



HOTUNG GROUP

HOTUNG INVESTMENT HOLDINGS LIMITED

First Quarter Financial Statement for the Period Ended 31/3/2019

**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, 2019

	Group		Change %
	1Q 2019 NT\$'000	1Q 2018 NT\$'000	
Revenue			
Interest income	497	1,863	(73)
Dividend/distribution income	334	38,655	(99)
Net gains on financial assets at fair value through profit or loss	178,913	100,636	78
Foreign exchange gains/ (losses)	116	(7,082)	nm
Others	2,010	2,328	(14)
Total revenue	181,870	136,400	33
Operating expenses			
General and administrative expenses	(34,817)	(34,220)	2
Total operating expenses	(34,817)	(34,220)	2
Operating profit	147,053	102,180	44
Finance costs	(39)	-	nm
Profit before tax	147,014	102,180	44
Tax expense	(9,958)	(4,120)	142
Profit after tax	137,056	98,060	40
Other comprehensive income/(losses):			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations and others	10,006	(62,210)	nm
Other comprehensive income/(losses) for the period, net of tax	10,006	(62,210)	nm
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	147,062	35,850	310
Profit attributable to:			
Owners of the Company	132,927	93,666	42
Non-controlling interests	4,129	4,394	(6)
	137,056	98,060	40
Total comprehensive income for the period attributable to:			
Owners of the Company	142,933	31,456	354
Non-controlling interests	4,129	4,394	(6)
	147,062	35,850	310

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 MARCH 31, 2019

	Group			Company		
	31/3/2019 NTS'000	31/12/2018 NTS'000	Change %	31/3/2019 NTS'000	31/12/2018 NTS'000	Change %
Assets						
Non-current assets:						
Investments in subsidiaries	-	-	-	4,714,147	4,714,147	-
Financial assets at fair value through profit or loss	5,238,817	5,122,927	2	-	-	-
Property, plant and equipment	890	770	16	-	-	-
Right-of-use assets	30,652	-	nm	-	-	-
	<u>5,270,359</u>	<u>5,123,697</u>	3	<u>4,714,147</u>	<u>4,714,147</u>	-
Current assets:						
Financial assets at fair value through profit or loss	38,923	85,766	(55)	-	-	-
Trade and other receivables	8,357	8,184	2	-	1,548	nm
Cash and cash equivalents	1,219,901	1,134,962	7	40,393	41,582	(3)
	<u>1,267,181</u>	<u>1,228,912</u>	3	<u>40,393</u>	<u>43,130</u>	(6)
Total assets	<u>6,537,540</u>	<u>6,352,609</u>	3	<u>4,754,540</u>	<u>4,757,277</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	691,030	668,140	3	105,882	105,882	-
Accumulated losses	(982,264)	(1,102,307)	(11)	(1,958,402)	(1,949,738)	-
Equity attributable to owners of the Company	<u>6,289,686</u>	<u>6,146,753</u>	2	<u>4,728,400</u>	<u>4,737,064</u>	-
Non-controlling interests	99,285	95,156	4	-	-	-
Total equity	<u>6,388,971</u>	<u>6,241,909</u>	2	<u>4,728,400</u>	<u>4,737,064</u>	-
Liabilities						
Non-current liability:						
Lease liabilities	30,661	-	nm	-	-	-
	<u>30,661</u>	<u>-</u>	nm	<u>-</u>	<u>-</u>	-
Current liabilities:						
Trade and other payables	75,398	74,419	1	26,140	20,213	29
Income tax payable	42,510	36,281	17	-	-	-
	<u>117,908</u>	<u>110,700</u>	7	<u>26,140</u>	<u>20,213</u>	29
Total liabilities	<u>148,569</u>	<u>110,700</u>	34	<u>26,140</u>	<u>20,213</u>	29
Total equity and liabilities	<u>6,537,540</u>	<u>6,352,609</u>	3	<u>4,754,540</u>	<u>4,757,277</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(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less , or on demand

As at 31/3/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
None	None	None	None

Amount repayable after one year

As at 31/3/2019		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 FIRST QUARTER ENDED MARCH 31, 2019

	GROUP	
	1Q	1Q
	2019	2018
	NT\$'000	NT\$'000
Cash flows from operating activities		
Profit after tax	137,056	98,060
Adjustments for:		
Net gains on financial assets at fair value through profit or loss	(178,913)	(100,636)
Dividend/distribution income	(334)	(38,655)
Interest income	(497)	(1,863)
Depreciation expense	1,824	96
Finance costs	39	-
Tax expense	9,958	4,120
	<u>(30,867)</u>	<u>(38,878)</u>
Changes to:		
Financial assets at fair value through profit or loss	117,828	71,790
Trade and other receivables	(745)	658
Trade and other payables	1,856	(3,206)
Advance receipts	-	46,180
Cash from operations	<u>88,072</u>	<u>76,544</u>
Interest received	496	1,296
Finance costs paid	(39)	-
Dividend/distribution income received	907	38,655
Tax paid	(3,729)	(214)
Net cash from operating activities	<u>85,707</u>	<u>116,281</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(209)	-
Net cash used in investing activities	<u>(209)</u>	<u>-</u>
Cash flows from financing activities:		
Payment of lease liabilities	(1,726)	-
Net cash used in financing activities	<u>(1,726)</u>	<u>-</u>
Net increase in cash and cash equivalents	83,772	116,281
Cash and cash equivalents at January 1	1,134,962	1,521,959
Effect of exchange rate on cash and cash equivalents	1,167	(11,259)
Cash and cash equivalents at March 31	<u>1,219,901</u>	<u>1,626,981</u>
Supplemental disclosure of cash flow information		
Cash and cash equivalent in the statement of cash flows	1,219,901	1,626,981
Cash held by trustee	-	692
Cash and cash equivalent in the statement of financial position	<u>1,219,901</u>	<u>1,627,673</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 FIRST QUARTER ENDED MARCH 31, 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
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	132,927	132,927	4,129	137,056
Exchange differences on translation of foreign operations and others	-	-	-	10,006	-	-	-	-	-	10,006	-	10,006
Total other comprehensive income	-	-	-	10,006	-	-	-	-	-	10,006	-	10,006
Total comprehensive income for the period	-	-	-	10,006	-	-	-	-	132,927	142,933	4,129	147,062
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Transfer to legal reserve of certain subsidiaries	-	-	-	-	12,884	-	-	-	(12,884)	-	-	-
Total transactions with owner	-	-	-	-	12,884	-	-	-	(12,884)	-	-	-
At March 31, 2019	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

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	NT\$'000
At 1 January 2018, as previously reported	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 IFRS 9, net of tax	-	-	-	-	-	-	-	63,181	-	(63,181)	-	-	-	
Adjusted balance at 1 January 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	

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 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
Total comprehensive losses for the period						
Losses for the period	-	-	-	-	(8,664)	(8,664)
Total other comprehensive losses for the period	-	-	-	-	-	-
Total comprehensive losses for the period					(8,664)	(8,664)
Total transactions with owner	-	-	-	-	-	-
At March 31, 2019	5,233,033	1,347,887	406,116	(300,234)	(1,958,402)	4,728,400

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

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 2019	1Q 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	-	-
As at end of period	<u>8,374,580</u>	<u>8,175,180</u>
Issued ordinary shares excluding treasury shares	<u><u>96,286,082</u></u>	<u><u>96,485,482</u></u>

The Company has no subsidiary holdings as at 31 March 2019 and 31 March 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.

	31/3/2019	31/12/2018
Total number of issued shares, excluding treasury shares	<u><u>96,286,082</u></u>	<u><u>96,286,082</u></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	8,374,580
Shares bought back as treasury shares	-
At March 31, 2019	<u><u>8,374,580</u></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 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\$	
	1Q 2019	1Q 2018
Earnings per ordinary share after deducting any provisions for preference dividends :		
(a) Based on weighted average number of ordinary shares on issue; and	1.38	0.97
(b) On a fully diluted basis	1.38	0.97
Earnings per ordinary share has been computed on the following weighted average number of shares :		
(a) Basic	96,286,082	96,485,482
(b) Diluted	96,286,082	96,485,482

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	
		31/3/2019	31/12/2018	31/3/2019	31/12/2018
Net asset value (attributable to owners of the Company)	NT\$	65.32	63.84	49.11	49.20
per share based on issued share capital at end of the period/year	S\$	2.87	2.84	2.16	2.19

Note : Exchange rate of S\$1: NT\$22.75 for 2019.3.31 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\$178.9 million (1Q2018: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\$0.3 million (1Q2018: NT\$38.7 million).
3. Finance costs of NT\$0.039 million recognized to comply with IFRS 16 on effective 1 January 2019.
4. Exchange differences on translation of foreign operations of NT\$10 million (1Q2018:NT\$62.2 million loss) was a result of appreciation of US dollar against NT dollar during 1Q2019.

(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\$38.9 million was mainly due to divestments during 1Q2019.
2. On transition to IFRS 16, the Group recognized NT\$30.7 million of right-of-use assets and NT\$30.7 million of lease liabilities.

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 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.**

China-US trade tensions continue unresolved. The U.S. extended tariffs against Chinese products and China responded in kind. This has resulted in a fall of global stock market prices.

Barring resolution, the trade tensions are expected to depress valuations and disrupt electronic sector supply chain.

- 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 first quarter ended March 31, 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
May 14, 2019