HOTUNG INVESTMENT HOLDINGS LIMITED
(Incorporated in Bermuda)

RESPONSES TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors (the "**Board**") of Hotung Investment Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") would like to thank the shareholders of the Company (the "**Shareholders**") for submitting their questions in advance of the Annual General Meeting of the Company to be streamed by "live" webcast on 19 April 2022 (Tuesday) at 9:30 a.m. (the "**2022 AGM**").

Substantial and relevant questions received from the Shareholders, which have been grouped according to topic, and the responses of the Company to the same, are set out below:

New Investments

Question 1:

Will the Company be interested in the material science industry?

Company's response:

Yes, the Company is interested in the material science industry. For example, we invested in Jiangsu Cnano Technology Co., Ltd. (please refer to page 17 of the Company's annual report for the financial year ended 2019 for further information) which is engaged in the business of producing materials used in batteries for Electric Vehicle.

Question 2:

Has there been any impact from international turmoil? And what is the Company's exposure to China?

Company's response:

In recent years, the Company has been continuing to divest its investments in China and has been increasing new investments in other regions.

The proportion of the Company's investments in China as a percentage of its total investment portfolio has dropped from 47.6% in 2019 to 24.2% in 2021.

Regional diversification is also a way for the Company to respond to geopolitical risk.

Question 3:

Will the Company consider investing some of its cash in intellectual property and patents to earn regular royalty income?

Company's response:

As the Company is of the view that evaluation of intellectual property and patents requires substantial legal expertise, it does not presently intend to invest in this area. The Company has evaluated several start-up companies which operations involve intellectual property and patents.

Question 4:

The title of this year's Annual Report is " A New ERA ". Please elaborate a little more on the plans, focus of the Company for the future and the outlook for Taiwanese VC.

Company's response:

In the past two years, COVID-19 has accelerated the development and utilization of technology related to remote working and communication, such as artificial intelligence, video streaming, wide band transmission in different forms.

Looking into the future, the lifestyles and norms of this generation has changed because of the pandemic, and it is not envisaged that people would revert completely to pre-pandemic lifestyles and habits when border control restrictions eases and travelling resumes.

The goal and target of our new investments is to invest in companies which serve the basic needs of mankind in this new era.

In terms of the outlook of the Taiwan Venture Capital industry, we do not consider ourselves to be only a Taiwan Venture Capital firm per se, as we also operate and invest in regions outside Taiwan. This is reflected in the geographical breakdown of the investments in our outstanding portfolio, as reflected in our annual report for the financial year ended 31 December 2021 (the "**FY2021 Annual Report**").

Question 5:

The Company's new investment in the UK has increased rapidly to 20.8% for 2021.

Does the Company intend to maintain UK investment at around 20% in coming years?

Are these UK investee companies aiming for a listing on the UK stock exchanges?

Company's response:

Please see page 17 of the FY2021 Annual Report. The Company's investment in the UK is in Graphcore Ltd. ("**Graphcore**"), an IC design and system company which is focused on artificial intelligence.

No, the Company does not intend to maintain its UK investment at around 20%, and instead the Company's global investment allocation will be determined based on the opportunities available in the various geographical regions.

The Company may exit its investment in Graphcore if and when there's any acquisition of Graphcore and/or if Graphcore lists on major global stock exchanges in the future.

Financial Results

Question 6:

The bulk of Level 3 FVTPL amounted in NT$2.9 billion was based on Management estimates, which are subjective. What is the Board's role in reviewing/approving these estimates?

Company's response:

The Management team has measured the fair value of the Group's Level 3 financial instruments in accordance to the Group's internal Guidance of fair values measurements which was set up in compliance with the requirements of IFRS 9 and approved by the Board.

For those valuation methodologies that applied unobservable inputs, resulting in certain degree of estimation uncertainty and management judgement in the valuation for the Level 3 financial instruments. The valuation of unquoted investments is a key audit matter in the context of the audit of the financial statements as a whole by the Group's Independent Auditors. Please refer to page 56 of the FY2021 Annual Report which sets out how the Group's Independent Auditors have addressed this matter during their audit.

In essence, the Group's Independent Auditors would perform audit procedures over a selection of investments for each type of valuation methodology adopted by the Group. The valuation estimates for the Group's portfolio of investments were within a reasonable range of outcomes as at 31 December 2021. The Group's disclosures were considered as appropriate.

Question 7:

Please explain why the Group's revenue for FY2021 was almost the same revenue for FY2020 and there was a significant increase in net income?

Company's response:

The profit attributable to owners of the Company increased by NT$102.7 million mainly due to the decrease of NT$94.3 million tax expenses.

Share Buy-backs

Question 8:

The Company should be more aggressive in conducting share buy-back. Can the maximum price of on-market share buy-backs be increased, or alternatively, can the Company signal to the market the amount of funds intend to be used to conduct share buy-backs?

Company's response:

Pursuant to Rule 884 of the Listing Manual of the SGX-ST, an issuer may only purchase its shares by way of on-market purchase at a price which is not more than 5% above the Average Closing Price (as

defined in the Appendix (the "**Appendix**") to the notice of the 2022 AGM released by the Company on SGXNET on 1 April 2022). Therefore, the Company is not permitted to increase the maximum price of on-market purchases of its shares beyond what is stipulated in the Appendix. Shareholders should note that the Company's consideration of whether to conduct share buy-backs involves complex decision-making considerations. The Company will, when deciding whether and when to conduct share buy-backs, consider the cash level and investment plans of the Group, and will only undertake share buy-backs as and when the circumstances permit and only if the Board is of the view that such share buy-backs would be in the best interests of the Company and its Shareholders.

Cash Dividends

Question 9:

What is the Company's dividend policy and how the Company decides on the capital allocation between new venture investment opportunities versus paying dividends to shareholders?

Company's response:

The Board reviews the dividend policy annually to ensure that the Company's cash needs are adequately met, and ensure that it retains sufficient funds to make new investments.

BY ORDER OF THE BOARD

Hsin-Chieh Chung
Company Secretary
14 April 2022