



**HOTUNG GROUP**

HOTUNG INVESTMENT HOLDINGS LIMITED

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**Second Quarter Financial Statement for the Period Ended 30/6/2019**

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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 SECOND QUARTER ENDED JUNE 30, 2019

	Group		Change %
	2Q 2019 NT\$'000	2Q 2018 NT\$'000	
Revenue			
Interest income	511	1,315	(61)
Dividend/distribution income	8,674	-	nm
Net gains on financial assets at fair value through profit or loss	83,367	94,763	(12)
Foreign exchange gains	376	6,994	(95)
Others	2,082	2,131	(2)
<b>Total revenue</b>	<b>95,010</b>	<b>105,203</b>	<b>(10)</b>
Operating expenses			
General and administrative expenses	(31,722)	(32,369)	(2)
<b>Total operating expenses</b>	<b>(31,722)</b>	<b>(32,369)</b>	<b>(2)</b>
Operating profit	63,288	72,834	(13)
Finance costs	(56)	-	nm
<b>Profit before tax</b>	<b>63,232</b>	<b>72,834</b>	<b>(13)</b>
Tax (expense)/credit	(1,653)	57	nm
<b>Profit after tax</b>	<b>61,579</b>	<b>72,891</b>	<b>(16)</b>
<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	23,272	128,320	(82)
<b>Other comprehensive income for the period, net of tax</b>	<b>23,272</b>	<b>128,320</b>	<b>(82)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>84,851</b>	<b>201,211</b>	<b>(58)</b>
<b>Profit attributable to:</b>			
Owners of the Company	57,338	66,751	(14)
Non-controlling interests	4,241	6,140	(31)
	<b>61,579</b>	<b>72,891</b>	<b>(16)</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company	80,610	195,071	(59)
Non-controlling interests	4,241	6,140	(31)
	<b>84,851</b>	<b>201,211</b>	<b>(58)</b>

nm: Not Meaningful

The Group has initially applied IFRS 16 at 1 January 2019. 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 JUNE 30, 2019

	Group			Company		
	30/6/2019 NT\$'000	31/12/2018 NT\$'000	Change %	30/6/2019 NT\$'000	31/12/2018 NT\$'000	Change %
<b>Assets</b>						
<b>Non-current assets:</b>						
Investments in subsidiaries	-	-	-	4,433,372	4,714,147	(6)
Financial assets at fair value through profit or loss	5,276,800	5,122,927	3	-	-	-
Property, plant and equipment	1,413	770	84	-	-	-
Right-of-use assets	28,917	-	nm	-	-	-
	<u>5,307,130</u>	<u>5,123,697</u>	4	<u>4,433,372</u>	<u>4,714,147</u>	(6)
<b>Current assets:</b>						
Financial assets at fair value through profit or loss	65,317	85,766	(24)	-	-	-
Trade and other receivables	9,008	8,184	10	-	1,548	nm
Cash and cash equivalents	929,039	1,134,962	(18)	49,920	41,582	20
	<u>1,003,364</u>	<u>1,228,912</u>	(18)	<u>49,920</u>	<u>43,130</u>	16
<b>Total assets</b>	<u>6,310,494</u>	<u>6,352,609</u>	(1)	<u>4,483,292</u>	<u>4,757,277</u>	(6)
<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	714,302	668,140	7	105,882	105,882	-
Accumulated losses	(1,194,527)	(1,102,307)	8	(2,220,942)	(1,949,738)	14
<b>Equity attributable to owners of the Company</b>	<u>6,100,695</u>	<u>6,146,753</u>	(1)	<u>4,465,860</u>	<u>4,737,064</u>	(6)
Non-controlling interests	80,055	95,156	(16)	-	-	-
<b>Total equity</b>	<u>6,180,750</u>	<u>6,241,909</u>	(1)	<u>4,465,860</u>	<u>4,737,064</u>	(6)
<b>Liabilities</b>						
<b>Non-current liability:</b>						
Lease liabilities	28,952	-	nm	-	-	-
	<u>28,952</u>	<u>-</u>	nm	<u>-</u>	<u>-</u>	-
<b>Current liabilities:</b>						
Trade and other payables	77,460	74,419	4	17,432	20,213	(14)
Income tax payable	23,332	36,281	(36)	-	-	-
	<u>100,792</u>	<u>110,700</u>	(9)	<u>17,432</u>	<u>20,213</u>	(14)
<b>Total liabilities</b>	<u>129,744</u>	<u>110,700</u>	17	<u>17,432</u>	<u>20,213</u>	(14)
<b>Total equity and liabilities</b>	<u>6,310,494</u>	<u>6,352,609</u>	(1)	<u>4,483,292</u>	<u>4,757,277</u>	(6)

nm: Not Meaningful

The Group has initially applied IFRS 16 at 1 January 2019. 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 30/6/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
None	None	None	None

**Amount repayable after one year**

As at 30/6/2019		As at 31/12/2018	
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 SECOND QUARTER ENDED JUNE 30, 2019

	GROUP	
	2Q	2Q
	2019	2018
	NT\$'000	NT\$'000
<b>Cash flows from operating activities</b>		
Profit after tax	61,579	72,891
Adjustments for:		
Net gains on financial assets at fair value through profit or loss	(83,367)	(94,763)
Dividend/distribution income	(8,674)	-
Interest income	(511)	(1,315)
Depreciation expense	1,844	95
Finance costs	56	-
Gains on disposal of property, plant and equipment	(193)	-
Tax expense/(credit)	1,653	(57)
	<u>(27,613)</u>	<u>(23,149)</u>
Changes to:		
Financial assets at fair value through profit or loss	39,942	2,617
Trade and other receivables	(631)	(1,457)
Trade and other payables	1,057	(22,479)
Advance receipts	-	28,132
Cash from/(used in) operations	<u>12,755</u>	<u>(16,336)</u>
Interest received	491	2,426
Finance costs paid	(56)	-
Dividend/distribution income received	8,674	-
Tax paid	(20,831)	(30,679)
<b>Net cash from/(used in) operating activities</b>	<u>1,033</u>	<u>(44,589)</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(990)	-
Proceeds from disposal of property, plant and equipment	551	-
<b>Net cash used in investing activities</b>	<u>(439)</u>	<u>-</u>
<b>Cash flows from financing activities:</b>		
Dividend paid to non-controlling shareholders in subsidiaries	(22,454)	(28,067)
Capital reduction in subsidiaries paid to non-controlling interests	(12)	(10)
Dividends paid to shareholders of the Company	(269,601)	(329,298)
Purchase of treasury shares	-	(9,134)
Payment of lease liabilities	(1,709)	-
<b>Net cash used in financing activities</b>	<u>(293,776)</u>	<u>(366,509)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(293,182)</u>	<u>(411,098)</u>
Cash and cash equivalents at April 1	1,219,901	1,626,981
Effect of exchange rate on cash and cash equivalents	2,320	21,843
<b>Cash and cash equivalents at June 30</b>	<u>929,039</u>	<u>1,237,726</u>

The Group has initially applied IFRS 16 at 1 January 2019. 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 SECOND QUARTER 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
<b>At 1 April 1, 2019</b>	5,233,033	1,347,887	406,116	(82,014)	520,694	19,801	126,667	(300,234)	(982,264)	6,289,686	99,285	6,388,971
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	57,338	57,338	4,241	61,579
Exchange differences on translation of foreign operations and others	-	-	-	23,272	-	-	-	-	-	23,272	-	23,272
Total other comprehensive income	-	-	-	23,272	-	-	-	-	-	23,272	-	23,272
<b>Total comprehensive income for the period</b>	-	-	-	23,272	-	-	-	-	57,338	80,610	4,241	84,851
<b>Transactions with owners, recognised directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Dividend 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>	-	-	-	-	-	-	-	-	(269,601)	(269,601)	(23,471)	(293,072)
<b>At June 30, 2019</b>	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

GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED JUNE 30, 2018

	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
<b>At April 1, 2018</b>	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
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	66,751	66,751	6,140	72,891
Exchange differences on translation of foreign operations and others	-	-	-	128,320	-	-	-	-	-	128,320	-	128,320
Total other comprehensive income	-	-	-	128,320	-	-	-	-	-	128,320	-	128,320
<b>Total comprehensive income for the period</b>	-	-	-	128,320	-	-	-	-	66,751	195,071	6,140	201,211
<b>Transactions with owners, recognised directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Shares bought back as treasury shares	-	-	-	-	-	-	-	(9,134)	-	(9,134)	-	(9,134)
Dividend paid to shareholders of the Company	-	-	-	-	-	-	-	-	(329,298)	(329,298)	(29,323)	(358,621)
Capital reduction in subsidiaries	-	-	-	-	-	-	-	-	-	-	(10)	(10)
<b>Total transactions with owner</b>	-	-	-	-	-	-	-	(9,134)	(329,298)	(338,432)	(29,333)	(367,765)
<b>At June 30, 2018</b>	5,233,033	1,347,887	406,116	(115,093)	507,810	19,801	126,667	(300,234)	(1,212,702)	6,013,285	82,657	6,095,942

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED JUNE 30, 2019

	Share capital	Share premium	Contributed surplus reserve	Treasury shares reserve	Accumulated losses	Total
	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000
At April 1, 2019	5,233,033	1,347,887	406,116	(300,234)	(1,958,402)	4,728,400
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	7,061	7,061
Total other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	7,061	7,061
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividend 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

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED JUNE 30, 2018

	Share capital	Share premium	Contributed surplus reserve	Treasury shares reserve	Accumulated losses	Total
	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000
At April 1, 2018	5,233,033	1,347,887	406,116	(291,100)	(1,708,280)	4,987,656
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	98,949	98,949
Total other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	98,949	98,949
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Shares bought back as treasury shares	-	-	-	(9,134)	-	(9,134)
Dividend paid to shareholders of the Company	-	-	-	-	(329,298)	(329,298)
<b>Total transactions with owner</b>	-	-	-	(9,134)	(329,298)	(338,432)
At June 30, 2018	5,233,033	1,347,887	406,116	(300,234)	(1,938,629)	4,748,173

**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	
	2Q 2019	2Q 2018
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	8,175,180
Purchase of treasury shares	-	199,400
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 2019 and 30 June 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.**

	30/6/2019	31/12/2018
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, 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, 2019	<u>8,374,580</u>
Shares bought back as treasury shares	-
At June 30, 2019	<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 2019.

**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 2018 except for the adoption of the revised and/or new International Financial Reporting Standards (IFRS) effective in FY2019.

**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 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. On January 1, 2019, the Group applied IFRS 16 using the modified retrospective approach, with no impact to the retained earnings on 1 January 2019 and no restatement of comparative information.

**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\$	
	2Q 2019	2Q 2018
<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	0.60	0.69
(b) On a fully diluted basis	0.60	0.69
<b>Earnings per ordinary share has been computed on the following weighted average number of shares :</b>		
(a) Basic	96,286,082	96,297,236
(b) Diluted	96,286,082	96,297,236

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	
		30/6/2019	31/12/2018	30/6/2019	31/12/2018
Net asset value (attributable to owners of the Company)	NT\$	63.36	63.84	46.38	49.20
per share based on issued share capital at end of the period/year	S\$	2.76	2.84	2.02	2.19

Note : Exchange rate of S\$1: NT\$22.97 for 2019.6.30 and S\$1: NT\$22.48 for 2018.12.31

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\$83.4 million (2Q2018:NT\$94.8 million) arose mainly due to favorable change in fair value of FVTPL investments and the gains on divestment.
2. Dividend/distribution income of NT\$8.7 million.
3. Finance costs of NT\$0.056 million relates to interest component of repayment of lease liability arising from IFRS 16.
4. Exchange differences on translation of foreign operations of NT\$23.3 million (2Q2018:NT\$128.3 million gains) was a result of appreciation of US dollar against NT dollar during 2Q2019.

(b)

1. The decrease in the Group's financial assets at fair value through profit or loss (current) from NT\$85.8 million to NT\$65.3 million was mainly due to divestments during 2Q2019.
2. On transition to IFRS 16, the figures for both right-of-use assets and lease liabilities, should be that of the initial recognition NT\$32.4 million.
3. The decrease in the Group's income tax payables of NT\$12.9 million was mainly due to the payment of 2018 income tax for the Group's Taiwan subsidiaries in May 2019.

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 second quarter 2019 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 trade tensions between the US and China are likely to continue to cast a shadow over the global economy, resulting in continuing volatilities in the investment market. While the Group's geographical exposure of its portfolio remains largely in China and Taiwan, the Group's industry exposure is diverse.

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 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 second quarter ended June 30, 2019, 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  
August 8, 2019