



## HOTUNG INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda)

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### RESPONSE TO SGX-ST'S QUERY IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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The Board of Directors (the “**Board**”) of Hotung Investment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the query raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 12 April 2024 in relation to the Company’s annual report for the financial year ended 31 December 2023 (the “**FY2023 Annual Report**”) and wishes to provide the following information in response:

#### SGX-ST’s Query

It is stated on page 46 of the FY2023 Annual Report that the Audit Committee is satisfied that the Group’s internal audit function is independent, effective and adequately resourced. This is notwithstanding that the internal audit function within the Company comprises only one (1) member. Please explain how does the Company comply with Listing Rule 719(3), which requires an issuer to establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits, and provide the basis for the AC’s view after taking into consideration the size of the Company, its business activities and the various geographies it operates in.

#### Company’s Response

The Audit Committee of the Company (the “**AC**”) is satisfied that the Group’s internal audit function which comprises one (1) member is independent, effective and adequately resourced since the internal auditor:

- (a) is independent, given that the AC reviews and approves the appointment, replacement, reassignment or dismissal of the internal auditor, who reports to the AC;
- (b) 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, given that, *inter alia*, his involvement in certain AC meetings in order to ensure that the internal auditor has full and free opportunities to raise concerns with the AC and to have complete access to information that the internal auditor may require and being able to meet the AC without the presence of the Management, all of which allows the internal auditor to be effective in his audit of the Group’s internal controls;
- (c) is adequately qualified, given that he 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), and carries out his duties according to the International Professional Practices Framework (IPPF) and code of ethics set by The Institute of Internal Auditors and the audit charter approved by the AC; and
- (d) is adequately resourced, given the fact that (i) the principal activity of the Group is investment holding and its investment management operations are performed by its subsidiary, Hotung International Co., Ltd. which has its principal place of business in Taipei, Taiwan, and (ii) the

Group has around 30 employees, and the headquarter and the employees of the Group which are both in Taipei, Taiwan, taking into account the relevant qualifications and experience of the internal auditor as set out in item (c) above.

In view of the above, the Company is in compliance with Listing Rule 719(3).

**By Order of the Board**

Hsin-Chieh Chung  
Company Secretary  
16 April 2024