



HOTUNG GROUP

HOTUNG INVESTMENT HOLDINGS LIMITED

Third Quarter Financial Statement for the Period Ended 30/9/2019

**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 THIRD QUARTER ENDED SEPTEMBER 30, 2019

	Group		Change %
	3Q 2019 NT\$'000	3Q 2018 NT\$'000	
Revenue			
Interest income	399	684	(42)
Dividend/distribution income	88,367	63,776	39
Net gains on financial assets at fair value through profit or loss	141,405	79,623	78
Foreign exchange losses	(984)	(420)	134
Others	1,753	2,544	(31)
Total revenue	230,940	146,207	58
Operating expenses			
General and administrative expenses	(42,834)	(38,423)	11
Total operating expenses	(42,834)	(38,423)	11
Operating profit	188,106	107,784	75
Finance costs	(52)	-	nm
Profit before tax	188,054	107,784	74
Tax expense	(12,353)	(11,440)	8
Profit after tax	175,701	96,344	82
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	(2,304)	4,480	nm
Other comprehensive income/(losses) for the period, net of tax	(2,304)	4,480	nm
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	173,397	100,824	72
Profit attributable to:			
Owners of the Company	160,248	84,864	89
Non-controlling interests	15,453	11,480	35
	175,701	96,344	82
Total comprehensive income for the period attributable to:			
Owners of the Company	157,944	89,344	77
Non-controlling interests	15,453	11,480	35
	173,397	100,824	72

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 SEPTEMBER 30, 2019

	Group			Company		
	30/9/2019 NT\$'000	31/12/2018 NT\$'000	Change %	30/9/2019 NT\$'000	31/12/2018 NT\$'000	Change %
Assets						
Non-current assets:						
Investments in subsidiaries	-	-	-	4,433,372	4,714,147	(6)
Financial assets at fair value through profit or loss	5,412,110	5,122,927	6	-	-	-
Property, plant and equipment	1,301	770	69	-	-	-
Right-of-use assets	27,182	-	nm	-	-	-
	<u>5,440,593</u>	<u>5,123,697</u>	6	<u>4,433,372</u>	<u>4,714,147</u>	(6)
Current assets:						
Financial assets at fair value through profit or loss	42,934	85,766	(50)	-	-	-
Trade and other receivables	5,759	8,184	(30)	-	1,548	nm
Cash and cash equivalents	1,009,611	1,134,962	(11)	46,324	41,582	11
	<u>1,058,304</u>	<u>1,228,912</u>	(14)	<u>46,324</u>	<u>43,130</u>	7
Total assets	<u>6,498,897</u>	<u>6,352,609</u>	2	<u>4,479,696</u>	<u>4,757,277</u>	(6)
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	711,998	668,140	7	105,882	105,882	-
Accumulated losses	(1,034,279)	(1,102,307)	(6)	(2,229,487)	(1,949,738)	14
Equity attributable to owners of the Company	<u>6,258,639</u>	<u>6,146,753</u>	2	<u>4,457,315</u>	<u>4,737,064</u>	(6)
Non-controlling interests	95,508	95,156	-	-	-	-
Total equity	<u>6,354,147</u>	<u>6,241,909</u>	2	<u>4,457,315</u>	<u>4,737,064</u>	(6)
Liabilities						
Non-current liability:						
Lease liabilities	27,241	-	nm	-	-	-
	<u>27,241</u>	<u>-</u>	nm	<u>-</u>	<u>-</u>	-
Current liabilities:						
Trade and other payables	81,909	74,419	10	22,381	20,213	11
Income tax payable	35,600	36,281	(2)	-	-	-
	<u>117,509</u>	<u>110,700</u>	6	<u>22,381</u>	<u>20,213</u>	11
Total liabilities	<u>144,750</u>	<u>110,700</u>	31	<u>22,381</u>	<u>20,213</u>	11
Total equity and liabilities	<u>6,498,897</u>	<u>6,352,609</u>	2	<u>4,479,696</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 30/9/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
None	None	None	None

Amount repayable after one year

As at 30/9/2019		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 THIRD QUARTER ENDED SEPTEMBER 30, 2019

	GROUP	
	3Q	3Q
	2019	2018
	NT\$'000	NT\$'000
Cash flows from operating activities		
Profit after tax	175,701	96,344
Adjustments for:		
Net gains on financial assets at fair value through profit or loss	(141,405)	(79,623)
Dividend/ distribution income	(88,367)	(63,776)
Interest income	(399)	(684)
Depreciation expense	1,847	95
Finance costs	52	-
Tax expense	12,353	11,440
	<u>(40,218)</u>	<u>(36,204)</u>
Changes to:		
Financial assets at fair value through profit or loss	26,016	(106,906)
Trade and other receivables	3,219	171
Trade and other payables	4,449	6,949
Cash used in operations	<u>(6,534)</u>	<u>(135,990)</u>
Interest received	429	995
Finance costs paid	(52)	-
Dividend/ distribution income received	88,367	63,776
Tax paid	(85)	(8,995)
Net cash from/(used in) operating activities	<u>82,125</u>	<u>(80,214)</u>
Cash flows from financing activities:		
Payment of lease liabilities	(1,711)	-
Net cash used in financing activities	<u>(1,711)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	80,414	(80,214)
Cash and cash equivalents at July 1	929,039	1,237,726
Effect of exchange rate on cash and cash equivalents	158	469
Cash and cash equivalents at September 30	<u>1,009,611</u>	<u>1,157,981</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 THIRD QUARTER ENDED SEPTEMBER 30, 2019

	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	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 July 1, 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	
Total comprehensive income/(losses) for the period													
Profit for the period	-	-	-	-	-	-	-	-	160,248	160,248	15,453	175,701	
Exchange differences on translation of foreign operations and others	-	-	-	(2,304)	-	-	-	-	-	(2,304)	-	(2,304)	
Total other comprehensive losses	-	-	-	(2,304)	-	-	-	-	-	(2,304)	-	(2,304)	
Total comprehensive income/(losses) for the period	-	-	-	(2,304)	-	-	-	-	160,248	157,944	15,453	173,397	
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners													
Total transactions with owner	-	-	-	-	-	-	-	-	-	-	-	-	
At September 30, 2019	5,233,033	1,347,887	406,116	(61,046)	520,694	19,801	126,667	(300,234)	(1,034,279)	6,258,639	95,508	6,354,147	

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED SEPTEMBER 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
At July 1, 2018	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
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	84,864	84,864	11,480	96,344
Exchange differences on translation of foreign operations and others	-	-	-	4,480	-	-	-	-	-	4,480	-	4,480
Total other comprehensive income	-	-	-	4,480	-	-	-	-	-	4,480	-	4,480
Total comprehensive income for the period	-	-	-	4,480	-	-	-	-	84,864	89,344	11,480	100,824
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Total transactions with owner	-	-	-	-	-	-	-	-	-	-	-	-
At September 30, 2018	5,233,033	1,347,887	406,116	(110,613)	507,810	19,801	126,667	(300,234)	(1,127,838)	6,102,629	94,137	6,196,766

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED SEPTEMBER 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 July 1, 2019	5,233,033	1,347,887	406,116	(300,234)	(2,220,942)	4,465,860
Total comprehensive losses for the period						
Losses for the period	-	-	-	-	(8,545)	(8,545)
Total other comprehensive losses for the period	-	-	-	-	-	-
Total comprehensive losses for the period	-	-	-	-	(8,545)	(8,545)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Total transactions with owner	-	-	-	-	-	-
At September 30, 2019	5,233,033	1,347,887	406,116	(300,234)	(2,229,487)	4,457,315

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 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 July 1, 2018	5,233,033	1,347,887	406,116	(300,234)	(1,938,629)	4,748,173
Total comprehensive losses for the period						
Losses for the period	-	-	-	-	(6,657)	(6,657)
Total other comprehensive losses for the period	-	-	-	-	-	-
Total comprehensive losses for the period	-	-	-	-	(6,657)	(6,657)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Total transactions with owner	-	-	-	-	-	-
At September 30, 2018	5,233,033	1,347,887	406,116	(300,234)	(1,945,286)	4,741,516

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	
	3Q 2019	3Q 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	8,374,580
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 September 2019 and 30 September 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.

	30/9/2019	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	8,374,580
Shares bought back as treasury shares	-
At September 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 September 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\$	
	3Q 2019	3Q 2018
Earnings per ordinary share after deducting any provisions for preference dividends :		
(a) Based on weighted average number of ordinary shares on issue; and	1.66	0.88
(b) On a fully diluted basis	1.66	0.88
Earnings per ordinary share has been computed on the following weighted average number of shares :		
(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 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	
		30/9/2019	31/12/2018	30/9/2019	31/12/2018
Net asset value (attributable to owners of the Company)	NT\$	65.00	63.84	46.29	49.20
per share based on issued share capital at end of the period/year	S\$	2.89	2.84	2.06	2.19

Note : Exchange rate of S\$1: NT\$22.47 for 2019.9.30 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\$141.4 million (3Q2018:NT\$79.6 million) arose mainly due to favorable change in fair value of FVTPL investments and the gains on divestment.
2. Dividend/distribution income of NT\$88.4 million (3Q2018: NT\$63.8 million) received, including distribution proceeds from fund investments of NT\$65.3 million (3Q2018: NT\$28.4 million).
3. Finance costs of NT\$0.052 million relates to interest component of repayment of lease liability arising from IFRS 16.

(b)

1. The increase in the Group's financial assets at fair value through profit or loss from NT\$5,208.7 million to NT\$5,455 million was mainly due to favorable change in fair value of FVTPL investments.
2. On transition to IFRS 16, the Group has recognized right-of-use assets and 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 third 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.**

As trade tensions between the US and China persist, the economic environment and investment opportunities continue to be volatile. With the portfolio's geographical exposure allocated mainly in China and Taiwan, the Group will continue to maintain a diversified industry exposure to manage the risks.

- 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 third quarter ended September 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
November 12, 2019