和通集團
HOTUNG GROUP

HOTUNG INVESTMENT HOLDINGS LIMITED

BREAK OUT

ANNUAL REPORT 2022

GROUP PROFILE

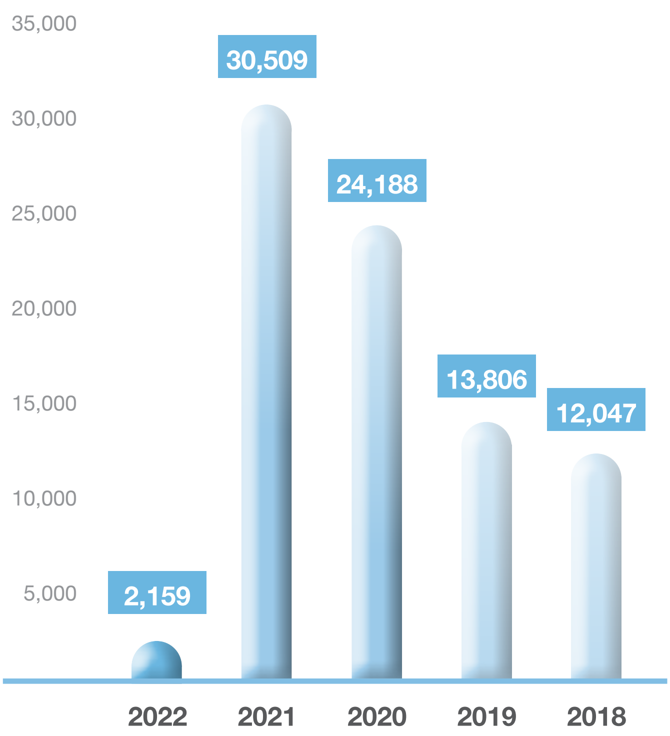
HOTUNG INVESTMENT HOLDINGS LIMITED and together with its subsidiaries (the “Group”) is a premier venture capital investment group with more than 35 years of investment and fund management experience. The Group is dedicated to uncovering innovation and value. Leveraging investment expertise accumulated over the years and investment experiences in a diverse portfolio, the Group is in a prime position to comprehend and accelerate in a fast moving market, and to invest in novel and blossoming businesses and technologies in Taiwan, China, and Silicon Valley. The Group is poised to deliver value through vision of its investments and profit to its shareholders. The Group has had more than 200 successful IPOs listed on major stock exchanges in the world, including Nasdaq / NYSE.

The Group has been listed on the Main Board of SGX-ST since 1997.

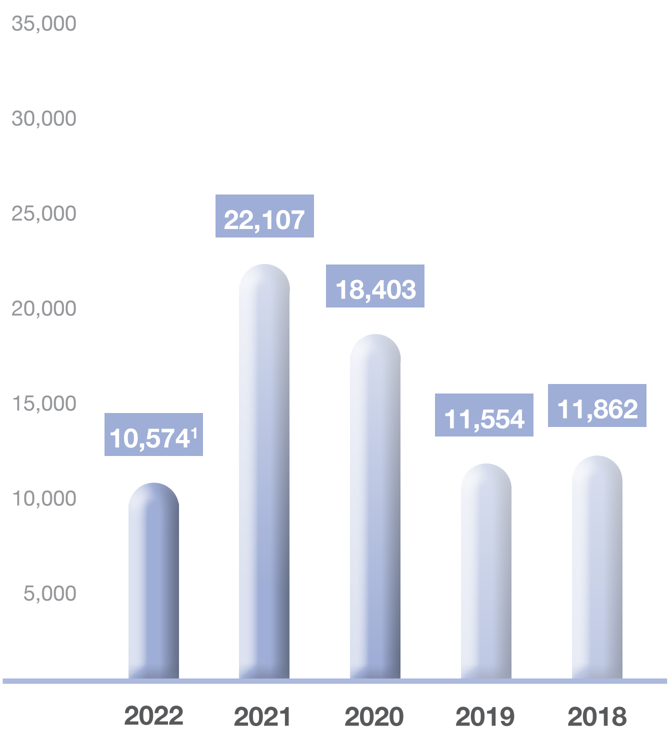
CONTENTS

FINANCIAL HIGHLIGHTS

Profit attributable to owners of the Company (S$'000)



Dividend amount (S$'000)



(S$'000)	2022	2021	2020	2019	2018
Revenue	10,773	50,034	46,828	22,357	19,725
Profit attributable to owners of the Company	2,159	30,509	24,188	13,806	12,047
Dividend amount	10,574[1]	22,107	18,403	11,554	11,862
Equity attributable to owners of the Company	270,469	308,890	288,020	274,036	273,432

(S$)	2022	2021	2020	2019	2018
Earnings per share	0.023	0.319	0.251	0.143	0.125
Net Asset Value per share	2.851	3.245	2.997	2.846	2.840
Cash Dividend per share	0.1115[1]	0.233	0.1918	0.12	0.1232

Notes:

1 The Proposed 2022 dividend amount based on the outstanding shares (excluding treasury shares) as of 31 December 2022 and converted by 2022 year end closing exchange rate.
The Board's 2022 final dividend recommendation of NT$2.55 per share is subject to shareholders' approval at 2023 Annual General Meeting.
Distribution will base on the outstanding shares (excluding treasury shares) as of record date in 2023 and the exchange rate from NT$ to S$ will be announced within the cash dividend distribution announcement.

2 All figures are converted by using the closing exchange rate of each year except for dividend amount and cash dividend per share from 2018 to 2021.

CHAIRMAN'S **STATEMENT**

The Group's performance was inevitably affected by a number of global events during 2022. The net profit attributable to shareholders was NT$49.4 million (2021: NT$624.2 million), mainly due to the less realized gains of investments in 2022. Net Asset Value per share was NT$65.22 (2021: NT$66.40) as at the end of 2022 after the payout of 2021 cash dividends at NT$5.0 per share. The Board has proposed a dividend of NT$2.55 per share for the financial year ended 31 December 2022.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

Following a bullish 2021, all negative incidents we could have expected had happened and adversely influenced the 2022 economic environment: The prolonged pandemic situation worldwide with a new Covid variant, over built of inventory due to the supply chain disruption in the previous year and more sluggish consumption of 3C devices following the demand boom in 2021. The worst to come was the Russia Ukraine war. Not only the people in two countries suffered, but also it induced skyrocket energy prices. In coping with the inflation, the Fed increased interest rate seven times in 2022. As the cost of capital increase, global stock markets also fell sharply, especially in the sector of semiconductor and technology. Taiwan's stock market has also been affected. As a consequence, there were only 20 companies listed at Taiwan Stock Exchange in 2022, and 27 companies at Taipei Exchange. The PE ratio at Taiwan stock exchange was 14.9 in 2021 and dropped to an average of 10.4 in 2022.

The Group's performance was inevitably affected by a number of global events during 2022. The net profit attributable to shareholders was NT$49.4 million (2021: NT$624.2 million), mainly due to the less realized gains of investments in 2022. Net Asset Value per share was NT$65.22 (2021: NT$66.40) as at the end of 2022 after the payout of 2021 cash dividends at NT$5.0 per share. The Board has proposed a dividend of NT$2.55 per share for the financial year ended 31 December 2022.

Although we did not deliver the result that we would like to in 2022, we are glad to have avoided the bubbles in shared economy and crypto currency. The overvaluation in this sector did cause quite a few venture capital companies to suffer. My view is, after the pandemic period of three years, with the resumed traveling for leisure and business, the world is going to function in a more efficient way. Jobs will get done not only physically, but virtually as well. Nevertheless, remote working proves to be effective, but not essential since it still requires traditional ways of face-to-face interaction from time to time. For millennials who have been schooling virtually during the past three years, it is important to chase their consumption behavior. New investment opportunities of a better immerse experience in metaverse are still under our observation. I trust technology in this field has a long way to improve.

In nowadays, to be a good venture capitalist requests the capability to tell apart a bubble and a future star. And it lies in the challenge Hotung team has been facing for the past 35 years after establishment. I would like to thank our long-term shareholders for the confidence in the company and the team. Your trust is very much appreciated by the board, and our management will work hard to achieve our goal.

TSUI-HUI HUANG
Chairman
Taipei, Taiwan
15 March 2023

HONORARY **CHAIRMAN**

CHENG-WANG HUANG

Mr. Cheng-Wang Huang is the founder of the Group. Mr. Huang retired from the position of Chairman since April 2006. Besides the Group, Mr. Huang has established various businesses ranging from motorcycles, car tires manufacturing, beverage and food to financial fields. His extensive knowledge in various industries has enhanced the Group's investment quality. Mr. Huang is the Director and Honorary Chairman of Tai Lung Capital Inc., Tai Ling Motor Co., and Taiwan Tailung Trading Co., Ltd. He is actively involved with industrial association which plays a prominent role in the business community. Presently he is the Honorary Chairman of the Importers and Exporters Association of Taipei and Yakult Company Taiwan. Mr. Huang majored in Economics at National Taiwan University and holds a Master of Arts degree in Economics from University of Washington in Seattle, U.S.A.

BOARD OF **DIRECTORS**

TSUI-HUI HUANG

Chairman, CEO and Executive Director
Member of Nominating Committee
Date of first appointment as a director: 26 July 1997
Date of last re-election as a director: 16 April 2021

Ms. Tsui-Hui Huang is the Chairman and CEO of the Company and Hotung International Company Ltd. ("HIC"). Ms. Huang started her career in mergers and acquisitions with Bankers Trust Company in 1988. In 1998, she established Hotung Securities ("HSIC"), a subsidiary of Hotung Group. HSIC later merged into Taishin Financial Holding Co. under her guidance. Between 1998 and 2005, she was actively involved in the international securities industry while she was Chairman of the International Business Committee of Taiwan Securities Association. She was also appointed as the Board Director of Taipei Exchange during that period. In June 2005, Ms. Huang was elected as President of HIC, which is the management company of Hotung Group. Ms. Huang became Managing Director of the Company in August 2006 and was elected as Chairman of HIC in April 2009. She was elected as Chairman and CEO of HIHL in July 2010. Ms. Huang served as the Chairman of Taiwan Venture Capital Association from 2014 to 2020 and she has become the Honorary Chairman of the same since August 2020. Ms. Huang was the founding Vice Chairman of Children Charity Association in Taiwan. She was appointed as the Member of the President's Council of Cornell Women, and is currently a member of Taiwan Women on Boards Association. She was elected as independent director of Global Unichip Corporation since May 2022.

Ms. Huang obtained a B.A. degree in Business from National Taiwan University and an M.B.A. degree at Cornell University, U.S.A.

ANDY C.W. CHEN

Non-Executive Director
Member of Audit Committee
Date of first appointment as a director: 26 July 1997
Date of last re-election as a director: 19 April 2022

Mr. Andy C.W. Chen is a Non-Executive Director. In 1992, he joined China Securities Investment Trust and concentrated in Taiwan industrial research, including computer technology and petrochemical sectors. He was the co-founder/Senior Partner of Financial Management Solutions Taipei branch for six years. He provided financial risk consulting services to local financial institutions, and assisted them to measure financial risk factors in order to meet the new Basel Accords. Mr. Chen graduated from Chinese Culture University with Bachelor of Arts in Economics. He also obtained a Master of Science in Finance from University of Illinois.

BOARD OF **DIRECTORS**

DR. NG-CHEE TAN

Non-Executive Director
Chairman of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee
Lead Independent Director
Date of first appointment as a director: 31 August 2009
Date of last re-election as a director: 16 April 2021

Dr. Ng-Chee Tan joined the board in August 2009 and is Chairman of the Audit Committee and member of both the Nominating Committee and Remuneration Committee. Dr. Tan had previously worked at JP Morgan's offices in New York, London, Kuala Lumpur, Singapore and Hong Kong where he was the Vice President and Regional Manager in JP Morgan's trust and investment business in Asia. Dr. Tan returned to Singapore in 1989 and became the Executive Vice President of Singapore's Overseas Union Bank, responsible for the bank's treasury division and all its overseas businesses and investments. Concurrently, he was also appointed Chief Executive of International Bank of Singapore Ltd and Chairman of OUB Bullion & Futures Ltd. Until his retirement in March 2018, Dr. Tan had served as an independent director on the board of Prudential Assurance Company Singapore (Pte) Limited (where he was Chairman of the Audit Committee). Previously Dr. Tan had been an Adjunct Professor of Law at the National University of Singapore Law School at which he taught a course in Comparative Corporate Governance to final year LL.B. and LL.M. law students, and was an examiner to Ph.D students in Company Law and Corporate Governance. He taught a similar course to postgraduate LL.M. students at the East China University of Politics and Law (formerly St John's University) in Shanghai, China. Dr. Tan holds a doctorate in law from the University of Oxford, U.K.

DR. PHILIP N. PILLAI

Non-Executive Director
Member of Audit Committee
Independent Director
Date of first appointment as a director: 17 April 2018
Date of last re-election as a director: 23 June 2020

Dr. Pillai served as non-executive director of the Company from 1997 to 2009. He was re-elected as non-executive director of the Company on 17 April 2018.

He graduated in law from the National University of Singapore and earned a master's degree and Doctor of Juridical Science from Harvard Law School. He started his career in law, teaching law at the National University of Singapore, going into private legal practice at Shook Lin & Bok LLP from 1986 to 2009 and serving as a Judicial Commissioner and then Judge of the Supreme Court of Singapore in 2009 until he retired in 2012.

BOARD OF **DIRECTORS**

CHANG-PANG CHANG

Non-Executive Director
Chairman of Nominating Committee
Chairman of Remuneration Committee
Independent Director
Date of first appointment as a director: 23 April 2012
Date of last re-election as a director: 23 June 2020

Mr. Chang-Pang Chang joined the board in April 2012 and is Chairman of both the Nominating Committee and Remuneration Committee. He is currently the Director of Formosa Petrochemical Corporation and Inventec Corporation, and the President of Global Investment Holdings Co., Ltd ("GIH"). Prior to GIH, Mr. Chang has worked in government for more than 30 years, mostly in financial and economic sectors. Mr. Chang served as Political Vice Minister of Economic Affairs from 1996 to 2000. Before that, he served a year and half as Deputy Secretary General of the Executive Yuan, two years as Administrative Vice Minister of Finance and five years as Chairman of the Securities and Exchange Commission. After retiring from the government in 2000, Mr. Chang served as the Chairman of KMT Business Management Committee and was appointed as the Chairman of Fuhwa Financial Holdings. Mr. Chang held an LL.B. degree from Fu-Jen Catholic University and an LL.M. degree from National Chengchi University. He completed advance legal researches at Harvard Law School as a visiting scholar in 1986. Mr. Chang won the Eisenhower Exchange Fellowship in 1992 and became the Eisenhower Fellow in 1993.

KUNG-WHA DING

Non-Executive Director
Member of Remuneration Committee
Independent Director
Date of first appointment as a director: 13 April 2017
Date of last re-election as a director: 19 April 2022

Mr. Ding joined the Board in April 2017. He is currently the Chair Professor of Chihlee University of Technology and the Independent Director of WT Microelectronics Co., Ltd. and Energenesis Biomedical Co., Ltd. Before that, Mr. Ding has worked in government for more than 30 years, mostly in securities and economics. Mr. Ding was formerly the Chairman of the Financial Supervisory Commission, and was also the Chairman of each of the Taipei Exchange, the Taiwan Depository & Clearing Corporation, the Securities and Futures Institute and the Securities and Futures Commission of the Ministry of Finance.

Mr. Ding graduated from National Chung Hsing University (Department of Finance and Taxation) and National Chengchi University (Graduate Institute of Public Finance).

BOARD OF
DIRECTORS

KENICHI SHIMOMOTO

Non-Executive Director
Date of first appointment as a director: 13 August 2020
Date of last re-election as a director: 16 April 2021

Mr. Kenichi Shimomoto has a professional background in investment banking, especially in M&A sector over 20 years. Before joining Daiwa Securities Group ("Daiwa"), he had served Kobe Steel Co., Ltd. as in-house legal counsel and M&A Advisory Department of Nikko Securities Co., Ltd., at where, utilizing his background of law and securities business, he accumulated rich experience in corporate matters and in numerous M&A deals. After joining Daiwa, he has originated and executed large number of Japan domestic and cross-border M&A deals by extending his precedent professional knowledge, and has built his far-reaching network of relationship with customers and business partners during his total 17 years of working experiences in Daiwa.

He was designated as the Director (board member) of Daiwa Corporate Investment ("DCI", a venture capital/ private equity investment management subsidiary of Daiwa) in March 2020 and has been managing and supervising its international business and several investment teams since then.

Mr. Shimomoto graduated from University of Tokyo, Japan with Bachelor's Degree in Law, and LL.M. of College of Law, University of Illinois. He is the Attorney at Law admitted in New York State and a certified Member of Analyst of the Securities Analysts Association of Japan.

CHUN-CHEN TSOU

Non-Executive Director
Date of first appointment as a director: 26 July 1997
Date of last re-election as a director: 16 April 2021

Mr. Chun-Chen Tsou is the Chairman of Youngmart Group which includes a leading trading company of General Merchandises as well as Computer Related Goods. The group also owns a factory of Store Fixtures and a Ductile Iron foundry. Mr. Tsou graduated from the National Taiwan University with a Bachelor of Arts degree in Economics. He further obtained a Master's degree in Trade Management from the Waseda University, Tokyo, Japan.

BOARD OF **DIRECTORS**

SHIH-PING CHEN

Non-Executive Director
Independent Director
Date of first appointment as a director: 28 June 2019
Date of last re-election as a director: 19 April 2022

Ms. Shih-Ping Chen who joined the board as an independent director in June 2019 had worked as an independent director for an aggregate of 13 years at the boards of National Investment Trust Co., Ltd. and SinoPac Securities Corp. respectively. Before her retirement from the Credit Swiss First Boston Taipei Branch as the Managing Director in 2000, she worked as the Managing Director for Carr Indosuez Securities Taipei Branch for 10 years, and as the Vice President of International Investment Trust Co. for 4 years following her 4-year service with the Security Exchange Commission, Ministry of Finance. In the 1990's, Ms. Chen had been rated as the Best Analyst of the year by the Asiamoney Magazine and awarded by the Taiwan Securities Association to be one of the 10 best securities professionals.

Ms. Chen received her Master degree in International Business from the University of South Carolina, U.S.A. and the Bachelor degree in Business Administration from the National Chengchi University, ROC.

PI-TIEN CHEN

Non-Executive Director
Date of first appointment as a director: 17 February 2022
Date of last re-election as a director: 19 April 2022

Ms. Chen has profound working experience especially in business management, financial and industry analysis. Her precise investment strategy is based on her in-depth evaluating for hundreds variety corporations. Ms. Chen has been working in investment related field for more than 15 years and has been appointed as the Vice President & General Manager of the Investment Department of Mega International Commercial Bank in charge of long-term equity investment business since 2018. In addition, as a director of more than 10 corporations, Ms. Chen also makes efforts to assist them to establish corporate governance system.

The investment of Ms. Chen and her team covers a wide range of areas, including in industrial innovation, high-tech development, recyclable energy, green energy industries, and other businesses that can enhance the efficiency of industries. Ms. Chen also provides financing facilities and tech resources to support those invested companies. Ms. Chen and her team maintain good performance for years. Ms. Chen obtained an MBA degree at St. John's University in New York, U.S.A.

KEY
MANAGEMENT

(left to right):

HSIN-CHIEH CHUNG - Company Secretary
TSUI-HUI HUANG - Chairman and Chief Executive Officer
FELICIA HSU - Chief Financial Officer

KEY MANAGEMENT

TSUI-HUI HUANG

Chairman and Chief Executive Officer

Ms. Tsui-Hui Huang is the Chairman and CEO of the Company and Hotung International Company Ltd. ("HIC"). Ms. Huang started her career in mergers and acquisitions with Bankers Trust Company in 1988. In 1998, she established Hotung Securities ("HSIC"), a subsidiary of Hotung Group. HSIC later merged into Taishin Financial Holding Co. under her guidance. Between 1998 and 2005, she was actively involved in the international securities industry while she was Chairman of the International Business Committee of Taiwan Securities Association. She was also appointed as the Board Director of Taipei Exchange during that period. In June 2005, Ms. Huang was elected as President of HIC, which is the management company of Hotung Group. Ms. Huang became Managing Director of the Company in August 2006 and was elected as Chairman of HIC in April 2009. She was elected as Chairman and CEO of HIHL in July 2010. Ms. Huang served as the Chairman of Taiwan Venture Capital Association from 2014 to 2020 and she has become the Honorary Chairman of the same since August 2020. Ms. Huang was the founding Vice Chairman of Children Charity Association in Taiwan. She was appointed as the Member of the President's Council of Cornell Women, and is currently a member of Taiwan Women on Boards Association. She was elected as independent director of Global Unichip Corporation since May 2022.

Ms. Huang obtained a B.A. degree in Business from National Taiwan University and an M.B.A. degree at Cornell University, U.S.A.

FELICIA HSU

Chief Financial Officer

Ms. Felicia Hsu is the Chief Financial Officer of the Company and the Head of Administration & Finance Department of HIC. Prior to joining HIC, Ms. Hsu was Director of PricewaterhouseCoopers Consulting Company to provide advisory services to those financial industrial clients for relevant performance improvement projects, such as Taiwan IFRS transformation, integration of risk /compliance/system etc. Before that Ms. Hsu used to work in UBS AG for 18 years, including 3 years based in Zurich for Finance/Risk projects that rolled out for international locations. Ms. Hsu was COO/CFO of UBS Taiwan, in charge Finance, Operations and IT department to support UBS various business development in Taiwan from 1991 to 2006. Ms. Hsu has concrete experiences in finance, risk control areas in the financial services industries.

Ms. Hsu obtained a B.A. degree in Business from National Taiwan University.

HSIN-CHIEH CHUNG

Company Secretary

Ms. Hsin-Chieh Chung is the Company Secretary of the Company and the Head of Legal Department of HIC. Ms. Chung is a Taiwan-practicing lawyer since year 2005. Before joining Hotung Group in year 2010, she was the Attorney-at-Law at Formosa Transnational, which is one of the biggest law firms in Taiwan. Ms. Chung's practice encompasses a range of fields including mergers and acquisitions, general corporate and commercial matters and various kinds of litigation matters. Currently, she is leading a team of three responsible for the corporate secretarial and legal functions within Hotung Group.

Ms. Chung obtained a LL.B. degree from National Chengchi University with honors and the Master of Laws and Certificate of Business Administration (LL.M./Kellogg) from Northwestern University School of Law and Kellogg School of Management.

INVESTMENT MANAGERS

(left to right):

VINCENT JANG	- Senior Vice President
FELICIA HSU	- Chief Financial Officer
TSUI-HUI HUANG	- Chairman and Chief Executive Officer
STEVEN HUANG	- Senior Vice President
CARRIE CHEN	- Vice President

INVESTMENT **MANAGERS**

STEVEN HUANG

Senior Vice President

Mr. Steven Huang is the Senior Vice President of HIC, in charge of investment projects in Taiwan. Prior to joining HIC, Mr. Huang was a Vice-President and Head of Investment in Global Strategic Investment Management, which managed a fund size of NT$4.6 billion. Mr. Huang worked in the Ministry of Economic Affairs for more than 6 years and was in charge of technical research and development of various science and technology industries. He was promoted to Acting Senior Specialist of Department of Industrial Technology, Ministry of Economic Affairs in 1997. Mr. Huang was subsequently in charge of venture capital as Senior Manager responsible for investment and evaluation on high-tech industries. He has accumulated extensive experience in investment analysis of technology industries.

Mr. Huang graduated with a Master of Science from the Department of Electronics Engineering, National Chiao Tung University.

VINCENT JANG

Senior Vice President

Mr. Vincent Jang is the Senior Vice President of HIC. Prior to joining HIC, Mr. Jang worked at CDIB from 1996 to 2001. During his five years at CDIB as a deputy manager, he assisted the company in achieving third place in Bank Syndication. He also carried out several syndications that amounted to NT$30 billion. From 1996 to 1998, Mr. Jang successfully solicited over 10 new accounts and supervised operations of on-hand borrowing companies from high-tech to traditional industries. At HIC, Mr. Jang has been proficient in diverse professional operations that include supervising and evaluating over 30 on-hand invested accounts, merging and selling back executions, evaluating new investment projects, and taking charge of the annual capital gains budget.

Mr. Jang holds an MBA degree in Finance from National Sun Yat-Sen University, Taiwan, and graduated from the National Taiwan University of Science and Technology, Taiwan with a B.A. in Business Administration.

CARRIE CHEN

Vice President

Ms. Carrie Chen is the Vice President of HIC. Prior to joining HIC, Ms. Chen co-founded Red Blades Windtek Holdings Ltd and served as Special Assistant to the Chairman, responsible for fundraising and key management positions. Before joining Red Blades, Ms. Chen was a Notebook Business Line Manager in BenQ Corporation and in charge of product roadmap, channel management and branding strategies for European and ASEAN markets. Additionally, Ms. Chen was also a senior auditor in Ernst Young CPA Firm and led several IPO projects. With her comprehensive hands-on experiences and connections in high-tech sectors for over 10 years, Ms. Chen specializes in deal sourcing, due diligence for potential investments, and post-management for portfolio companies.

Ms. Chen holds a M.S in Technology Management from University of Manchester, U.K. and a B.A. degree in Accounting from National Taiwan University.

INVESTMENT ADVISORS

DR. RICK TSAI

Investment Advisor
Investment Committee Member

Dr. Lih Shyng Tsai (Rick) currently serves as Vice Chairman and Chief Executive Officer of MediaTek Incorporated, the world's 4th largest global fabless semiconductor company and powers more than 2 billion devices a year; a market leader in chipset sales for Smartphone, Smart TVs, Voice Assistant Devices (VAD), Android tablets, feature phones, and optical disc products. He served as Chairman and Chief Executive Officer of Chunghwa Telecom Co., Ltd., Taiwan's Largest integrated telecom service provider from January 2014 to December 2016. Under his leadership, Chunghwa telecom launched its 4G mobile broadband services in May 2015, the first in Taiwan, effectively propelling Taiwan's 4G penetration at the fastest rate worldwide. Dr. Tsai also took a lead role in promoting high-speed fiber broadband services and developing new businesses such as ICT, IoT and multimedia convergence as company's future growth drivers. He was elected by FinanceAsia as one of the three best CEOs in Taiwan in 2016.

From August 2011 to January 2014, Dr. Tsai concurrently served as Chairman and Chief Executive Officer of TSMC Solar Ltd., a provider of high-performance solar modules, and TSMC Solid State Lighting Ltd., a company providing integrated LED Lighting solutions, both of which were wholly-owned subsidiaries of Taiwan Semiconductor Manufacturing Company Limited (TSMC).

In December 1989, Dr. Tsai joined TSMC as an engineering manager and rose through the ranks over the following years. He held key executive positions such as Fab Director, EVP of Operations, EVP of Worldwide Sales and Marketing, President and COO. From July 2005 to June 2009 he served as President and CEO of TSMC. Then he became President of New Businesses till July 2011. During this period, Dr. Tsai also assumed the position of President of Vanguard International Semiconductor, a TSMC affiliate, from late 1998 to early 2000. Dr. Tsai received his B.S. in Physics from National Taiwan University and Ph.D. degree in Material Science and Engineering from Cornell University, USA.

DR. MIN-SHYONG LIN

Investment Advisor
Investment Committee Member

Dr. Lin, a former ITRI Executive Vice President, served nearly 20 years in ITRI pioneering and promoting optoelectronic infrastructure, computer peripherals and MEMS technologies. He founded and co-founded Opto-Electronics & System Lab and Materials Research Lab during his service in ITRI. In 2001, after early retired from ITRI, Dr. Lin founded Asia Pacific Microsystems, Inc. ("APM") and since then appointed as an Honorary Chairman & Founder of APM. APM is one of the largest MEMS companies in Taiwan providing competent MEMS foundry and state-of-the-art technology to fulfill the niche feature IDM and Fabrication. Before the experience in ITRI, Dr. Lin started out with his teaching position in National Cheng Kung University as a Visiting Associate professor in 1976 and in 1977, he started his tenure at Department of Electrical Engineering, National Tsing Hua University where he worked for 10 years as associate professor, professor and head of the department.

Dr. Lin's achievement is acknowledged in many significant awards received throughout the years of 90's. Dr. Lin received his Bachelor and Master degrees in Electrical Engineering from National Cheng Kung University in Taiwan and Ph.D. in Electrical Engineering from Osaka University in Japan and has more than 100 papers published.

OPERATING AND FINANCIAL REVIEW

In 2022, a number of global events such as the COVID-19 pandemic, the Russian-Ukraine war, the US-China relation tension and the Europe's energy crisis, all of which caused significant disruption and exacerbated inflation. The persistent high inflation rate has prompted Central Banks around the world to tighten their monetary policies by synchronously increasing interest rates, leading to a rise in the cost of capital. As a result of these factors, the Group's performance in 2022 was inevitably affected.

However, the Group, with its sound financial and capital position, coupled with cautious capital management, remains in resilient sectors, where the focus continues in growing sectors such as AI, 5G, cloud computing, green technology, and healthcare. The Group's new investments in 2022 totaled NT$402.0 million, a decrease of 40.2% from the new investments made in 2021, as the Group focused on making strategic investments.

At the end of 2022, the Group's total investment portfolio amounted to NT$4,961 million (2021: NT$4,493 million), comprising quoted investments of NT$605 million, which represented 12.2% of the total portfolio. The remaining portfolio were unquoted investments of NT$4,356 million, which were valued by various valuation techniques including transaction price, market multiples of comparable trading companies and net asset value for fund investments.

As at 31 December 2022, the Group's cash balance was NT$1.6 billion (2021: NT$2.3 billion), a decrease of NT$0.7 billion from 2021, mainly due to new acquisitions of financial assets and 2021 dividend payment of NT$474.4 million during 2022. Net asset value per share was NT$65.22 (2021: NT$66.40) as at the end of 2022 after the payout of 2021 cash dividends at NT$5.0 per share.

The net profit attributable to shareholders was NT$49.4 million (2021: NT$624.2 million), mainly due to the decrease in realized gains of investments in 2022. The decrease in the Group's tax expense of NT$134.4 million was mainly due to the decrease in gains on divestments held by the Group's Taiwan subsidiaries and the reversal of the deferred tax liability arising from the temporary differences during 2022.

In 2022, the Group's other comprehensive income of NT$306.7 million arose mainly from the exchange differences on translation of foreign operations due to the appreciation of US dollar against NT dollar.

INVESTMENT MANAGER REPORT

TAHO PHARMACEUTICALS LTD.

Taho Pharmaceuticals Ltd. (“Taho”) is a specialty pharmaceutical company with expertise in drug delivery system. Current clinical stage pipeline includes anti-coagulant, anti-addictive drug for opioid addiction, and anti-Alzheimer’s drug candidates via either oral or trans-dermal administration. With such special delivery system, Taho can offer physicians and difficult patients easier route of drug administration without scarifying drug efficacy. The company also has a commercial stage product for the treatment of chemotherapy induced nausea and vomiting. The drug is currently marketed in Japan. We look forward to seeing Taho growing continuously in the near-term future.

DRIVENETS LTD.

DriveNets Ltd. (“DriveNets”) was founded by Ido Susan and Hillel Kobrinsky, two successful Telco entrepreneurs in 2015. DriveNets helps Communications Service Providers (CSPs) such as AT&T, Verizon, and so on take advantage of the greatest demand surge in Telco history, substantially growing their profitability by changing their technological and economic models. DriveNets’ solution changes the traditional networking architecture that has been in place for the past twenty years by adapting the architectural model of hyperscalers to Telco-grade networking. The company’s solution is a cloud-native software that runs over standard white-boxes, radically simplifying the network’s operational model, offering Telco-scale performance at a much lower cost.

In 2022, the Company closed a round of $262.0 million, at a pre-money valuation of $3.0 billion. This round was led by a strategic consortium from Abu Dhabi, and the U.S. which invested $200.0 million and includes significant commercial engagement.

INVESTMENT MANAGER REPORT

INDIE MICROELECTRONICS (WUXI) CO., LTD.

Indie Microelectronics (Wuxi) Co., Ltd. ("IndieMicro") was founded in 2018 for developing China market. IndieMicro is located in Wuxi, China with fully operations including R&D, products' testing, application & technical support, sales and marketing. IndieMicro also has its R&D office in Shanghai and support centers in Shenzhen, Taipei to support Great China customers.

Its parent company, Indie Semiconductor, which was founded in 2007 and specialized in ASIC design for automotive products and transferred its certain key technologies to IndieMicro to further enhance to its own products, including blood glucose meter IC, automotive ambient light IC and wireless charging IC etc. IndieMicro devotes itself to focus on those safe, healthy, and comfortable living style products via its sophisticated technology.

IndieMicro is now a tier one supplier to automakers, and its products have entered into both Chinese and overseas automakers in 2022.

The sales of IndieMicro's products, automotive and medical IC products, in China is growing, in particular the revenue of automotive IC made the major contributions to the company's financial results.

PURIBLOOD MEDICAL CO., LTD.

PuriBlood Medical Co., Ltd. ("Puriblood"), founded in 2016, specializes in "Zwitterionicbias surface coating (ZISC) technology" and has launched various own-brand products, including FDA-approved leukocyte reduction filters and cell separation filters. In 2021 Puriblood received approval from Taiwan Blood Services Foundation (TBSF) and starts shipping its leukocyte reduction filters from 2022. Additionally, several collaboration milestones have been achieved in the year 2021 and 2022. Nan Ya Plastics (1303 TW) licensed Puriblood's ZISC technology and applies to PVC compound rubber in order to kick off in-line leukoreduction system blood bag new business with Puriblood. Moreover, Formosa Plastics (1301 TW) licensed such technology and purchases ZWI-TEC polymer monomer to produce PTEX-PVC, which has biologically anti-adhesive characteristics and can be used in medical or consumer staples. Puriblood's ZISC technology can be utilized in numerous applications in different sectors, and we estimate that the out-licensing business will become a key driver of revenue growth in the near future.

INVESTMENT MANAGER REPORT

KKDAY.COM INTERNATIONAL COMPANY LIMITED

Kkday.com International Company Limited ("KKday"), founded in 2014, is a leading online travel tours and activities platform backed by high-profile strategic investors, including Cool Japan Fund, LINE Ventures, and H.I.S.. The company offers more than 300,000 unique travel experiences in 92 countries and over 550 cities, with active users mainly from Taiwan, Japan, South Korea, Hong Kong, SEA, etc. By leveraging existing R&D resources and customers' brand awareness, KKday develops and promotes a self-owned Rezio B2B SaaS platform, which fulfills travel suppliers' and agents' digital transformation needs and largely improves order cycle time. It is foreseeable that the flourishing domestic and international travel demands from all over the world in the post-pandemic era will accelerate the company's constant growth.

AIROHA TECHNOLOGY CORP.

Airoha Technology Corp. ("Airoha") was merged by two MediaTek ("MTK") subsidiaries to provide customers with complete wireless and broadband communication system and chip solutions. The company divides its business into two major departments: wireless and wired communication. The wireless product line consists mainly of Bluetooth Audio ("BT Audio") and GNSS (global navigation satellite system). Wired products are broadband and Ethernet SoCs. Airoha's products in BT Audio, GNSS and DSL (digital subscriber line) are in the leading position globally. The company focuses on global Tier-1 brands, optimizes its product portfolio and increases market share constantly. As a member of MTK Group, Airoha leverages its parent company's long term customer relationships and broad product portfolio to create a win-win situation.

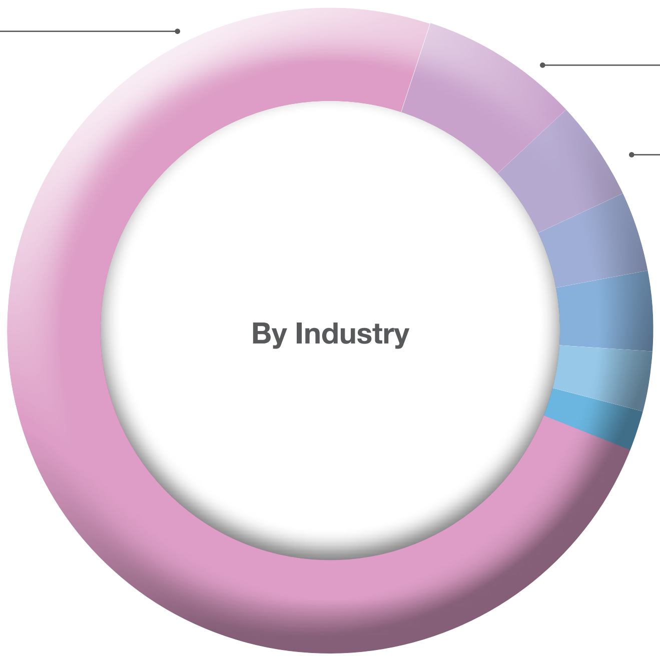
INVESTMENT MANAGER REPORT

BORETECH RESOURCE RECOVERY ENGINEERING CO., LTD.

Boretech Resource Recovery Engineering Co., Ltd. (“BoReTech”), a holding company, was founded in 2013 and is an avant-garde company in the recycled polyester industry. Started in 1989 as a PET bottle recycler in Taiwan, the group has extended its product range to rPET total solutions, including plastics recycling equipment & engineering systems, polyester staple fibers, and food-grade rPET flakes & pellets. Currently, over 200 BoReTech PET washing lines are operating internationally, and the group is ranked the No. 1 vendor in Japan and India by occupying more than 80% market share. BoReTech stands in an excellent position to compete with global players and endeavors to develop premium rPET bottle-to-bottle production lines and expand the client base of rPET pellets in the USA, Taiwan, and Japan. Under the 2050 net-zero emissions target, it is estimated that the recycled polyester market will boost rapidly in the coming years.

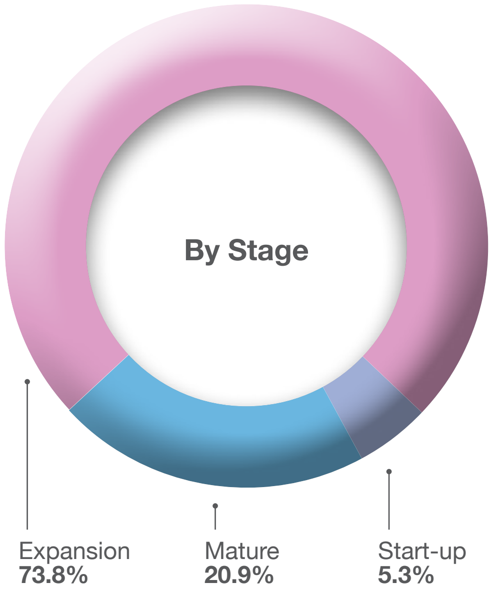
INVESTMENT
MANAGER REPORT

2022 NEW INVESTMENT STATISTICS

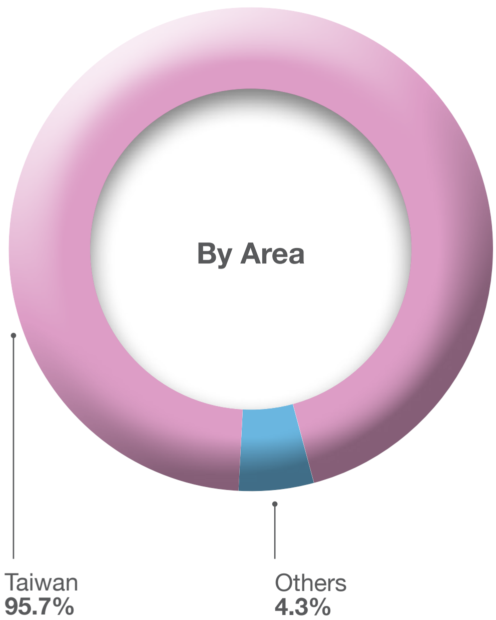


By Industry	INV. AMT. (NT$ million)	%
Semiconductor	298.9	74.4
Internet	30.0	7.5
Material	23.4	5.8
Investment	17.3	4.3
Clean Energy	17.3	4.3
Precision Machinery	11.9	2.9
Others	3.2	0.8
Total	**402.0**	**100.0**

INVESTMENT
MANAGER REPORT



By Stage	INV. AMT. (NT$ million)	%
Start-up	21.4	5.3
Expansion	296.8	73.8
Mature	83.8	20.9
Total	**402.0**	**100.0**



By Area	INV. AMT. (NT$ million)	%
Taiwan	384.7	95.7
Others	17.3	4.3
Total	**402.0**	**100.0**

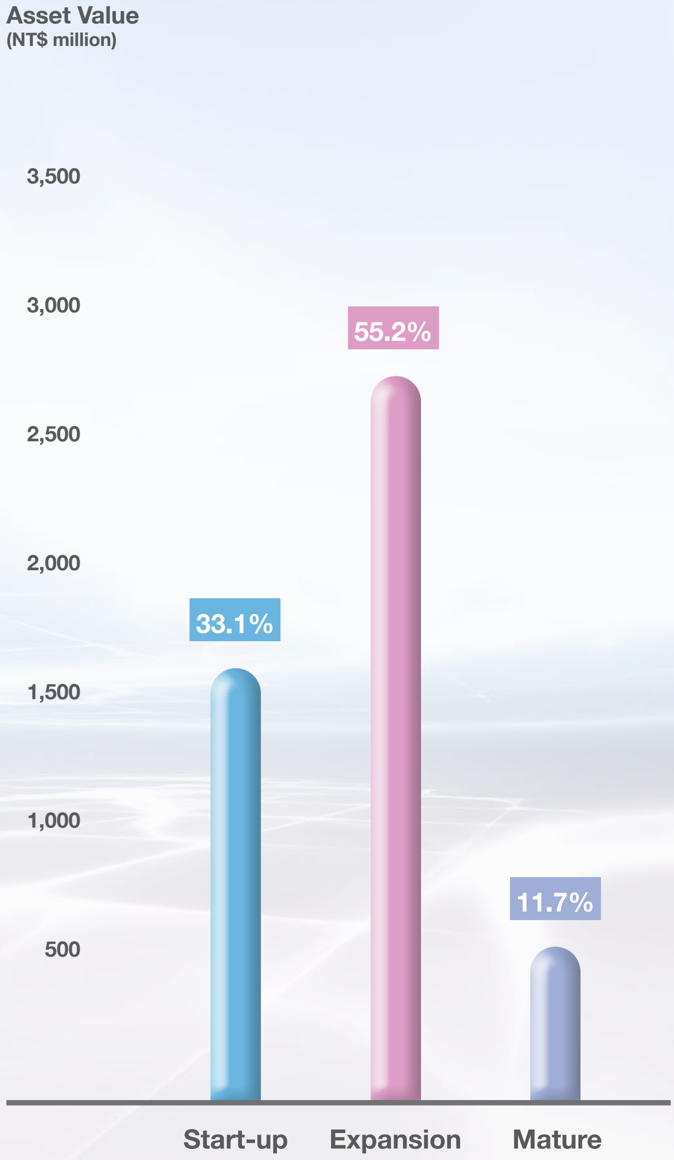
INVESTMENT
MANAGER REPORT

INVESTMENTS OUTSTANDING AS OF 31 DECEMBER 2022

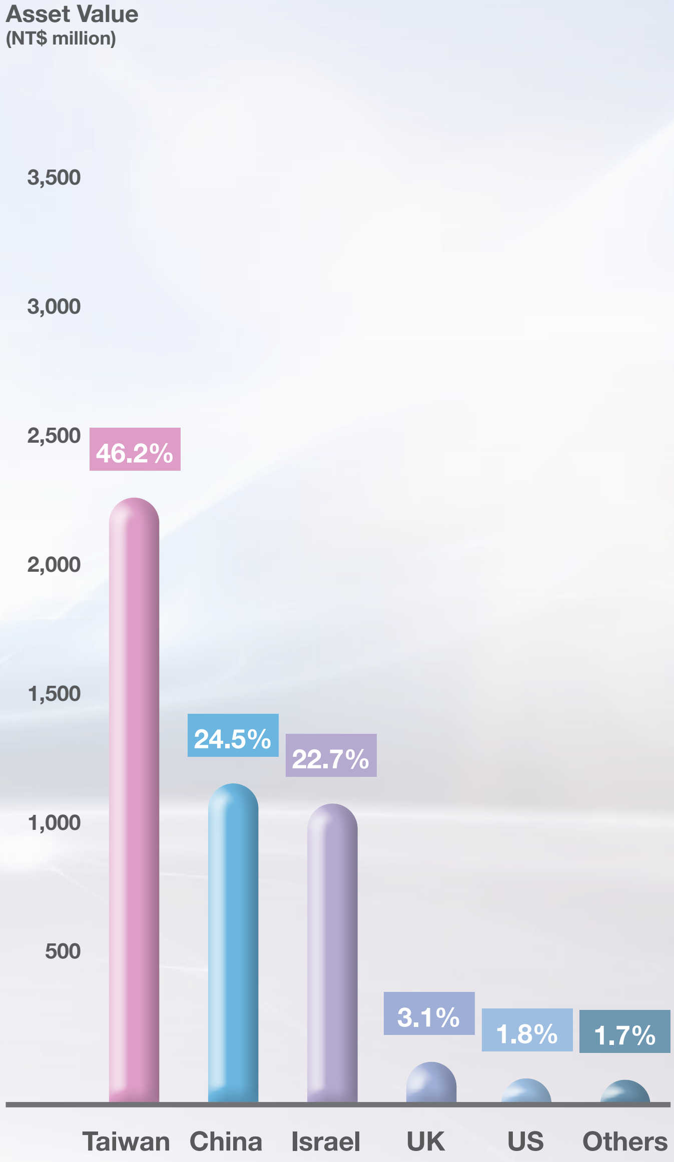
By Industry

INVESTMENT
MANAGER REPORT

By Stage



By Area



CORPORATE GOVERNANCE **REPORT**

Hotung Investment Holdings Limited ("Company") and its subsidiaries (together, "Group") believe that good corporate governance practices are the foundation for a well-managed and efficient organization. The Board of Directors ("Board") remains committed to the principles of good corporate governance and to achieving a high standard of business integrity in compliance with the Code of Corporate Governance of 6 August 2018 ("Code") in managing the business and affairs of the Company, to protect shareholders' interests and to improve shareholders' value as well as corporate transparency. The Board will continue its efforts and invest further resources as would be appropriate to enhance its corporate governance. This report sets out the practices and activities of the Group during the financial year ended 31 December 2022, with specific references made to the Code.

1. BOARD MATTERS

The Board's Conduct of Affairs
Principle 1:

Principal Duties of the Board

The primary role of the Board is to set the overall strategy and direction to the Group, and to enhance the long-term shareholder value. The Board has put in place ethics policies for the Group, which set out a code of conduct and ethical standards for the Group's employees to adhere to. In addition, the Board sets appropriate tone-from-the-top and desired organizational culture and ensures proper accountability within the Group.

The Board's principal functions are as follows:

(a) guiding the Group's business strategies;

(b) approving annual budgets and targets;

(c) monitoring the performance and proper conduct of the Group's business;

(d) establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Group's performance;

(e) identifying the key stakeholder groups and ensure transparency and accountability to key stakeholder groups;

(f) setting the Group's values and standards (including ethical standards);

(g) overseeing the processes for evaluating the adequacy of internal control, risk management, financial reporting and compliance;

(h) considering sustainability issues; and

(i) appointing directors ("Directors") to Nominating, Audit and Remuneration Committees and senior management and receiving reports of these Committees.

All Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Group.

Delegation of Duties by the Board

In order to assist in the execution of the Board's responsibilities, the Board has established 3 Board Committees, namely, Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), which would submit their recommendations or decisions to the Board. These 3 Board Committees function within clearly defined terms of reference setting out their compositions, authorities and duties, which are reviewed on a regular basis. The matrix of the Directors' appointments on the Board and their participation in various Board Committees is as follows:

	Board Committee Membership		
Board Members	**AC**	**NC**	**RC**
Tsui-Hui Huang		M	
Andy C.W. Chen	M		
Ng-Chee Tan	C	M	M
Philip N. Pillai	M		
Chang-Pang Chang		C	C
Kung-Wha Ding			M
Kenichi Shimomoto			
Chun-Chen Tsou			
Shih-Ping Chen			
Pi-Tien Chen[3]			
Su-Mei Lin[4]			

Note(s) :
1. "C" : Chairman of the relevant Board Committee
2. "M" : Member of the relevant Board Committee
3. Ms. Pi-Tien Chen was appointed as Director with effect from 17 February 2022.
4. Ms. Su-Mei Lin was a Director since 8 August 2019. She tendered her resignation as Director with effect from 16 February 2022.

Details for further information on the activities of the AC, NC and RC are set out below:

1. Nominating Committee (Principle 4)

2. Remuneration Committee (Principle 6)

3. Audit Committee (Principle 10)

Attendance at Board and Board Committee Meetings

The Board meets at least four times a year. In accordance with the Bye-laws of the Company, Directors may participate in any meeting of the Board by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. The Board and Board Committees may also make decisions by way of written resolutions. Details of Directors' attendance at the Board and Board Committee meetings held in year 2022 are summarized as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Directors	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Tsui-Hui Huang	4	4	–	–	3	3	–	–
Andy C.W. Chen	4	4	4	4	–	–	–	–
Ng-Chee Tan	4	4	4	4	3	3	2	2
Philip N. Pillai	4	4	4	4	–	–	–	–
Chang-Pang Chang	4	4	–	–	3	3	2	2
Kung-Wha Ding	4	4	–	–	–	–	2	2
Kenichi Shimomoto	4	4	–	–	–	–	–	–
Chun-Chen Tsou	4	4	–	–	–	–	–	–
Shih-Ping Chen	4	4	–	–	–	–	–	–
Pi-Tien Chen[2]	4	3	–	–	–	–	–	–
Su-Mei Lin[3]	–	–	–	–	–	–	–	–

Note(s):
1. Number of meetings held does not include written resolutions.
2. Ms. Pi-Tien Chen was appointed as Director with effect from 17 February 2022.
3. Ms. Su-Mei Lin was a Director since 8 August 2019. She tendered her resignation as Director with effect from 16 February 2022.

Matters Requiring Board Approval

Matters requiring the Board's decision and approval include the following:

(a) the annual and half-yearly financial reports;

(b) matters in relation to the share buy-backs undertaken by the Company;

(c) matters in relation to the declaration of dividends;

(d) matters in relation to the holding of the Company's annual general meeting ("AGM"), including its related agenda;

(e) matters in relation to major corporate actions (e.g. share consolidation);

(f) the annual budgets and targets of the Group;

(g) the appointment and re-appointment of Directors, including remuneration packages;

(h) the appointments of the members of Board Committees;

(i) matters in relation to the Directors' and Officers' Insurance;

(j) matters in relation to the appointment of Company Secretary and Chief Financial Officer ("CFO");

(k) the appointment and re-appointment of external auditors and its remuneration;

(l) matters in relation to the Group's approach to sustainability, including the monitoring of material sustainability-related risks;

(m) matters in relation to the Board's opinion on the adequacy and effectiveness of the Group's risk management and internal controls; and

(n) the receipt of the announcements released to the Singapore Exchange Securities Trading Limited ("SGX-ST").

Pursuant to the Bye-laws of the Company, where a Director is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, he/she shall declare the nature of his/her interest at the meeting of the Board setting out the details of his/her interest and conflict, and recuse himself/herself from voting on this matter.

Board Orientation and Training

A formal letter is sent to newly-appointed Directors upon their appointments comprising director's roles and responsibilities. In addition, new Directors who have no prior experience as a director of an issuer listed on the SGX-ST must undergo mandatory training run by Singapore Institute of Directors ("SID") within one year from the date of his/her appointment to the Board at the Company's expense as prescribed by the SGX-ST to ensure that they are familiar with the duties and roles as being a Director. Ms. Pi-Tien Chen was appointed as Director with effect from 17 February 2022 and she has undergone the relevant mandatory training on her roles and responsibilities as a director of an issuer listed on the SGX-ST.

In addition, all the Directors have undergone the sustainability training course organized by SID pursuant to Rule 720(7) of the Listing Manual of the SGX-ST ("Listing Manual").

When there are significant and important changes to laws, regulations, policies and accounting standards in areas concerning director's duties and responsibilities, Directors are provided with briefings and updates from outside professionals. In the event of any major developments in areas of accounting and governance standards, relevant sessions are conducted by external auditors of the Company to assist Directors in performing their duties and responsibilities. In addition, Directors are encouraged to attend other appropriate courses, conferences and seminars at the Company's expense, such as programs run by the SID.

Access to Complete, Adequate and Timely Information

To ensure that the Board would fulfill its responsibilities, the Directors are provided with complete, adequate and timely information quarterly including financial position and performance of the Company and the Group prior to the Board meetings and as and when the need arises. Board papers are circulated to the Board as early as practicable so that members of the Board may better understand and discussions could be focused on the questions set out in the agenda. Draft agendas for Board and Board Committee meetings are circulated to the respective Chairmen of the Board and Board Committees, in advance, for their review. Any additional material or information requested by the Directors is promptly furnished. Information provided to the Board includes Board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and quarterly financial results. In respect of budgets, any material variances between the projections and actual results are disclosed and explained. The yearly and half-yearly financial statements of the Company are reviewed and discussed at the AC and thereafter recommended to the Board for its approval.

In addition, the management of the Group ("Management") is required to attend meetings of the Board to provide insight in relation to the matters being discussed and to respond to any questions that the Directors may have. Directors also have unrestricted access to the Company Secretary and Management at all times. Directors are entitled to request from Management and are provided with such additional information as needed to make informed and timely decisions.

Independent Professional Advice

In furtherance of the discharge of their duties, the Directors may take independent professional advice, where necessary, at the Company's expense.

Company Secretary

Each Director has separate and independent access to the Company Secretary. The Company Secretary is responsible for ensuring that Board procedures are observed and the applicable rules and regulations are complied with. The Company Secretary assists the Chairman in ensuring good information flow within the Board and Board Committees and between the Management. The Company Secretary attends all Board and Board Committees meetings. The appointment and the removal of the Company Secretary are subject to the Board's approval.

Board Composition and Guidance
Principle 2:

Board Size and Board Composition

The Board comprises 10 Directors, of whom 9 are non-executive. Of these non-executive Directors, 5 are considered by the NC to be independent of the Company's management and substantial shareholders, in compliance with Rule 210(5)(c) of the Listing Manual which requires independent Directors to make up at least one third of the Board. Notwithstanding the requirement in Provision 2.2 of the Code that the independent Directors should make up a majority of the Board where the Chairman is not independent when, among others, the Chairman is also the Chief Executive Officer ("CEO"), the Board is of the view that as half of the Board comprises independent Directors, who demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as independent Directors, and provide impartial and autonomous views, there is presently an appropriate level of independence and diversity of thought and background in the Board composition to enable the Board to make decisions in the best interests of the Company. In addition, 9 out of the total 10 Directors are non-executive, which serves to reinforce management accountability, and which is adequate to ensure that there is an appropriate balance or power within the Board even though independent Directors do not make up a majority.

The NC constantly examines the size of the Board and Board Committees, with a view to determine their impact of the number upon their effectiveness, decided what are considered appropriate size for the Board and Board Committees, which facilitates effective decision-making and ensures a strong and independent element on the Board. The NC, in concurrence of the Board, is of the view that, given the scope and nature of the Group's operations, the current Board and Board Committees are of appropriate size; provided however that, the NC may make recommendations to the Board on the appointment of additional independent Directors as and when it deems necessary and appropriate so as to fully comply with the Code's requirement that the independent Directors should make up a majority of the Board where the Chairman of the Board is not independent.

All Board Committees are chaired by independent Directors.

The Lead Independent Director or other independent Director may, as and when he/she deems necessary and appropriate, call and lead meetings without the presence of Management, and the chairman of such meetings would provide feedback to the Board and/or Chairman as appropriate.

Board Independence

The NC determines, on an annual basis, whether or not a Director is independent by taking into account the definition of "independent director" under Provision 2.1 of the Code and Rule 210(5) of the Listing Manual. The Directors complete an annual declaration of independence, whereby they are required to assess their independence considering the aforesaid requirements, which is then put to the NC for review. The Directors who are determined to be independent by the NC do not have such relationships or circumstances as set forth in Provision 2.1 of the Code and Rules 210(5)(d)(i) and 210(5)(d)(ii) of the Listing Manual which may affect the independence of a Director.

Prior to 11 January 2023, pursuant to Rule 210(5)(d)(iii) of the Listing Manual, a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer ("Two-Tier Voting"). Such resolutions may remain in force until the earlier of the following:- (X) the retirement or resignation of the director; or (Y) the conclusion of the third annual general meeting of the Company following the passing of the resolutions.

On and from 11 January 2023, pursuant to the amendments to Rule 210(5)(d) of the Listing Manual with effect on and from 11 January 2023 (including new Rule 210(5)(d)(iv) of the Listing Manual which provides that a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing) and Transitional Practice Note 4 (Transitional Arrangements Regarding The Tenure Limit For Independent Directors) of the Listing Manual ("Transitional Practice Note 4")), during the period from 11 January 2023 to the date of an issuer's annual general meeting for the financial year ending on or after 31 December 2023 ("Transitional Period"), a director (whether independent, executive or non-executive) who has served on the board of an issuer for an aggregate period of nine years can remain as independent directors so long as they meet the requirements in Rules 210(5)(d)(i) and 210(5)(d)(ii) of the Listing Manual, and Rule 210(5)(d)(iii) of the Listing Manual does not apply during the Transitional Period including for directors who are re-appointed during this Transitional Period. However, such a person must resign from the board or be designated as a non-independent director no later than at the annual general meeting of the issuer for the financial year ending on or after 31 December 2023.

The independence of Dr. Ng-Chee Tan, Mr. Chang-Pang Chang, and Dr. Philip N. Pillai, each of whom has served on the Board for an aggregate period of more than 9 years, had during their re-election been subjected to a rigorous review by the NC and the Board, and each of Dr. Ng-Chee Tan, Mr. Chang-Pang Chang, and Dr. Philip N. Pillai had abstained from all deliberations, discussion and voting on matters relating to his own independence. The Board, in concurrence with the NC, having reviewed their continued active engagement, challenges and contributions to the deliberations of the Board, AC, NC, and RC, where applicable, and taking into account the following factors, regard each of them to be an independent Director, notwithstanding that each of them has been on the Board for an aggregate period of more than 9 years:

(a) each of them has continued to demonstrate strong independence in character and judgement in the discharge of their respective responsibilities as a Director and has contributed effectively as an independent Director by providing impartial and autonomous views;

(b) each of them and/or their respective associates have not entered into any interested person transactions with the Group since their respective first appointments as a Director to the Board; and

(c) there have been various new members appointed to the Board during the course of the past 9 years, which reflects that the Board as a whole has undergone a healthy gradual refresh of its members during the aforesaid period.

Prior to 11 January 2023, shareholders' approval for the continuation of office of each of Dr. Ng-Chee Tan, Mr. Chang-Pang Chang, and Dr. Philip N. Pillai as independent Directors, notwithstanding that they have each served as a director of the Company for an aggregate term of more than 9 years, was sought and obtained through a Two-Tier Voting process at the AGM for the financial year ended 31 December 2020 that was held on 16 April 2021.

Mr. Chang-Pang Chang and Dr. Philip N. Pillai will be due for retirement and re-election as directors at the forthcoming AGM to be held on 17 April 2023 for the financial year ended 31 December 2022 ("2023 AGM") pursuant to Rule 720(5) of the Listing Manual which requires all directors to submit themselves for re-nomination and re-appointment at least once every three years and the Company's Bye-laws which requires one-third of the Directors to retire from office by rotation as part of Board renewal. Pursuant to the amendments to Rule 210(5)(d) of the Listing Manual with effect on and from 11 January 2023 and Transitional Practice Note 4, each of Dr. Ng-Chee Tan, Mr. Chang-Pang Chang and Dr. Philip N. Pillai, who have served as independent Directors for an aggregate period of more than 9 years, will remain as independent Directors (in the case of Mr. Chang-Pang Chang and Dr. Philip N. Pillai, subject to their re-election at the 2023 AGM) as each of them meets the requirements in Rules 210(5)(d)(i) and 210(5)(d)(ii) of the Listing Manual, and until their resignation or designation as non-independent directors at or prior to the next annual general meeting of the Company for the financial year ending 31 December 2023.

Please refer to the "Board of Directors" section in the Annual Report for the independence of each Director.

Board Diversity

The Company recognizes the benefits of diversity on the Board, and is of the belief that a Board composed of appropriately qualified members with a broad range of relevant experience, in addition to diversity in thought and background, is essential to the effective governance of its business and ensuring that the Company has the opportunity to benefit from all available talent and perspectives so as to make decisions in the best interests of the Company in achieving long-term sustainable growth of the Group.

The Company has adopted a Board Diversity Policy which provides that, in reviewing the Board's composition, the NC and the Board will consider a number of aspects of diversity, including but not limited to skills, knowledge, experience, cultural and educational background, ethnicity, geographical background, core competencies, gender, and other relevant factors. Consideration and selection of candidates for appointment to the Board will be based on merit which shall include a review of the candidate's integrity, experience, educational background, industry or related experience and more general experience, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Company remains committed to non-discrimination in all aspects of its business, including the appointment of Board members.

The current Board comprises 10 members who are business leaders or professionals with varied backgrounds, expertise and experience including in management, business, investment, legal, governance, finance, accounting and risk management.

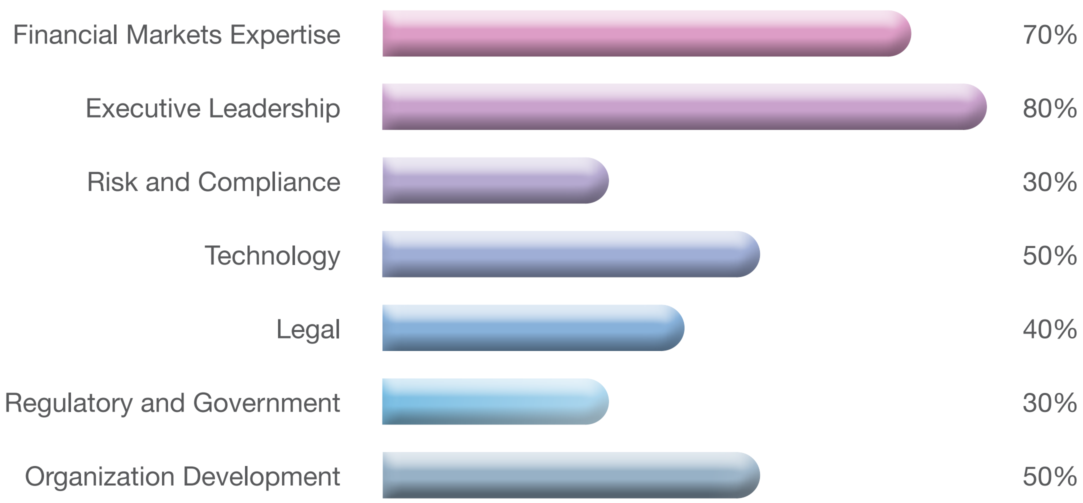
The Board is of the view that gender is an important aspect of diversity and will ensure that (a) there is female representation on the Board, and (b) there will be, as far as practicable, at least 30% of female representation on the Board. The Board has targeted to maintain at least 1 suitably qualified female director on the Board since its listing on SGX-ST in 1997. Following the appointments of two additional female Directors in 2019, the Board's target to have, as far as practicable, at least 30% of female representation, i.e., 3 out of 10 Board members, on the Board has been met. One of the female Directors, Ms. Tsui-Hui Huang, is the Chairman and CEO of the Company and a member of the NC.

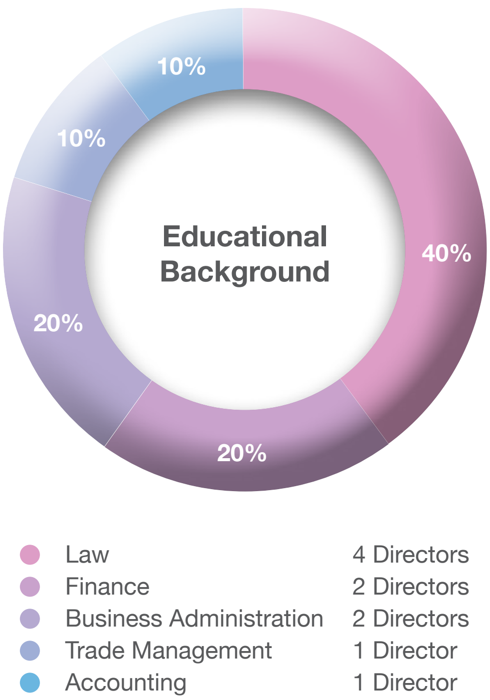
Considering that the current Board and Board Committees comprise Directors who have the appropriate mix of diversity in expertise, experience, background, and gender, and collectively possess necessary core competencies for effective functioning and informed decision-making, the Board, in concurrence of the NC, is of the view that the Company has achieved the targets of diversity on the Board as set out in its Board Diversity Policy.

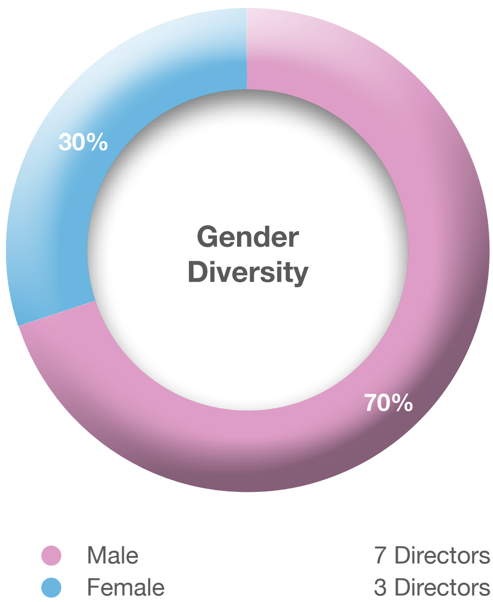
The NC will review the Board Diversity Policy from time to time as appropriate, to assess its relevance and effectiveness.

Please refer to the "Board of Directors" section in the Annual Report for further details of the qualifications and experience of each Director.

Expertise and Experience







Chairman and CEO
Principle 3:

Chairman and CEO

The Chairman and CEO of the Company is the same person, Ms. Tsui-Hui Huang. The principal roles and responsibilities of Ms. Tsui-Hui Huang include but are not limited to the following:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) ensuring that the Directors receive complete, adequate and timely information;

(d) encouraging constructive relationships within the Board and between the Board and the Management; and

(e) promoting high standards of corporate governance.

As the Chairman and CEO of the Company for over 10 years, Ms. Tsui-Hui Huang has demonstrated her ability to lead the Board in an effective and strategic manner. She has, as Chairman and CEO, played a pivotal and instrumental role in developing the Group's businesses, allowing the Company to effectively plan and execute business strategies and deal with the Group's strategic challenges, while ensuring and upholding high standards of corporate governance. Given her continued, demonstrated track record as Chairman and CEO, the Board considers it to be in the Group's best interest for Ms. Tsui-Hui Huang to continue leading as Chairman and CEO. In view that Ms. Tsui-Hui Huang is both the Chairman and CEO, the Company has in place the following arrangements and appointments to ensure that no one individual has unfettered powers of decision-making:

(a) as disclosed under Principle 2 on Page 29, all Board Committees are chaired by independent Directors, and all or a majority of the members of each Board Committee are independent Directors. The Lead Independent Director or other independent Director may, as and when he/she deems necessary and appropriate, call and lead meetings without the presence of Management, and the chairman of such meetings would provide feedback to the Board and/or Chairman as appropriate;

(b) all independent Directors are actively engaged in deliberating on Board agenda and debates and promoting a high level of corporate governance relating to all material corporate actions (including in relation to operational, financial or compliance matters);

(c) as disclosed under Principle 1 on Page 26, the Board conducts regular scheduled meetings on a quarterly basis to keep the Board updated on the Group's financial position and business activities, and the overall business environment in which the Group engages. Where the Board or the Board Committees' approval is required for important and critical matters concerning the Group, the inputs and approval of all Directors or Board Committee members (as the case may be) would be sought, whether through meetings held by electronic means or the passing of Board resolutions. The Management performs its duties diligently based on the decisions of and approvals obtained from the Board and Board Committees; and

(d) the Chairman and CEO's performance and appointment to the Board and remuneration package is reviewed periodically by the NC and the RC respectively.

Notwithstanding the requirement in Provision 3.1 of the Code that the Chairman and CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making, the Board believes that, in view of the above, there are sufficient strong and independent elements on the Board, and adequate safeguards in place such that no one individual has unfettered powers of decision-making and is of the view that the existing practices adopted by the Company are consistent with the intent of Principle 3 of the Code.

Lead Independent Director

Having regard to the nature of business and the structure of the Board and the Management, Dr. Ng-Chee Tan was appointed the Lead Independent Director on 11 November 2010. Please refer to Principle 2 in this report on the basis of the Board's and the NC's determination on the continuing independence of, *inter alia*, Dr. Ng-Chee Tan. The shareholders are welcomed to contact the Lead Independent Director where they have concerns and for which contact through the normal channels of the Management are inappropriate or inadequate. The Lead Independent Director also assists the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company.

Board Membership
Principle 4:

Nominating Committee

The NC was established in 2002. The majority of the NC members, including the Chairman, are independent Directors. The Lead Independent Director is a member of the NC. The members of NC are as follows:

Mr. Chang-Pang Chang (Chairman)
Ms. Tsui-Hui Huang
Dr. Ng-Chee Tan

The NC meets at least once a year. The NC's roles and responsibilities are set out in its written terms of reference. The principal functions of the NC are as follows:

(a) reviewing and making recommendations to the Board on the appointment, re-appointment and/or replacement of Directors as well as members of Board Committees, the CEO and key management personnel;

(b) determining annually, and as and when circumstances require, the independence of Directors;

(c) developing the process and criteria for evaluation of the performance of the Board, Board Committees and Directors;

(d) determining whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, taking into consideration, *inter alia,* the directorships in other companies held by such Director;

(e) reviewing and making recommendations to the Board on the training and professional development programmes for the Board and the Directors;

(f) reviewing the Board composition and efficiency of the Board and Board Committee meetings; and

(g) ensuring Board diversity by taking into account the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

The NC constantly bears in mind whether the diversity of the Board members is sufficient, and would, at the appropriate juncture, propose new members to the Board to enhance the competence of the Group. The NC is of the view that the current size of the Board is appropriate, given the current nature and scope of the Company's operations. The diverse entrepreneurial, professional, financial and technical background and profile of the Directors as a group ensures a balance of representative skills, experience, gender and views in the Board, as well as the necessary core competencies in areas relevant to the Group's business, such as management, finance, technology and international experience.

Rotation of Directors

Subject to Rule 720(5) of the Listing Manual requiring all directors to submit themselves for re-nomination and re-appointment at least once every three years, pursuant to the Company's Bye-laws, at each AGM, one-third of the Directors shall retire from office by rotation as part of Board renewal. For the avoidance of doubt, in accordance with the Listing Manual and the Company's Bye-laws, each Director shall forthwith retire at least once every three years. New Directors appointed by the Board shall hold office only until the next AGM and shall then be eligible for re-election. The NC makes recommendations to the Board as to whether the Board should support the re-appointment /re-election of a Director who is retiring. In making recommendations, the NC undertakes a process of review of the retiring Directors' performance during the period in which the Director has been a member of the Board. Information on the candidates for election or re-election as required in Appendix 7.4.1 of the Listing Manual will be provided to shareholders in the notice of AGM, in accordance with Rule 720(6) of the Listing Manual.

Process for Selection and Nomination of New Directors

With respect to the process for appointment of new Directors, the NC reviews and evaluates the profession, knowledge and experience of the candidates, and meets with the candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required after sourcing the candidates through an extensive network of contacts. If the NC is satisfied with the candidate's capability of being a Director, the NC will make recommendations accordingly to the Board for approval.

Continuous Review of Directors' Independence

The NC reviews annually, and as and when circumstances require, the independence of each Director. Please refer to Principle 2 in this report on the basis of the NC's determination as to whether a Director should or should not be deemed independent.

Multiple Directorships

Each Director is required to complete the questionnaire on a half-yearly basis for the Director's board representations in other companies. After the NC assesses each Director's contribution and devotion of time and attention to the affairs of the Company, the NC determines that each Director is able to and has been accurately carrying out his/her duties as a Director. The Board is of the opinion that to fix a maximum number of listed company board representations which a Director may hold is not necessary considering the existing Directors' time commitment and contributions to the Company.

Alternate Directors

The Board does not appoint alternate directors.

Key Information on Directors

Key information regarding Directors, such as academic and professional qualifications, Board Committees served on (as a member or chairman), date of first appointment and last appointment as a Director, directorships or chairmanships in other listed companies, and other principal commitments, are disclosed in the "Board of Directors" section in the Annual Report. The names of Directors proposed for appointment or re-appointment, as well as the information required in Appendix 7.4.1 of the Listing Manual, are set out in the notice of AGM in accordance with Rule 720(6) of the Listing Manual, and any other information or details of such Directors will also be made available to shareholders during the AGM (where requested), to enable shareholders to make informed decisions.

Board Performance
Principle 5:

Board Evaluation Process

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that the Board comprises persons who represent the principal strategic shareholders of the Company as well as independent Directors who enhance governance in the interests of all shareholders and the Company. The NC has established a formal evaluation process to assess the effectiveness of the Board as a whole and each Board Committee separately. The process includes having Directors complete a questionnaire for their views on various aspects of Board and Board Committees' performance at the end of each financial year. The Company Secretary compiles the Directors' responses to the questionnaire into a consolidated report, which is reviewed and discussed during the NC meeting. The result of the Board assessment conducted by the NC is reported to the Board thereafter by the Chairman of the NC.

The performance criteria for the Board evaluation, which are not changed from year to year, are in respect of Board composition, Board meeting process, Board performance in relation to discharging its principal functions, including the review of the Company's budget and strategic plans and the monitoring of the progress throughout the year.

The NC did not engage any external facilitator to conduct the assessment of the performance of the Board and Board Committees during the financial year under review. If and where relevant, the NC will consider such engagement.

For the financial year ended 31 December 2022, the NC, having reviewed the overall performance of the Board and Board Committees in terms of their roles and responsibilities, is of the view that the Board and Board Committees continued to perform effectively to support the Company.

Individual Director Evaluation

In addition, the NC reviews and evaluates the performance of each Director in groups annually, especially those who are subject to retirement at the forthcoming AGM and further decides whether to recommend such Directors to be re-elected at the AGM. Performance criteria include factors such as Director's participation and contribution at the Board and Board Committee meetings, industry and business knowledge, functional expertise, and dedication.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
Principle 6:

Remuneration Committee

The RC was established in 2002. Current members are entirely non-executive and independent Directors. The members of RC are as follows:

Mr. Chang-Pang Chang (Chairman)
Dr. Ng-Chee Tan
Mr. Kung-Wha Ding

The RC's roles and responsibilities are set out in its written terms of reference. The objective of the RC is to establish a formal, transparent and objective procedure for fixing the remuneration packages of each Director and key management personnel. To achieve this objective, the principal functions of RC are as follows:

(a) reviewing and recommending to the Board a framework of remuneration for the Board and key management personnel considering their contributions to the Board and taking into account comparability of standards within the industry and with other companies;

(b) ensuring that remuneration policies are able to attract, retain and motivate Directors without being excessive, and thereby maximize the shareholders' value; and

(c) reviewing the specific remuneration packages for each Director, including but not limited to Director's fees, basic salaries, allowances, bonuses, share options and benefits in kind, and submitting for endorsement by the entire Board.

In discharging their duties, the RC members may seek advice from external consultants, where necessary. Market practices and standards are taken into account to ensure that the remuneration packages remain competitive. The Company has not engaged any remuneration consultants to advise on the remuneration of the Board or key management personnel for the financial year ended 31 December 2022.

Level and Mix of Remuneration
Principle 7:

The RC in determining the level and structure of remuneration of the Directors and key management personnel will ensure that they are appropriate and proportionate to the sustained performance and value creation of the Group. Executive Director's remuneration is earned through base/fixed salary and variable or performance related income/bonuses. Directors fees proposed to be paid to Directors are subject to approval of shareholders at the AGM. No Director decides his/her own fees. Non-executive Directors are not over-compensated to the extent that their independence may be compromised. The Company does not currently have any contractual provisions to allow the reclaiming of incentive components of remuneration from executive Directors and key management personnel. Nonetheless, the RC, together with the Board, will monitor and re-assess at the appropriate juncture whether such contractual provisions should be implemented. The remuneration framework for Directors and key management personnel is aligned with the interest of shareholders and relevant stakeholders and appropriate to attract, retain and motivate them for the long-term success of the Group.

Disclosure on Remuneration
Principle 8:

Disclosure on Directors' Remuneration

Under the terms of the service agreement and as approved by both the RC and the Board, the executive Director, Ms. Tsui-Hui Huang is entitled in aggregate, to an incentive bonus equivalent to 1.5% of the Group's audited profit after tax and non-controlling interests with effect from FY2021.

The remuneration of Directors in bands of S$250,000 with breakdown of salaries/fees and bonuses in percentage of each Director for the financial year ended 31 December 2022 is set out as below. Notwithstanding the requirement in Provision 8.1(a) of the Code to fully disclose the specific amount of each Director's remuneration, the Board believes that the disclosure below, which discloses the remuneration in bands and includes the percentage breakdown of remuneration based on salaries/fees and bonuses, provides sufficient overview of the remuneration of the Directors, is made in the best interests of the Company given the highly competitive industry conditions in the venture capital business, and is substantively consistent with the intent of Principle 8 of the Code.

Remuneration Bands and Name of Directors	Salaries/Fees %	Bonuses %	Total[1] %
S$750,000 to S$999,999			
Tsui-Hui Huang	78	22	100
Below S$250,000			
Andy C.W. Chen	100		100
Ng-Chee Tan	100		100
Philip N. Pillai	100		100
Chang-Pang Chang	100		100
Kung-Wha Ding	100		100
Kenichi Shimomoto	100		100
Chun-Chen Tsou	100		100
Shih-Ping Chen	100		100
Pi-Tien Chen[2]	100		100
Su-Mei Lin[3]	100		100

Note(s):
1. This includes all forms of remuneration and other payments and benefits paid by the Group to Directors.
2. Ms. Pi-Tien Chen was appointed as Director with effect from 17 February 2022.
3. Ms. Su-Mei Lin was a Director since 8 August 2019. She tendered her resignation as Director with effect from 16 February 2022.

There are no termination, retirement and post-employment benefits that may be granted to Directors, CEO and key management personnel currently.

Disclosure on Key Management Personnel's Remuneration

The remuneration of the Company's top five key management personnel (who are not Directors or the CEO of the Company) in bands of S$250,000 and with breakdown of salaries/fees and bonuses in percentage of each such key management personnel's remuneration for the financial year ended 31 December 2022 is set out below. Notwithstanding the requirement in Provision 8.1(b) of the Code to also disclose in aggregate the total remuneration paid to the Company's top five key management personnel, the Board believes that the disclosure below, which discloses the remuneration in bands and includes the percentage breakdown of remuneration based on salaries/fees and bonuses, provides sufficient overview of the remuneration of the Company's key management personnel considering the confidentiality of remuneration matters, is made in the best interests of the Company given the highly competitive conditions in the venture capital business, and is substantively consistent with the intent of Principle 8 of the Code.

Remuneration Bands and Name of Key Management Personnel	Salaries/Fees %	Bonuses %	Total* %
S$250,000 to S$499,999			
Felicia Hsu	70	30	100
Below S$250,000			
Hsin-Chieh Chung	67	33	100

Note:
This includes all forms of remuneration and other payments and benefits paid by the Group to key management personnel.

Save for the persons mentioned above, there are no other persons whom the Company considers to be key management personnel of the Company (who are not Directors or the CEO of the Company).

Disclosure on Remuneration of Employees who are Directors' Immediate Family Member

No employees of the Company or any of its principal subsidiaries are substantial shareholders of the Company or immediate family member of Directors, the CEO or substantial shareholders of the Company; thus, no disclosure is required for employee whose remuneration exceeds S$100,000 per annum for the financial year ended 31 December 2022.

Employee Share Schemes

At present, the Company does not have any employee share option scheme.

3. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls
Principle 9:

The Company believes that it is crucial to put in place a system of internal control of the Group's procedures and processes to safeguard the interests of the Group and shareholders, and to manage risks in the areas of financial, operational, legal/compliance, etc. The Board is responsible for the overall governance of the Group's risk management and internal controls. It determines the nature and extent of the significant risks which the Group is willing to take in achieving its strategic objectives and value creation.

The Group has established an integrated risk identification and management framework. Within the Group, risks are proactively identified and addressed. The ownership of these risks lies with the respective business and corporate heads with stewardship residing with the Board. The Board approves the framework and has oversight of compliance by Management. The AC reviews the compliance annually.

During the year, the Group, with the participation of the business and corporate heads, carried out an exercise to consolidate and review the Group's risk register which identifies the key risks faced by the Group and the internal controls in place to manage or mitigate those risks. The internal auditor was also involved in testing the effectiveness of certain material internal control systems. Material deficiencies (if any) and the consequent remedial action were reviewed by the AC, and reported to the Board.

Based on the Company's above described risk identification and management framework, regular reviews performed by Management, and assurances from the CEO and the CFO that its risk management and internal control systems are adequate and effective, the Board, with the concurrence of the AC, is of the opinion that the Group's systems of risk management and internal controls are adequate and effective in addressing the financial, operational, compliance, information technology and sustainability risks faced by the Group.

The Board notes that the systems of risk management and internal controls provide reasonable, but not absolute, assurance that the Group will not be adversely affected by events that might be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Financial Risk Management

The Group has documented a financial risk management policy, which is founded on the Group's overall business strategies and its risks management philosophy. The Group is exposed to a variety of financial risks, primarily changes in equity market prices and/or foreign currencies exchange rates in relation to its investment portfolios.

Market Risks

The changes in equity market prices and/or foreign currencies exchange rates have significant impact on the Group's investment portfolios. In general, the Group assumes lesser interest rates risk on the deposits placed with banks and financial institutions. The Group manages market risks by close monitoring of the investment portfolios and regular reviews of the performance of each of the investments. The control procedures are in place to manage and control market risks exposures within acceptable parameters, while optimizing returns on investments.

Liquidity Risks

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Credit Risks

The Group places surplus funds in banks with reputable financial standing. The credit risk on liquid funds is limited because the counterparties are reputable banks with high credit-ratings assigned by international credit-rating agencies.

Please refer to "Financial Risk Management" of Notes to Financial Statements in the Annual Report for more details.

Operational Risk Management

Each department management team reviews its control procedure periodically and conducts risk self-assessment exercise on a regular basis. The internal auditor and external auditors are also involved in the review of such self-assessment exercise. Any material deficiency together with remedial action are reviewed by the AC and reported to the Board.

The internal control system comprises all the procedures, which combine to give the Board reasonable assurance of:

(a) the maintenance of proper accounting records and reliability of financial information used within or published by the Group;

(b) the safeguarding and proper documentation of the Group's assets; and

(c) the compliance with applicable legislation, regulation and best practices.

The Board has received assurance from the CEO and the CFO as well as the internal auditor that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management and internal control systems were adequate and effective.

Considering the business scale of the Company, the Board's responsibility of overseeing the Group's internal control is delegated to the AC. The AC's oversight and supervision of the Group's internal controls are complemented by the work of the internal auditor and external auditor, whose roles are to evaluate and disclose deficiencies or weaknesses in various aspects of control and risk of the Group. Internal auditor adopts a risk-based approach to set the audit plan that aligns to key objectives and risks across the Group's business. The annual plan is reviewed and approved by the AC. The Company's external auditors, KPMG LLP ("KPMG") carry out in the course of their statutory audit, a review of the effectiveness of the Company's key internal controls annually to the extent of their scope as laid out in their audit plan. Material findings from both audit work, if any, with corresponding management's mitigation plans are reported to the CEO and the AC.

Audit Committee
Principle 10:

Audit Committee

The AC was established in 1997. Current members are entirely non-executive Directors, with the majority including the Chairman of AC being independent Directors:

Dr. Ng-Chee Tan (Chairman)
Mr. Andy C.W. Chen
Dr. Philip N. Pillai

The NC is of the view that the members of the AC have sufficient financial, legal and management expertise and experience to discharge the AC's functions. To enable the AC to discharge its functions properly, the AC has the authority to invite CEO, CFO and the Management to attend its meetings to respond to any questions that the AC may have.

The AC's roles and responsibilities are set out in its written terms of reference. The AC performs the following functions:

(a) reviewing with the external auditors their audit plan and evaluates and advising on accounting controls, audit reports and any matters which the external auditors raise to the AC;

(b) reviewing with the internal auditor, the scope and the results of internal audit procedures and his evaluation of the overall internal control system;

(c) commissioning an independent audit on internal control for its assurance, or where it is not satisfied with the system of internal control;

(d) reviewing the adequacy and effectiveness of the Company's internal controls and risk management systems;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the internal audit function;

(f) reviewing the adequacy, scope, results and effectiveness of the external audit, and the independence and objectivity of the external auditor annually, and the nature and extent of non-audit services supplied by the external auditors so as to maintain objectivity;

(g) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company;

(h) reviewing the half-yearly and annual financial statements, including announcements to shareholders and the SGX-ST prior to submission to the Board;

(i) reviewing the quarterly financial results, in particular, the financial result for the 1st or 3rd financial quarter for the relevant financial year, as the case may be;

(j) reviewing any significant findings of internal investigations;

(k) reviewing the Company's whistle-blowing policy, and ensuring that arrangements are in place for concerns about possible improprieties to be raised and independently investigated, and for appropriate follow-up action to be taken;

(l) making recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;

(m) reviewing and approving the appointment, replacement, reassignment or dismissal of the internal auditor;

(n) reviewing the assistance given by the Company's officers to the external and internal auditors; and

(o) reviewing interested person transactions to ensure that internal control procedures are adhered to.

The AC currently meets the external and internal auditors quarterly or half-yearly, as the case may be, in order to ensure that the external auditors and internal auditor have full and free opportunities to raise concerns with the AC and to have complete access to information that auditors may require. In addition, the AC has its own discretion to meet with the external and internal auditors, whenever the AC deems necessary, without the presence of Management.

External Auditors

The AC has undertaken a review of non-audit services provided by the external auditors annually and they would not, in the opinion of the AC, affect the independence of the external auditors. Details of the aggregate amount of fees paid to the external auditors for financial year ended 31 December 2022, and a breakdown of the fees paid in total for audit and non-audit services, respectively can be found on Page 119. The Company has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of its external auditors.

Whistle-blowing Policy

The Group has in place a whistle-blowing policy, which sets out the procedures for a whistleblower to make a report to the Company on any misconduct or wrongdoing relating to the Company and its officers and the process for independent investigation of any reported incidents and appropriate follow-up actions. The Company is committed to ensuring protection of whistleblowers who have acted in good faith against reprisal, or detrimental or unfair treatment. The Company will ensure that the identity of whistleblowers will be kept confidential as far as practicable.

The AC is responsible for the overall oversight and monitoring of the whistle-blowing policy and its implementation. The Company has designated an independent function to investigate whistleblowing reports made in good faith, where the Chairman of the AC will evaluate all whistleblowing reports received, and may direct further investigation to the internal auditor and such other independent external advisors as may be appropriate. The outcome of each investigation shall be reported to the AC. The AC reviews the whistle-blowing policy from time to time.

The whistle-blowing policy was announced and made available to all the Directors and employees of the Group since its adoption. The Company has also publicly disclosed the purpose, scope, reporting procedures and communication channels of the whistle-blowing policy on its website.

Summary of AC's Activities During the Financial Year Ended 31 December 2022

The AC reviewed the half-yearly and full-year financial reports before submitting to the Board for its approval, reviewed the 1st and 3rd quarter financial results, the annual auditing plan of the external and internal auditors and assessed the results of audits performed by them, recommended the re-appointment of external auditors to be approved by the shareholders at the AGM, reviewed the adequacy, effectiveness, independence, scope and results of the internal audit and external audit functions, and confirmed the adequacy and effectiveness of the Group's risk management and internal controls in addressing financial, operational, compliance, information technology and sustainability risks of the Group.

The AC has taken measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements.

None of the AC members were previous partners or directors of the Group's external auditors, KPMG, within the last 24 months nor hold any financial interest in KPMG.

Internal Audit

The internal auditor reports directly to the AC on audit matters. The AC reviews the internal auditor's report and its activities on a quarterly basis. The AC also reviews and approves the annual internal audit plans and resources to ensure that the internal auditor has the resources to adequately, effectively and independently perform its functions. The internal auditor has full access to all the Group's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Group.

The internal audit is an in-house function within the Company which comprises one member who has over 20 years of auditing experience in various fields of risk management, corporate governance, and IT security and who possesses relevant qualifications, including qualification as a Certified Information Systems Auditor (CISA) and Certified Information Security Manager (CISM). The internal auditor carries out his duties according to the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and the Auditor's Handbook approved by the AC, which sets out the scope of auditing of internal controls designed and implemented to assure the integrity of the operations and management of the Company. In addition, in performing the internal audit review, the internal auditor reviews risks and controls of the Group, including, *inter alia*, sustainability report and responses to cyber security threats, and takes into account applicable new rules or requirements, if any, issued by the SGX-ST from time to time.

In view of the long-standing relevant experience and qualifications of the internal auditor, the AC is satisfied that the Group's internal audit function is independent, effective and adequately resourced.

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings
Principle 11:
Engagement with Shareholders
Principle 12:
Engagement with Stakeholders
Principle 13:

Shareholder Rights

To facilitate shareholders' ownership rights, the Company releases all material information, to its best knowledge, through the SGXNet to keep all shareholders sufficiently informed.

For the AGM for the financial year ended 31 December 2021 held on 19 April 2022 ("2022 AGM"), given the COVID-19 pandemic situation and in compliance with applicable SGX-ST Rules, all shareholders of the Company were sent a notice of the AGM, proxy form and a request form which set out the procedures for the shareholders to request for printed copies of the Annual Report and the Appendix to the notice of the AGM ("Appendix") and details on how the aforesaid documents may be accessed online. As part of our efforts to protect the environment, the Company has gone paperless with the Annual Report and the Appendix. The Annual Report and all relevant documents for the 2022 AGM were released through SGXNet and were also made available on the Company's website. The simplified version of the notice of the 2022 AGM was additionally advertised in the Singapore newspapers. Shareholders were accorded the opportunity to submit questions to the Board and/or Management prior to the 2022 AGM. Substantial and relevant questions received were addressed by the Company publishing its responses thereto via SGXNet prior to the 2022 AGM. Shareholders who were unable to attend the 2022 AGM in person, were able to observe and/or listen to the proceedings by live audio-visual webcast or audio only stream. Shareholders were required to appoint the Chairman of the 2022 AGM as their proxy to vote on their behalf. The results of the proxy votes for, against or abstained were announced at the 2022 AGM and the results of the 2022 AGM were released on the SGXNet on the same date.

Conduct of Shareholder Meetings

The Company supports the principle of encouraging shareholder participation and voting at the AGM. At the AGM, shareholders are encouraged to communicate their views and discuss with the Board and Management on matters affecting the Company. Shareholders are also informed of the rules, including the voting procedures that govern general meetings of shareholders, during the AGM. The Bye-laws of the Company allow shareholders to appoint proxies to attend and vote at all general meetings on their behalf.

In respect of the 2022 AGM, given the COVID-19 pandemic situation, shareholders were given the opportunity to submit their questions to the Board and/or Management prior to the 2022 AGM, and substantial and relevant questions raised by shareholders were addressed by the Company publishing its responses thereto via SGXNet prior to the 2022 AGM. The 2022 AGM was conducted in accordance with the SGX-ST's guidance on conduct of general meetings during the COVID-19 pandemic period, and the Chairman of the Board, Ms. Tsui-Hui Huang, the Directors, Mr. Andy C.W. Chen, Dr. Ng-Chee Tan, Dr. Philip N. Pillai, Mr. Chang-Pang Chang, Mr. Kung-Wha Ding, Mr. Kenichi Shimomoto, Mr. Chun-Chen Tsou, Ms. Shih-Ping Chen, and Ms. Pi-Tien Chen, Company Secretary, external auditors and the Company's Singapore legal counsel were in attendance at the 2022 AGM.

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at the AGM. All the resolutions are put to vote by poll. The Company has been conducting electronic poll voting for all the resolutions passed at the AGM for greater transparency in the voting process. An independent external consultant is also appointed as scrutineer for the electronic poll voting process. Prior to the general meeting, the scrutineer will review the proxies and the electronic poll voting system, and attends at the proxy verification process, to ensure that the proxy and poll voting information is compiled correctly. Votes cast for, or against, each resolution will be tallied and displayed live-on-screen to shareholders or their appointed proxies immediately after each poll conducted at the AGM. A timely announcement showing total number of shares represented by votes for and against each resolution and the respective percentage are released through SGXNet after the AGM.

Minutes of the AGM which include substantial and relevant comments or queries from shareholders in relation to the agenda of the AGM and responses from the Board and Management are released through SGXNet and also available on the Company's website.

The forthcoming 2023 AGM will be held, in a wholly physical format pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and the checklist jointly issued by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation. There will be no option for shareholders to participate virtually. Please refer to the notice of the 2023 AGM and announcement dated 31 March 2023 for further information. In view of the evolving COVID-19 situation, the Company may be required to change our arrangements for the 2023 AGM at short notice. Shareholders should check SGX-ST's website and/or our corporate website regularly for the latest updates on the status of the 2023 AGM.

Communication with Shareholders

The Company endeavors to keep all its shareholders informed of the performance and changes in the Group by making timely and adequate announcement through SGXNet. The Company had adopted quarterly reporting of its financial results from 2003 to 2019. Pursuant to Rule 705(2) and 705(3)(b) of the Listing Manual in force from 7 February 2020, the Company has adopted half-yearly reporting of its financial results commencing from financial year 2020. Half-yearly and annual financial results are published through the SGXNet. All information on the Company's new initiatives will be first disseminated via SGXNet.

The Company does not practice selective disclosure. Price sensitive information is first publicly released before the Management meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period.

The Company has an Investor Relations section on its corporate website (www.hihl.com.sg) featuring Investor FAQs and providing contact details for shareholders and other stakeholders to contact the Company with feedback or questions. The Company also has procedures in place to ensure that shareholders' queries are followed up upon and responded to in a timely manner. Shareholders and stakeholders may also access the financial results, annual reports, notices of AGM and other related documents of the Company released via SGXNet on the Company's corporate website.

The Company reviews the dividend policy annually depending on the Group's cash and operational needs. Annual dividend proposed for the financial year ended 31 December 2022 is shown on Page 116, which is subject to the approval of the shareholders at the 2023 AGM.

Managing Stakeholder Relationships

The Board adopts a balanced approach towards the needs and interests of key stakeholders, taking into account the best interests of the Company. The Group engages its stakeholders through various channels on a regular basis in order to gain better understanding of their concerns and expectations, and these interactions facilitate continuous improvements in all areas of the Group's operations. The Company has prepared its sustainability report in compliance with Rules 711A and 711B of the Listing Manual. For more information on the Company's stakeholder engagement, please refer to the Company's sustainability report disclosed on Page 50.

The Group has put in place several investment management policies which set out the process and mechanism to engage its key stakeholders, investee companies, including meeting with them regularly. In order to safeguard the reputation and interest of the Group, the ethics policies of the Group set out the policies and procedures dealing with various issues such as conflicts of interests, the maintenance of records and reports, equal employment opportunities and sexual harassment. The Company also maintains a current corporate website, www.hihl.com.sg, to communicate and engage with stakeholders.

ADDITIONAL INFORMATION

Securities Transactions

The Company has issued a policy on dealings in the securities of the Company and its subsidiaries to its Directors and senior executives setting out the implications of insider trading and guidance on such dealings, including the prohibition on dealings with the Company's securities on short-term considerations. It has followed Rule 1207(19) of the Listing Manual which provides guidance on the principles and best practices with regard to dealings by the Company and its officers in the Company's securities. In line with the said Listing Rule, the Company Secretary issues circulars to its Directors and officers informing that the Company and its officers must not deal in listed securities of the Company one month before the release of half-year and full-year results (and, if any quarterly financial statements for the 1st and 3rd financial quarter are released, within 2 weeks before the release of such statements). Directors and executives are required to report to the Company Secretary whenever they deal in the Company's shares.

Interested Person Transactions Policy

The Company has adopted an internal policy in respect of any transactions with interested persons that set out the procedures for review and approval of the Company's interested person transactions.

The Group's interested person transactions for the financial year ended 31 December 2022 are disclosed in the table below:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Tai Lung Capital Inc.	Controlling shareholder of the Company	NT$4,020,660*	–

Note:
Rental income received by Tai Lung Capital Inc. from Hotung International Co., Ltd. The value of NT$4,020,660 refers to the total contract sum for the financial year under review.

SUSTAINABILITY **REPORT**

BOARD STATEMENT

Hotung Investment Holdings Limited ("HIHL") is committed to build a sustainable business by adopting environment, social and governance ("ESG") targets in its business. Together with the management team of the Group ("Management"), the Board identifies the key stakeholders, and determines the material ESG metrics to track, manage, and streamline. HIHL uses the GRI standards for the framework of our sustainability report; hence, we have considered our business impact on the economy and people, including human rights issues.

The year 2022 showed how fragile and susceptible our businesses and economies are to rapid and unexpected disruptors that come in the forms of pandemic, geopolitical conflicts, and financial market corrections, which led to a broken global supply chain and a generational inflation. The only certainty we can foresee today is that the world will only become more uncertain going forward, thus highlighting the importance of planning for unexpected events and building organizational resilience. A comprehensive business continuity plan and the ability to recover quickly are both essential elements of business resiliency that will help the Group aptly navigate and even thrive in response to unexpected turbulences.

In addition to building resiliency within the Group, HIHL continues to invest in technologies and innovations that tackle global problems and meet underlying needs in society aiming to improve general living standard. While early-stage companies may not have adequate resources to track and disclose comprehensive ESG practice report, HIHL will avoid investments in companies with net negative social or environmental practices and impact.

The Group considers corporate governance, risk management, business strategy and policy as integral pillars to HIHL's business resilience. This report highlighted seven material topics related to HIHL's operational sustainability, as well as commitment to safeguard environmental and social sustainability, including business resilience, sustainable environment safeguarding, staff training, occupational health and safety, diversity, equity and inclusion, corporate governance and regulatory compliance, and business ethics.

The Group's sustainability policy is guided by the SGX Sustainability Reporting Guide and Practice Note embedded in daily operation and investment decisions. The Group is also undertaking steps to report on climate-related disclosures are based on the recommendations of the Task Force on climate-related Financial Disclosures (TCFD). The Board reviews and monitors material ESG factors in its review of the new investments of the Group. With respect to the Group management and employees, sustainability considerations are reflected in our performance-based employee remuneration and service conditions which are designed to attract and retain talent in a conducive work environment.

ABOUT THE REPORT

- ***Scope***

  The reporting scope covers the performance of the Hotung Investment Holdings Limited ("Company") and its subsidiaries (together, "Group") from 1 January 2022 to 31 December 2022 ("FY2022"), with the data from previous financial years for comparison where applicable. According to the headquarter and the employees of the Group which are both in Taipei, Taiwan, the geographic presence of report will incorporate our environmental, economic, social and governance in Taipei, Taiwan.

- ***Approaching to Sustainability Reporting***

  This sustainability report has been prepared in accordance with the Global Reporting Initiative Standards ("GRI Standards") and in compliance with Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard Listing Rules 711A and 711B on Sustainability Report and Practice Note 7.6 Sustainability Reporting Guide. The GRI Standards were chosen due to its longstanding and international renowned sustainability framework. Its structure enables the reporting of our material about economic, environmental, and social issues. The sustainability report is issued together with the Group's annual report.

  This report supplements information on the Company's strategies and activities in relation to sustainability practices regarding ESG factors, which are covered in other parts of this annual report. For the full list of references and disclosures used in this report, please refer to the GRI Content Index at the end.

- ***Internal Review***

  This report has been internally reviewed by the internal audit function but not externally assured.

The Company will publish the Sustainability Report annually and monitor our sustainability progress through its performance of the key ESG issues that matter to the stakeholders. For any queries or suggestions relating to this report, please reach out to us at hihl@equity.com.tw.

APPROACH TO SUSTAINABILITY AND SUSTAINABILITY GOVERNANCE

The two fundamental principles of our approach are transparency and accountability. We conduct our operations and businesses in a sustainable and ethical way. Our Board provides oversight of sustainability strategy and implementation, including identification of key stakeholders and consideration for sustainability issues. We delegated an employee (the "in charge") who is responsible for sustainability report and keeps track on the newer regulations that may impact the sustainability report.

The in charge collaborates with different departments to conduct surveys on an annual basis to identify, review and assess respective key stakeholders as well as sustainability their materiality impact on the Group.

SUSTAINABILITY
REPORT

STAKEHOLDER ENGAGEMENT

The Board adopts a balance between the needs and interests of key stakeholders, considering the best interests of the Company. The Group engages its stakeholders on a regular basis to gain better understanding of their concerns and expectations, and these interactions facilitate continuous improvements in all areas of the Group's operations.

The Group has put in place several investment management policies which set out the process and mechanism to engage its key stakeholders and investee companies.

Key Stakeholders	Modes of Engagement	Concerns and interests
Employees	• Weekly Management meetings and department meetings are held for business updates and to discuss important business matters. • Seminars for training and development. • Annual performance review. • Annual audit.	• Organizational financial performance. • Health and safety of the employees. • Training and education.
Shareholders	• SGXNet announcements. • Annual General Meetings: Questions and Answers session. • Email/Electronic communications: "Contact Us". • Information on company website for Shareholders.	• Organizational financial performance, including dividend policy. • Risk Management.
Investee Companies	• Access to the financial/annual reports for updates on performance of the investee companies. • A board observer seat in the investee companies. • Site visit (During the Covid-19 pandemic period, this has been avoided). • Regular meetings, teleconference, and email correspondences.	• Business Ethics. • Corporate Governance.
Regulators	• Compliance policy, rules, and regulation. • Correspondences via mail, email, or teleconference.	• Compliance with policies, rules, and regulations, including sustainability reporting. • Risk Management.

DETERMINING MATERIAL TOPICS FOR SUSTAINABILITY

Our sustainability work only has meaning and impact if it focuses on addressing the issues that matter the most. It is critical for us to assess risks and opportunities that key ESG issues may have on our business, also considering views and expectation of our stakeholders around these ESG issues.

According to abovementioned, we have applied four steps to assess point of focus in our ESG analysis: identification, prioritization, validation, and review of material topics.

- ***Identification***

The Group internally identifies material ESG topics that are important to the Group. Since there are no other SGX-ST Main Board listed companies whose core business is in venture investment, we referred to companies whose business is general investment. However, underlying investment strategies and business models may have variances.

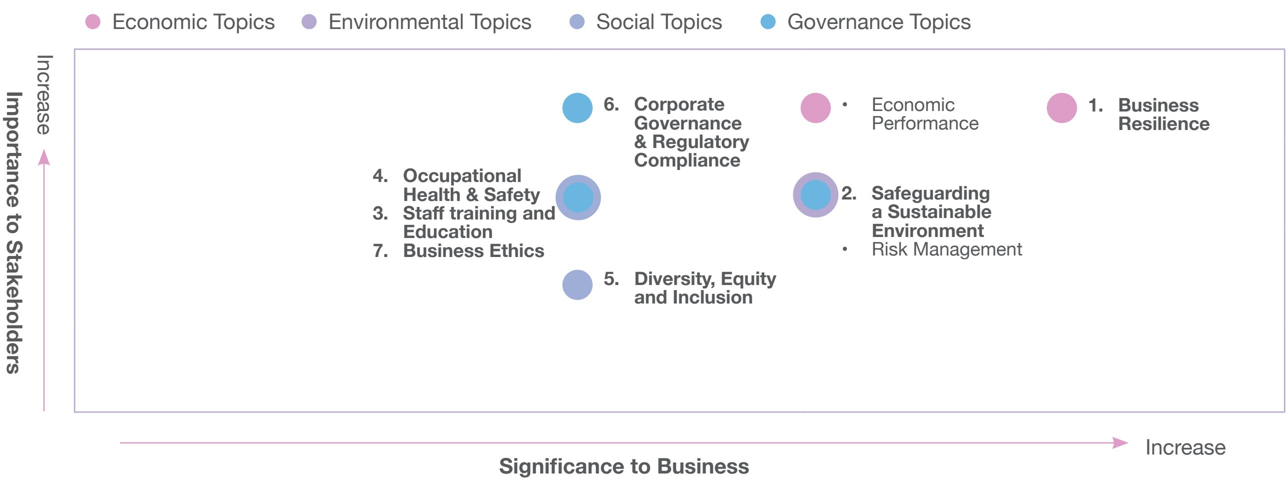
Through internal consideration of regulatory requirements, ESG rating and ranking methodologies, and SDGs and TCFD guidelines, we identified 22 material sustainability topics to the Group.

Economy	Environment	Social (People/ Human Rights)	Governance
• Economic performance • Business resilience	• Safeguarding a sustainable environment • Sustainable sourcing • Greenhouse Gas Emission ("GHG") • Energy Consumption • Water Consumption • Waste Generation	• Staff training and education • Ethics and Integrity • Cyber security • Diversity, equity and inclusion • Occupational health & safety • Human capital development	• Corporate governance & Regulatory compliance • Risk management • Business ethics • Board composition • Management diversity • Alignment with frameworks • Assurance • Tax transparency

- ***Prioritization***

The in charge and its collaboration selected internal sustainability material topics by considering their likelihood and impact on the Group's business. We excluded the material topics addressed in corporate governance report, such as Board composition and risk management.

The in charge evaluated the importance of each material topic to stakeholders and the impact to the Group, and shortening our material topics list.



- ***Validation***

The Board had the final review and approved 7 material topics selected for sustainability reporting.

Economy	1. Business Resilience
Environment	2. Safeguarding a Sustainable Environment
Social	3. Staff Training and Education
	4. Occupational Health & Safety
	5. Diversity, Equity, and Inclusion
Governance	6. Corporate Governance & Regulatory Compliance
	7. Business Ethics

- ***Review***

The in charge and coworking departments track and review the ongoing progress of targets above.

DISCLOSURES ON MATERIAL TOPICS

1. Business resilience

- Sustainability sector

● Economic ○ Environmental ○ Social ○ Governance

- Definition

Business resilience is the ability to adapt quickly to risks and disruptions, while maintaining key business workflows and safeguarding employees, assets, and brand reputation.

- Risk

The risks include rapidly changing IT and cyber threats, regulatory policies, impact from pandemic and natural disasters, and human errors that may cause business disruption. If the Group cannot react and respond quickly, it may suffer financial loss, compliance issue or reputational damage.

- Opportunity

  - Achieve and maintain a competitive advantage.
  - Improve financial performance and reduce volatility.
  - Protect the Company's reputation.

Alignment with international sustainability frameworks:

GRI 203-2 Significant indirect economic impacts

Resilience is a company's ability to absorb stress, recover critical functionality, and thrive in new circumstances. Polices and choices made today will determine the success in building a transition to a more resilient tomorrow.

Our strategy is to balance the focus on the following three dimensions to achieve business resilience:

(1) Financial resilience:

HIHL balances short-term and long-term financial targets. A sufficient working capital position enables the Group to weather potential volatility in revenue and expenses.

- *Risk Management*

  Please refer to "Financial Risk Management" of Notes to Financial Statements in the Annual Report for more details.

- *Performance*

	31 December 2022	31 December 2021	31 December 2020
Current assets[1] (NT$'000)	1,648,466	2,349,958	1,102,039
Current liabilities[1] (NT$'000)	154,816	214,982	198,889
Working Capital (NT$'000)	1,493,650	2,134,976	903,150
Working Capital ratio[2]	10.6	10.9	5.5

Notes:
1. Please refer to the "Statements of Financial Position" of the components of Current Assets and Current Liabilities
2. The working capital ratio, also known as the current ratio, measures the capability of a business to meet its short-term obligations that are due within a year. Moreover, the formula is: Current assets ÷ Current liabilities = Working capital ratio

- *Target*

  To maintain a sufficient capital position to mitigate impact from market uncertainty and volatility.

(2) Operational resilience: Many workplace functions have been altered by the Covid-19 pandemic. With access to office limited to essential staffs only, employees had to learn how to complete tasks remotely, using digital tools to communicate and collaborate with colleagues.

- *Risk Management*

  I. Business Continuity Plan: The Group has set up Business Continuity Plan ("BCP") to guide the Group to recover from an expected crisis, and to minimize its impact to our business due to operational disruption. The framework covers aspects such as IT infrastructure restoration, as well as recovery of critical business functions in order to continue business functions.

  II. Risk Management: Please refer to the "Risk Management and Internal Controls" of Corporate Governance Report in the Annual Report for more details.

  III. Ethics Policy

- *Performance*

  In FY2022, the Group has successfully conducted the BCP exercises and there is no (significant) impact to business due to operational disruption.

Year	FY2022	FY2021	FY2020
significant Impact to business due to operational disruption	NIL	NIL	NIL

- *Target*

  To avoid significant impact to business due to operational disruption by educating and training employees' professional knowledge, skills and business ethics continuously.

(3) Technological resilience: The Group invested in strong, secure, and flexible infrastructure, including managing cyber threats and avoiding technology breakdown.

- *Risk Management*

  I. Standards and Procedures of System Development

  II. Standards of Information Security Management: Technologies, processes and practices upgraded or designed to protect networks, computers, programs and data from attack, damages, or unauthorized access.

- *Performance*

  No business disruption, reputation damage, and penalty happened and were IT-related in 2022.

Year	Performance
FY2022	Expand sustainability with better network and OA process 1. Upgrade firewall gateway to manage mixed cloud architecture and network security. 2. Leverage cloud service of firewall to get better and more comprehensive cyber protection. 3. Changing from Paper to Digital Forms to save time and resources in a secured and efficient way.
FY2021	Enhance cloud architecture for better flexibility 1. Expand HDD for on-premises cloud to relocate virtual machines on demand. 2. Tuning Backup and Restore mechanism for sustainability of on-premises cloud. 3. Tuning and monitoring external cloud services for better security.
FY2020	Move to the cloud to save energy and in pursuit of a better efficiency. 1. Change to cloud email service. 2. Establish on-premises cloud environment. 3. Subscribe cloud services for office applications.

- *Target*

  To prevent technology errors and security breaches.

2. Safeguarding a sustainable environment

- Sustainability sector

  ○ Economic ● Environmental ○ Social ○ Governance

- Definition

  Encouraging and educating employees to be environmentally friendly.

- Risk

  Global warming will undermine food systems, physical assets, infrastructure, and natural habitats.

- Opportunity

  - Achieve and maintain a competitive advantage.
  - Improve financial performance and reduce volatility.
  - Protect the Company's reputation.

SUSTAINABILITY
REPORT

Alignment with international sustainability frameworks:

GRI 302-1 Energy consumption within the organization;
GRI 302-4 Reduction of energy consumption; TCFD
GRI 305-1-a Direct (Scope 1) GHG emissions;
GRI 305-2-a Energy indirect (Scope 2) GHG emissions; TCFD
GRI 306-2 Management of significant waste related impacts; TCFD

We strive to carry out our business operations in an environmentally and socially responsible. While our business does not heavily consume natural resources, we undertake initiatives to reduce our environmental footprint through practices in energy conservation, e-waste management, and comprehensive sorting and recycling.

Energy Conservation

Energy is the main contributor to the Group's environmental footprint in its day-to-day business operation. The administration department adopts several practices to contribute to energy conservation in the Group's daily operation. Using LEDs instead of incandescent light, the offices minimizes its power consumption from lighting. We have used the cloud to reduce the energy burden of IT infrastructure. Apart from the above, our employees are also encouraged to conserve energy through the switching-off power of the equipment that are not in use.

While the total energy consumption has decreased due to an increase in the days which employees were required to work from home in FY2022 compared to FY2021. The energy consumption for 2022 was 54,813 kWh, equivalent to Scope 1 (direct) emission of about 27,674 kg CO_2.

Year	FY2022	FY2021	FY2020
Total energy consumption (kWh)	54,813	57,616	60,439
Average energy consumption per employee (kWh)	1,768	1,859	1,950
Carbon emissions(kg)	27,674	29,242	30,757

The Group remains committed to reducing the level of energy consumption in the years to come. The Group targets gradual reduction on the average energy consumption per employee, and will start to undertake measures, including notices and reminder emails to encourage employees to reduce energy usage.

Paper Waste Disposal

It has become common knowledge that wide usage of paper is the culprit of massive deforestation and global warming. It is not only important to recycle but to reduce paper wastage. We have implemented the following measures to reduce paper consumption:

- Permanent double-sided printing on all printer settings.

- Implement digital forms and online leave request and approvals, removing the need to have hardcopy approvals since July 2022 and September 2022 respectively.

- Physical copies of our annual report will only be mailed upon request from shareholders.

- Physical copies of Appendix of AGM notice will only be printed and mailed upon request from shareholders.

Our target is to implement thorough recycling and to reduce wastage by using electronic facilities to minimize printing papers.

Water Conservation Awareness

The Group's operations do not involve water consumption. Water consumption by the Group is mainly from employees' day-to-day consumption and facility cleaning, which are not metered separately by the building management; thus, we are unable to disclose the Group's water consumption data. The Group will continue to stress the importance of water conservation and educate employees to be mindful of water wastage in the office.

Year	FY2022	FY2021	FY2020
Total water consumption(m^3)	618	656	787
Average water consumption per employee(m^3)	20	21	25
Carbon emissions(kg)	34.53	38.68	50.32

Investing in environmentally friendly business

1. Boretech Resource Recovery Engineering Co, Ltd.

   Boretech Resource Recovery Engineering Co, Ltd. (BoReTech), a holding company, was founded in 2013 and is an avant-garde company in the recycled polyester industry. Started in 1989 as a PET bottle recycler in Taiwan, the group has extended its product range to rPET total solutions, including plastics recycling equipment & engineering systems, polyester staple fibers, and food-grade rPET flakes & pellets. Currently, over 200 BoReTech PET washing lines are operating internationally, and the group is ranked the No. 1 vendor in Japan and India by occupying more than 80% market share. BoReTech stands in an excellent position to compete with global players and endeavors to develop premium rPET bottle-to-bottle production lines and expand the client base of rPET pellets in the USA, Taiwan, and Japan. Under the 2050 net-zero emissions target, it is estimated that the recycled polyester market will boost rapidly in the coming years.

We believe that every bit of energy and resources saved counts and goes a long way in contributing to the environmental conservation and protection.

3. Staff training and education

- Sustainability sector

  ○ Economic ○ Environmental ● Social ○ Governance

- Definition

  Develop and manage employee skills through training.

- Risk

  - By neglecting to educate employees on trends, policies, and advancements, organization may miss on key innovations within the industry.
  - By not training employees on new policies, mandates, requirements, and practices as they arise, the Group may encounter legal litigations, in turn, it can be extremely costly.
  - Employees who have not been trained properly are less productive and produces at a lower quality. Less knowledge and training lead to a lower level of performance, resulting in sub-optimal business contribution.

- Opportunity

  - Employees need to develop new skills and more efficient work habit to adapt to rapidly changing conditions.
  - Developing employees' general capabilities, adaptability and resilience will better prepare the Group for future disruptions.

Alignment with international sustainability frameworks:

GRI 404-1 Average hours of training per year per employee

The quality of employees that the companies are able to attract and retain is an important competitive advantage. The only sustainable competitive advantage is an organization's ability to meet current and future business needs.

In a rapidly changing business environment, we will need to ensure that staff training needs are optimized and meet the purpose of upgrading the skillset of our workforce. This may include seminars, in-house training, and remote video training. These training programs are designed to provide employees with the relevant skills and knowledge to improve performances at their roles. The Group has invested resources to provide employees with a series of courses to aid their professional and personal growth.

The Covid-19 pandemic triggered new ways of learning, and the Group acknowledges the importance of consistent knowledge building. We continued to upskill our employees during this period as they acquired new technical knowledge through video sessions.

- **The internal or external training and education which employees had in FY2022**

Topics of Courses	All / Partial employees	Internal / External training
1. Metaverse	All	Internal
2. Insider trading risk management for venture capital business	All	Internal
3. SID: Environmental, Social and Governance Essentials (Core)	Partial	External
4. R20 Paris Sustainability Management Certificate	Partial	External
5. Occupational safety and health business supervisor	Partial	External
6. KPMG: Taiwan Tax Update Seminar	Partial	External
7. Conyers BVI Webinar Series: Economic Substance - Practical Lessons 3 Years On...	Partial	External

- **Development & Training hours per employee**

Year	FY2022
Average training hours per employee	5.86hr

We have recorded all required disclosure regarding training and development since FY2022.

We will continue to invest in upskilling our employees and provide at least 2 half-year internal trainings in the upcoming year.

4. Occupational health & safety

- Sustainability sector

  ○ Economic ○ Environmental ● Social ○ Governance

- Definition

  Create a safe work environment and offer healthy checks to support employees' overall health.

- Risk

  Not only will an unfortunate incident or case of work-related health issue cause harm to the individuals affected, but it will also damage reputation, negatively impact staff morale, and potentially come with crippling levels of direct and indirect financial costs.

- <u>Opportunity</u>
  - Implementing good occupational health and safety management can improve productivity, competitiveness, profitability, and motivation of employees.
  - Improved health and safety performance.
  - Reduced cost of accidents.
  - Better retention and talent acquisition.
  - Enhanced Group reputation.

Alignment with international sustainability frameworks:

GRI 403-1 Occupational health and safety management system

The Group's employees play a key role in long-term success and are therefore its most important asset, which is why employee health and safety is a fundamental prerequisite for the Group. The Group is morally, ethically, and legally responsible for occupational health and safety, which ensures the wellbeing of the Group's employees and contractors.

The Group complies with Occupational Safety and Health Act and the Enforcement Rules of the Occupational Safety and Health Act issued by Ministry of Labor Republic of China (Taiwan).

Response to Covid-19 in FY2022

Since the Covid-19 outbreak, keeping our employees safe and healthy has been a priority for the Group. In FY2022, safe distancing measures in the workplace are implemented. Employees who can work from home are split into two teams from 6 April 2022 to 30 June 2022. We have prepared the necessary infrastructure and platform for our employees to work from home, ensuring they could access systems remotely and minimizing disruptions to operations. As a result of these initiatives, we were able to ensure the continuity of our operations in a safe manner.

The Group has taken precautionary measures against the spread of Covid-19 in line with stringent regulatory requirements and other guidelines imposed by the Ministry of Health and Welfare. All employees are distributed antigen rapid self-test at home kits and required to undergo regular rapid testing. We encourage employees to rest sufficiently after receiving their vaccinations and introduced paid vaccination leave of up to two days. For confirmed cases, they are given at least 14 days of paid medical leave.

Our goals are to achieve zero occupational injury and incident.

5. Diversity, equity, and inclusion

- Sustainability sector

  ○ Economic ○ Environmental ● Social ○ Governance

- Definition

  Develop and maintain a diverse, equitable and inclusive workforce.

- Risk

  - Lack of infusion of diversity can create a hostile environment and lead to higher employee turnover.
  - These cases can cause company severe reputational damages, substantial legal and defense costs, and D&O claims.

- Opportunity

  - Diversity in the workplace may enable the Group to benefit from a wealth of diverse experiences, knowledge sets, and skills that could help the Group to progress further.
  - Diversity and inclusivity may help retain top talent that is already within the Group, while attracting more outside talent.
  - Stronger Group reputation.

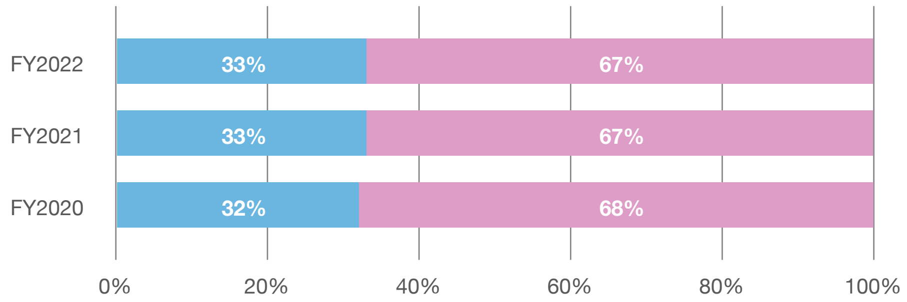
Alignment with international sustainability frameworks:

GRI 405-1: Diversity of governance bodies and employees
GRI 406-1: Incidents of discrimination and corrective actions taken

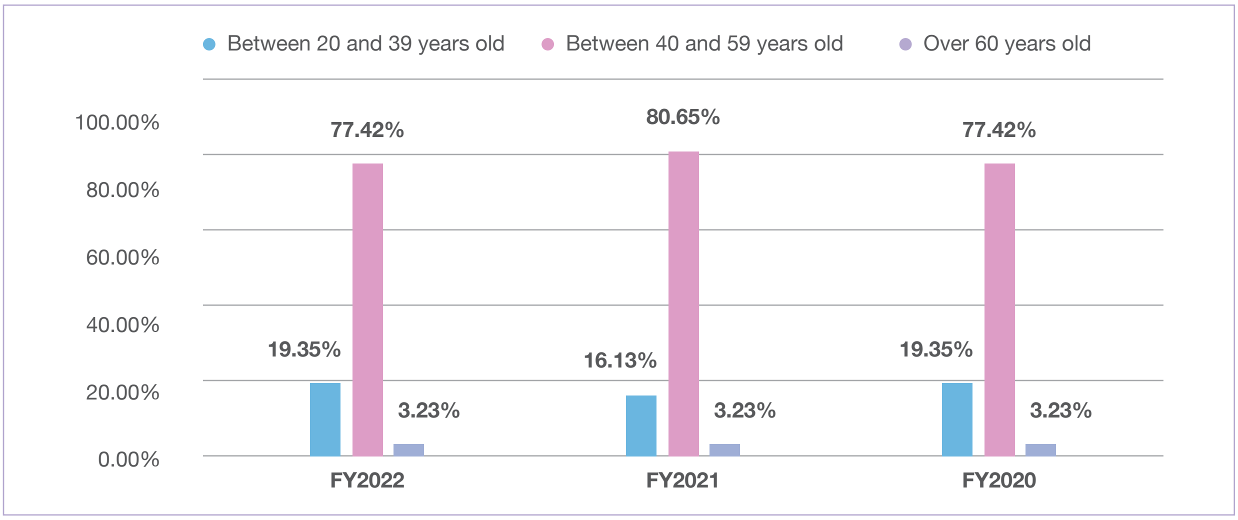
Building and retaining talent are both crucial for the Group. Having a diverse workforce with equal opportunity is one of the ways to build and retain talent. The Group is an equal opportunity employer, and its employees are recruited, promoted, and compensated based on merit, regardless of age, ethnicity, gender, marital status, and disability. We believe a diverse workforce, where a wide range of varying expertise and perspectives can be brought together to help the Group to drive better performance over time.

Our diversity is not just limited to our employees but also represented in our Board of Directors. Our directors come from different backgrounds which helps to expand the range of perspectives at the top and enables the Board to better advise the Group strategically. The profile of each Director can be found in the "Board of Directors" and "Board Diversity" section of Corporate Governance Report in the Annual Report.

◆ **Current employees by gender**



◆ **Current employees by age groups**



The Group has pledged to install an inclusive and non-discriminatory culture that focuses on treating all employees fairly. We adopt a strong stance against discrimination on any biases and are committed to providing equal opportunities.

Year	FY2022	FY2021	FY2020
Incidents of discrimination and corrective actions taken	NIL	NIL	NIL

The Group will strive to maintain zero incidents of discrimination in FY2022 and beyond.

The Group's recruitment practices will continue to adhere to Act of Gender Equality in Employment issued by Ministry of Labor, while complying with all applicable government regulations pertaining to safety and health aspects to provide a safety and healthy workplace for employees.

6. Corporate governance & regulatory compliance

- Sustainability sector

○ Economic ○ Environmental ○ Social ● Governance

- <u>Definition</u>

  Ensure adherence to laws, rules, and regulations in all jurisdictions where business is conducted.

- <u>Risk</u>

  Non-compliance with regulations may inflict both monetary and non-monetary penalties, negatively impacting the Group's reputation, affecting its financial standing and business continuity.

- <u>Opportunity</u>

  - The Group tends to respond faster to change and take advantages of new market opportunities.

  - Compliance will result in greater ability to manage risks and provide better organizational continuity.

Alignment with international sustainability frameworks:

GRI 2: General Disclosures

We strive to enhance our governance framework, anchored on a strong belief that good corporate governance is the cornerstone of a well-managed and efficient organization. The Board of Directors ("Board") remains committed to maintaining the high standard of corporate governance to safeguard the interest of all stakeholders. Please refer to "Corporate Governance Report" in the Annual Report for more details.

The Group remains committed to building a strong culture of compliance and has taken steps to ensure that its business practices are in alignment with applicable laws and regulations of the incorporation of Group companies, including Bermuda, BVI, Cayman, and Taiwan. At the Company level, we also ensure that we are in compliance with the Listing Manual of Singapore Exchange Securities Trading Limited, and relevant laws and regulations applicable to the Company.

Our goal is to maintain zero cases of material non-compliance with laws.

7. Business ethics

- <u>Sustainability sector</u>

  ○ Economic ○ Environmental ○ Social ● Governance

- <u>Definition</u>

  Business ethics includes organizational standards, principles and values that meets a high standard of ethics and govern the actions of individuals to prevent corruption, extortion, and bribery in all markets in which the Group operates or does business.

- Risk

  Employee-related risks may also arise from violations to the Group's Code of Conduct and related principles, such as practices related to bribery, fraud, corruption, and misconduct, which could impact the Group's reputation and financial position.

- Opportunity

  - Ethical businesses have a good image in the eyes of the public, as people have confidence in the business, which leads towards greater success.
  - Established ethical guidelines would lead the company in times of change and distress.
  - Avoid lawsuits.
  - Enhance Group reputation.

Alignment with international sustainability frameworks:

GRI 2: General Disclosures 2021 - Policy commitments

We commit to uphold the high standards of business ethics. Employees are expected to comply with our "Ethics Policy", which outlines the standards of behavior in displaying responsible conduct, honesty and integrity. The Group also adopts the following policies to abide by relevant laws and regulations within the industry:

(1) Whistle-blowing policy:

Throughout 2022, we ensured that all employees had access to our whistle-blowing policy by ensuring that is available on internal platform and website. We will continue to work towards our goal of strengthening our whistle-blowing policy. Please refer to "whistle-blowing policy" of Corporate Governance Report in the Annual Report for more details.

(2) Policy on Dealings in the Securities of Hotung Investment Holdings Limited ("HIHL") for Directors of HIHL and Employees of the Group: To comply with the Listing Manual, the Company has put in place of the policy and procedure executed by legal department regularly to govern the personal trading of the securities of HIHL. It's to ensure all employees' personal investments in HIHL are lawful and free from conflicts of interest, including the prohibition on dealings with the Company's securities on short-term considerations. Please refer to the "Securities Transactions" of Corporate Governance Report in the Annual Report for more details.

Our aim is to safeguard the sustainable development of the Group.

GRI STANDARDS CONTENT INDEX

Statement of use	Hotung Investment Holdings Limited has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N.A.

Reference No.	Disclosure	Location
GRI 2: General Disclosures 2021		
2-1	Organizational detail	Page 48, 49
2-2	Entities included in the organization's sustainability reporting	Page 48, 71
2-3	Reporting period, frequency and contact point	Page 49
2-4	Restatements of information	N.A.
2-5	External assurance	N.A.
2-6	Activities, value chain and other business relationships	N.A.
2-7	Employees	Page 62. The Group has 31 employees and 1 contractor who is the office cleaner as at the end of FY2022.
2-8	Workers who are not employees	
2-9	Governance structure and composition	Page 24 to 38
2-10	Nomination and selection of the highest governance body	Page 49
2-11	Chair of the highest governance body	Page 33
2-12	Role of the highest governance body in overseeing the management of impacts	Page 24,49
2-13	Delegation of responsibility for managing impacts	Page 50 to 52
2-14	Role of the highest governance body in sustainability reporting	Page 48, 50 to 52
2-15	Conflicts of interest	Page 27, 47, 64
2-16	Communication of critical concerns	Page 33
2-17	Collective knowledge of the highest governance body	Page 31 to 32
2-18	Evaluation of the performance of the highest governance body	Page 36
2-19	Remuneration policies	Page 37
2-20	Process to determine remuneration	Page 37
2-21	Annual total compensation ratio	Page 122
2-22	Statement on sustainable development strategy	Page 48
2-23	Policy commitments	Page 48
2-24	Embedding policy commitments	Page 24 to 64
2-25	Processes to remediate negative impacts	Page 52 to 64
2-26	Mechanisms for seeking advice and raising concerns	Page 46, 47, 49, 50

Reference No.	Disclosure	Location
2-27	Compliance with laws and regulations	Page 62, 63
2-28	Membership associations	N.A.
2-29	Approach to stakeholder engagement	Page 50
2-30	Collective bargaining agreements	Page 59 to 62
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Page 50 to 51
3-2	List of material topics	Page 52
GRI 203: Indirect economic impacts 2016		
3-3	Management of material topics	Page 52
203-2	Significant indirect economic impacts	Page 53 to 55
GRI 302: Energy 2016		
3-3	Management of material topics	Page 55
302-1	Energy consumption within the organization	Page 56 to 57
302-4	Reduction of energy consumption	Page 56 to 57
GRI 305: Emissions 2016		
3-3	Management of material topics	Page 55
305-1	Direct (Scope 1) GHG emissions	Page 56
305-2	Energy indirect (Scope 2) GHG emissions	Page 56
GRI 306: Waste 2020		
3-3	Management of material topics	Page 57
306-2	Management of significant waste-related impacts	Page 57
GRI 403: Occupational Health and Safety 2018		
3-3	Management of material topics	Page 59 to 60
403-1	Occupational health and safety management system	Page 59 to 60
GRI 404: Training and Education 2016		
3-3	Management of material topics	Page 58
404-1	Average hours of training per year per employee	Page 59
GRI 405: Diversity and Equal Opportunity 2016		
3-3	Management of material topics	Page 61
405-1	Diversity of governance bodies and employees	Page 61 to 62
GRI 406: Non-discrimination 2016		
3-3	Management of material topics	Page 61
406-1	Incidents of discrimination and corrective actions taken	Page 62

DIRECTORS' **STATEMENT**

The Directors are pleased to present their statement together with the audited consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2022.

In the opinion of the Directors, the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 76 to 125 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and the financial performance, changes in equity and cash flows of the Group for the financial year then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors of the Company ("Board") has, on the date of this statement, authorized these financial statements for issue.

DIRECTORS

The Directors of the Company ("Directors") in office at the date of this statement are:

Tsui-Hui Huang	(Executive)
Andy C.W. Chen	(Re-appointed on 19 April 2022)
Ng-Chee Tan	
Philip N. Pillai	
Chang-Pang Chang	
Kung-Wha Ding	(Re-appointed on 19 April 2022)
Kenichi Shimomoto	
Chun-Chen Tsou	
Shih-Ping Chen	(Re-appointed on 19 April 2022)
Pi-Tien Chen	(Re-appointed on 19 April 2022)

Pursuant to Bye-law 94 of the Company's Bye-laws (read with Rule 720(5) of the Listing Manual of the SGX-ST ("Listing Manual")), at each annual general meeting, one-third of the Directors shall retire from office by rotation. Rule 720(5) of the Listing Manual requires all directors to submit themselves for re-nomination and re-appointment at least once every three years. The following Directors will be retiring at the annual general meeting to be held on 17 April 2023 ("2023 AGM") pursuant to the Company's Bye-laws and Rule 720(5) of the Listing Manual:

Ms. Tsui-Hui Huang;
Mr. Chang-Pang Chang;
Dr. Philip N. Pillai; and
Mr. Chun-Chen Tsou.

Mr. Chun-Chen Tsou has indicated his intention not to seek re-election, and will accordingly retire at the conclusion of the 2023 AGM. Ms. Tsui-Hui Huang, Mr. Chang-Pang Chang and Dr. Philip N. Pillai have offered themselves for re-election at the 2023 AGM.

DIRECTORS' **STATEMENT**

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year was there subsisting any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors holding office at the end of the financial year had no interests in the share capital and debentures of the Company as recorded in the register of directors' shareholdings kept by the Company except as follows:

	Interest held		Directors' deemed interest	
	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year
In the Company				
Ordinary shares of NT$50 each				
Tsui-Hui Huang	–	–	21,456,112	21,566,112 (1)
Chun-Chen Tsou	–	–	2,171,869	2,171,869 (2)

Note(s):

(1) Tsui-Hui Huang has deemed interests in the following: (i) 17,415,100 shares held by Tai Lung Capital Inc.; (ii) 1,894,477 shares held by Chung Lung Investment Co., Ltd.; (iii) 1,339,785 shares held by Alps International Co., Ltd., which are registered in the name of DB Nominees (Singapore) Pte Ltd.; and (iv) 916,750 shares registered in the name of Daiwa Capital Markets Singapore Limited.

(2) These shares are registered in the name of Daiwa Capital Markets Singapore Limited.

The Directors' interests as at 21 January 2023 were the same as those at the end of the financial year.

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Service agreement

Tsui-Hui Huang, Chairman, CEO and Executive Director of the Company, entered into a service agreement with the Company with effect from 20 June 2005. The agreement was last renewed on 20 June 2020 for a period of 3 years and will be extended from 20 June 2023 for a further 3 years.

Under the terms of the service agreement and as approved by both the Remuneration Committee and the Board, with effect from the beginning of FY2021, Tsui-Hui Huang is entitled to an incentive bonus equivalent to 1.5% of the Group's audited profit after tax and non-controlling interests as set out in the audited accounts of the Group for the relevant financial year ("Incentive Bonus"). The Incentive Bonus payable to Tsui-Hui Huang amounted to NT$0.8 million for the financial year ended 31 December 2022.

Directors' fees

In addition to the above-mentioned service agreement, each Director receives such Directors' fees as may be approved by shareholders of the Company.

Other contracts

In the normal course of business, certain of the Company's subsidiaries entered into an office rental agreement with a corporate shareholder of the Company, Tai Lung Capital Inc. ("Tai Lung"), which Cheng-Wang Huang (being an immediate family member of Tsui-Hui Huang) is member of and may be entitled to receive a benefit pursuant to such office rental agreement.

Save for the above, no other Director has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit which has been included in the aggregate amount of Directors' emoluments or fees paid to a firm which a Director is a member or any emoluments received from related corporations as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

OPTION TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

OPTION EXERCISED

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

(i) Material contracts

Other than as disclosed elsewhere in this annual report, no material contracts to which the Company or any subsidiary is a party and which involve Directors' interest subsisted at the end of the financial year, or have been entered into since the end of the previous financial year.

(ii) Appointment of auditors

The Company has complied with Rules 712 and 715 of the Listing Manual in relation to its auditors.

(iii) Review of the provision of non-audit services by the auditor

The Audit Committee has undertaken a review of non-audit services provided by the auditors and they would not, in the opinion of the Audit Committee, affect their independence.

(iv) Internal controls

The Group has established an integrated risk identification and management framework. Within the Group, risks are proactively identified and addressed. The ownership of these risks lies with the respective business and corporate heads with stewardship residing with the Board. The Board approves the framework and has oversight of compliance by Management. The Audit Committee reviews the compliance annually.

During the year, the Group, with the participation of the business and corporate heads, carried out an exercise to consolidate and review the Group's risk register which identifies the key risks faced by the Group and the internal controls in place to manage or mitigate those risks. The internal auditor was also involved in testing the effectiveness of certain material internal control systems. Material deficiencies (if any) and the consequent remedial action were reviewed by the Audit Committee, and reported to the Board.

Based on the Company's above described risk identification and management framework, regular reviews performed by Management, and assurances from the CEO and the CFO that its risk management and internal control systems are adequate and effective, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's systems of risk management and internal controls are adequate and effective in addressing the financial, operational, compliance, information technology and sustainability risks faced by the Group.

The Board notes that the systems of risk management and internal controls provide reasonable, but not absolute, assurance that the Group will not be adversely affected by events that might be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

On behalf of the Directors

Tsui-Hui Huang
Director

Ng-Chee Tan
Director

10 March 2023

INDEPENDENT **AUDITORS' REPORT**

Members of the Company Hotung Investment Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hotung Investment Holdings Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 125.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022, and of the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (IESBA Code) and the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code, and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters – Valuation of unquoted investments (NT$4,356 million)
(Refer to Note 8 to the financial statements)

Valuation of unquoted investments

The Group's portfolio of investments comprised quoted investments of NT$605 million and unquoted investments of NT$4,356 million. Of the portfolio of unquoted investments, NT$1,037 million were classified as Level 2 financial instruments which were valued using market observable prices or inputs which reduced the extent of management judgement and estimation and thus, reduced the uncertainty associated with the determination of fair values.

The remaining portfolio of NT$3,319 million comprised Level 3 financial instruments. The Level 3 financial instruments comprised mainly unquoted equity securities and fund investments which were valued based on methodologies that applied unobservable inputs, resulting in a significant degree of estimation uncertainty and management judgement in the valuation.

How the matter was addressed in our audit

For the portfolio of Level 3 financial instruments, we assessed and tested the design and operating effectiveness of the controls over the preparation, review and approval of the valuations.

We also performed additional procedures over a selection of investments for each type of valuation methodology adopted by the Group. Valuation of the Group's investment in fund investments was based on the net asset values reported by the external fund managers. In assessing the reliability of using unaudited financial information provided by the fund managers, we performed a retrospective review of prior year's valuations by assessing the difference between the unaudited and audited 31 December 2021 net assets and partners' capital, where we noted the difference to be immaterial. This trend was consistent for previous financial years, also an indication of the reliability of the fund managers' valuations.

For the portfolio of investments measured using transaction prices, our procedures to evaluate the reasonableness of the valuations included industry trend and analysis of the investee performance as well as application of market multiples approach as a cross-check of the Group's valuations. Our valuation specialists were involved in the market multiples approach to assess if comparable companies and multiples selected were appropriate. Similarly, the valuation specialists were also involved in the review of investment portfolio that was valued using the market multiples approach.

Overall, the valuation estimates for the Group's portfolio of investments were within a reasonable range of outcomes as at 31 December 2022. We also noted that the Group's disclosures were appropriate.

Other information

Management is responsible for the other information. The other information comprises the Financial highlights, Chairman's statement, Board of directors, Key management, Investment managers, Investment advisors, Operating and financial review, Investment manager report, Corporate governance report, Sustainability report, Directors' statement and Shareholding statistics included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lee Chin Siang Barry.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 March 2023

STATEMENTS OF **FINANCIAL POSITION**

As at 31 December 2022

		Group		Company	
	Note	2022	2021	2022	2021
		NT$'000	NT$'000	NT$'000	NT$'000
Assets					
Non-current assets					
Investments in subsidiaries	7	–	–	4,416,773	4,416,773
Financial assets at fair value through profit or loss	8	4,891,657	4,419,037	–	–
Financial assets at amortised cost		5,869	–	–	–
Property, plant and equipment	9	8,047	16,451	–	–
		4,905,573	4,435,488	4,416,773	4,416,773
Current assets					
Financial assets at fair value through profit or loss	8	69,307	73,732	–	–
Trade and other receivables	10	11,070	5,206	3,408	1,454
Cash and cash equivalents	11	1,568,089	2,271,020	240,625	21,378
		1,648,466	2,349,958	244,033	22,832
Total assets		6,554,039	6,785,446	4,660,806	4,439,605
Equity					
Share capital	12	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	13	655,013	327,264	48,573	61,830
Accumulated losses		(1,047,611)	(588,299)	(1,992,593)	(2,231,945)
Equity attributable to owners of the Company		6,188,322	6,319,885	4,636,900	4,410,805
Non-controlling interests	14	100,344	132,407	–	–
Total equity		6,288,666	6,452,292	4,636,900	4,410,805
Non-current liabilities					
Deferred tax liabilities	16	108,660	110,330	–	–
Trade and other payables	17	1,897	7,842	–	–
		110,557	118,172	–	–
Current liabilities					
Trade and other payables	17	134,610	159,616	23,906	28,800
Income tax payables		20,206	55,366	–	–
		154,816	214,982	23,906	28,800
Total liabilities		265,373	333,154	23,906	28,800
Total equity and liabilities		6,554,039	6,785,446	4,660,806	4,439,605

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

Year ended 31 December 2022

	Note	Group 2022 NT$'000	Group 2021 NT$'000
Revenue	18	246,493	1,023,703
Operating expenses	19	(142,291)	(175,477)
Operating profit		104,202	848,226
Finance costs	9	(91)	(152)
Profit before tax		104,111	848,074
Tax expense	20	(28,125)	(162,541)
Profit for the year		75,986	685,533
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations and others		306,686	(90,085)
Other comprehensive income/(losses) for the financial year, net of tax		306,686	(90,085)
Total comprehensive income for the financial year		382,672	595,448
Profit attributable to:			
Owners of the Company		49,403	624,217
Non-controlling interests		26,583	61,316
		75,986	685,533
Total comprehensive income for the financial year attributable to:			
Owners of the Company		356,089	534,132
Non-controlling interests		26,583	61,316
		382,672	595,448
Earnings per share (in NT$):			
Basic	21	0.52	6.52
Diluted	21	0.52	6.52

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

Year ended 31 December 2021

	Note	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 share 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
Group													
At 1 January 2021		5,233,033	1,347,887	406,116	(335,959)	520,694	19,801	126,667	(306,519)	(802,012)	6,209,708	118,013	6,327,721
Total comprehensive income/ (losses) for the year													
Profit for the year		–	–	–	–	–	–	–	–	624,217	624,217	61,316	685,533
Exchange differences on translation of foreign operations and others		–	–	–	(90,085)	–	–	–	–	–	(90,085)	–	(90,085)
Total other comprehensive losses		–	–	–	(90,085)	–	–	–	–	–	(90,085)	–	(90,085)
Total comprehensive income/ (losses) for the year		–	–	–	(90,085)	–	–	–	–	624,217	534,132	61,316	595,448
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners													
Transfer to legal reserve of certain subsidiaries		–	–	–	–	24,316	–	–	–	(24,316)	–	–	–
Shares bought back as treasury shares	13	–	–	–	–	–	–	–	(37,767)	–	(37,767)	–	(37,767)
Dividends paid to shareholders of the Company	15	–	–	–	–	–	–	–	–	(386,188)	(386,188)	(46,922)	(433,110)
Total transactions with owner		–	–	–	–	24,316	–	–	(37,767)	(410,504)	(423,955)	(46,922)	(470,877)
At 31 December 2021		5,233,033	1,347,887	406,116	(426,044)	545,010	19,801	126,667	(344,286)	(588,299)	6,319,885	132,407	6,452,292

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY (CONT'D)**

Year ended 31 December 2022

	Note	Share capital	Share premium	Contributed surplus reserve	Currency translation and other reserve	Legal reserve	Special reserve	Capital surplus – net assets from merger	Treasury share reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
		Attributable to owners of the Company											
		NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000
Group													
At 1 January 2022		5,233,033	1,347,887	406,116	(426,044)	545,010	19,801	126,667	(344,286)	(588,299)	6,319,885	132,407	6,452,292
Total comprehensive income for the year													
Profit for the year		–	–	–	–	–	–	–	–	49,403	49,403	26,583	75,986
Exchange differences on translation of foreign operations and others		–	–	–	306,686	–	–	–	–	–	306,686	–	306,686
Total other comprehensive income		–	–	–	306,686	–	–	–	–	–	306,686	–	306,686
Total comprehensive income for the year		–	–	–	306,686	–	–	–	–	49,403	356,089	26,583	382,672
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners													
Transfer to legal reserve of certain subsidiaries		–	–	–	–	34,320	–	–	–	(34,320)	–	–	–
Shares bought back as treasury shares	13	–	–	–	–	–	–	–	(13,257)	–	(13,257)	–	(13,257)
Dividends paid to shareholders of the Company	15	–	–	–	–	–	–	–	–	(474,395)	(474,395)	(58,646)	(533,041)
Total transactions with owner		–	–	–	–	34,320	–	–	(13,257)	(508,715)	(487,652)	(58,646)	(546,298)
At 31 December 2022		5,233,033	1,347,887	406,116	(119,358)	579,330	19,801	126,667	(357,543)	(1,047,611)	6,188,322	100,344	6,288,666

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

Year ended 31 December 2022

	Note	Group 2022 NT$'000	Group 2021 NT$'000
Cash flows from operating activities			
Profit after tax		75,986	685,533
Adjustments for:			
Net gains on financial assets at fair value through profit or loss		(150,174)	(863,548)
Dividend/distribution income		(70,882)	(159,374)
Depreciation expense		8,404	8,463
Finance costs		91	152
Interest income		(6,555)	(1,836)
Tax expenses		28,125	162,541
		(115,005)	(168,069)
Changes to:			
Financial assets at fair value through profit or loss		(106,475)	1,964,703
Financial assets at amortised cost		(5,637)	–
Trade and other receivables		(419)	2,186
Trade and other payables		(25,384)	17,816
Cash (used in)/from operations		(252,920)	1,816,636
Interest received		2,208	1,846
Finance costs paid		(91)	(152)
Dividend/distribution income received		70,882	159,374
Tax paid		(66,117)	(231,650)
Net cash (used in)/from operating activities		(246,038)	1,746,054
Cash flows from financing activities			
Payment of lease liabilities		(8,237)	(8,180)
Dividend paid to non-controlling shareholders in subsidiaries		(55,976)	(44,786)
Dividends paid to shareholders of the Company		(474,395)	(386,188)
Purchase of treasury shares		(13,257)	(44,000)
Net cash used in financing activities		(551,865)	(483,154)
Net (decrease)/increase in cash and cash equivalents		(797,903)	1,262,900
Cash and cash equivalents at 1 January		2,271,020	1,024,644
Effect of exchange rate on cash and cash equivalents		94,972	(16,524)
Cash and cash equivalents at 31 December	11	1,568,089	2,271,020

The accompanying notes form an integral part of these financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on 10 March 2023.

1 DOMICILE AND ACTIVITIES

Hotung Investment Holdings Limited (the "Company") is incorporated in Bermuda with its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company is listed on the main board of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is investment holding and its investment management operations are performed by its subsidiary, Hotung International Co., Ltd., which has its principal place of business at 10F, 261, Sung-Chiang Road, Taipei, Taiwan, Republic of China. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group").

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB").

2.2 Basis of measurement

The financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at their fair values based on the fair valuation methods as disclosed in the accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in New Taiwan dollars ("NT$"), which is the Company's functional currency. All financial information presented in New Taiwan dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 4.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in significant accounting policies

New standards and amendments

The Group has applied the following IFRSs, amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 January 2022:

- Amendments to IFRS 16: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to IFRS 3: *Reference to the Conceptual Framework*
- Amendments to IAS 16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to IAS 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to IFRSs 2018-2020

The application of these amendments to standards and interpretations does not have material effects on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

Except as described in Note 2.5, the accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset of group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) Non-controlling interests

Non-controlling interests are measured initially at either their proportionate share of the acquiree's identifiable net assets at the date of acquisition or at fair value. The measurement basis taken is elected on a transaction-by-transaction basis.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(v) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of investments in equity securities designated at fair value through other comprehensive income ('FVOCI') are recognised in other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to New Taiwan dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the currency translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement – Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity investments, trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables.

Cash and cash equivalents comprise cash balances, bank deposits and other short-term highly liquid investments.

The Group initially recognises trade and other receivables (excluding prepayments) and cash and cash equivalents on the date that they are originated. All other financial instruments are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. For financial instruments that are at FVTPL, at initial recognition, attributable transaction costs are recognised in the income statement when incurred. A trade receivable without a significant financing component is initially measured at transaction price.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement – Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through comprehensive income

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial assets at fair value through profit or loss

Mandatorily at FVTPL

Financial assets that are held for trading are measured at fair value through profit or loss ("FVTPL"). Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the short-term or on initial recognition they are part of a portfolio of identified financial instruments that are managed together for which there is evidence of a recent actual pattern of short-term profit taking.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement – Financial assets (cont'd)

Financial assets at fair value through profit or loss (cont'd)

Mandatorily at FVTPL (cont'd)

Financial assets which are managed and whose performance is evaluated on a fair value basis and those that are not classified as measured at amortised cost or FVOCI are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that does not meet the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or any dividend income, are recognised in the profit or loss.

Associates

Associates are entities over which the Group has significant influence, but not control or joint control, generally accompanied by a shareholding giving rise to 20% to 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee companies but is not control or joint control.

Investments in associates which are held as part of the Group's investment portfolio are designated upon initial recognition as investments at FVTPL as their performance is evaluated on a fair value basis. This is permitted by IAS 28 *Investments in Associates and Joint Ventures* which allows a venture capital organisation to measure its investment in an associate to be measured at FVTPL in accordance with IFRS 9. This election shall be made separately for each associate at initial recognition.

Investments in associates that are measured at FVTPL are subsequently measured at fair value.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement – Financial assets (cont'd)

Associates (cont'd)

Financial assets – Business model assessment (cont'd)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or contractual cash flows collected); and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

(iii) Derivative financial instruments

A derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) is deemed as held-for-trading.

Derivatives are recognised initially at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

Embedded derivatives are separated from host contracts that are not financial assets and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivatives are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at FVTPL.

(iv) Classification and subsequent measurement - Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs and subsequently measured at their amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(v) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If the market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), comparable multiples and reference to the current fair value of other instruments that are substantially the same. The chosen valuation techniques makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Fund investments are measured at reported net asset values. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

(vi) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all of substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(viii) Impairment

Non-derivative financial assets

The Group recognises loss allowances for expected credit loss ('ECL') on financial assets measured at amortised cost and contract assets.

The impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assessed whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

The estimated useful lives are as follows:

Office equipment	3-5 years
Motor vehicles	5 years
Right-of-use assets	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in contributed surplus reserve.

3.6 Revenue recognition

Revenue for the Group comprises investment income arising from dividend income, distribution income, interest income, net gains/losses on financial assets at fair value through profit or loss, and consultancy fee income.

Dividend/distribution income

Dividend/distribution income is recognised in profit or loss on the date that the right to receive payment is established. For dividend income from quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date when the shareholders have approved the payment of a dividend.

Interest income

Interest income is recognised as it accrues in profit or loss using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Revenue recognition (cont'd)

Net gains/losses on financial assets at fair value through profit or loss

Net gains/losses on financial assets at fair value through profit or loss comprise gains/losses from sale of investments and net changes in fair value of investments.

Consultancy fee income

Consultancy fee income are recognised in the accounting period in which the services are rendered.

3.7 Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

3.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Leases (cont'd)

As a lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.11 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.12 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period prospectively.

(i) Critical accounting judgements in applying the Group's accounting policies

Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances. Details of the Group's classification of financial assets and liabilities are given in Note 3.3(ii) and (iv).

4. USE OF ESTIMATES AND JUDGEMENTS (CONT'D)

(ii) Key sources of estimation uncertainty

Determining fair value

The Group's accounting policy on fair value measurements is discussed in Note 3.3(v).

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Note	Level 1 NT$'000	Level 2 NT$'000	Level 3 NT$'000	Total NT$'000
2022					
Investments at FVTPL	8				
Quoted equity investments – at FVTPL		605,483	–	–	605,483
Unquoted equity investments – at FVTPL		–	1,036,295	3,291,680	4,327,975
Associate, at fair value – at FVTPL		–	–	27,506	27,506
		605,483	1,036,295	3,319,186	4,960,964
2021					
Investments at FVTPL	8				
Quoted equity investments – at FVTPL		607,309	–	–	607,309
Unquoted equity investments – at FVTPL		–	959,839	2,899,082	3,858,921
Associate, at fair value – at FVTPL		–	–	26,539	26,539
		607,309	959,839	2,925,621	4,492,769

4. USE OF ESTIMATES AND JUDGEMENTS (CONT'D)

(ii) Key sources of estimation uncertainty (cont'd)

Fair value hierarchy (cont'd)

At 31 December 2022, there were no transfer from Level 1 to Level 2 and Level 2 to Level 1 for financial assets at FVTPL investments during the year.

At 31 December 2021, there was no transfer from Level 1 to Level 2 for financial assets at FVTPL investments during the year. Financial assets at FVTPL investments with a carrying amount of NT$34.5 million were transferred from Level 2 to Level 1 because those investments were listed during the year.

The fair value hierarchy table excludes financial assets and financial liabilities such as cash and cash equivalents, trade and other receivables, financial assets at amortised cost and trade and other payables because their carrying amounts approximate their fair values due to their short-term or where the effect of discounting is immaterial.

The following table shows the reconciliation from the opening balance to the closing balance for fair value measurement in Level 3 of the fair value hierarchy:

	Financial assets at FVTPL NT$'000
2022	
At beginning of year	2,925,621
Total gains recognised in profit or loss	
- net gains on investments at fair value through profit or loss	198,668
Disposals	(36,319)
Purchases	243,444
Transfers to Level 3	
- from Level 1 [(a)]	9,165
- from Level 2 [(b)]	546,823
Transfers out of Level 3	
- to Level 1 [(c)]	(401,927)
- to Level 2 [(d)]	(166,289)
At end of year	3,319,186
Total realized gain for the year included in profit or loss for investments held as at 31 December	45,109
Total unrealized gain for the year included in profit or loss for investments held as at 31 December	153,559
Total net gain on investments at fair value through profit or loss	198,668

4. USE OF ESTIMATES AND JUDGEMENTS (CONT'D)

(ii) Key sources of estimation uncertainty (cont'd)

Fair value hierarchy (cont'd)

	Financial assets at FVTPL NT$'000
2021	
At beginning of year	3,169,589
Total loss recognised in profit or loss	
- net loss on investments at fair value through profit or loss	(341,408)
Disposals	(101,123)
Purchases	301,115
Transfers to Level 3	
- from Level 1 [(a)]	63,363
- from Level 2 [(b)]	317,648
Transfers out of Level 3	
- to Level 2 [(d)]	(483,563)
At end of year	2,925,621
Total realized gain for the year included in profit or loss for investments held as at 31 December	271,942
Total unrealized loss for the year included in profit or loss for investments held as at 31 December	(613,350)
Total net loss on investments at fair value through profit or loss	(341,408)

(a) Certain investments were transferred from Level 1 to Level 3 because quoted prices in the market for such investments were no longer regularly available and measurement of fair value was based on valuation techniques using significant unobservable input.

(b) Certain investments were transferred from Level 2 to Level 3 because measurement of fair value was based on valuation techniques using significant unobservable inputs.

(c) Certain investments were transferred from Level 3 to Level 1 when they were listed on stock exchanges during the year.

(d) Certain investments were transferred from Level 3 to Level 2 because measurement of fair value was based on observable market data.

4. USE OF ESTIMATES AND JUDGEMENTS (CONT'D)

(ii) Key sources of estimation uncertainty (cont'd)

Fair value hierarchy (cont'd)

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The following table shows the valuation techniques and the significant unobservable inputs used in the determination of fair value of the Level 2 and Level 3 financial instruments.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Market approach using comparable traded multiples	• Adjusted price-earnings ratio multiple* 7.1x to 35.1x (2021: 8x to 30.2x) • Adjusted price-book ratio multiple* 0.7x to 7.2x (2021: 0.8x to 9.8x) • Adjusted price-to-sales ratio multiple* 0.9x to 17.8x (2021: 0.3x to 17.2x) * The multiples were adjusted for discount for lack of marketability 10% to 70% (2021: 5% to 70%)	• The estimated fair value would increase if the multiples were higher or the discount for lack of marketability was lower.
Transacted prices	• Not applicable	• Not applicable
Net asset values	• Not applicable	• Not applicable

Sensitivity analysis

For the fair values of level 3 unquoted investments, a 5% increase/(decrease) to the significant unobservable inputs, holding other inputs constant, would have a net effect of (decreasing)/increasing equity by NT$84,081,000 (2021: NT$84,605,000).

5. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Board of Directors has provided the written principles for overall financial risk management and the written policies covering specific areas, such as market risk (including price risk, foreign exchange risk, interest rate risk), credit risk and liquidity risk. Such written policies are reviewed regularly and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Management takes a cautious approach towards analysing new investment opportunities and invitations to step-up capital injections into existing investments. Factors that are of pertinence include macro country and industry risks, progress and status of product development, where relevant, availability of market demands for the investee entities' products and services.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group manages the market risk by the close monitoring of the investment portfolio and regular review of the performance of each of the investment.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Currency risk

The foreign exchange risk of the Group mainly arises from its investing activities. Certain of the Group's investments originated outside the primary economic environment of the respective entities, and are denominated in currencies that are foreign to those entities. As a result, there are foreign exchange exposures arising from the periodic fair valuation process, as well as upon settlement of purchases and sales of those investments. The Group holds investments in various foreign currencies including United States dollars, Japanese yen, Singapore dollars and Chinese yuan.

The Group does not hedge its foreign currency exposure using derivative financial instruments. It manages foreign exchange risk by close monitoring of the timing of inception and settlement of the transactions.

Exposure to currency risk

The Group's subsidiaries are subject to foreign currency risk arising from various currencies. The currencies to which the subsidiaries are exposed to significant foreign currency risks are as follows:

	USD NT$'000	JPY NT$'000	RMB NTS'000
Group			
2022			
Investments at fair value through profit or loss	909,778	84,422	223,290
Trade and other receivables	3,534	–	–
Cash and cash equivalents	249,575	4	1,107
Trade and other payables	(7,531)	–	–
Net exposure	1,155,356	84,426	224,397
2021			
Investments at fair value through profit or loss	692,643	92,954	97,728
Trade and other receivables	1,343	–	–
Cash and cash equivalents	55,851	5	1,189
Trade and other payables	(6,881)	–	–
Net exposure	742,956	92,959	98,917

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Exposure to currency risk (cont'd)

	USD NT$'000	SGD NT$'000
Company		
2022		
Trade and other receivables	3,267	141
Cash and cash equivalents	212,791	27,832
Trade and other payables	(7,531)	(2,771)
Net exposure	208,527	25,202
2021		
Trade and other receivables	1,343	110
Cash and cash equivalents	14,284	6,871
Trade and other payables	(6,881)	(2,356)
Net exposure	8,746	4,625

Sensitivity analysis

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currency against the functional currency of each Group entity. 5% represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes all outstanding foreign currencies denominated monetary items. Their translation has been adjusted at the year end for a 5% change in foreign currency exchange rates.

If the relevant significant foreign currency weakens by 5% against the functional currency of each Group entity, profit or loss and other comprehensive income will fluctuate as follows:

	Group Profit or loss NT$'000	Company Profit or loss NT$'000
2022		
USD	(12,279)	(10,426)
JPY	*	–
RMB	(55)	–
2021		
USD	(2,516)	(437)
JPY	*	–
RMB	(59)	–

* Less than NT$1,000

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Sensitivity analysis (cont'd)

A 5% strengthening of the relevant foreign currency against the functional currency of each Group entity would have resulted in an equal but opposite effect on the profit or loss and other comprehensive income, on the basis that all other variables remain constant.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year. This is attributable to volatility of foreign currency markets and fluctuations in Group and Company balances held.

Interest rate risk

The Group's income, expenses and operating cash flows are substantially independent of changes in market interest rate as the Group does not hold interest-bearing liabilities and the interest-bearing assets are limited to the time deposits as disclosed in Note 11.

Market price risk

Market price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk, which are discussed above), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Group is exposed to market price risk arising from its investments in securities. The management of the Group's market risk is monitored on a regular basis in accordance with the Group's investment objective and policies.

Exposure to market price risk

As at 31 December 2022, if market prices had been 5% higher with all other variables held constant, the increase in the fair value of financial assets at fair value through profit or loss quoted investments and the corresponding increase in profit before tax, would be NT$30 million (2021: increase in profit before tax, would be NT$30 million). If market prices had been 5% lower with all other variables held constant, the fair values would have decreased by equal amounts.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of regular monitoring procedures. The extent of the Group's credit exposure is represented by the aggregate balance of financial assets recorded in the financial statements, grossed up for any allowances for losses and reduced by the effects of any netting arrangements with counterparties. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Exposure to credit risk

The carrying amounts of financial assets at amortised cost, trade and other receivables and cash and cash equivalents represent the Group and the Company's respective maximum exposure to credit risk. The Group and the Company does not hold any collateral in respect of its financial assets.

The Group places surplus funds in banks with reputable financial institutions. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

The Group limits its exposure to credit risk on investments held by investing only with counterparty that are of acceptable credit rating. Impairment on financial assets at amortised cost has been measured on the 12-month and lifetime probabilities of default. The Group considers that its financial assets at amortised cost have low credit risk based on the credit rating of the counterparty. The amount of allowance on financial assets at amortised cost is negligible.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. There are no external borrowings, and the current liabilities of the Group are not significant in relation to the current assets. The Group maintains a current ratio of 10.6 as at 31 December 2022 (2021: 10.9). Except for lease liabilities, the Group's financial liabilities are repayable upon demand or repayable within the next financial year.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount NT$'000	Contractual cash flows NT$'000	Cash flows Within 1 year NT$'000	Cash flows More than 1 year NT$'000
Group				
2022				
Non-derivative financial liabilities				
Trade and other payables (excluding lease liabilities)	128,663	128,663	128,663	–
Lease liabilities	7,844	7,886	5,978	1,908
	136,507	136,549	134,641	1,908
2021				
Non-derivative financial liabilities				
Trade and other payables (excluding lease liabilities)	151,377	151,377	151,377	–
Lease liabilities	16,081	16,216	8,330	7,886
	167,458	167,593	159,707	7,886
Company				
2022				
Non-derivative financial liabilities				
Trade and other payables	23,906	23,906	23,906	–
2021				
Non-derivative financial liabilities				
Trade and other payables	28,800	28,800	28,800	–

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and non-controlling interests of the Group. There are no external borrowings within the Group entities.

The objective of the Group is to provide shareholders with above average returns over the long-term mainly through capital growth of the Group's venture capital investments. Management also invests, within stringent limits, in a portfolio of equities listed on the Taiwanese and other stock exchanges, as well as other limited risks financial instruments, with a view to maximise returns in the short to medium term. The Group does not face any externally imposed capital requirements, except that the Taiwanese subsidiaries are required by law to set aside certain percentage of their annual net profit after tax as legal reserve as further described in Note 13. Such legal requirements have been fully complied with by the Group. There were no changes in the Group's approach to capital management during the year.

6. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The classification of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Note	Mandatorily at FVTPL (non-current) NT$'000	Mandatorily at FVTPL (current) NT$'000	Amortised cost (non-current) NT$'000	Amortised cost (current) NT$'000	Total carrying amount NT$'000
Group						
2022						
Financial assets designated at fair value through profit or loss	8	4,891,657	69,307	–	–	4,960,964
Financial assets at amortised cost		–	–	5,869	–	5,869
Trade and other receivables*	10	–	–	–	8,290	8,290
Cash and cash equivalents	11	–	–	–	1,568,089	1,568,089
		4,891,657	69,307	5,869	1,576,379	6,543,212
Trade and other payables	17	–	–	(1,897)	(134,610)	(136,507)
2021						
Financial assets designated at fair value through profit or loss	8	4,419,037	73,732	–	–	4,492,769
Trade and other receivables*	10	–	–	–	3,600	3,600
Cash and cash equivalents	11	–	–	–	2,271,020	2,271,020
		4,419,037	73,732	–	2,274,620	6,767,389
Trade and other payables	17	–	–	(7,842)	(159,616)	(167,458)

* *Excludes prepayments*

6. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

	Note	Amortised cost (current) NT$'000	Total carrying amount NT$'000
Company			
2022			
Cash and cash equivalents	11	240,625	240,625
Trade and other receivables*	10	1,031	1,031
		241,656	241,656
Trade and other payables	17	(23,906)	(23,906)
2021			
Cash and cash equivalents	11	21,378	21,378
Trade and other payables	17	(28,800)	(28,800)

* *Excludes prepayments*

7. INVESTMENTS IN SUBSIDIARIES

	Company 2022 NT$'000	2021 NT$'000
Unquoted equity investments, at cost	4,416,773	4,416,773

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of significant subsidiaries are as follows:

Name	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Daitung Development and Investment Corp. [(a)(b)]	Invest in listed/over the counter and unlisted companies	Taiwan, Republic of China	99.99	99.99
Hotung Venture Capital Corp. [(a)(b)(e)]	Invest in listed/over the counter and unlisted companies	Taiwan, Republic of China	99.99	99.99
Huitung Investments (BVI) Ltd. [(a)(b)(f)]	Invest in listed/over the counter and unlisted companies	British Virgin Islands	100.00	100.00
Hotung Management International Ltd. [(c)]	Dormant	Cayman Islands	100.00	100.00
Hotung International Co., Ltd. [(a)(d)(g)]	Provision of consultancy services	Taiwan, Republic of China	41.35	41.35
Held by subsidiaries				
Horizon Consultants Co., Ltd. [(a)(b)]	Investment holding	Cayman Islands	100.00	100.00
Infinitude Investment Co., Ltd. [(a)(b)]	Invest in listed/over the counter and unlisted companies	British Virgin Islands	100.00	100.00

(a) Audited by other member firm of KPMG International.

(b) These are investment companies and the investment management operations are performed by Hotung International Co., Ltd ("HIC").

(c) Unaudited management accounts were used for consolidation purpose as the subsidiary is not significant to the Group.

(d) Although the Group owns less than half of the ownership interest of HIC, management has determined that the Group has control over HIC as the Group is exposed to variable returns from its involvement with HIC and has the ability to affect those returns through its power over HIC.

(e) During the year, there is no dividend declared by Hotung Venture Capital Corp. ("HVCC"). In 2021, HVCC declared cash dividend of NT$129 million to its shareholders.

(f) During the year, Huitung Investments (BVI) Ltd. ("Huitung") declared cash dividend of NT$701 million (2021: NT$319 million) to the Company.

(g) During the year, Hotung International Co., Ltd. ("HIC") declared cash dividend of NT$100 million (2021: NT$80 million) to its shareholders.

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2022	2021
	NT$'000	NT$'000
Non-current		
Quoted equity investments – mandatorily at FVTPL	536,176	533,577
Unquoted equity investments – mandatorily at FVTPL	4,327,975	3,858,921
	4,864,151	4,392,498
Investment in associate – mandatorily at FVTPL[(1)]	27,506	26,539
	4,891,657	4,419,037
Current		
Quoted equity investments – mandatorily at FVTPL	69,307	73,732

(1) The investment comprises of equity interest of 29.36% (2021: 29.36%) in a privately held portfolio company that is principally engaged in e-Commerce. In accordance with the Group's accounting policies, the investment in this associate was measured at FVTPL.

The Group's exposure to market risks and fair value information related to investments at fair value through profit or loss are disclosed in Notes 5 and 4 respectively.

9. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets NT$'000	Motor vehicles NT$'000	Office equipment NT$'000	Total NT$'000
Group				
Cost				
At 1 January, 31 December 2021 and 31 December 2022	38,633	990	701	40,324
Accumulated depreciation and impairment losses				
At 1 January 2021	14,505	297	608	15,410
Depreciation	8,189	198	76	8,463
At 31 December 2021	22,694	495	684	23,873
As at 1 January 2022	22,694	495	684	23,873
Depreciation	8,189	198	17	8,404
At 31 December 2022	30,883	693	701	32,277
Carrying amounts				
At 1 January 2021	24,128	693	93	24,914
At 31 December 2021	15,939	495	17	16,451
At 31 December 2022	7,750	297	–	8,047

Property, plant and equipment – right-of-use assets of NT$7.8 million (2021: NT$15.9 million) relates to NT$4.7 million (2021: NT$11.6 million) of leased office space and NT$3.1 million (2021: NT$4.3 million) of leased transportation equipment.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and/or leases of low-value items.

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Amounts recognised in profit or loss

	Group	
	2022	**2021**
	NT$'000	**NT$'000**
Leases under IFRS 16		
Finance cost - interest on lease liabilities	91	152
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	395	394

Amounts recognised in statement of cash flows

	Group	
	2022	**2021**
	NT'000	**NT$'000**
Total cash outflow for leases	8,723	8,726

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	NT$'000	**NT$'000**	**NT$'000**	**NT$'000**
Trade receivables	996	1,750	–	–
Interest receivable	4,438	150	1,031	–
Other receivables	2,856	1,700	–	–
Prepayments	2,780	1,606	2,377	1,454
	11,070	5,206	3,408	1,454

The Group and Company's exposure to credit and currency risks are disclosed in Note 5.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	NT$'000	NT$'000	NT$'000	NT$'000
Time deposits	1,289,109	291,565	184,260	–
Cash and bank balances	278,980	1,979,455	56,365	21,378
Cash and cash equivalents	1,568,089	2,271,020	240,625	21,378

The time deposits bear effective interest at rates ranging from 0.30% to 4.23% (2021: 0.04% to 0.41%) per annum at the reporting date. The time deposits mature on varying dates within 8 months (2021: 9 months) from the reporting date.

The Group and Company's exposure to currency and interest rate risks related to cash and cash equivalents are disclosed in Note 5.

12. SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares, including treasury shares			
	'000	'000	NT$'000	NT$'000
Authorized	200,000	200,000	10,000,000	10,000,000
Issued and fully paid:				
At the beginning and end of the year	104,661	104,661	5,233,033	5,233,033

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

13. RESERVES

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2022	2021	2022	2021
	NT$'000	NT$'000	NT$'000	NT$'000
Contributed surplus reserve	406,116	406,116	406,116	406,116
Currency translation and other reserve	(119,358)	(426,044)	–	–
Legal reserve	579,330	545,010	–	–
Special reserve	19,801	19,801	–	–
Capital surplus – net assets from merger	126,667	126,667	–	–
Treasury share reserve	(357,543)	(344,286)	(357,543)	(344,286)
	655,013	327,264	48,573	61,830

Contributed surplus reserve

Contributed surplus reserve represents the difference between the purchase price and par value of shares bought back before 2012. Under existing Bermuda law, distributions can be made out of this reserve as long as certain solvency and capital requirements are fulfilled.

Currency translation and other reserve

The currency translation and other reserve mainly comprise of foreign currency differences arising from the translation of the financial statements of foreign operations.

Legal and special reserve

Subsidiaries incorporated in Taiwan, Republic of China, are required by Companies Act in Taiwan to set aside a certain percentage of their annual net profit after tax less prior years' losses, if any, as legal reserve until the accumulated reserve has reached an amount equal to the subsidiary's paid-up capital. In addition, the Articles of those subsidiaries provide that separate amounts shall be set aside as special reserve. These reserves can be used to offset accumulated losses. The legal reserve may be transferred to capital or distributed in cash when they have reached a level equivalent to a certain percentage of the subsidiary's paid-up capital. The special reserve may be used in any manner subject to proposal by the respective Board and approval by the shareholders in a general meeting.

13. RESERVES (CONT'D)

Capital surplus – net assets from merger

In 2008, a merger was effected within the Group for three of the Company's subsidiaries, being Litung Venture Capital Corp., Hotung Venture Capital Corp. and Futung Venture Capital Corp. The legal reserve that pertained to the two entities that were wound up pursuant to the merger were transferred to the "Capital surplus - net assets from merger" account. This balance can be converted into capital of the merged subsidiary upon approval by its shareholders, provided the subsidiary is in an accumulated profit position. Unlike legal reserve, there is no limit to the amount of capital surplus that can be converted into share capital.

Treasury share reserve

Pursuant to the general mandate obtained in the Annual General Meeting held on 19 April 2022 and 16 April 2021, the number of shares purchased by way of market acquisition during the year was 294,300 (2021: 938,600), for an aggregated consideration of NT$13,257,000 (2021: NT$37,767,000). Pursuant to the Bye-laws of the Company, the shares purchased are treated as treasury shares.

As at 31 December 2022, the total number of shares that remain in issuance excluding treasury shares amounted to 94,879,182 (2021: 95,173,482).

14. NON-CONTROLLING INTERESTS

The following summarises the financial information of the Group's significant subsidiary with material non-controlling interests, based on its financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies, and excluding inter-company eliminations with other companies in the Group. As at the reporting date, the Group only had one subsidiary with significant non-controlling interest, HIC, which is incorporated in and operates in Taiwan.

Although the Group owns less than half of the ownership interest of HIC, management has determined that the Group has control over HIC as the Group is exposed to variable returns from its involvement with HIC and has the ability to affect those returns through its power over HIC.

14. NON-CONTROLLING INTERESTS (CONT'D)

	HIC	
	2022	2021
	NT$'000	NT$'000
Percentage shareholdings by non-controlling interests	58.65%	58.65%
Revenue	149,407	247,425
Profit	45,321	104,519
Other comprehensive income	–	–
Total comprehensive income	45,321	104,519
Attributable to NCI:		
- Profit	26,579	61,297
- Other comprehensive income	–	–
Total comprehensive income	26,579	61,297
Non-current assets	5,734	10,668
Current assets	272,478	360,138
Non-current liabilities	(1,897)	(5,496)
Current liabilities	(105,851)	(140,169)
Net assets	170,464	225,141
Net assets attributable to NCI	99,977	132,045
Cash flows from operating activities	129,518	101,224
Cash flows used in investing activities	–	–
Cash flows used in financing activities	(102,071)	(82,572)
Net increase in cash and cash equivalents	27,447	18,652

15. DIVIDENDS

	Group and Company	
	2022	2021
	NT$'000	NT$'000
Ordinary dividends paid		
NT$5 per ordinary share (2021: NT$4.02484)	474,395	386,188

After the end of the reporting period, the following dividends were proposed by the directors. The dividends have not been provided for and there are no tax consequences.

	Group and Company	
	2022	2021
	NT$'000	NT$'000
NT$2.55 per ordinary share (2021: NT$5)	241,942	475,867

16. DEFERRED TAX LIABILITIES

	Group	
	2022	2021
	NT$'000	NT$'000
Deferred tax liability of which:		
- Investments at fair value through profit or loss	40,532	31,864
- Withholding tax associated with undistributed earnings	68,128	78,466
	108,660	110,330

16. DEFERRED TAX LIABILITIES (CONT'D)

The movement for the year in deferred tax position is as follows:

	Balance as at 1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Effect of exchange rate	Balance as at 31 December 2021 and 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Effect of exchange rate	Balance as at 31 December 2022
	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000	NT$'000
Investments at fair value through profit or loss	135,472	(101,718)	–	(1,890)	31,864	8,662	–	6	40,532
Withholding tax associated with undistributed earnings	48,198	30,268	–	–	78,466	(10,338)	–	–	68,128
	183,670	(71,450)	–	(1,890)	110,330	(1,676)	–	6	108,660

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	NT$'000	NT$'000	NT$'000	NT$'000
Non-current				
Lease liabilities	1,897	7,842	–	–
Current				
Lease liabilities	5,947	8,239	–	–
Accrued expenses	128,663	151,377	23,906	28,800
	134,610	159,616	23,906	28,800

The Group and Company's exposure to currency and liquidity risks related to the trade and other payables are disclosed in Note 5.

The following table shows a reconciliation of movements of lease liabilities to cash flows arising from financing activities.

	Group	
	2022	2021
	NT'000	NT'000
Balance as at 1 January	16,081	24,261
Changes from operating cash flows:		
Finance costs paid	(91)	(152)
Changes from financing cash flows:		
Payment of lease liabilities	(8,237)	(8,180)
Other changes		
Finance costs	91	152
Balance as at 31 December	7,844	16,081

18. REVENUE

	Group	
	2022	2021
	NT$'000	NT$'000
Interest income	6,555	1,836
Dividend/distribution income	70,882	159,374
Net gains on financial assets at fair value through profit or loss	150,174	863,548
Foreign exchange gains/(losses)	15,602	(5,024)
Others	3,280	3,969
	246,493	1,023,703

19. OPERATING EXPENSES

	Group	
	2022	2021
	NT$'000	NT$'000
Staff cost	88,337	114,235
Audit fees		
- auditors of the Company	2,402	2,148
- other auditors	2,810	2,810
Non-audit fees		
- other auditors	605	670
Operating lease expense	395	394
Other administrative expenses	47,742	55,220
	142,291	175,477

20. TAX EXPENSE

	Group	
	2022	2021
	NT$'000	NT$'000
Current tax expense		
Current year	29,923	244,331
Adjustment for prior years	(122)	(10,340)
	29,801	233,991
Deferred tax expense		
Origination and reversal of temporary difference	(1,676)	(71,450)
Tax expense	28,125	162,541

20. TAX EXPENSE (CONT'D)

	Group	
	2022	2021
	NT$'000	NT$'000
Reconciliation of effective tax rate		
Profit before tax	104,111	848,074
Tax at the statutory rate of respective jurisdictions	8,771	102,951
Difference in tax rates applicable to capital gains on securities	586	(22,581)
Change in unrecognised temporary differences	3,988	(71,450)
Non-taxable income	(2,397)	(24,557)
Non-deductible expenses	4,366	708
Deductible losses from investees	–	(580)
Adjustment for prior years	(122)	(10,340)
Current year losses for which no deferred tax asset was recognised	348	–
Tax on undistributed profits of subsidiaries	3,877	3,932
Foreign investors' withholding tax	8,708	184,458
	28,125	162,541

The Company and certain subsidiaries of the Group are domiciled in jurisdictions where no statutory tax is imposed. Other subsidiaries of the Group are domiciled in Taiwan and subject to Taiwan tax regulations, where the statutory tax rate is 20% (2021: 20%).

Subsidiaries: deductible losses

The Taiwan subsidiaries' taxable incomes are subject to deductible losses from investee, which are losses recognised arising from capital reduction at investee companies and previously non-deductible losses of investments realized through disposal.

Subsidiaries: capital gains tax

The Taiwan subsidiaries are also subject to capital gains tax, computed as the higher of 20% on adjusted capital gains arising from the sales of non-Taiwanese securities, or 12% on adjusted capital gains arising from the sales of Taiwanese and non-Taiwanese securities, whichever is higher.

Subsidiaries: withholding tax

Dividends paid by Taiwanese companies are subjected to foreign investors' withholding tax of 21%. At the end of the reporting period, the aggregate amount of undistributed earnings of the Taiwanese subsidiaries (without making a distinction between pre-acquisition and post-acquisition earnings) is NT$3,064 million (2021: NT$3,096 million). As the Company was able to control the timing and amount of distributions, withholding tax for the year was determined on the amount of current year distributions to be made by the subsidiaries. As at the reporting date, the withholding tax that would be incurred should all the earnings be distributed was estimated to be NT$644 million (2021: NT$650 million).

20. TAX EXPENSE (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group			
	Gross amount 2022 NT$'000	Tax effect 2022 NT$'000	Gross amount 2021 NT$'000	Tax effect 2021 NT$'000
Tax losses	582,965	116,593	675,287	135,057

The tax losses carried forward available for offsetting against future taxable income will expire as follows:

	Group	
	2022 NT$'000	2021 NT$'000
2021	–	94,061
2024	137,146	137,146
2026	199,814	199,814
2027	68,670	68,670
2028	44,242	44,242
2029	108,896	108,896
2030	22,458	22,458
2032	1,739	–
	582,965	675,287

The Group did not recognise the deferred tax assets in respect of the above tax losses carried forward as it was not probable that there will be taxable profit against which the tax losses can be utilised.

21. EARNINGS PER SHARE

For the financial year ended 31 December 2022, basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company of NT$49,403,000 (2021: NT$624,217,000) by the weighted average number of ordinary shares outstanding of 94,885,587 (2021: 95,771,035).

Weighted average number of shares in issue is calculated as follows:

	Group	
	2022 '000	2021 '000
Issued ordinary shares at beginning of the year	95,173	96,112
Effect of repurchase of shares	(287)	(341)
Weighted average number of shares at end of the year	94,886	95,771

Diluted earnings per share is the same as basic earnings per share as there were no dilutive financial instruments issued during the year or outstanding as at the end of financial year.

22. RELATED PARTIES

In addition to the related parties information shown elsewhere in the financial statements, the following significant transactions took place between the Group and related parties during the financial year:

Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2022	**2021**
	NT$'000	**NT$'000**
Directors' fees	9,420	9,420
Incentive bonus to director	800	9,458
Remuneration and other short term employee benefits	31,725	31,650
	41,945	50,528

The directors' fees and incentive bonus paid or payable to the directors represent the total compensation (all short-term) paid to the directors. There is no other compensation paid or payable to the directors.

One executive director of the Company entered into a service agreement with the Company whereby she is entitled, in aggregate, to an incentive bonus equivalent to 1.5% (2021:1.5%) of the Group's audited profit after tax and non-controlling interests. This amounted to NT$0.8 million (2021: NT$9.5 million) for the year.

Other related parties transactions

	Group	
	2022	**2021**
	NT$'000	**NT$'000**
Rental expenses to a corporate shareholder in which directors have interests	300	300
Lease liabilities payable to a corporate shareholder in which directors have interests	6,994	6,945
Finance cost in relation to lease liabilities payable to a corporate shareholder in which directors have interests	63	115

23. OPERATING SEGMENTS

The Group identified the operating segments based on internal reporting that the Group's chief decision makers regularly review. The Investments segment includes all investment subsidiaries of the Group and the Fund Management segment relates to the activities of the fund management subsidiary.

1. Investments - 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 activities 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 Investments segment to the Fund Management subsidiary company in the Fund Management segment which was eliminated on consolidation.

	Investments	Fund Management	Eliminations	Consolidated
	NT$'000	NT$'000	NT$'000	NT$'000
2022				
Revenue				
External revenue	243,006	3,487	–	246,493
Inter-segmental revenue	–	145,920	(145,920)	–
Total revenue	243,006	149,407	(145,920)	246,493
Interest income	6,013	542	–	6,555
Depreciation	(3,470)	(4,934)	–	(8,404)
Finance costs	(31)	(60)	–	(91)
Profit before tax	47,212	56,899	–	104,111
Tax expenses	(16,547)	(11,578)	–	(28,125)
Profit after tax but before non-controlling interests	30,665	45,321	–	75,986
Non-controlling interests	(4)	(26,579)	–	(26,583)
Profit attributable to owners of the Company	30,661	18,742	–	49,403

23. OPERATING SEGMENTS (CONT'D)

	Investments NT$'000	Fund Management NT$'000	Eliminations NT$'000	Consolidated NT$'000
2022				
Other information				
Segment assets	6,305,138	278,212	(29,311)	6,554,039
Segment liabilities	56,828	108,990	(29,311)	136,507
Current income tax liability/(assets)	21,448	(1,242)	–	20,206
Deferred tax liability	108,660	–	–	108,660
Total liabilities	186,936	107,748	(29,311)	265,373
2021				
Revenue				
External revenue	1,020,427	3,276	–	1,023,703
Inter-segmental revenue	–	244,149	(244,149)	–
Total revenue	1,020,427	247,425	(244,149)	1,023,703
Interest income	1,716	120	–	1,836
Depreciation	(3,470)	(4,993)	–	(8,463)
Finance costs	(57)	(95)	–	(152)
Profit before tax	721,440	126,634	–	848,074
Tax expenses	(140,426)	(22,115)	–	(162,541)
Profit after tax but before non-controlling interests	581,014	104,519	–	685,533
Non-controlling interests	(19)	(61,297)	–	(61,316)
Profit attributable to owners of the Company	580,995	43,222	–	624,217
Other information				
Segment assets	6,558,921	370,806	(144,281)	6,785,446
Segment liabilities	180,547	131,192	(144,281)	167,458
Current income tax liability	40,893	14,473	–	55,366
Deferred tax liability	110,330	–	–	110,330
Total liabilities	331,770	145,665	(144,281)	333,154

23. OPERATING SEGMENTS (CONT'D)

Geographical information

The Group's activities are conducted predominantly in Taiwan, China, Israel, United States and United Kingdom. Income from sales of investments and securities trading is segregated based on the geographies in which the shares of the respective investee entities are quoted or traded. Investments are segregated on the same basis, and for those not quoted or traded, based on the investee entities' principal places of business.

	Revenue	
	2022	2021
	NT$'000	NT$'000
Taiwan	(181,604)	490,146
China	68,205	318,615
Israel	327,293	250,932
United States and United Kingdom	30,891	(26,923)
Other countries	1,708	(9,067)
	246,493	1,023,703

As at end of the reporting period, the investments are segregated into the various geographies as follows:

	Investments at fair value through profit or loss	
	2022	2021
	NT$'000	NT$'000
Taiwan	2,293,480	2,365,880
China	1,213,740	1,086,897
Israel	1,127,706	722,715
United States and United Kingdom	241,616	224,322
Other countries	84,422	92,955
	4,960,964	4,492,769

As the Group is engaged principally in investment activities in Taiwan, China, Israel, United States and United Kingdom, no further geographical information relating to the location of other non-current assets is presented.

24. COMMITMENTS

The Group has uncalled capital commitments of NT$22 million (2021: NT$36 million) for the capital contribution in certain investments as at the end of the reporting period.

SHAREHOLDING **STATISTICS**

as at 6 March 2023

Authorised Share Capital	: NT$10,000,000,000
No. of Issued Shares	: 104,660,662
Issued and fully paid-up Capital	: NT$5,233,033,100
No. of Issued Shares (excluding treasury shares)	: 94,879,182
No. of Treasury Shares Held	: 9,781,480
No. of Subsidiary Holdings Held	: 0
Percentage of Treasury Shares Held	: 10.31% of issued shares (excluding treasury shares)
Class of shares	: Ordinary shares of NT$50 each
Voting rights	: One vote per share (no vote for treasury shares)

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	31	0.31	1,266	0.00
100 - 1,000	6,481	65.27	2,890,262	2.76
1,001 - 10,000	2,746	27.65	10,375,805	9.91
10,001 - 1,000,000	661	6.66	33,562,684	32.07
1,000,001 and above	11	0.11	57,830,645	55.26
	9,930	100.00	104,660,662	100.00

Shareholding Held in Hands of Public

Based on information available to the Company as at 6 March 2023, approximately 63.07% of the issued ordinary shares of the Company (excluding treasury shares) is held by the public and therefore Rule 723 of the Listing Manual is complied with.

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%*
1	Tai Lung Capital Inc.	17,415,100	18.36
2	Daiwa Capital Markets Singapore Limited	8,364,132	8.82
3	Mega International Commercial Bank Co., Ltd	6,025,255	6.35
4	DBS Nominees Pte Ltd	4,300,130	4.53
5	Citibank Nominees Singapore Pte Ltd	2,427,660	2.56
6	KGI Securities (Singapore) Pte. Ltd	2,362,790	2.49
7	Chung Lung Investment Co., Ltd	1,894,477	2.00
8	Phillip Securities Pte Ltd	1,514,056	1.60
9	HSBC (Singapore) Nominees Pte Ltd	1,392,480	1.47
10	DB Nominees (Singapore) Pte Ltd	1,341,585	1.41
11	OCBC Securities Private Ltd	1,011,500	1.07
12	Raffles Nominees (Pte) Limited	956,605	1.01
13	Solomon Wong Seng Loong (Solomon Wong Chenglong)	888,888	0.94
14	Liu Zou-Hsin	773,800	0.82
15	OCBC Nominees Singapore Pte Ltd	598,000	0.63
16	Lew Wing Kit	532,500	0.56
17	Lim Ngee Heng Maurice	490,260	0.52
18	Jen Shek Chuen	470,000	0.49
19	United Overseas Bank Nominees Pte Ltd	463,800	0.49
20	CGS-CIMB Securities (Singapore) Pte Ltd	459,271	0.48
		53,682,289	56.60

* The percentage of issued ordinary shares is calculated based on the total number of 94,879,182 issued ordinary shares of the Company (excluding treasury shares) as at 6 March 2023.

SHAREHOLDING **STATISTICS**

as at 6 March 2023

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholder

	Direct[1] Interest	%	Deemed[1] Interest	%
Tai Lung Capital Inc.	17,415,100	18.36	1,894,477[2]	2.00
Mega International Commercial Bank Co., Ltd.	6,025,255	6.35	–	–
Daiwa Corporate Investment Co., Ltd.	–	–	5,275,513[3]	5.56
Tsui-Hui Huang	–	–	21,566,112[4]	22.73
Cheng-Wang Huang	–	–	19,309,577[5]	20.35

Notes:

(1) This represents the interests of Substantial Shareholders based on on-market trades conducted up to 2 March 2023 (where applicable), on account of the fact that trades on the Singapore Exchange Securities Trading Limited are settled on a "T+2" settlement cycle, that is, an acquisition or sale of shares on day T will be settled at T plus two (2) market days later, i.e. 6 March 2023.

(2) Tai Lung Capital Inc. has a deemed interest in 1,894,477 shares held by Chung Lung Investment Co., Ltd.

(3) The 5,275,513 shares held by Daiwa Corporate Investment Co., Ltd. are registered in the name of Daiwa Capital Markets Singapore Limited.

(4) Tsui-Hui Huang has deemed interests in the following: (i) 17,415,100 shares held by Tai Lung Capital Inc.; (ii) 1,894,477 shares held by Chung Lung Investment Co., Ltd.; (iii) 1,339,785 shares held by Alps International Co., Ltd., which are registered in the name of DB Nominees (Singapore) Pte Ltd.; and (iv) 916,750 shares registered in the name of Daiwa Capital Markets Singapore Limited.

(5) Cheng-Wang Huang has deemed interests in the following: (i) 17,415,100 shares held by Tai Lung Capital Inc.; and (ii) 1,894,477 shares held by Chung Lung Investment Co., Ltd.

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CORPORATE **INFORMATION**

HONORARY CHAIRMAN
Cheng-Wang Huang

BOARD OF DIRECTORS
Tsui-Hui Huang (Chairman)
Andy C.W. Chen
Ng-Chee Tan
Philip N. Pillai
Chang-Pang Chang
Kung-Wha Ding
Kenichi Shimomoto
Chun-Chen Tsou
Shih-Ping Chen
Pi-Tien Chen

AUDIT COMMITTEE
Ng-Chee Tan (Chairman)
Andy C.W. Chen
Philip N. Pillai

REMUNERATION COMMITTEE
Chang-Pang Chang (Chairman)
Ng-Chee Tan
Kung-Wha Ding

NOMINATING COMMITTEE
Chang-Pang Chang (Chairman)
Tsui-Hui Huang
Ng-Chee Tan

COMPANY SECRETARY
Hsin-Chieh Chung
Yu-Chieh Chen (Joint Company Secretary)

AUDITORS
KPMG LLP
Public Accountants and Chartered Accountants
Partner in charge
Lee Chin Siang Barry
(appointed on 17 April 2018)

BERMUDA SHARE REGISTRAR
MUFG FUND SERVICES (BERMUDA) LIMITED
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

SINGAPORE SHARE TRANSFER AGENT
M & C SERVICES PRIVATE LIMITED
112 Robinson Road #05-01
Singapore 068902
Tel: 65-6227-6660
Fax: 65-6225-1452

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

和通集團
HOTUNG GROUP

HOTUNG INVESTMENT HOLDINGS LIMITED