	Treasury shares reserve	Accumulated losses	Sub-total	Non-controlling interests	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
At 1 January 1, 2020	5,233,033	1,347,887	406,116	(171,239)	520,694	19,801	126,667	(300,234)	(1,077,203)	6,105,522	96,976	6,202,498
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	76,262	76,262	6,760	83,022
Exchange differences on translation of foreign operations and others	-	-	-	(38,005)	-	-	-	-	-	(38,005)	-	(38,005)
Total other comprehensive losses	-	-	-	(38,005)	-	-	-	-	-	(38,005)	-	(38,005)
<b>Total comprehensive income for the period</b>	-	-	-	(38,005)	-	-	-	-	76,262	38,257	6,760	45,017
<b>Transactions with owners, recognised directly</b>												
<b>Contributions by and distributions to owners</b>												
Dividends paid to shareholders of the Company	-	-	-	-	-	-	-	-	(246,300)	(246,300)	(25,218)	(271,518)
<b>Total transactions with owner</b>	-	-	-	-	-	-	-	-	(246,300)	(246,300)	(25,218)	(271,518)
At June 30, 2020	5,233,033	1,347,887	406,116	(209,244)	520,694	19,801	126,667	(300,234)	(1,247,241)	5,897,479	78,518	5,975,997

GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST HALF YEAR ENDED JUNE 30, 2019

	Attributable to owners of the Company											
	Share capital	Share premium	Contributed surplus reserve	Currency translation and other reserve	Legal reserve	Special reserve	Capital surplus - net assets from merger	Treasury shares reserve	Accumulated losses	Sub-total	Non-controlling interests	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
At 1 January 2019	5,233,033	1,347,887	406,116	(92,020)	507,810	19,801	126,667	(300,234)	(1,102,307)	6,146,753	95,156	6,241,909
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	190,265	190,265	8,370	198,635
Exchange differences on translation of foreign operations and others	-	-	-	33,278	-	-	-	-	-	33,278	-	33,278
Total other comprehensive income	-	-	-	33,278	-	-	-	-	-	33,278	-	33,278
<b>Total comprehensive income for the period</b>	-	-	-	33,278	-	-	-	-	190,265	223,543	8,370	231,913
<b>Transactions with owners, recognised directly</b>												
<b>Contributions by and distributions to owners</b>												
Transfer to legal reserve of certain subsidiaries	-	-	-	-	12,884	-	-	-	(12,884)	-	-	-
Dividends paid to shareholders of the Company	-	-	-	-	-	-	-	-	(269,601)	(269,601)	(23,459)	(293,060)
Capital reduction in subsidiaries	-	-	-	-	-	-	-	-	-	-	(12)	(12)
<b>Total transactions with owner</b>	-	-	-	-	12,884	-	-	-	(282,485)	(269,601)	(23,471)	(293,072)
At June 30, 2019	5,233,033	1,347,887	406,116	(58,742)	520,694	19,801	126,667	(300,234)	(1,194,527)	6,100,695	80,055	6,180,750

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST HALF YEAR ENDED JUNE 30, 2020

	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, 2020	5,233,033	1,347,887	406,116	(300,234)	(2,234,372)	4,452,430
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	146,751	146,751
Total other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	146,751	146,751
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividend paid to shareholders of the Company	-	-	-	-	(246,300)	(246,300)
<b>Total transactions with owner</b>	-	-	-	-	(246,300)	(246,300)
At June 30, 2020	5,233,033	1,347,887	406,116	(300,234)	(2,333,921)	4,352,881

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST HALF YEAR ENDED JUNE 30, 2019

	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, 2019	5,233,033	1,347,887	406,116	(300,234)	(1,949,738)	4,737,064
<b>Total comprehensive income for the period</b>						
Losses for the period	-	-	-	-	(1,603)	(1,603)
Total other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive losses for the period</b>	-	-	-	-	(1,603)	(1,603)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends paid to shareholders of the Company	-	-	-	-	(269,601)	(269,601)
<b>Total transactions with owner</b>	-	-	-	-	(269,601)	(269,601)
At June 30, 2019	5,233,033	1,347,887	406,116	(300,234)	(2,220,942)	4,465,860

**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	
	1H 2020	1H 2019
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	8,374,580	8,374,580
Purchase of treasury shares	-	-
As at end of period	<u>8,374,580</u>	<u>8,374,580</u>
Issued ordinary shares excluding treasury shares	<u>96,286,082</u>	<u>96,286,082</u>

The Company has no subsidiary holdings as at 30 June 2020 and 30 June 2019.

**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.**

	30/6/2020	31/12/2019
Total number of issued shares, excluding treasury shares	<u>96,286,082</u>	<u>96,286,082</u>

**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.**

The movement of treasury share is as follows:

	Number of Shares
At January 1, 2020	8,374,580
Shares bought back as treasury shares	-
At June 30, 2020	<u>8,374,580</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 30 June 2020.

**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 modifications 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.**

Not applicable.

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

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

The revised and/or new International Financial Reporting Standards (IFRS) effective in FY2020 have no significant impact on the Group.

- 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.**

Not applicable.

- 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\$	
	1H 2020	1H 2019
<b>Earnings per ordinary share after deducting any provisions for preference dividends :</b>		
(a) Based on weighted average number of ordinary shares on issue; and	0.79	1.98
(b) On a fully diluted basis	0.79	1.98
<b>Earnings per ordinary share has been computed on the following weighted average number of shares :</b>		
(a) Basic	96,286,082	96,286,082
(b) Diluted	96,286,082	96,286,082

7. **Net asset value (for the issuer and group) per ordinary share based on the 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	
		30/6/2020	31/12/2019	30/6/2020	31/12/2019
Net asset value (attributable to owners of the Company)	NT\$	61.25	63.41	45.21	46.24
per share based on issued share capital at end of the period/year	S\$	2.88	2.85	2.13	2.08

Note : Exchange rate of S\$1: NT\$21.24 for 2020.6.30 and S\$1: NT\$22.28 for 2019.12.31

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\$14.7 million (1H2019:NT\$262.3 million) arose mainly due to gains on divestment.
2. Dividend/distribution income of NT\$142.5 million (1H2019: NT\$9 million) received, mainly due to distribution proceeds from fund investments.
3. Losses on translation of foreign operations amounted to NT\$38 million (1H2019: gains of NT\$33.3 million) was a result of depreciation of US dollar against NT dollar during 1H2020.

(b)

1. The increase in the Group's financial assets at fair value through profit or loss (current) from NT\$41.1 million to NT\$81.7 million was mainly due to increased trading activities during 1H2020.
2. The increase in the Group's trade and other receivables from NT\$7.4 million to NT\$44.5 million was mainly due to proceeds from investments divested with settlement date in the early July 2020.
3. The Group's trade and other payables of NT\$344.5 million was mainly to accrue cash dividend payable which has been approved by AGM dated June 23, 2020.

**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 2020 first half year 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 spread of COVID-19 has brought the global economy to a near standstill in the first half of the year. Without clear and concerted global measures, efforts to contain COVID-19 have brought mixed results and may even precipitate deeper and longer recessions. Exacerbating tensions between the US and China have arisen on the back of COVID-19, with no signs of foreseeable abatement. The depth and duration of the economic fallout remain highly uncertain. The Group having maintained healthy reserves of dry powder, is able to invest in the bright spot sectors such as online education and shopping, as well as home entertainment and fitness experience.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an dividend has been declared/recommended?**

None

**(b) Any dividend declared for corresponding period of the immediately preceding financial year?**

None

**(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).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

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

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 current reporting period on the grounds of prudence.

**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 sought 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 half year ended June 30, 2020, 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**

Mei-Rong Pan

Company Secretary

August 13, 2020