HOTUNG GROUP

HOTUNG INVESTMENT HOLDINGS LIMITED

First Quarter Financial Statement for the Period Ended 31/3/2016

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, 2016

	Group		
	1Q 2016	1Q 2015	Change
	NT$'000	NT$'000	%
Revenue			
Interest income	1,490	1,025	45
Dividend/distribution income	51,369	38,015	35
Gains/(losses) on sale of held-for-trading investments	373	(5,052)	nm
Gains on sale of available-for-sale investments	58,749	115,082	(49)
Gains/(losses) on sale of other financial assets at fair value through profit or loss	64,731	(46,406)	nm
Gains on sale of investments in associates	-	185	nm
Changes in fair value of held-for-trading investments	(2,072)	13,093	nm
Changes in fair value of other financial assets at fair value through profit or loss	6,440	116,453	(94)
Foreign exchange losses	(15,713)	(2,569)	512
Others	2,623	5,167	(49)
Total revenue	167,990	234,993	(29)
Impairment losses			
Impairment losses on available-for-sale investments	(37,090)	(43,728)	(15)
Impairment losses on other financial assets at fair value through profit or loss	-	(10,055)	nm
Total impairment losses	(37,090)	(53,783)	(31)
Operating expenses			
General and administrative expenses	(40,279)	(55,571)	(28)
Total operating expenses	(40,279)	(55,571)	(28)
Share of profits of associates	-	5,430	nm
Profit before tax	90,621	131,069	(31)
Tax expense	(15,508)	(24,771)	(37)
Profit after tax	75,113	106,298	(29)
Other comprehensive (losses)/income:			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(58,826)	(28,493)	106
Financial Assets - available-for-sale (AFS):			
- Net change in fair value	(236,956)	90,545	nm
- Reclassification adjustments for impairment losses taken to profit before tax	4,361	600	627
- Reclassification adjustments for gains taken to profit before tax from sales of AFS financial assets	(12,406)	(57,781)	(79)
Tax relating to components of other comprehensive gains/(losses)	29,243	(1,005)	nm
Other comprehensive (losses)/income for the period, net of tax	(274,584)	3,866	nm
TOTAL COMPREHENSIVE (LOSSES)/INCOME FOR THE PERIOD	(199,471)	110,164	nm
Profit attributable to:			
Owners of the Company	69,166	106,293	(35)
Non-controlling interests	5,947	5	118840
	75,113	106,298	(29)
Total comprehensive (losses)/income for the period attributable to:			
Owners of the Company	(205,418)	110,159	nm
Non-controlling interests	5,947	5	118840
	(199,471)	110,164	nm

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 MARCH 31, 2016

	Group			Company		
	31/3/2016	31/12/2015	Change	31/3/2016	31/12/2015	Change
	NT$'000	NT$'000	%	NT$'000	NT$'000	%
Assets						
Non-current assets:						
Investments in subsidiaries	-	-	-	5,255,069	5,255,069	-
Available-for-sale investments	4,686,841	5,033,759	(7)	-	-	-
Other financial assets at fair value through profit or loss	875,841	1,225,459	(29)	-	-	-
Property, plant and equipment	270	95	184	-	-	-
Trade and other receivables	9,654	9,847	(2)	-	-	-
	5,572,606	6,269,160	(11)	5,255,069	5,255,069	-
Current assets:						
Held-for-trading investments	8,081	38,714	(79)	-	-	-
Trade and other receivables	9,793	47,317	(79)	28	1,611	(98)
Cash and cash equivalents	2,325,978	1,774,550	31	52,483	57,310	(8)
	2,343,852	1,860,581	26	52,511	58,921	(11)
Total assets	7,916,458	8,129,741	(3)	5,307,580	5,313,990	-
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	-
Contributed surplus reserve	406,116	406,116	-	406,116	406,116	-
Currency translation reserve	53,467	112,293	(52)	-	-	-
Legal reserve	457,504	457,504	-	-	-	-
Special reserve	19,801	19,801	-	-	-	-
Capital surplus - net assets from merger	126,667	126,667	-	-	-	-
Fair value reserve	892,786	1,108,544	(19)	-	-	-
Treasury shares reserve	(188,777)	(188,777)	-	(188,777)	(188,777)	-
Accumulated losses	(823,108)	(892,274)	(8)	(1,514,037)	(1,507,229)	-
Equity attributable to owners of the Company	7,525,376	7,730,794	(3)	5,284,222	5,291,030	-
Non-controlling interests	102,498	96,551	6	-	-	-
Total equity	7,627,874	7,827,345	(3)	5,284,222	5,291,030	-
Liabilities						
Non-current liability:						
Deferred tax liability	57,665	101,750	(43)	-	-	-
	57,665	101,750	(43)	-	-	-
Current liabilities:						
Advance receipts	58,782	59,951	(2)	-	-	-
Trade and other payables	73,497	72,249	2	23,358	22,960	2
Income tax payable	98,640	68,446	44	-	-	-
	230,919	200,646	15	23,358	22,960	2
Total liabilities	288,584	302,396	(5)	23,358	22,960	2
Total equity and liabilities	7,916,458	8,129,741	(3)	5,307,580	5,313,990	-

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

Amount repayable in one year or less , or on demand

As at 31/3/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
None	None	None	None

Amount repayable after one year

As at 31/3/2016		As at 31/12/2015	
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, 2016

	GROUP	
	1Q 2016	1Q 2015
	NT$'000	NT$'000
Cash flows from operating activities		
Profit after tax	75,113	106,298
Adjustments for:		
Changes in fair value of other financial assets at fair value through profit or loss	(6,440)	(116,453)
Dividend/distribution income	(51,369)	(38,015)
(Gains)/losses on sale of held-for-trading investments	(373)	5,052
Gains on sale of available-for-sale investments	(58,749)	(115,082)
(Gains)/losses on sale of other financial assets at fair value through profit or loss	(64,731)	46,406
Gains on sale of investments in associates	-	(185)
Impairment losses on available-for-sale investments	37,090	43,728
Impairment losses on other financial assets at fair value through profit or loss	-	10,055
Depreciation expense	14	-
Interest income	(1,490)	(1,025)
Share of profits of associates	-	(5,430)
Tax expenses	15,508	24,771
	(55,427)	(39,880)
Changes to:		
Held-for-trading investments	35,377	77,893
Trade and other receivables	2,384	1,318
Trade and other payables	1,248	(3,735)
Cash (used in)/from operations	(16,418)	35,596
Interest received	948	1,169
Tax paid	(156)	(115)
Net cash (used in)/from operating activities	(15,626)	36,650
Cash flows from investing activities:		
Acquisition of available-for-sale investments	(66,694)	(172,610)
Acquisition of other financial assets at fair value through profit or loss	-	(194,524)
Proceeds from disposal of available-for-sale investments	127,456	444,606
Proceeds from disposal of other financial assets at fair value through profit or loss	441,986	32,249
Proceeds from disposal of investments in associates	-	1,943
Dividend/distribution income received from investments	83,619	42,684
Acquisition of property, plant and equipment	(189)	-
Net cash from investing activities	586,178	154,348
Cash flows from financing activities:		
Purchase of treasury shares	-	(26,682)
Net cash used in financing activities	-	(26,682)
Net increase in cash and cash equivalents	570,552	164,316
Cash and cash equivalents at January 1	1,766,626	1,058,082
Effect of exchange rate on cash and cash equivalents	(12,642)	(2,590)
Cash and cash equivalents at March 31	2,324,536	1,219,808
Supplemental disclosure of cash flow information		
Cash and cash equivalent in the statement of cash flows	2,324,536	1,219,808
Cash held by trustee	1,442	9,470
Cash and cash equivalent in the statement of financial position	2,325,978	1,229,278

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, 2016

	Attributable to owners of the Company												
	Share capital	Share premium	Contributed surplus reserve	Currency translation reserve	Legal reserve	Special reserve	Capital surplus - net assets from merger	Fair value reserve	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	NT$'000
At January 1, 2016	5,233,033	1,347,887	406,116	112,293	457,504	19,801	126,667	1,108,544	(188,777)	(892,274)	7,730,794	96,551	7,827,345
Total comprehensive income/(losses) for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	69,166	69,166	5,947	75,113
Exchange differences on translation of foreign operations	-	-	-	(58,826)	-	-	-	-	-	-	(58,826)	-	(58,826)
Financial Assets - available-for-sale (AFS)	-	-	-	-	-	-	-	(215,758)	-	-	(215,758)	-	(215,758)
Total other comprehensive losses	-	-	-	(58,826)	-	-	-	(215,758)	-	-	(274,584)	-	(274,584)
Total comprehensive income/(losses) for the period	-	-	-	(58,826)	-	-	-	(215,758)	-	69,166	(205,418)	5,947	(199,471)
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners													
Total transactions with owner	-	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2016	5,233,033	1,347,887	406,116	53,467	457,504	19,801	126,667	892,786	(188,777)	(823,108)	7,525,376	102,498	7,627,874

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2015

	Attributable to owners of the Company												
	Share capital	Share premium	Contributed surplus reserve	Currency translation reserve	Legal reserve	Special reserve	Capital surplus - net assets from merger	Fair value reserve	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	NT$'000
At January 1, 2015	5,233,034	1,347,887	406,116	6,721	437,112	19,801	126,667	719,213	(123,885)	(1,033,718)	7,138,948	408	7,139,356
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	106,293	106,293	5	106,298
Exchange differences on translation of foreign operations	-	-	-	(28,493)	-	-	-	-	-	-	(28,493)	-	(28,493)
Financial Assets - available-for-sale (AFS)	-	-	-	-	-	-	-	32,359	-	-	32,359	-	32,359
Total other comprehensive income/ (losses)	-	-	-	(28,493)	-	-	-	32,359	-	-	3,866	-	3,866
Total comprehensive income/ (losses) for the period	-	-	-	(28,493)	-	-	-	32,359	-	106,293	110,159	5	110,164
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners													
Transfer from accumulated losses to legal reserve	-	-	-	-	-	-	-	-	(26,682)	-	(26,682)	-	(26,682)
Total transactions with owner	-	-	-	-	-	-	-	-	(26,682)	-	(26,682)	-	(26,682)
At March 31, 2015	5,233,034	1,347,887	406,116	(21,772)	437,112	19,801	126,667	751,572	(150,567)	(927,425)	7,222,425	413	7,222,838

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2016

	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, 2016	5,233,033	1,347,887	406,116	(188,777)	(1,507,229)	5,291,030
Total comprehensive losses for the period						
Losses for the period	-	-	-	-	(6,808)	(6,808)
Total other comprehensive losses for the period	-	-	-	-	-	-
Total comprehensive losses for the period	**-**	**-**	**-**	**-**	(6,808)	(6,808)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Total transactions with owner	**-**	**-**	**-**	**-**	**-**	**-**
At March 31, 2016	5,233,033	1,347,887	406,116	(188,777)	(1,514,037)	5,284,222

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2015

	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, 2015	5,233,034	1,347,887	406,116	(123,885)	(1,233,285)	5,629,867
Total comprehensive losses for the period						
Losses for the period	-	-	-	-	(13,368)	(13,368)
Total other comprehensive losses for the period	-	-	-	-	-	-
Total comprehensive losses for the period	**-**	**-**	**-**	**-**	(13,368)	(13,368)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Shares bought back as treasury shares	-	-	-	(26,682)	-	(26,682)
Total transactions with owner	**-**	**-**	**-**	**(26,682)**	**-**	**(26,682)**
At March 31, 2015	5,233,034	1,347,887	406,116	(150,567)	(1,246,653)	5,589,817

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

There was no change in share capital and paid-up capital of the Company in 1Q2016.

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.

	31/3/2016	31/12/2015
Total number of issued shares, excluding treasury shares	99,382,882	99,382,882

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.

	Number of Shares
At January 1, 2016	5,277,780
Shares bought back as treasury shares	-
At March 31, 2016	5,277,780

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 revised and/or new International Financial Reporting Standards (IFRS) effective in FY2016 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$	
	1Q 2016	1Q 2015
Earnings per ordinary share after deducting any provisions for preference dividends :		
		(Restated)*
(a) Based on weighted average number of ordinary shares on issue; and	0.70	1.05
(b) On a fully diluted basis	0.70	1.05
Earnings per ordinary share has been computed on the following weighted average number of shares :		
(a) Basic	99,382,882	100,980,310
(b) Diluted	99,382,882	100,980,310

*On 9 December 2015, the Company consolidated every 10 ordinary shares into 1 ordinary share in the capital of the Company and earnings per share for 1Q2015 has been adjusted for the effect of the share consolidation for comparison purposes.

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	
		31/3/2016	31/12/2015	31/3/2016	31/12/2015
Net asset value (attributable to owners of the Company) per share based on issued share capital at end of the period/year	NT$	75.72	77.79	53.17	53.24
	S$	3.18	3.35	2.23	2.29

Note : Exchange rate of S$1: NT$23.85 for 2016.3.31 and S$1:NT$23.25 for 2015.12.31

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 revenue of NT$168.0 million came primarily from divestment and dividend as follows:

   i. Gains of NT$58.7 million (1Q2015: gains of NT$115.1 million) on sales of available-for sale investments;
   ii. Gains of NT$64.7 million (1Q2015: losses of NT$46.4 million) on sales of other

financial assets at fair value through profit or loss (FVTPL) mainly from quoted investments sold in 1Q2016;

iii. Dividend/distribution income of NT$51.4 million (1Q2015: NT$38.0 million) received mainly from fund distribution for disposal of portfolios;

iv. Losses of NT$2.1 million (1Q2015: gains of NT$13.1 million) from the unfavorable change in fair value of held-for-trading investments;

v. The mark to market revaluation result with gains of NT$6.4 million (1Q2015: gains of NT$116.5 million) on other financial assets at fair value through profit or loss arose from favourable mark to market result; and

vi. Foreign exchange revaluation losses of NT$15.7 million (1Q2015: losses of NT$2.6 million) on foreign currency assets/liabilities was mainly due to the depreciation of US dollar against NT dollar at the end of 1Q2016.

2. The Group identified impairment provision of NT$37.1 million for 1Q2016 (1Q2015: NT$53.8 million) due to certain available-for-sale investments as the investee companies were loss-making for prolonged periods without any sign of improvement or changes to operational strategies that would turn around the companies.

3. The Group's other comprehensive losses of NT$274.6 million (1Q2015: gains of NT$3.9 million) came mainly from the following items:

i. The net losses of NT$237.0 million of unfavorable change on fair value of available-for-sale assets (1Q2015: gains of NT$90.5 million);

ii. The reclassification adjustments for gains on sales taken to P/L of NT$12.4 million (1Q2015: NT$57.8 million);

iii. Losses on the exchange difference on translation of foreign operations of NT$58.8 million due to the depreciation of US dollar against NT dollar during 1Q2016 (1Q2015: losses of NT$28.5 million); and

iv. The decrease in fair value of AFS investments resulted in a tax impact of NT$29.2 million that was recognized as a decrease of deferred tax liability.

(b)

1. The Group's cash balance increased from NT$1,774.6 million to NT$2,326.0 million mainly due to proceeds of NT$569.4 million received from divestments.

2. The decrease in the Group's FVTPL investments from NT$1,225.5 million to NT$875.8 million was mainly due to divestments during the quarter.

3. The decrease in the Group's held-for-trading investments from NT$38.7 million to NT$8.1 million was mainly due to divestments during the quarter.

4. The decrease in the Group's trade and other receivables (current) from NT$47.3 million to NT$9.8 million was mainly due to proceeds from investments divested which have been received in January 2016.

5. The decrease in the Group's deferred tax liability from NT$101.8 million to NT$57.7 million was mainly decreased in fair value of Taiwan's investments in 1Q2016.

6. Income tax payables increased by NT$30.2 million mainly arose from disposal of certain FVTPL investment portfolio.

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 2016 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 global equities markets have been shrouded with uncertainties. Given the slow economy, especially in China and the region, market conditions are expected to remain weak and volatile. Nonetheless, such volatile times may present opportunities. Leveraging on its strong track record, the Group will continue to tap on its expertise, network and resources to identify sound investment and 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, 2016, 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
Shu-Hui Lo
Company Secretary
May 10, 2016