



## HOTUNG INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda)

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### RESPONSE TO SGX-ST'S QUERIES IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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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 queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 14 April 2022 in relation to the Company’s annual report for the financial year ended 31 December 2021 (the “**FY2021 Annual Report**”) and wishes to provide the following information in response:

#### **SGX-ST's Query 1**

Pursuant to Listing Rule 710, an issuer must comply with the principles of the Code of Corporate Governance 2018 (the “**Code**”). Where an issuer’s practices vary from any provisions of the Code, it must explicitly explain how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1(b) of the Code with regard to disclosure of remuneration for at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel, and there were no satisfactory explanations provided in the Company’s FY2021 Annual Report on how it is consistent with the intent of Principle 8 of the Code.

Please clarify how the practices adopted by the Company are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

#### **Company's Response**

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 for the financial year ended 31 December 2021 is set out as below:

<b>Remuneration Bands and Name of Key Management Personnel</b>	<b>Salaries/Fees %</b>	<b>Bonuses %</b>	<b>Total* %</b>
<b>S\$250,000 to S\$499,999</b>			
Felicia Hsu	59	41	100
<b>Below S\$250,000</b>			
Hsin-Chieh Chung	61	39	100

**Note:**

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

As disclosed on page 38 of the FY2021 Annual Report, save for the persons mentioned above, there are no other persons whom the Company considers to be key management personnel (who are not directors or the CEO of the Company).

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 above 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.

**SGX-ST's Query 2**

Pursuant to Listing Rule 1207(10C), the annual report must contain the Audit Committee's comment on whether the internal audit ("IA") function is independent, effective and adequately resource. Please provide further details with regard to the IA function, including its size, experience and qualifications of the team and head of IA function.

**Company's Response**

The Company's internal audit comprises one member, Mr. Peter Fang (Internal Auditor – Assistant Vice President). Mr. Peter Fang has over 19 years of auditing experience in various fields of risk management, corporate governance and IT security, including working at conglomerates such as Far Eastern group and Foxconn group. He is also qualified as a Certified Information Systems Auditor (CISA) and Certified Information Security Manager

(CISM), and has been invited to speak at several Asia-Pacific seminars, such as the Information Systems Audit and Control Association's (ISACA) Computer Audit, Control, and Security (CACS) conference, on topics of continuous auditing, outsourcing management, and zero trust security. In view of the long-standing relevant experience and qualifications of our Internal Auditor, the fact that Hotung International Company Ltd. (which is the management company of the Group) has only 30 employees, and for the further reasons disclosed on page 43 of the FY2021 Annual Report, the Audit Committee is satisfied that the Group's internal audit function is independent, effective and adequately resourced.

**BY ORDER OF THE BOARD**

Hsin-Chieh Chung  
Company Secretary  
18 April 2022