



**HOTUNG GROUP**

HOTUNG INVESTMENT HOLDINGS LIMITED

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**Full Year Financial Statement for the Period Ended 31/12/2017**

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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  
YEAR ENDED DECEMBER 31, 2017

	Group		Change %
	2017 NT\$'000	2016 NT\$'000	
<b>Revenue</b>			
Interest income	6,674	6,376	5
Dividend/ distribution income	143,952	154,573	(7)
Gains/ (Losses) on sale of held-for-trading investments	8,254	(11,611)	nm
Gains on sale of available-for-sale investments	516,323	365,280	41
Gains on sale of other financial assets at fair value through profit or loss	8,184	79,068	(90)
Changes in fair value of held-for-trading investments	7,198	(6,999)	nm
Changes in fair value of other financial assets at fair value through profit or loss	(4,118)	152,338	nm
Foreign exchange losses	(35,598)	(15,783)	126
Others	11,509	9,661	19
<b>Total revenue</b>	<u>662,378</u>	<u>732,903</u>	(10)
<b>Impairment losses</b>			
Impairment losses on available-for-sale investments	(97,721)	(132,398)	(26)
<b>Total impairment losses</b>	<u>(97,721)</u>	<u>(132,398)</u>	(26)
<b>Operating expenses</b>			
General and administrative expenses	(144,691)	(167,314)	(14)
<b>Total operating expenses</b>	<u>(144,691)</u>	<u>(167,314)</u>	(14)
<b>Profit before tax</b>	419,966	433,191	(3)
<b>Tax expense</b>	<u>(45,720)</u>	<u>(71,274)</u>	(36)
<b>Profit after tax</b>	<u>374,246</u>	<u>361,917</u>	3
<b>Other comprehensive losses:</b>			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations and others	(243,611)	(50,408)	383
Financial Assets - available-for-sale (AFS):			
- Net change in fair value	(439,309)	(269,741)	63
- Reclassification adjustments for impairment losses taken to profit before tax	(7,430)	18,376	nm
- Reclassification adjustments for gains taken to profit before tax from sales of AFS financial assets	(416,317)	(144,212)	189
Tax relating to components of other comprehensive gains	40,404	46,504	(13)
<b>Other comprehensive losses for the year, net of tax</b>	<u>(1,066,263)</u>	<u>(399,481)</u>	167
<b>TOTAL COMPREHENSIVE LOSSES FOR THE YEAR</b>	<u>(692,017)</u>	<u>(37,564)</u>	1742
<b>Profit attributable to:</b>			
Owners of the Company	345,393	317,878	9
Non-controlling interests	28,853	44,039	(34)
	<u>374,246</u>	<u>361,917</u>	3
<b>Total comprehensive losses for the year attributable to:</b>			
Owners of the Company	(720,870)	(81,080)	789
Non-controlling interests	28,853	43,516	(34)
	<u>(692,017)</u>	<u>(37,564)</u>	1742

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 DECEMBER 31, 2017

	Group			Company		
	31/12/2017	31/12/2016	Change	31/12/2017	31/12/2016	Change
	NT\$'000	NT\$'000	%	NT\$'000	NT\$'000	%
<b>Assets</b>						
<b>Non-current assets:</b>						
Investments in subsidiaries	-	-	-	4,960,021	5,255,069	(6)
Available-for-sale investments	2,830,613	4,214,758	(33)	-	-	-
Other financial assets at fair value through profit or loss	1,928,046	1,144,159	69	-	-	-
Property, plant and equipment	1,149	1,016	13	-	-	-
Trade and other receivables	-	4,837	nm	-	-	-
	<u>4,759,808</u>	<u>5,364,770</u>	<u>(11)</u>	<u>4,960,021</u>	<u>5,255,069</u>	<u>(6)</u>
<b>Current assets:</b>						
Held-for-trading investments	148,075	46,578	218	-	-	-
Trade and other receivables	13,758	12,686	8	684	42	1,529
Cash and cash equivalents	1,522,667	2,079,545	(27)	58,100	114,293	(49)
	<u>1,684,500</u>	<u>2,138,809</u>	<u>(21)</u>	<u>58,784</u>	<u>114,335</u>	<u>(49)</u>
<b>Total assets</b>	<u>6,444,308</u>	<u>7,503,579</u>	<u>(14)</u>	<u>5,018,805</u>	<u>5,369,404</u>	<u>(7)</u>
<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	504,047	1,597,909	(68)	115,016	152,054	(24)
Accumulated losses	(959,777)	(994,400)	(3)	(1,701,112)	(1,393,374)	22
<b>Equity attributable to owners of the Company</b>	<u>6,125,190</u>	<u>7,184,429</u>	<u>(15)</u>	<u>4,994,824</u>	<u>5,339,600</u>	<u>(6)</u>
Non-controlling interests	101,456	113,667	(11)	-	-	-
<b>Total equity</b>	<u>6,226,646</u>	<u>7,298,096</u>	<u>(15)</u>	<u>4,994,824</u>	<u>5,339,600</u>	<u>(6)</u>
<b>Liabilities</b>						
<b>Non-current liability:</b>						
Deferred tax liability	-	40,404	nm	-	-	-
	<u>-</u>	<u>40,404</u>	<u>nm</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current liabilities:</b>						
Advance receipts	73,748	-	nm	-	-	-
Trade and other payables	81,437	103,237	(21)	23,981	29,804	(20)
Income tax payable	62,477	61,842	1	-	-	-
	<u>217,662</u>	<u>165,079</u>	<u>32</u>	<u>23,981</u>	<u>29,804</u>	<u>(20)</u>
<b>Total liabilities</b>	<u>217,662</u>	<u>205,483</u>	<u>6</u>	<u>23,981</u>	<u>29,804</u>	<u>(20)</u>
<b>Total equity and liabilities</b>	<u>6,444,308</u>	<u>7,503,579</u>	<u>(14)</u>	<u>5,018,805</u>	<u>5,369,404</u>	<u>(7)</u>

nm: Not Meaningful

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

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

As at 31/12/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
None	None	None	None

**Amount repayable after one year**

As at 31/12/2017		As at 31/12/2016	
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  
YEAR ENDED DECEMBER 31, 2017

	GROUP	
	2017 NT\$'000	2016 NT\$'000
<b>Cash flows from operating activities</b>		
Profit after tax	374,246	361,917
Adjustments for:		
Changes in fair value of other financial assets at fair value through profit or loss	4,118	(152,338)
Dividend/ distribution income	(143,952)	(154,573)
(Gains)/Losses on sale of held-for-trading investments	(8,254)	11,611
Gains on sale of available-for-sale investments	(516,323)	(365,280)
Gains on sale of other financial assets at fair value through profit or loss	(8,184)	(79,068)
Impairment losses on available-for-sale investments	97,721	132,398
Depreciation expense	296	166
Interest income	(6,674)	(6,376)
Tax expense	45,720	71,274
	<u>(161,286)</u>	<u>(180,269)</u>
Changes to:		
Held-for-trading investments	(98,770)	(9,577)
Trade and other receivables	120	2,148
Trade and other payables	16,671	18,106
Advance receipts	73,748	-
Cash used in operations	<u>(169,517)</u>	<u>(169,592)</u>
Interest received	6,786	5,565
Tax paid	(45,085)	(92,720)
<b>Net cash used in operating activities</b>	<u>(207,816)</u>	<u>(256,747)</u>
<b>Cash flows from investing activities:</b>		
Acquisition of available-for-sale investments	(250,651)	(193,678)
Acquisition of other financial assets at fair value through profit or loss	(895,394)	(354,995)
Distributions received from available-for-sale investments	-	12,593
Proceeds from disposal of available-for-sale investments	1,018,997	752,962
Proceeds from disposal of other financial assets at fair value through profit or loss	56,725	631,960
Dividend/ distribution income received from investments	143,952	213,350
Acquisition of property, plant and equipment	(429)	(1,087)
<b>Net cash from investing activities</b>	<u>73,200</u>	<u>1,061,105</u>
<b>Cash flows from financing activities:</b>		
Dividend paid to non-controlling shareholders in subsidiaries	(39,295)	(26,400)
Capital reduction in subsidiaries paid to non-controlling interests	(11)	-
Dividends paid to shareholders of the Company	(301,331)	(400,000)
Purchase of treasury shares	(44,363)	(57,930)
<b>Net cash used in financing activities</b>	<u>(385,000)</u>	<u>(484,330)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(519,616)	320,028
Cash and cash equivalents at January 1	2,078,778	1,766,626
Effect of exchange rate on cash and cash equivalents	(37,203)	(7,876)
<b>Cash and cash equivalents at December 31</b>	<u>1,521,959</u>	<u>2,078,778</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash and cash equivalent in the statement of cash flows	1,521,959	2,078,778
Cash held by trustee	708	767
<b>Cash and cash equivalent in the statement of financial position</b>	<u>1,522,667</u>	<u>2,079,545</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  
YEAR ENDED DECEMBER 31, 2017

	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	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, 2017	5,233,033	1,347,887	406,116	62,408	477,508	19,801	126,667	759,471	(254,062)	(994,400)	7,184,429	113,667	7,298,096
<b>Total comprehensive (losses)/income for the year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	345,393	345,393	28,853	374,246
Exchange differences on translation of foreign operations and others	-	-	-	(243,611)	-	-	-	-	-	-	(243,611)	-	(243,611)
Financial Assets - available-for-sale (AFS)	-	-	-	-	-	-	-	(822,652)	-	-	(822,652)	-	(822,652)
Total other comprehensive losses	-	-	-	(243,611)	-	-	-	(822,652)	-	-	(1,066,263)	-	(1,066,263)
<b>Total comprehensive (losses)/income for the year</b>	-	-	-	(243,611)	-	-	-	(822,652)	-	345,393	(720,870)	28,853	(692,017)
<b>Transactions with owners, recognised directly in equity</b>													
<b>Contributions by and distributions to owners</b>													
Shares bought back as treasury shares	-	-	-	-	-	-	-	-	(37,038)	-	(37,038)	-	(37,038)
Transfer from accumulated losses to legal reserves	-	-	-	-	9,439	-	-	-	-	(9,439)	-	-	-
Dividend paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	(301,331)	(301,331)	(41,053)	(342,384)
Capital reduction in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(11)	(11)
<b>Total transactions with owner</b>	-	-	-	-	9,439	-	-	-	(37,038)	(310,770)	(338,369)	(41,064)	(379,433)
At December 31, 2017	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

GROUP STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED DECEMBER 31, 2016

	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	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
<b>At January 1, 2016</b>	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
<b>Total comprehensive (losses)/income for the year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	317,878	317,878	44,039	361,917
Exchange differences on translation of foreign operations and others	-	-	-	(49,885)	-	-	-	-	-	-	(49,885)	(523)	(50,408)
Financial Assets - available-for-sale (AFS)	-	-	-	-	-	-	-	(349,073)	-	-	(349,073)	-	(349,073)
Total other comprehensive losses	-	-	-	(49,885)	-	-	-	(349,073)	-	-	(398,958)	(523)	(399,481)
<b>Total comprehensive (losses)/income for the year</b>	-	-	-	(49,885)	-	-	-	(349,073)	-	317,878	(81,080)	43,516	(37,564)
<b>Transactions with owners, recognised directly in equity</b>													
<b>Contributions by and distributions to owners</b>													
Shares bought back as treasury shares	-	-	-	-	-	-	-	-	(65,285)	-	(65,285)	-	(65,285)
Transfer from accumulated losses to legal reserves	-	-	-	-	20,004	-	-	-	-	(20,004)	-	-	-
Dividend paid to Shareholders of the Company	-	-	-	-	-	-	-	-	-	(400,000)	(400,000)	(26,400)	(426,400)
<b>Total transactions with owner</b>	-	-	-	-	20,004	-	-	-	(65,285)	(420,004)	(465,285)	(26,400)	(491,685)
<b>At December 31, 2016</b>	5,233,033	1,347,887	406,116	62,408	477,508	19,801	126,667	759,471	(254,062)	(994,400)	7,184,429	113,667	7,298,096

COMPANY STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED DECEMBER 31, 2017

	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, 2017	5,233,033	1,347,887	406,116	(254,062)	(1,393,374)	5,339,600
<b>Total comprehensive losses for the year</b>						
Losses for the year	-	-	-	-	(6,407)	(6,407)
Total other comprehensive losses for the year	-	-	-	-	-	-
<b>Total comprehensive losses for the year</b>					(6,407)	(6,407)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Shares bought back as treasury shares	-	-	-	(37,038)	-	(37,038)
Dividend paid to shareholders of the Company	-	-	-	-	(301,331)	(301,331)
<b>Total transactions with owner</b>				(37,038)	(301,331)	(338,369)
At December 31, 2017	5,233,033	1,347,887	406,116	(291,100)	(1,701,112)	4,994,824

COMPANY STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED DECEMBER 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
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	513,855	513,855
Total other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>					513,855	513,855
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Shares bought back as treasury shares	-	-	-	(65,285)	-	(65,285)
Dividend paid to shareholders of the Company	-	-	-	-	(400,000)	(400,000)
<b>Total transactions with owner</b>				(65,285)	(400,000)	(465,285)
At December 31, 2016	5,233,033	1,347,887	406,116	(254,062)	(1,393,374)	5,339,600

**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	
	2017	2016
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	7,240,280	5,277,780
Purchase of treasury shares	934,900	1,962,500
As at end of period	<u>8,175,180</u>	<u>7,240,280</u>
Issued ordinary shares excluding treasury shares	<u>96,485,482</u>	<u>97,420,382</u>

The Company has no subsidiary holdings as at 31 December 2017 and 31 December 2016.

**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.**

	31/12/2017	31/12/2016
Total number of issued shares, excluding treasury shares	<u>96,485,482</u>	<u>97,420,382</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, 2017	7,240,280
Shares bought back as treasury shares	934,900
At December 31, 2017	<u>8,175,180</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 December 2017.

**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 FY2017 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\$	
	2017	2016
<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	3.56	3.21
(b) On a fully diluted basis	3.56	3.21
<b>Earnings per ordinary share has been computed on the following weighted average number of shares :</b>		
(a) Basic	96,890,135	98,960,953
(b) Diluted	96,890,135	98,960,953

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	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset value (attributable to owners of the Company)	NT\$	63.48	73.75	51.77	54.81
per share based on issued share capital at end of the year	S\$	2.85	3.31	2.33	2.46

Note : Exchange rate of S\$1: NT\$22.26 for 2017.12.31 and S\$1:NT\$22.29 for 2016.12.31

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\$662.4 million came primarily from divestment and dividend as follows:

- i. Gains of NT\$516.3 million (2016: gains of NT\$365.3 million) on sales of available-for-sale investments;
- ii. Dividend/distribution income of NT\$144 million (2016: NT\$154.6 million) received including distribution income from fund investments of NT\$98.1 million (2016: NT\$105.4 million); and
- iii. Foreign exchange losses of NT\$35.6 million due to the depreciation of US dollar against NT dollar during 2017 (2016: losses of NT\$15.8 million).

2. The Group identified provision of NT\$97.7 million (2016: NT\$132.4 million) as follows:

- i. Certain quoted investments were impaired by NT\$3.5 million mainly due to market prices being significantly lower than investment costs.
- ii. NT\$94.2 million of impairment loss for unquoted investments since certain 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 decrease in the Group's tax expense from NT\$71.3 million to NT\$45.7 million mainly NT\$29.5 million withholding tax on dividends received from a Taiwan subsidiary in the 2Q2016.

4. The Group's other comprehensive losses of NT\$1,066.3 million (2016: losses of NT\$399.5 million) arose mainly from the following items:

- i. The net losses of NT\$439.3 million was due to unfavorable change in fair value of available-for-sale investments (2016: losses of NT\$269.7 million);
- ii. The reclassification adjustments for gains on sales taken to profit or loss amounted to NT\$416.3 million (2016: NT\$144.2 million); and
- iii. Losses on translation of foreign operations amounted to NT\$243.6 million was a result of depreciation of US dollar against NT dollar during 2017 (2016: losses of NT\$50.4 million).

(b)

1. The decrease of NT\$556.8 million in the Group's Cash balance from NT\$2,079.5 million to NT\$1,522.7 million was mainly due to the 2016 dividend payment of NT\$301.3 million to Shareholders in June 2017.
2. The decrease of NT\$1,384.2 million in the Group's available-for-sale investments from NT\$4,214.8 million to NT\$2,830.6 million was mainly due to divestments in 2017 and unfavorable evaluation at the end of 2017.
3. The increase in the Group's FVTPL investments from NT\$1,144.2 million to NT\$1,928 million was mainly due to new acquisitions during 2017.
4. The increase in the Group's held-for-trading investments from NT\$46.6 million to NT\$148.1 million was mainly due to increased trading activities during 2017.
5. The decrease of NT\$1,093.9 million in the Group's reserves from NT\$1,597.9 million to NT\$504 million was mainly due to reclassification adjustments for gains on sales taken to profit or loss during 2017, unfavorable changes on the fair value of existing investments and translation of foreign operations at the end of 2017.
6. The Group's advance receipts of NT\$73.7 million was mainly due to an installment proceeds received as at the end of 2017.
7. None of deferred tax liabilities was accrued for Taiwan's investments at the end of 2017.

**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 2017 full 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 global equity markets have been very volatile at beginning of 2018, the Dow Jones index broke all-time highs and then plummeted in one of the worst falls in market history. This volatility will affect growth in the advanced and emerging economies in 2018. The recent US Tax reform will accelerate the current pace of economic growth. Furthermore as policymakers reduce monetary accommodation, inflation and market volatility could rise. The Group will continue to monitor developments to identify arising risks and tap on its expertise, networks and resources to seek sound investment and divestment opportunities.

- 11. Dividend**

**(a) Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend : Final

Dividend Type : Cash

Dividend Amount Per Share : NT\$3.42 per share (tax not applicable)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend : Final

Dividend Type : Cash

Dividend Amount Per Share : NT\$3.1 per share (tax not applicable)

**(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**

N.A.

- 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.

## **PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR**

### **ANNOUNCEMENTS (This part is not applicable to Q1, Q2 & Q3 or Half Year Results)**

- 16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group identified the operating segments based on internal reporting that the Group's chief decision makers regularly review. Consequent to gaining control of HIC in 2015, the Group reorganised its reportable segments to better reflect the information reviewed by the chief operating decision makers. The Venture Capital segment was reorganised to include all investment subsidiaries of the Group and renamed Investment Business; the others segment was renamed Fund Management to reflect the activities of the fund management subsidiary.

1. Investment - the Group's core business segment conducted mainly through its three subsidiaries: Hotung Venture Capital Corp. (Taiwan), Daitung Development and Investment Corp. (Taiwan) and Huitung Investments (BVI) Ltd., with the objective of achieving significant long-term capital appreciation by investing in a balanced and well-diversified portfolio, and assisting and adding value to the portfolio of companies.
2. Fund management - relates to the Group's fund management conducted by its subsidiary, Hotung International Co., Ltd., with the main objective of providing investment consultancy and advisory services to entities within the Group.

There were no inter-segment transactions during the year except for the management and incentive fees paid from entities within the “investment” business segment to the fund management subsidiary company in the “fund management” segment which was eliminated on consolidation.

2017	Investment business NT\$'000	Fund management NT\$'000	Eliminations NT\$'000	Consolidated NT\$'000
Revenue				
External revenue	661,071	1,307	-	662,378
Inter-segmental revenue	420	149,734	(150,154)	-
Total revenue	<u>661,491</u>	<u>151,041</u>	<u>(150,154)</u>	<u>662,378</u>
Result				
Segment result	356,072	57,220	-	413,292
Interest income	5,740	934	-	6,674
Profit before tax	<u>361,812</u>	<u>58,154</u>	<u>-</u>	<u>419,966</u>
Tax expenses	(36,744)	(8,976)	-	(45,720)
Profit after tax but before non-controlling interests	325,068	49,178	-	374,246
Non-controlling interests	(12)	(28,841)	-	(28,853)
Profit attributable to owners of the Company	<u>325,056</u>	<u>20,337</u>	<u>-</u>	<u>345,393</u>
Other information				
Segment assets	<u>6,243,780</u>	<u>236,507</u>	<u>(35,979)</u>	<u>6,444,308</u>
Segment assets includes:				
Additions to:				
-Property, plant and equipment	-	429	-	429
Segment liabilities	134,839	56,325	(35,979)	155,185
Current income tax liabilities	54,671	7,806	-	62,477
Consolidated total liabilities	<u>189,510</u>	<u>64,131</u>	<u>(35,979)</u>	<u>217,662</u>
Depreciation	-	296	-	296
Impairment losses on AFS	97,721	-	-	97,721

2016	Investment business NT\$'000	Fund management NT\$'000	Eliminations NT\$'000	Consolidated NT\$'000
Revenue				
External revenue	724,527	8,376	-	732,903
Inter-segmental revenue	692	203,229	(203,921)	-
Total revenue	<u>725,219</u>	<u>211,605</u>	<u>(203,921)</u>	<u>732,903</u>
Result				
Segment result	331,617	95,198	-	426,815
Interest income	5,811	565	-	6,376
Profit before tax	<u>337,428</u>	<u>95,763</u>	<u>-</u>	<u>433,191</u>
Tax expenses	(50,590)	(20,684)	-	(71,274)
Profit after tax but before non-controlling interests	<u>286,838</u>	<u>75,079</u>	<u>-</u>	<u>361,917</u>
Non-controlling interests	(6)	(44,033)	-	(44,039)
Profit attributable to owners of the Company	<u>286,832</u>	<u>31,046</u>	<u>-</u>	<u>317,878</u>
Other information				
Segment assets	<u>7,307,519</u>	<u>279,815</u>	<u>(83,755)</u>	<u>7,503,579</u>
Segment assets includes:				
Additions to:				
-Property, plant and equipment	-	1,087	-	1,087
Segment liabilities	119,970	67,022	(83,755)	103,237
Current income tax liabilities	42,248	19,594	-	61,842
Deferred tax liability	40,404	-	-	40,404
Consolidated total liabilities	<u>202,622</u>	<u>86,616</u>	<u>(83,755)</u>	<u>205,483</u>
Depreciation	-	166	-	166
Impairment losses on AFS	132,398	-	-	132,398

Information about geographical areas:

	Revenue	
	NT\$'000	
	2017	2016
Greater China	555,747	671,102
United States	104,340	60,866
Other countries	2,291	935
Total	662,378	732,903

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

None.



**18. A breakdown of sales.**

	Group		
	NT\$'000		Change %
	2017	2016	
Revenue reported for first half year	323,352	252,900	28
Operating profit after tax before non-controlling interests reported for first half year	161,627	107,295	51
Revenue reported for second half year	339,026	480,003	(29)
Operating profit after tax before non-controlling interests reported for second half year	212,619	254,622	(16)

**19. A breakdown of the total annual dividend (in dollar value) for the issuer latest full year and its previous full year.**

	2017	2016
	NT\$'000	NT\$'000
Ordinary (tax exempt one-tier)		
- final	-	301,331
Ordinary (tax exempt one-tier)		
- final (proposed)	330,000	-
Total :	330,000	301,331

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year 2017
Ms. Tsui-Hui Huang	54	Wife of Mr. Andy C.W. Chen (non-executive Director)	Managing Director – Hotung Investment Holdings Limited since August 1, 2006.  Executive Director – Hotung Investment Holdings Limited since June 20, 2005.	nil

**BY ORDER OF THE BOARD**

Hsin-Chieh Chung  
Company Secretary  
February 22, 2018