



和通集團  
HOTUNG GROUP

HOTUNG INVESTMENT HOLDINGS LIMITED

*A New Era*



ANNUAL REPORT  
**2021**

# GROUP PROFILE

**HOTUNG INVESTMENT HOLDINGS LIMITED** and together with its subsidiaries (the “Group”) is a premier venture capital investment group with more than 30 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.

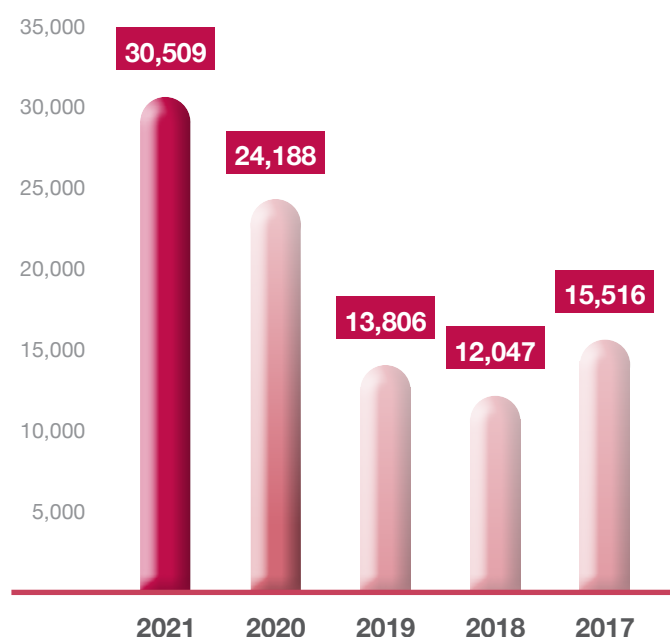
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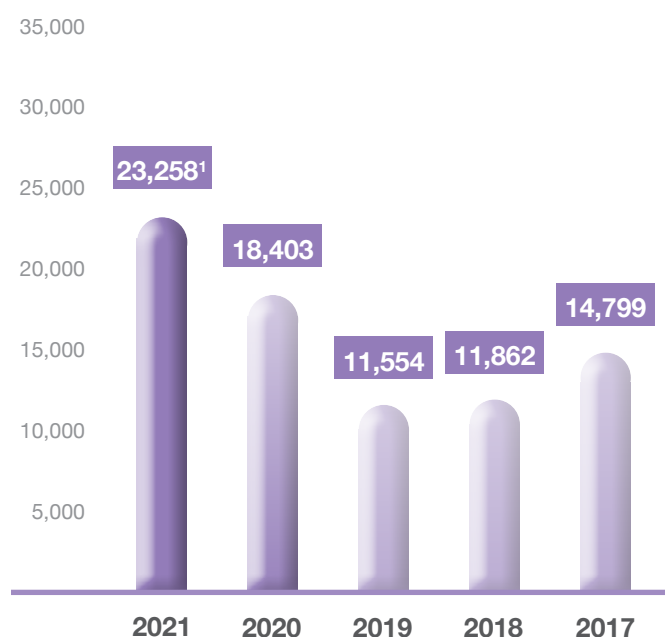
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# FINANCIAL HIGHLIGHTS

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



## Dividend amount (S\$'000)



(S\$'000)	2021	2020	2019	2018	2017
Revenue	50,034	46,828	22,357	19,725	29,756
Profit attributable to owners of the Company	30,509	24,188	13,806	12,047	15,516
Dividend amount	23,258¹	18,403	11,554	11,862	14,799
Equity attributable to owners of the Company	308,890	288,020	274,036	273,432	275,166

(S\$)	2021	2020	2019	2018	2017
Earnings per share	0.319	0.251	0.143	0.125	0.160
Net Asset Value per share	3.245	2.997	2.846	2.840	2.852
Cash Dividend per share	0.2443¹	0.1918	0.12	0.1232	0.154

### Notes:

<sup>1</sup> The Proposed 2021 dividend amount based on the outstanding shares (excluding treasury shares) as of 31 December 2021 and converted by 2021 year end closing exchange rate.

The Board's 2021 final dividend recommendation of NT\$5.00 per share is subject to shareholders' approval at 2022 Annual General Meeting.

Distribution will base on the outstanding shares (excluding treasury shares) as of record date in 2022 and the exchange rate from NT\$ to S\$ will be announced within the cash dividend distribution announcement.

<sup>2</sup> All figures are converted by using the closing exchange rate of each year except for dividend amount and cash dividend per share from 2017 to 2020.

# CHAIRMAN'S STATEMENT

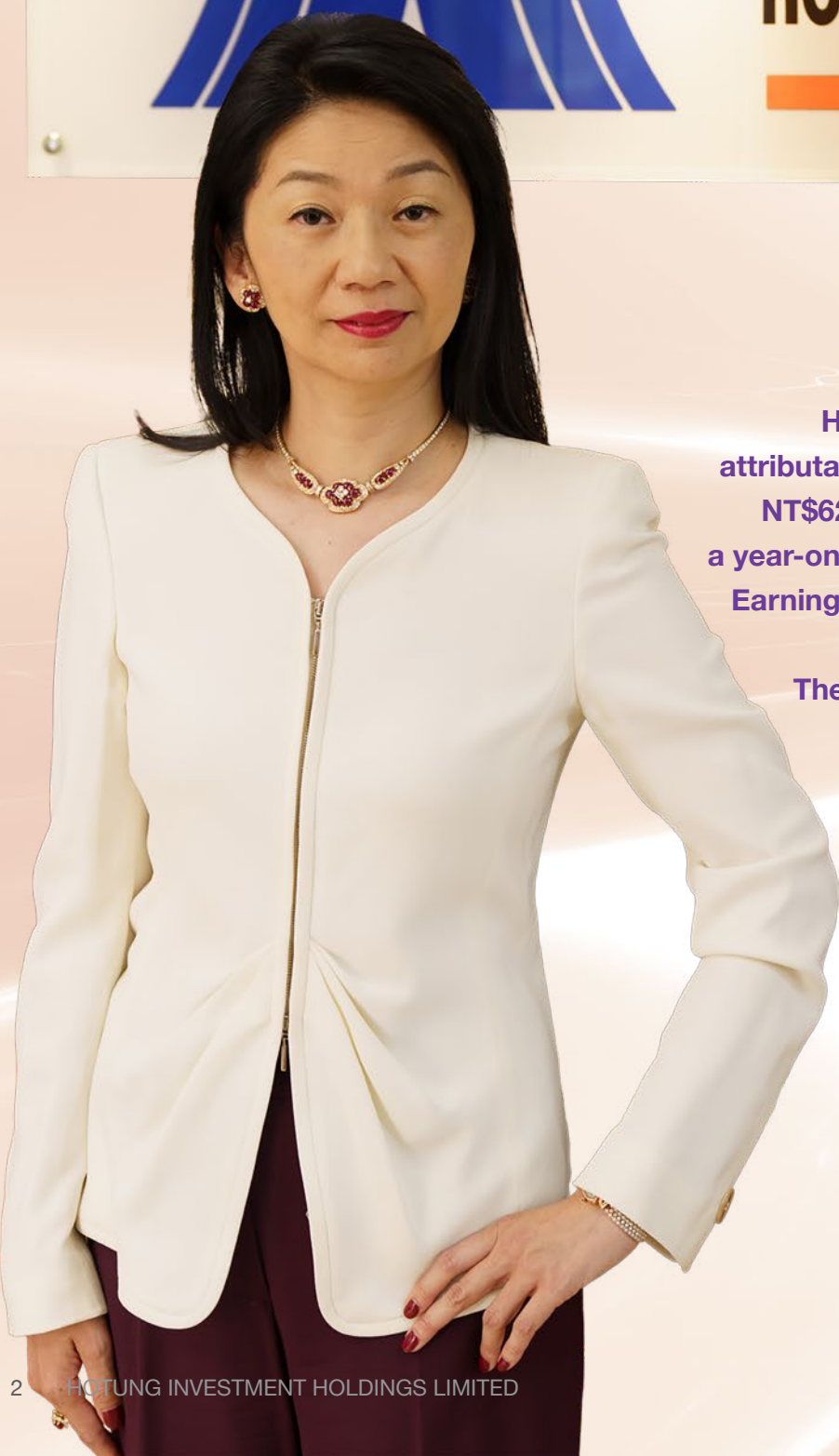


和通集團  
HOTUNG GROUP

The Group has achieved  
a remarkable performance in  
a difficult global economy in 2021.

Hotung's full year net profit after tax  
attributable to owners of the Company was  
NT\$624.2 million (S\$30.5 million) in 2021,  
a year-on-year increase of 19.7% from 2020.  
Earnings per share was NT\$6.52 (S\$0.319).

The Board has proposed a dividend of  
NT\$5 per share for the fiscal year  
ended 31 December 2021.



# CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

## 2021 FINANCIAL OVERVIEW

The Group has achieved a remarkable performance in a difficult global economy in 2021. The investments in semiconductor and new energy have blossomed and contributed to the financial result of 2021. Hotung's full year net profit after tax attributable to owners of the Company was NT\$624.2 million (S\$30.5 million) in 2021, a year-on-year increase of 19.7% from 2020. Earnings per share was NT\$6.52 (S\$0.319). Hotung recognized total revenue of NT\$1,023.7 million, an increase of 1.4% compared to 2020's revenue of NT\$1,009.6 million. Revenue increase is attributed to returns from divestments, fair valuation changes of investment portfolios and dividends received from fund investments. Net Asset Value per share was NT\$66.40 (2020: NT\$64.61) at the end of 2021 after paid out cash dividends of NT\$4.02484 per share in 2020. The Board has proposed a dividend of NT\$5 per share for the fiscal year ended 31 December 2021.

## BUSINESS OVERVIEW

Along with the rollout of coronavirus vaccines, the global economy has started to rebound. However, there are impediment of the rebound such as goods prices rising, energy shortage, and widespread supply chain disruptions leading to inflation fear. Volatility of valuations of newly listed startup unicorns in co-sharing sectors have also influenced the outlook in the stock market.

In the past year, 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. As IT industry in Taiwan always have strong emphasis in the semiconductor sector, companies have been benefited, so as the investments we made several years ago.

Climate change is another global challenge. World leaders have reached a consensus to achieve carbon footprint reduction. We have seen the impact of high heat and freezing coldness in every corner of the world. It not only impacts our daily living, more importantly, the unusual weather condition changes the structure of food production and natural environment balance. As we are all world citizens, we should chip in our efforts to invest in this ESG concept.

## FUTURE OUTLOOK

Looking into the future, we are interested in artificial intelligence, cloud service, and wide band transmission technology, and sustainable energy. The new living form of this generation has changed because of pandemic situation. And it will not be ended only because the world lifts the border control and people resume traveling in the near future. Nevertheless, what we need to think is which is the basic need of mankind, and that is the goal and target of our new investment. Recent geopolitical turbulence was unforeseen a decade ago, and it will increase the uncertainty in 2022. But with your support, Hotung management team will make the best effort, as always, to make sound decisions and choose the best available investment opportunities. On behalf of our board members, I would like to thank you for your continuous support.

## TSUI-HUI HUANG

Chairman  
Taipei, Taiwan  
18 March 2022

# 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 been elected as the Honorary Chairman of the same since August 2020. She was appointed as the Member of the President’s Council of Cornell Women. Ms. Huang was the founding Vice Chairman of Children Charity Association in Taiwan and she is currently a director of Taiwan Women on Boards Association. 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: 24 April 2019*

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.

He currently serves as a non-executive director on the boards of SMRT Corporation Ltd and SMRT Trains Ltd.



# 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: 23 June 2020*

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 15 years of working experiences in Daiwa.

He joined 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. He also took up the responsibility of international investment at Daiwa PI Partners (“DPI”, a principal investment arm of Daiwa in alternative investment space) since April, 2019. He is currently the Director (board member) of both DCI and DPI.

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: 23 June 2020*

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: N/A*

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.



# KEY MANAGEMENT



(left to right):

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

# 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 been elected as the Honorary Chairman of the same since August 2020. She was appointed as the Member of the President’s Council of Cornell Women. Ms. Huang was the founding Vice Chairman of Children Charity Association in Taiwan and she is currently a director of Taiwan Women on Boards Association.

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):

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

The COVID-19 pandemic persisted throughout 2021, disrupting global economic activity with the emergence of new COVID-19 variants. Supply chain issues remained a concern, especially in terms of chip shortage. The Group continued to closely monitor the impact of the pandemic on its portfolio companies and actively managed its portfolio exposure and risk, while seeking the proper exit.

The Group has achieved good performance in a difficult global economy in 2021.

The investments in semiconductor, material and precision machinery have blossomed and contributed to the financial result of 2021.

The management of Hotung, in its ongoing review of the Group's portfolio risk management strategy, widened the scope of their investment mandate into new areas and industries. The Group's portfolio of investments remains in resilient sectors, where the focus continues to be in growth sectors such as 5G, cloud computing, green technology, and health care. Diversification of geographic exposure also resulted in investments in portfolio companies with exposure to US and Europe in the technology startup.

Through thorough due diligence and cautious selections, the Group's new investments in 2021 totaled NT\$672.5 million, an increase of 54% from the new investments made in 2020, as the Group focused on making strategic investments.

At the end of 2021, the Group's total investment portfolio amounted to NT\$4,493 million (2020: NT\$5,669 million), comprising quoted investments of NT\$607 million, representing 13.5% of total portfolio. The remaining portfolio of unquoted investments of NT\$3,886 million were valued by various valuation techniques, such as transaction price, market multiples of comparable trading companies and net asset value for fund investments. The Group's cash balance is NT\$2.3 billion (2020: NT\$1 billion), an increase of NT\$1.3 billion from 2020, attributable mainly to proceeds from divestments.

With net profit attributable to shareholders of NT\$624.2 million in 2021 (2020: NT\$521.5 million), earnings per share increased to NT\$6.52 (2020: NT\$5.42). Total Revenue was NT\$1,023.7 million, which increased by 1.4% from 2020 revenue of NT\$1,009.6 million, attributable mainly to gains on divestments, favorable change in fair value of the investment portfolio and distribution proceeds from fund investments. The operating expenses decreased by 5.1% to NT\$175.5 million in 2021.

The Group's other comprehensive losses of NT\$90.1 million arose mainly from exchange differences on translation of foreign operations due to the depreciation of US dollar against NT dollar.

Net asset value ("NAV") per share was NT\$66.40 (2020: NT\$64.61), equivalent of S\$ 3.25 (2020: S\$3.00), as at the end of 2021. Contribution to the Group's NAV from profits of NT\$6.52 during the year was offset by the annual dividend payout of NT\$4.02484 per share for 2020 and the negative currency translation reserve from foreign operation.



# INVESTMENT MANAGER REPORT

## VISERA TECHNOLOGIES COMPANY LIMITED

VisEra Technologies Company Limited (“VisEra”) was founded in 2003 and is the leading independent image sensor foundry provider focusing on high quality, comprehensive turn-key services. Taiwan Semiconductor Manufacturing Company Limited (TSMC) holds more than 70% shares of VisEra in the end of 2021.

VisEra is a professional foundry providing 8” and 12” wafer level manufacturing services for optical device, such as image sensor, light sensor, optical fingerprint sensor. Their major technologies and services have the ability to customized processing based on customer requirement, such as wafer level Color Filter (CF) and Micro-Lens (ML) etc.

VisEra Longtan Fab will be ready in the second quarter of 2022. The new 12-inch wafer fab is planned to operate on-chip color filter and micro-lens process, as well as on-chip multi-film process. The construction is on progress and planned to start equipment set up and pilot run at the beginning of 2022. Production is targeted to begin in the second quarter of 2022. This Longtan facility not only enables VisEra to better support their customers’ needs in capacity, but also gives VisEra more opportunities to achieve their growth strategies along with CMOS Image Sensor(CIS) market trend especially in smartphone and automotive sectors.

## SHINFOX ENERGY CO., LTD.

SHINFOX ENERGY CO., LTD. (“SHINFOX ENERGY”) is a subsidiary of the Foxlink Group which was established in 2007. With the rising tides of global sustainable development and Taiwan energy transformation policy, SHINFOX ENERGY has established the renewable energy platform, providing comprehensive energy services such as investment, development, construction, operation and maintenance of renewable power plants of solar power, onshore and offshore wind power, and hydropower etc., LNG import, green energy trading, total energy-saving solutions and technology on energy storage devices.

SHINFOX ENERGY has experienced team of engineers and experts, and obtained various licenses, strict implements engineering specifications, which provide complete maintenance and warranty. SHINFOX ENERGY has five subsidiaries to cover those fields of service including solar photovoltaic, onshore and offshore wind power, small hydropower, gas fired independent power plants, etc. SHINFOX ENERGY can provide Solar power and wind power turnkey EPC and O&M services to cover the Taiwan area and outlying islands. SHINFOX ENERGY is the first private enterprise in Taiwan to obtain a liquefied natural gas import license, providing truck and pipe delivery services for LNG. SHINFOX ENERGY also provides reservoir dredging services to solve Taiwan’s water shortage problem. Besides power EPC and O&M services, SHINFOX ENERGY created a green energy platform providing green energy trading, energy saving and turnkey service for the energy storage system.

SHINFOX ENERGY has been listed on Taiwan Stock Exchange since 15 November 2021.





# INVESTMENT MANAGER REPORT

## GRAPHCORE LTD.

Graphcore Ltd. (“Graphcore”) is an IC design and system company established in 2016. The company created its product named Intelligent Processing Unit (IPU) which can accelerate machine intelligence, making it faster and easier to deliver AI applications.

The company launched the technology to market with an IPU-Appliance to power machine intelligence applications in the cloud and enterprise data centers. The IPU-Appliance will increase the performance and efficiency of both training and inference. Graphcore plans to make its technology available for embedded applications, including autonomous cars, collaborative robots, and intelligent mobile devices.

Graphcore has innovations in technology, chip architecture, and a software development kit, and its product performance has surpassed current competitors’ products. Graphcore has attracted global investors’ attentions since it has been established.

## GREAT GIANT FIBRE GARMENT CO., LTD.

Great Giant Fibre Garment Co., Ltd. was established in 1991 and is headquartered in Taipei. The company specializes in fabrics and garments ODM services and supplies its well-known international customers, including Adidas, Walmart, and Amazon, with ready-to-wear clothes, sportswear, and yoga wear. By cooperating with strategic OEM partners near to company-owned garment factories in North Vietnam and Madagascar, the company endeavors to fulfill customers’ flexible delivery, reliable quality and cost requirements and to acquire premium branding customers globally. With over 30 years of industry experience and digital transformation results, the company continues to pursue innovation and diversity in product range and to achieve outstanding profitability.

# INVESTMENT MANAGER REPORT

## WEBCOMM TECHNOLOGY CO., LTD.

WebComm Technology Co., Ltd., established in 1998, is a leading Fintech and Cyber Security software company in Taiwan. The company provides various digital transformation solutions, including Digital and Personal Finance Platform, Information Security, Data+AI, and Cloud Services, aiming to make clients' businesses smarter, safer, and even more monetizable. By stacking in self-developed robust solutions, such as FIDO, Soft Token, MyData, CDP, and APM, and exclusive support from IBM, Red Hat, TIBCO, VMWare, and Google, the company has obtained 70% of Taiwanese bank groups as customers and has built up Fintech industry entry barrier. It's foreseeable that the booming demand for digital transformation from all industries and ASEAN markets will enhance the company's continuous growth.

## GRAID TECHNOLOGY INC.

GRAID Technology Inc. ("GRAID") is headquartered in Silicon Valley, California, with an R&D center in Taipei, Taiwan. The team comprises dedicated experts with decades of experience in the SDS, ASIC, and storage industries. The company has developed a disruptive software plus hardware solution to unlock the performance bottleneck of RAID protection for high-speed storage devices —the world's first to deliver 100% SSD performance.

GRAID launched its product named SupremeRAID™ which works by installing a virtual NVMe controller onto the operating system and integrates a PCIe device into the system equipped with a high-performance AI processor to handle all RAID operations of the virtual NVMe controller.

The company's extraordinary software plus hardware solution has redefined the value of SSD RAID cards making its product the most powerful and flexible NVMe SSD RAID in the world. Industry leaders Gigabyte and Kioxia are the first to offer GRAID Technology's game-changing solution to global enterprise data center customers.

# INVESTMENT MANAGER REPORT

## VIVA ELECTRONICS INCORPORATED

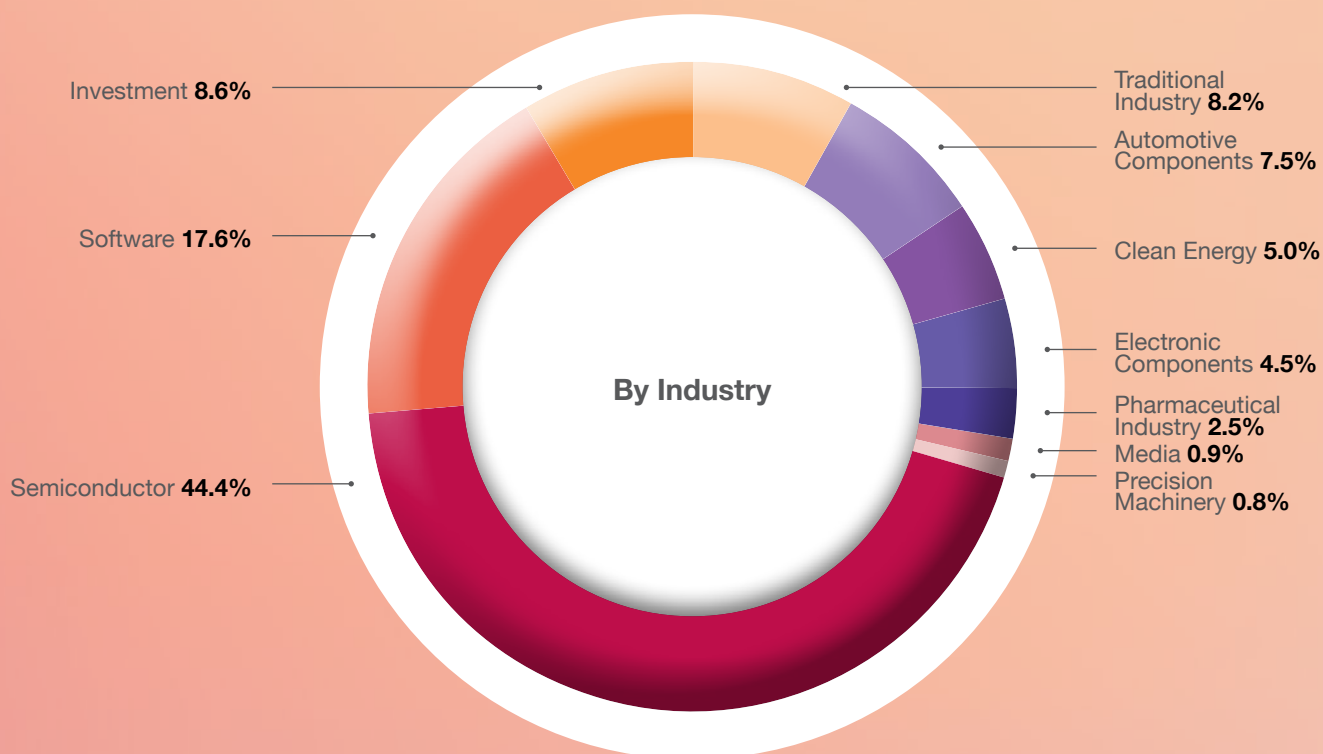
Viva Electronics Incorporated (“Viva Electronics”) is an IC Design house which was established in 2011. The company has professional R&D elites with 20 years of related development and technical experiences. Viva Electronics focuses on two types of products, energy-efficient audio power class-D amplifier applications and high-efficiency power buck-boost. Viva Electronics sells IC Chips through local professional channel agents in China and Taiwan to end customers, including OEM and Modules companies.

The applications of Viva Electronics’ IC Chips cover from TV, digital Audio, sports equipment, Vehicle alert system, UPS for IPC to cloud servers. Because of the booming demand of EV and 5G communication development, it makes a global shortage of wafers and chips supply. EV and 5G demand occupied most capacity of foundries, and it crowded out other chips capacity and deliver time. The global audio amplifier and power buck-boost IC market is suffering insufficient supply and the shortage situation will last for an unknown period. Even the major supplier TI(Texas instruments) can’t promise its customers a concrete delivery time. Viva Electronics launched products pin-to-pin TI’s chips which passed customers quality test during 2021. It’s a perfect timing for Viva Electronics to get the orders for replacing TI’s products while Viva Electronics really got the orders. Since there are lots of customers and potential orders under discussion in the near futures, Viva Electronics believes its’ revenue and profit can grow up quickly and stable.



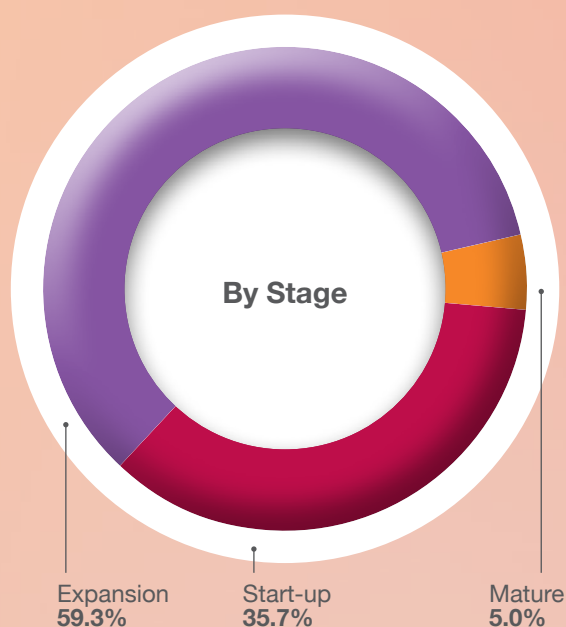
# INVESTMENT MANAGER REPORT

## 2021 NEW INVESTMENT STATISTICS

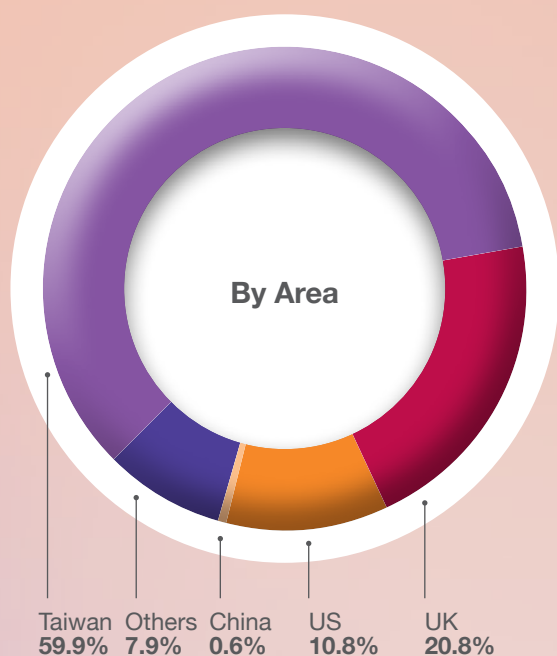


By Industry	INV. AMT. (NT\$ million)	%
Semiconductor	298.8	44.4
Software	118.4	17.6
Investment	57.6	8.6
Traditional Industry	55.0	8.2
Automotive Components	50.7	7.5
Clean Energy	33.5	5.0
Electronic Components	30.0	4.5
Pharmaceutical Industry	17.1	2.5
Media	6.1	0.9
Precision Machinery	5.3	0.8
<b>Total</b>	<b>672.5</b>	<b>100.0</b>

# INVESTMENT MANAGER REPORT



By Stage	INV. AMT. (NT\$ million)	%
Start-up	239.8	35.7
Expansion	399.2	59.3
Mature	33.5	5.0
<b>Total</b>	<b>672.5</b>	<b>100.0</b>



By Area	INV. AMT. (NT\$ million)	%
Taiwan	402.8	59.9
China	4.3	0.6
US	72.5	10.8
UK	139.6	20.8
Others	53.3	7.9
<b>Total</b>	<b>672.5</b>	<b>100.0</b>



# INVESTMENT MANAGER REPORT

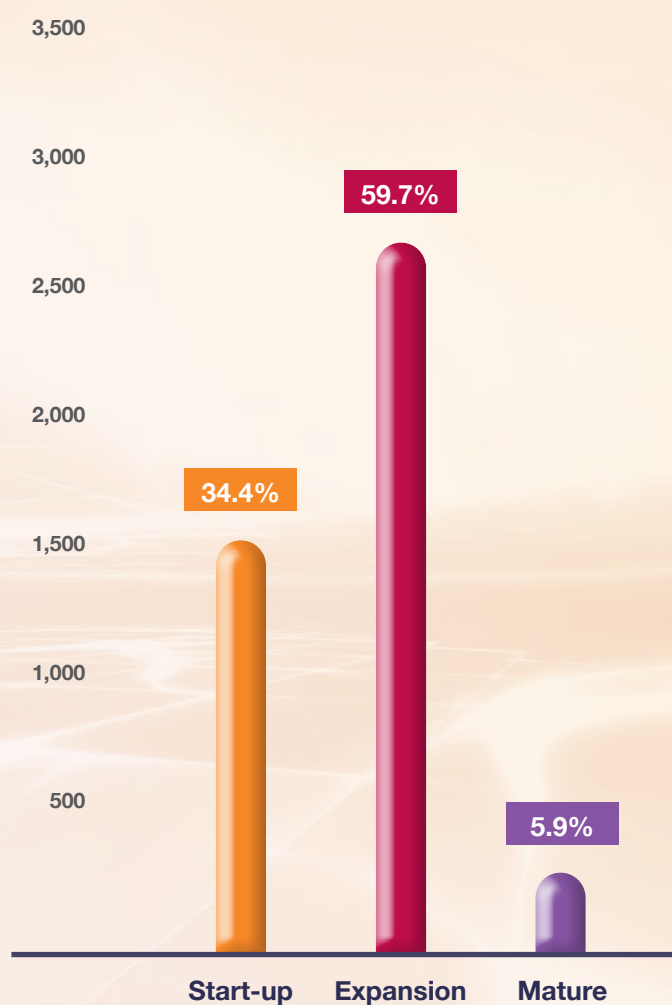
## By Industry



# INVESTMENT MANAGER REPORT

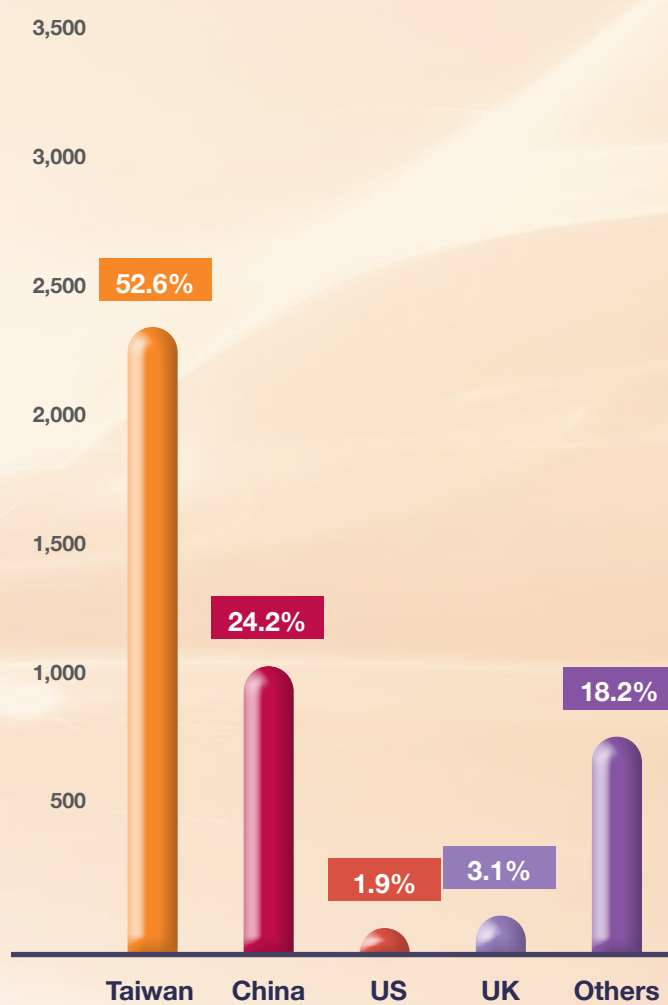
## By Stage

Asset Value  
(NT\$ million)



## By Area

Asset Value  
(NT\$ million)



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# 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 2021, 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 with the Group, which set out a code of conduct and ethical standards for the Group’s employees to adhere to.

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.

# CORPORATE GOVERNANCE REPORT

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

### Note(s) :

1. "C" : Chairman of the relevant Board Committee
2. "M" : Member of the relevant Board Committee
3. Ms. Pi-Tien Chen is a newly-appointed 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)



# CORPORATE GOVERNANCE REPORT

## *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. Details of Directors' attendance at the Board and Board Committee meetings held in year 2021 are summarized as follows:

Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
<b>Tsui-Hui Huang</b>	4	4	-	-	1	1	-	-
<b>Andy C.W. Chen</b>	4	4	4	4	-	-	-	-
<b>Ng-Chee Tan</b>	4	4	4	4	1	1	3	3
<b>Philip N. Pillai</b>	4	3	4	3	-	-	-	-
<b>Chang-Pang Chang</b>	4	4	-	-	1	1	3	3
<b>Kung-Wha Ding</b>	4	4	-	-	-	-	3	3
<b>Kenichi Shimomoto</b>	4	4	-	-	-	-	-	-
<b>Chun-Chen Tsou</b>	4	4	-	-	-	-	-	-
<b>Shih-Ping Chen</b>	4	4	-	-	-	-	-	-
<b>Pi-Tien Chen<sup>1</sup></b>	-	-	-	-	-	-	-	-
<b>Su-Mei Lin<sup>2</sup></b>	4	4	-	-	-	-	-	-

### Note(s):

1. Ms. Pi-Tien Chen is a newly-appointed Director with effect from 17 February 2022.
2. 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;

# CORPORATE GOVERNANCE REPORT

- (g) the appointment and re-appointment of Directors, including remuneration packages;
- (h) matters in relation to the Directors' and Officers' Insurance;
- (i) matters in relation to the appointment of Company Secretary;
- (j) the appointment and re-appointment of external auditors and its remuneration;
- (k) matters in relation to the Board's opinion on the adequacy and effectiveness of the Group's risk management and internal controls; and
- (l) 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, the 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 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.

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 Singapore Institute of Directors.

## ***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. 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 statements. 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.

# CORPORATE GOVERNANCE REPORT

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 of the SGX-ST (“Listing Manual”) which came into effect from 1 January 2022 and 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, 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.

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.

# CORPORATE GOVERNANCE REPORT

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, Rules 210(5)(d)(i) and 210(5)(d)(ii) of the Listing Manual which came into effect from 1 January 2019 and Rule 210(5)(d)(iii) of the Listing Manual which came into effect from 1 January 2022. 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, Rules 210(5)(d)(i) and 210(5)(d)(ii) of Listing Manual which may affect the independence of a Director.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual which came into effect from 1 January 2022, 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.

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 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 and discussion 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.

# CORPORATE GOVERNANCE REPORT

Taking into account the above, the Board had recommended that the approval of the shareholders be sought and obtained through a Two-Tier Voting process at the AGM held on 16 April 2021 (“2021 AGM”) for the continuation of office of Dr. Ng-Chee Tan, Mr. Chang-Pang Chang, and Dr. Philip N. Pillai, each of whom has served as an independent Director for an aggregate term of more than 9 years on and from 1 January 2022, as an independent Director, and approval of the shareholders of the Company for the same had been duly obtained through a Two-Tier Voting process at the 2021 AGM.

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 views diversity and independence of thought and background in the composition of the Board as an essential element in 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. The current Board comprises 10 members who are professionals with varied backgrounds, expertise and experience including in management, business, investment, legal, finance, accounting and banking.

The terms of reference of the NC provides that, in reviewing Board composition, appointments to the Board and the continuation of those appointments, the NC will take into account all aspects of diversity, including skills, knowledge, experience, educational background, core competencies, gender, age and other relevant factors, so as to avoid groupthink and foster constructive debate. The Board, taking into account the views of the NC, will consider whether Directors meet the criteria of diversity under the terms of reference of the NC.

Female representation is also considered an important aspect of diversity. In relation to the gender diversity, 30% of the Board, i.e. 3 out of 10 Board members, are female, one of whom is the Chairman, CEO and NC member of the Company.

## **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 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.



# CORPORATE GOVERNANCE REPORT

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 appointment 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 27, 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.

# CORPORATE GOVERNANCE REPORT

## **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 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 NC reviews and makes 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, develops the process and criteria for evaluation of the performance of the Board, Board Committees and Directors, reviews and makes recommendations to the Board on the training and professional development programmes for the Board and the Directors, and reviews the Board composition and efficiency of the Board and Board Committee meetings. In addition, 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 which came into effect from 1 January 2019 and requires 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.

# CORPORATE GOVERNANCE REPORT

## ***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 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 public 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 the 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.

# CORPORATE GOVERNANCE REPORT

## **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 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.

#### ***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

# CORPORATE GOVERNANCE REPORT

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 key function of RC is to review and recommend 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. The RC assists the Board to ensure that remuneration policies are able to attract, retain and motivate Directors without being excessive, and thereby maximize the shareholders' value. The RC also reviews 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 submits 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.

## **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. 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 2021 is set out as below. The Board believes that it is not in the best interests of the Company to fully disclose the specific amount of each Director's remuneration given the highly competitive industry conditions in venture capital business.



# CORPORATE GOVERNANCE REPORT

Remuneration Bands and Name of Directors	Salaries/Fees %	Bonuses %	Total* %
<b>S\$1,000,000 to S\$1,249,999</b>			
<b>Tsui-Hui Huang</b>	<b>56</b>	<b>44</b>	<b>100</b>
<b>Below S\$250,000</b>			
<b>Andy C.W. Chen</b>	<b>100</b>		<b>100</b>
<b>Ng-Chee Tan</b>	<b>100</b>		<b>100</b>
<b>Philip N. Pillai</b>	<b>100</b>		<b>100</b>
<b>Chang-Pang Chang</b>	<b>100</b>		<b>100</b>
<b>Kung-Wha Ding</b>	<b>100</b>		<b>100</b>
<b>Kenichi Shimomoto</b>	<b>100</b>		<b>100</b>
<b>Chun-Chen Tsou</b>	<b>100</b>		<b>100</b>
<b>Shih-Ping Chen</b>	<b>100</b>		<b>100</b>
<b>Pi-Tien Chen<sup>2</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Su-Mei Lin<sup>3</sup></b>	<b>100</b>		<b>100</b>

**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 is a newly-appointed Director with effect from 17 February 2022. No remuneration was paid to Ms. Pi-Tien Chen for the financial year ended 31 December 2021.
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 breakdown of salaries and bonuses in percentage of the total remuneration paid to the Company's key management personnel (who are not Directors or the CEO of the Company) in aggregate for the financial year ended 31 December 2021 is set out as below. Notwithstanding the requirement in Provision 8.1(b) of the Code to disclose the remuneration of the Company's top five key management personnel (who are not the directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to such key management personnel, the Board believes that the disclosure below provides sufficient overview of the remuneration of the Company's key management personnel considering the confidentiality of remuneration matters and such disclosure is made in the best interests of the Company given the highly competitive conditions in the venture capital business.

# CORPORATE GOVERNANCE REPORT

Name of Key Management Personnel	Aggregate Salaries %	Aggregate Bonuses %	Total* %
Felicia Hsu	62	38	100
Hsin-Chieh Chung			

**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 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 2021.

### ***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 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 ensures that Management maintains a sound system of internal controls, and is assisted by the AC which conducts reviews of the adequacy and effectiveness of the Group's material internal controls and risk assessment 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.

# CORPORATE GOVERNANCE REPORT

Based on the Company's above described risk identification and management framework, regular reviews performed by Management, and assurances from the CEO and the Chief Financial Officer ("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 and information technology 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.

# CORPORATE GOVERNANCE REPORT

## ***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 legal counsel, whose roles are to oversee various aspects of financial and legal control and risk management of the Group. The Company's external auditors, KPMG LLP 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 internal control weaknesses noted during the audit, and the auditors' recommendations to address such weaknesses, are reported to 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

# CORPORATE GOVERNANCE REPORT

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 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;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the internal audit function;
- (f) reviewing the 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 half-yearly and annual financial statements, including announcements to shareholders and the SGX-ST prior to submission to the Board;
- (h) 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;
- (i) reviewing any significant findings of internal investigations;
- (j) 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;
- (k) making recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- (l) reviewing and approving the appointment, replacement, reassignment or dismissal of the internal auditor;
- (m) reviewing the assistance given by the Company's officers to the external and internal auditors; and
- (n) reviewing interested person transactions to ensure that internal control procedures are adhered to.



# CORPORATE GOVERNANCE REPORT

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 2021, and a breakdown of the fees paid in total for audit and non-audit services, respectively can be found on Page 104. 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 2021***

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 and information technology 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 is a former partner of the Group's existing auditing firm.

# CORPORATE GOVERNANCE REPORT

## **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.

The internal audit is an in-house function within the Company staffed with person with relevant qualifications and experience. The internal auditor carries out its 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.

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 2021 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 and details on how the aforesaid documents may be accessed online. The Annual Report and all relevant documents for the 2021 AGM were released through SGXNet and also available on the Company's website. The simplified version of the 2021 AGM notice was additionally advertised in the Singapore newspapers. Shareholders were accorded the opportunity to submit questions to the Board and/or Management prior to the 2021 AGM. Substantive questions were addressed at the 2021 AGM. Shareholders who were unable to attend the 2021 AGM in person, were able to observe the proceedings by audio or audio-visual means. Shareholders were required to appoint the Chairman of the 2021 AGM as their proxy to vote on their behalf. The results of the proxy votes for, against or abstained were announced at the 2021 AGM and the results of the 2021 AGM were released on the SGXNet on the same date.

# CORPORATE GOVERNANCE REPORT

## **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. In respect of the 2021 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 2021 AGM, and substantial and relevant questions raised by shareholders were addressed at the 2021 AGM. The 2021 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. Su-Mei Lin, Company Secretary, external auditors and the Company's Singapore legal counsel were in attendance at the 2021 AGM held on 16 April 2021.

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.

In light of the COVID-19 pandemic situation, shareholders will not be able to attend the AGM for the financial year ended 31 December 2021 ("2022 AGM") in person, but they may observe the proceedings of the 2022 AGM by audio or audio-visual means. Shareholders must appoint the Chairman of the 2022 AGM as proxy to vote on their behalf at the 2022 AGM. Shareholders may submit questions relating to the business of the 2022 AGM in advance in the manner and before the deadline set out in the notice of the 2022 AGM. The 2022 AGM will be conducted in accordance with relevant requirements of the SGX-ST as may be published from time to time. Please refer to the notice of the 2022 AGM and announcement dated 1 April 2022 for further information.

## **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.

# CORPORATE GOVERNANCE REPORT

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 reviews the dividend policy annually depending on the Group's cash and operational needs. Annual dividend proposed for the financial year ended 31 December 2021 is shown on Page 101, which is subject to the approval of the shareholders at the 2022 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, including employees and investee companies, 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 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](http://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.

### **Financial Risk and Capital Risk Management**

The Board oversees the Group's financial risk and capital risk management policies. Where there are significant risks in respect of the Group's operations, appropriate risk management practices will be put in place to address these risks.

# CORPORATE GOVERNANCE REPORT

## 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 2021 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\$6,125,496*	-

**Note:**

Rental income received by Tai Lung Capital Inc. from Hotung International Company Limited and Hotung Venture Capital Corporation. The value of NT\$6,125,496 refers to the total contract sums for the financial year under review.



# SUSTAINABILITY REPORT

Hotung Investment Holdings Limited (“HIHL”) is pleased to present to you with its sustainability report (“this Report”) for the financial year ended of 2021. As Hotung International Co., Ltd. (“HIC”) is HIHL’s subsidiary, this Report will also cover HIC’s operation.

## BOARD STATEMENT

The Board of Directors of HIHL, being responsible for the strategic direction of HIHL, recognizes the importance of environment, society and governance (“ESG”). As an investment company, ESG considerations are reflected in the Group’s investment strategies and policies. Management’s investment decisions are made in light of these ESG considerations. Management’s attention is drawn to be guided by the SGX Sustainability Reporting Guide and Practice Note in their investment decisions. 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.

The Group is undertaking steps to report on climate-related disclosures based on the recommendations of the Task Force on climate-related Financial Disclosures (TCFD) as recently announced by SGX.

The following Group investments underscore the Group’s continuing ESG drive in 2021:

## ENVIRONMENT

### Green energy

SHINFOX ENERGY, is a subsidiary of the Foxlink Group which was established in 2007. With the rising tides of global sustainable development and Taiwan energy transformation policy, SHINFOX ENERGY has established the renewable energy platform, providing comprehensive energy services such as investment, development, construction, operation, and maintenance of renewable power plants of solar power, onshore and offshore wind power, and hydropower, etc., LNG import, green energy trading, total energy-saving solutions, and technology in energy storage devices.

SHINFOX ENERGY has experienced engineers and experts’ team, and obtained various licenses, strictly implements engineering specifications, provides complete maintenance and warranty. SHINFOX ENERGY has five subsidiaries to cover those fields of service, including solar photovoltaic, onshore and offshore wind power, small hydropower, gas fired independent power plants, etc. SHINFOX ENERGY is listed on the Taiwan Stock Exchange on 15 November 2021.

Cnano is a manufacturer of carbon nanotubes. Carbon tube can effectively improve the energy density of lithium batteries to increase the cycle efficiency to meet the fast charge and high current discharge requirements; enhance the performance of lithium batteries by playing a pivotal role. While carbon nanotubes are one-dimensional nanocarbon materials; they have good electrical conductivity, excellent mechanical strength, and excellent performance in energy storage, composites, environmental protection and other fields.

# SUSTAINABILITY REPORT

## Society

oToBrite Electronics, Inc. was established in February 2013, the team members have over 15 years of experience in the development & deployment of imaging products and solutions for vehicles. The company is committed to an automotive imaging solution product development, and is setting its eye on the “factory-installed market”.

By tapping talents from Taiwan, the company is working with Taiwan’s leading car brands and supply chain manufacturers to develop innovative technologies and high-quality products. The company developed the Advanced Drive-Assist System (ADAS) which has been implemented by Chinese vehicle companies.

In terms of passenger cars, oToBrite has realized the 100-meter memory valet parking; it is no longer a dream to make the car parking by itself. The company will target Level 2+ autonomous driving applications, including ACC (Adaptive Cruise Control), LKS (Lane Keeping System), 360-degree anti-collision, traffic light recognition, and others. In developing commercial vehicles, oToBrite is actively developing the commercial vehicle difference of radius between inner wheels warning system. Under the strong demand of regulation-driven and safety monitoring, the system realized by the visual AI sensing system can accurately identify the blind area on the side of the vehicle, pedestrians, bicycles on the road, etc., to remind drivers to avoid accidents.

The company believes that in the future, the visual AI perception system will play the most critical role in autonomous driving in particular areas, such as harbors, mining areas, logistics, and others, etc. It can solve the problems of the aging population, labor force shortage and improve production efficiency.

EPED, founded in 2007, specializes in innovative medical and dental navigation solutions to minimally invasive surgery. The company’s reliable stereotactic navigation system helps to standardize and visualize medical institutions’ practical training and further enhances comprehensive and trustworthy medical relationships for the society.

WebComm, founded in 1998, is a leading Fintech and cyber security software company, which provides major financial groups with digital transformation products, including digital and personal finance platform, information security, and CDP. The company aims to build a zero trust cyber security, zero contact mobile economy, and seamless financial services via its advanced FIDO SaaS products in the pan-Asia regions.

## Governance

The Group recognizes the benefits of diversity on the Board, and views diversity and independence of thought and background in the composition of the Board as an essential element in ensuring that the Group has the opportunity to benefit from all available talent and perspectives so as to make decisions in the best interests of the Company. The current Board comprises 10 members who are professionals with varied backgrounds, expertise and experience including in management, business, governance, legal, finance, accounting, banking and investment, while the investment committee advisors are well experienced in global technology trend.

Female representation is also considered an important aspect of diversity. In relation to the gender diversity, 30% of the Board are female.

Gender, skill and experience have been addressed as diversity indicators material to business sustainability. HIC employees’ male to female ratio is 33% to 67%; key management and investment managers are in equal proportion. The Company selectively recruits energetic younger talents into our team year after year.

# SUSTAINABILITY REPORT

It is also well recognized that when a corporate takes good care of its employees, a strong workforce is thus built to lead the team moving forward with strong and steady steps. The Group bears this faith in mind and carries out the attempts as providing ongoing professional learning for all employees. Recent training and education include:

- KPMG Regular Seminar: Taiwan tax rulings and relevant pandemic tax subsidies update, Global Taxation update;
- SGX RegCo-GCNS webinar: Roadmap to the Climate-related Disclosure requirements;
- Different topics including crowdfunding platform, electric vehicle ecosystem development were presented to investment team.

Set below are the actions taken since COVID-19 broke out to ensure the health and safety of employees as well as business continuity:

Overseas Directors of the Board of the Company participated Board meetings and AGM via webinar during 2021. We also set plastic partition in our meeting rooms and controlled participants' capacity when the AGM and Board meeting held.

Based on the Business Continuity procedures to ensure business as usual under the COVID-19 pandemic situation which including diversion to work and having flexible working hours to disperse commuters during peak hours. The Management Team led by Chairman discussed urgent business and operation via Microsoft Teams.

It was implemented the alternate teams in the office from 14 May 2021 to 12 July 2021 when Taiwan was suffered the level 3 epidemic alert period. To ensure employees and their families keep healthy, we provided COVID-19 rapid test kits for their self checking.

We have enhanced IT infrastructure by transferring to a secured and trusted cloud services to support the emerging needs of working from home. Employees can be benefited from the easy accessibility and high availability of our secured cloud services to finish their work tasks, which also have been monitored by analytics based on governance context.

Whenever epidemic spread was getting serious, we kicked off the call tree to reach all employees to ensure their health situation as well as their family members' and/or track whether there were any overlap routines with those announced COVID-19 infected people. In additions, it was confirmed that all employees had at least 2 shots of vaccination during 2021.

This report focuses on the demonstration of the Company's present status and previous performance by reviewing actions taken in accordance with the GRI standards. Also, material ESG factors are listed as objectives to achieve in the future.

# 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 2021.

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 60 to 110 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 2021, 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) (Re-appointed on 16 April 2021)
Andy C.W. Chen	
Ng-Chee Tan	(Re-appointed on 16 April 2021)
Philip N. Pillai	
Chang-Pang Chang	
Kung-Wha Ding	
Kenichi Shimomoto	(Re-appointed on 16 April 2021)
Chun-Chen Tsou	(Re-appointed on 16 April 2021)
Shih-Ping Chen	
Pi-Tien Chen	(Appointed on 17 February 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), at each annual general meeting, one-third of the Directors shall retire from office by rotation. Rule 720(5) of the Listing Manual of the SGX-ST which came into effect from 1 January 2019 requires all directors to submit themselves for re-nomination and re-appointment at least once every three years. Given the fact that Ms. Pi-Tien Chen who is to retire at the annual general meeting to be held in 2022 ("2022 AGM") pursuant to Bye-law 100 of the Company's Bye-laws shall not be taken into account in determining the number of Directors who are to retire by rotation, the following Directors will be retiring at the 2022 AGM pursuant to the Company's Bye-laws and Rule 720(5) of the Listing Manual of the SGX-ST:

Mr. Andy C.W. Chen;  
Mr. Kung-Wha Ding; and  
Ms. Shih-Ping Chen.

All of the Directors who are retiring by rotation have offered themselves for re-election.

# DIRECTORS' STATEMENT

Pursuant to Bye-law 100 of the Company's Bye-laws, Ms. Pi-Tien Chen, who was appointed as Director by the Board to hold office with effect from 17 February 2022 in accordance with Bye-law 93 of the Company's Bye-laws, will retire at the 2022 AGM. Ms. Pi-Tien Chen has offered herself for re-election at the 2022 AGM.

## 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
<b>In the Company</b>				
<b>Ordinary shares of NT\$50 each</b>				
Tsui-Hui Huang	–	–	21,456,112	21,456,112 <sup>(1)</sup>
Chun-Chen Tsou	–	–	2,171,869	2,171,869 <sup>(2)</sup>

### Note(s):

<sup>(1)</sup> 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 (S) Pte Ltd.; and (iv) 806,750 shares registered in the name of Daiwa Capital Markets Singapore Limited.

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

The Directors' interests as at 21 January 2022 were the same as those at the end of the financial year.



# DIRECTORS' STATEMENT

## 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.

Under the terms of the service agreement and as approved by both the Remuneration Committee and the Board, with effect from 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\$9.5 million for the financial year ended 31 December 2021.

### 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.

# DIRECTORS' STATEMENT

## 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 of the SGX-ST 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 ensures that Management maintains a sound system of internal controls, and is assisted by the Audit Committee which conducts reviews of the adequacy and effectiveness of the Group's material internal controls and risk assessment 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 and information technology risks faced by the Group.

# DIRECTORS' STATEMENT

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*

16 March 2022

# 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 2021, 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 60 to 110.

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 2021, 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.

# INDEPENDENT AUDITORS' REPORT

Members of the Company Hotung Investment Holdings Limited

Key audit matters – Valuation of unquoted investments (NT\$3,886 million)

(Refer to Note 8 to the financial statements)

## *Valuation of unquoted investments*

The Group's portfolio of investments comprised quoted investments of NT\$607 million and unquoted investments of NT\$ 3,886 million. Of the portfolio of unquoted investments, NT\$960 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\$2,926 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 2020 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 2021. We also noted that the Group's disclosures were appropriate.

# INDEPENDENT AUDITORS' REPORT

Members of the Company Hotung Investment Holdings Limited

## *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.



# INDEPENDENT AUDITORS' REPORT

Members of the Company Hotung Investment Holdings Limited

## *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.

# INDEPENDENT AUDITORS' REPORT

Members of the Company Hotung Investment Holdings Limited

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**

16 March 2022

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		Group		Company	
	Note	2021 NT\$'000	2020 NT\$'000	2021 NT\$'000	2020 NT\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investments in subsidiaries	7	–	–	4,416,773	4,416,773
Financial assets at fair value through profit or loss	8	4,419,037	5,599,409	–	–
Property, plant and equipment	9	16,451	24,914	–	–
		<u>4,435,488</u>	<u>5,624,323</u>	<u>4,416,773</u>	<u>4,416,773</u>
<b>Current assets</b>					
Financial assets at fair value through profit or loss	8	73,732	69,993	–	–
Trade and other receivables	10	5,206	7,402	1,454	654
Cash and cash equivalents	11	2,271,020	1,024,644	21,378	40,413
		<u>2,349,958</u>	<u>1,102,039</u>	<u>22,832</u>	<u>41,067</u>
<b>Total assets</b>		<u>6,785,446</u>	<u>6,726,362</u>	<u>4,439,605</u>	<u>4,457,840</u>
<b>Equity</b>					
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	327,264	430,800	61,830	99,597
Accumulated losses		(588,299)	(802,012)	(2,231,945)	(2,256,011)
<b>Equity attributable to owners of the Company</b>		6,319,885	6,209,708	4,410,805	4,424,506
<b>Non-controlling interests</b>	14	132,407	118,013	–	–
<b>Total equity</b>		<u>6,452,292</u>	<u>6,327,721</u>	<u>4,410,805</u>	<u>4,424,506</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	16	110,330	183,670	–	–
Trade and other payables	17	7,842	16,082	–	–
		<u>118,172</u>	<u>199,752</u>	<u>–</u>	<u>–</u>
<b>Current liabilities</b>					
Trade and other payables	17	159,616	145,837	28,800	33,334
Income tax payables		55,366	53,052	–	–
		<u>214,982</u>	<u>198,889</u>	<u>28,800</u>	<u>33,334</u>
<b>Total liabilities</b>		<u>333,154</u>	<u>398,641</u>	<u>28,800</u>	<u>33,334</u>
<b>Total equity and liabilities</b>		<u>6,785,446</u>	<u>6,726,362</u>	<u>4,439,605</u>	<u>4,457,840</u>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

		Group	
	Note	2021	2020
		NT\$'000	NT\$'000
Revenue	18	1,023,703	1,009,607
Operating expenses	19	(175,477)	(184,866)
Operating profit		848,226	824,741
Finance costs	9	(152)	(184)
<b>Profit before tax</b>		848,074	824,557
Tax expense	20	(162,541)	(256,807)
<b>Profit for the year</b>		685,533	567,750
<b>Other comprehensive income:</b>			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations and others		(90,085)	(164,720)
<b>Other comprehensive losses for the financial year, net of tax</b>		(90,085)	(164,720)
<b>Total comprehensive income for the financial year</b>		595,448	403,030
<b>Profit attributable to:</b>			
Owners of the Company		624,217	521,491
Non-controlling interests		61,316	46,259
		685,533	567,750
<b>Total comprehensive income for the financial year attributable to:</b>			
Owners of the Company		534,132	356,771
Non-controlling interests		61,316	46,259
		595,448	403,030
<b>Earnings per share (in NT\$):</b>			
Basic	21	6.52	5.42
Diluted	21	6.52	5.42

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

<----- Attributable to owners of the Company ----->														
Group	Note	Share capital NT\$'000	Share premium NT\$'000	Contributed surplus reserve NT\$'000	Currency translation and other reserve NT\$'000	Legal reserve NT\$'000	Special reserve NT\$'000	Capital surplus – net assets from merger		Treasury share reserve NT\$'000	Accumulated losses NT\$'000	Sub-total NT\$'000	Non-controlling interests NT\$'000	Total NT\$'000
								NT\$'000	NT\$'000					
At 1 January 2020		5,233,033	1,347,887	406,116	(171,239)	520,694	19,801	126,667		(300,234)	(1,077,203)	6,105,522	96,976	6,202,498
Total comprehensive income/(losses) for the year														
Profit for the year		-	-	-	-	-	-	-	-	-	521,491	521,491	46,259	567,750
Exchange differences on translation of foreign operations and others		-	-	-	(164,720)	-	-	-	-	-	-	(164,720)	-	(164,720)
Total other comprehensive losses		-	-	-	(164,720)	-	-	-	-	-	-	(164,720)	-	(164,720)
Total comprehensive income/(losses) for the year		-	-	-	(164,720)	-	-	-	-	-	521,491	356,771	46,259	403,030
Transactions with owners, recognised directly in equity														
Contributions by and distributions to owners														
Shares bought back as treasury shares	13	-	-	-	-	-	-	-	-	(6,285)	-	(6,285)	-	(6,285)
Dividends paid to shareholders of the Company	15	-	-	-	-	-	-	-	-	-	(246,300)	(246,300)	(25,222)	(271,522)
Total transactions with owner		-	-	-	-	-	-	-	-	(6,285)	(246,300)	(252,585)	(25,222)	(277,807)
At 31 December 2020		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

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

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

Year ended 31 December 2021

<----- Attributable to owners of the Company ----->

Group	Note	Share capital NT\$'000	Share premium NT\$'000	Contributed surplus NT\$'000	Currency translation and other reserve NT\$'000	Legal reserve NT\$'000	Special reserve NT\$'000	Capital surplus – net assets from merger NT\$'000	Treasury share reserve NT\$'000	Accumulated losses NT\$'000	Sub-total NT\$'000	Non- controlling interests NT\$'000	Total NT\$'000
<b>At 1 January 2021</b>		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
<b>Total comprehensive income/(losses) for the year</b>													
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)
<b>Total comprehensive income / (losses) for the year</b>		-	-	-	(90,085)	-	-	-	-	624,217	534,132	61,316	595,448
<b>Transactions with owners, recognised directly in equity</b>													
<b>Contributions by and distributions to owners</b>													
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)
<b>Total transactions with owner</b>		-	-	-	-	24,316	-	-	(37,767)	(410,504)	(423,955)	(46,922)	(470,877)
<b>At 31 December 2021</b>		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 CASH FLOWS

Year ended 31 December 2021

		Group	
	Note	2021	2020
		NT\$'000	NT\$'000
<b>Cash flows from operating activities</b>			
Profit after tax		685,533	567,750
Adjustments for:			
Net gains on financial assets at fair value through profit or loss		(863,548)	(712,037)
Dividend/distribution income		(159,374)	(293,856)
Depreciation expense		8,463	7,968
Finance costs		152	184
Interest income		(1,836)	(1,044)
Tax expenses		162,541	256,807
		(168,069)	(174,228)
Changes to:			
Financial assets at fair value through profit or loss		1,964,703	116,658
Trade and other receivables		2,186	(127)
Trade and other payables		17,816	44,465
Cash from/(used in) operations		1,816,636	(13,232)
Interest received		1,846	1,154
Finance costs paid		(152)	(184)
Dividend/distribution income received		159,374	293,856
Tax paid		(231,650)	(49,872)
<b>Net cash from operating activities</b>		<b>1,746,054</b>	<b>231,722</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(8,180)	(7,510)
Dividend paid to non-controlling shareholders in subsidiaries		(44,786)	(24,142)
Dividends paid to shareholders of the Company		(386,188)	(246,300)
Purchase of treasury shares		(44,000)	(34)
<b>Net cash used in financing activities</b>		<b>(483,154)</b>	<b>(277,986)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,262,900</b>	<b>(46,264)</b>
Cash and cash equivalents at 1 January		1,024,644	1,073,674
Effect of exchange rate on cash and cash equivalents		(16,524)	(2,766)
<b>Cash and cash equivalents at 31 December</b>	11	<b>2,271,020</b>	<b>1,024,644</b>

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 authorised for issue by the Board of Directors on 16 March 2022.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 2021:

- *COVID-19-Related Rent Concessions* (Amendments to IFRS 16)
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

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 or 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised 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 end of the reporting period are retranslated 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.2 Foreign currency (cont'd)

#### (i) *Foreign currency transactions (cont'd)*

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (cont'd)

#### (i) *Recognition and initial measurement – Non-derivative financial instruments (cont'd)*

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.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS

## 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 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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*

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 realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (cont'd)

#### (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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (cont'd)

#### (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 realise the asset and settle the liability simultaneously.

#### (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 new 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 improve 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (cont'd)

#### *(viii) Impairment (cont'd)*

##### ***General approach (cont'd)***

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.

### 3.4 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.4 Property, plant and equipment (cont'd)

#### *(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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

#### *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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.8 Leases (cont'd)

#### *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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.8 Leases (cont'd)

#### *As a lessee (cont'd)*

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.

### 3.9 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Income tax expense (cont'd)

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 realised 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 realised.

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.

### 3.10 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 2021, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

# NOTES TO THE FINANCIAL STATEMENTS

## 4 USE OF ESTIMATES AND JUDGEMENTS

As of 31 December 2021, the coronavirus (“COVID-19”) pandemic has resulted in significant impact across the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. While the management has assessed the impact of the COVID-19 pandemic on the fair value of the investments to be not significant as of 31 December 2021, the developments continue to evolve and such assessment will not possibly have taken into consideration all the potential future events that could have happened from the COVID-19 pandemic since such events cannot reasonably be determined as of the date of the valuation.

(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).

(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).

# NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 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
<b>2021</b>					
<b>Investments at FVTPL</b>	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
		<u>607,309</u>	<u>959,839</u>	<u>2,925,621</u>	<u>4,492,769</u>
<b>2020</b>					
<b>Investments at FVTPL</b>	8				
Quoted equity investments – at FVTPL		1,885,830	–	–	1,885,830
Unquoted equity investments – at FVTPL		–	613,983	3,023,015	3,636,998
Associate, at fair value – at FVTPL		–	–	146,574	146,574
		<u>1,885,830</u>	<u>613,983</u>	<u>3,169,589</u>	<u>5,669,402</u>

At 31 December 2021, there was no transfer from Level 1 to Level 2 for financial assets at FVTPL investments (2020: NT\$9.6 million was transferred from Level 1 to Level 2 because those investments were delisted in 2020). Financial assets at FVTPL investments with a carrying amount of NT\$34.5 million (2020: NT\$75.9 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 and trade and other payables because their carrying amounts approximate their fair values due to their short-term nature.

# NOTES TO THE FINANCIAL STATEMENTS

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

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

#### Fair value hierarchy (cont'd)

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:

	<b>Financial assets at FVTPL NT\$'000</b>
<b>2021</b>	
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 <sup>(a)</sup>	63,363
- from Level 2 <sup>(b)</sup>	317,648
Transfers out of Level 3	
- to Level 2 <sup>(c)</sup>	(483,563)
At end of year	<u>2,925,621</u>
Total realised gain for the year included in profit or loss for investments held as at 31 December	271,942
Total unrealised loss for the year included in profit or loss for investments held as at 31 December	<u>(613,350)</u>
Total net loss on investments at fair value through profit or loss	<u>(341,408)</u>



# NOTES TO THE FINANCIAL STATEMENTS

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

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

#### Fair value hierarchy (cont'd)

	<b>Financial assets at FVTPL NT\$'000</b>
<b>2020</b>	
At beginning of year	3,628,303
Total loss recognised in profit or loss	
- net loss on investments at fair value through profit or loss	(551,341)
Disposals	(83,740)
Purchases	89,060
Transfers to Level 3	
- from Level 2 <sup>(b)</sup>	438,215
Transfers out of Level 3	
- to Level 2 <sup>(c)</sup>	(350,908)
At end of year	<u>3,169,589</u>
Total realised gain for the year included in profit or loss for investments held as at 31 December	108,921
Total unrealised loss for the year included in profit or loss for investments held as at 31 December	<u>(660,262)</u>
Total net loss on investments at fair value through profit or loss	<u>(551,341)</u>

- (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 2 because measurement of fair value was based on observable market data.

# NOTES TO THE FINANCIAL STATEMENTS

## 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	<ul style="list-style-type: none"> <li>Adjusted price-earnings ratio multiple* 8x to 30.2x (2020: 8.7x to 17.1x)</li> <li>Adjusted price-book ratio multiple* 0.8x to 9.8x (2020: 0.8x to 4.1x)</li> <li>Adjusted price-to-sales ratio multiple* 0.3x to 17.2x (2020: 1.4x to 18.1x)</li> </ul> <p>* The multiples were adjusted for discount for lack of marketability 5% to 70% (2020: 20% to 50%)</p>	<ul style="list-style-type: none"> <li>The estimated fair value would increase if the multiples were higher or the discount for lack of marketability was lower.</li> </ul>
Transacted prices	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
Net asset values	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

#### 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\$84,605,000 (2020: NT\$85,102,000).

# NOTES TO THE FINANCIAL STATEMENTS

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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, Hong Kong dollars, 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
<b>Group</b>			
<b>2021</b>			
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	<u>742,956</u>	<u>92,959</u>	<u>98,917</u>
<b>2020</b>			
Investments at fair value through profit or loss	670,385	99,666	1,271,820
Trade and other receivables	654	–	–
Cash and cash equivalents	26,626	5	20,810
Trade and other payables	(7,548)	–	(829)
Net exposure	<u>690,117</u>	<u>99,671</u>	<u>1,291,801</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 5. FINANCIAL RISK MANAGEMENT (CONT'D)

### Market risk (cont'd)

	USD NT\$'000	SGD NT\$'000
<b>Company</b>		
<b>2021</b>		
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	<u>8,746</u>	<u>4,625</u>
<b>2020</b>		
Trade and other receivables	654	–
Cash and cash equivalents	25,138	15,111
Trade and other payables	(7,548)	(8,648)
Net exposure	<u>18,244</u>	<u>6,463</u>

### *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.

# NOTES TO THE FINANCIAL STATEMENTS

## 5. FINANCIAL RISK MANAGEMENT (CONT'D)

### Market risk (cont'd)

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:

	<b>Group Profit or loss NT\$'000</b>	<b>Company Profit or loss NT\$'000</b>
<b>2021</b>		
USD	(2,516)	(437)
JPY	*	—
RMB	(59)	—
<b>2020</b>		
USD	(987)	(912)
JPY	*	—
RMB	(999)	—

\* Less than NT\$1,000

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 5. FINANCIAL RISK MANAGEMENT (CONT'D)

### Market risk (cont'd)

#### *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 2021, 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 (2020: increase in profit before tax, would be NT\$94 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.

#### *Exposure to credit risk*

The carrying amounts of 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.



# NOTES TO THE FINANCIAL STATEMENTS

## 5. FINANCIAL RISK MANAGEMENT (CONT'D)

### 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 10.9 as at 31 December 2021 (2020: 5.5). The Group's financial liabilities are repayable upon demand or repayable within the next financial year.

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

		Cash flows	
	Carrying amount	Contractual cash flows	
	NT\$'000	NT\$'000	Within 1 year NT\$'000 More than 1 year NT\$'000
<b>Group</b>			
<b>2021</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables (excluding lease liabilities)	151,377	151,377	151,377 –
Lease liabilities	16,081	16,216	8,330 7,886
	<u>167,458</u>	<u>167,593</u>	<u>159,707</u> <u>7,886</u>
<b>2020</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables (excluding lease liabilities)	137,658	137,658	137,658 –
Lease liabilities	24,261	24,546	8,330 16,216
	<u>161,919</u>	<u>162,204</u>	<u>145,988</u> <u>16,216</u>
<b>Company</b>			
<b>2021</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables	<u>28,800</u>	<u>28,800</u>	<u>28,800</u> –
<b>2020</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables	<u>33,334</u>	<u>33,334</u>	<u>33,334</u> –

# NOTES TO THE FINANCIAL STATEMENTS

## 5. FINANCIAL RISK MANAGEMENT (CONT'D)

### 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:

		<b>Mandatorily at FVTPL (non- current)</b>	<b>Mandatorily at FVTPL (current)</b>	<b>Amortised cost (non- current)</b>	<b>Amortised cost (current)</b>	<b>Total carrying amount</b>
<b>Group</b>	<b>Note</b>	<b>NT\$'000</b>	<b>NT\$'000</b>	<b>NT\$'000</b>	<b>NT\$'000</b>	<b>NT\$'000</b>
<b>2021</b>						
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
		<u>4,419,037</u>	<u>73,732</u>	<u>—</u>	<u>2,274,620</u>	<u>6,767,389</u>
Trade and other payables	17	—	—	(7,842)	(159,616)	(167,458)

# NOTES TO THE FINANCIAL STATEMENTS

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

Group	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
<b>2020</b>						
Financial assets designated at fair value through profit or loss	8	5,599,409	69,993	—	—	5,669,402
Trade and other receivables*	10	—	—	—	6,687	6,687
Cash and cash equivalents	11	—	—	—	1,024,644	1,024,644
		<u>5,599,409</u>	<u>69,993</u>	<u>—</u>	<u>1,031,331</u>	<u>6,700,733</u>
Trade and other payables	17	—	—	(16,082)	(145,837)	(161,919)

\* Excludes prepayments

Company	Note	Amortised cost (current) NT\$'000	Total carrying amount NT\$'000
<b>2021</b>			
Cash and cash equivalents	11	<u>21,378</u>	<u>21,378</u>
Trade and other payables	17	<u>(28,800)</u>	<u>(28,800)</u>
<b>2020</b>			
Cash and cash equivalents	11	<u>40,413</u>	<u>40,413</u>
Trade and other payables	17	<u>(33,334)</u>	<u>(33,334)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	2020
	NT\$'000	NT\$'000
Unquoted equity investments, at cost	4,416,773	4,416,773

Details of significant subsidiaries are as follows:

Name	Principal activities	Principal place of business/Country of incorporation	Ownership interest	
			2021	2020
			%	%
Daitung Development and Investment Corp. <sup>(a)(b)</sup>	Invest in listed/over the counter and unlisted companies	Taiwan, Republic of China	99.99	99.99
Hotung Venture Capital Corp. <sup>(a)(b)(e)</sup>	Invest in listed/over the counter and unlisted companies	Taiwan, Republic of China	99.99	99.99
Huitung Investments (BVI) Ltd. <sup>(a)(b)(f)</sup>	Invest in listed/over the counter and unlisted companies	British Virgin Islands	100.00	100.00
Hotung Management International Ltd. <sup>(c)(h)</sup>	Dormant	Cayman Islands	100.00	100.00
Hotung International Co., Ltd. <sup>(a)(d)(g)</sup>	Provision of consultancy services	Taiwan, Republic of China	41.35	41.35
<b>Held by subsidiaries</b>				
Horizon Consultants Co., Ltd. <sup>(a)(b)</sup>	Investment holding	Cayman Islands	100.00	100.00
Infinitude Investment Co., Ltd. <sup>(a)(b)</sup>	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.

# NOTES TO THE FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (e) During the year, Hotung Venture Capital Corp. ("HVCC") declared cash dividend of NT\$129 million (2020: NT\$124 million) to its shareholders.
- (f) During the year, Huitung Investments (BVI) Ltd. ("Huitung") declared cash dividend of NT\$319 million (2020: NT\$148 million) to the Company.
- (g) During the year, Hotung International Co., Ltd. ("HIC") declared cash dividend of NT\$80 million (2020: NT\$43 million) to its shareholders.
- (h) In 2020, Hotung Management International Limited ("HMIL") embarked on capital reduction exercises, reducing its contributed capital by NT\$17 million by way of return of cash to its shareholders. The Group's shareholding in HMIL remains unchanged subsequent to the capital reduction exercise in 2020.

## 8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
<b>Non-current</b>		
Quoted equity investments – mandatorily at FVTPL	533,577	1,815,837
Unquoted equity investments – mandatorily at FVTPL	3,858,921	3,636,998
	<u>4,392,498</u>	<u>5,452,835</u>
Investment in associate – mandatorily at FVTPL <sup>(1)</sup>	26,539	146,574
	<u>4,419,037</u>	<u>5,599,409</u>
<b>Current</b>		
Quoted equity investments – mandatorily at FVTPL	<u>73,732</u>	<u>69,993</u>

- (1) The investment comprises of equity interest of 29.36% (2020: 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 9. PROPERTY, PLANT AND EQUIPMENT

	Right-of- use assets NT\$'000	Motor vehicles NT\$'000	Office equipment NT\$'000	Total NT\$'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2020	32,387	990	876	34,253
Additions	6,246	–	–	6,246
Disposals	–	–	(175)	(175)
At 31 December 2020	38,633	990	701	40,324
At 1 January/31 December 2021	38,633	990	701	40,324
<b>Accumulated depreciation and impairment losses</b>				
At 1 January 2020	6,940	98	579	7,617
Depreciation	7,565	199	204	7,968
Disposals	–	–	(175)	(175)
At 31 December 2020	14,505	297	608	15,410
As 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
<b>Carrying amounts</b>				
At 1 January 2020	25,447	892	297	26,636
At 31 December 2020	24,128	693	93	24,914
At 31 December 2021	15,939	495	17	16,451

Property, plant and equipment – right-of-use assets of NT\$15.9 million (2020: NT\$24.1 million) relates to NT\$11.6 million (2020: NT\$18.5 million) of leased office space and NT\$4.3 million (2020: NT\$5.6 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.

# NOTES TO THE FINANCIAL STATEMENTS

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

*Amounts recognised in profit or loss*

	Group	
	2021	2020
	NT\$'000	NT\$'000
<b>Leases under IFRS 16</b>		
Finance cost - interest on lease liabilities	152	184
Expenses relating to short-term leases	–	1,317
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	394	395

*Amounts recognised in statement of cash flows*

	Group	
	2021	2020
	NT\$'000	NT\$'000
Total cash outflow for leases	8,726	9,406

## 10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	NT\$'000	NT\$'000	NT\$'000	NT\$'000
Trade receivables	1,750	4,827	–	–
Interest receivable	150	159	–	–
Other receivables	1,700	1,701	–	–
Prepayments	1,606	715	1,454	654
	5,206	7,402	1,454	654

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



# NOTES TO THE FINANCIAL STATEMENTS

## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	NT\$'000	NT\$'000	NT\$'000	NT\$'000
Time deposits	291,565	291,529	–	–
Cash and bank balances	1,979,455	733,115	21,378	40,413
Cash and cash equivalents	<u>2,271,020</u>	<u>1,024,644</u>	<u>21,378</u>	<u>40,413</u>

The time deposits bear effective interest at rates ranging from 0.04% to 0.41% (2020: 0.04% to 0.41%) per annum at the reporting date. The time deposits mature on varying dates within 9 months (2020: 4 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			
	2021	2020	2021	2020
Number of ordinary shares, including treasury shares				
	'000	'000	NT\$'000	NT\$'000
Authorised	<u>200,000</u>	<u>200,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid:				
At the beginning and end of the year	<u>104,661</u>	<u>104,661</u>	<u>5,233,033</u>	<u>5,233,033</u>

### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## 13. RESERVES

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

	Group		Company	
	2021	2020	2021	2020
	NT\$'000	NT\$'000	NT\$'000	NT\$'000
Contributed surplus reserve	406,116	406,116	406,116	406,116
Currency translation and other reserve	(426,044)	(335,959)	–	–
Legal reserve	545,010	520,694	–	–
Special reserve	19,801	19,801	–	–
Capital surplus – net assets from merger	126,667	126,667	–	–
Treasury share reserve	(344,286)	(306,519)	(344,286)	(306,519)
	<u>327,264</u>	<u>430,800</u>	<u>61,830</u>	<u>99,597</u>

### ***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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 23 June 2020 and 16 April 2021, the number of shares purchased by way of market acquisition during the year was 938,600 (2020: 174,000), for an aggregated consideration of NT\$37,767,000 (2020: NT\$6,285,000). Pursuant to the Bye-laws of the Company, the shares purchased are treated as treasury shares.

As at 31 December 2021, the total number of shares that remain in issuance excluding treasury shares amounted to 95,173,482 (2020: 96,112,082).

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 14 NON-CONTROLLING INTERESTS (CONT'D)

	HIC	
	2021	2020
	NT\$'000	NT\$'000
<b>Percentage shareholdings by non-controlling interests</b>	58.65%	58.65%
Revenue	247,425	229,354
Profit	104,519	78,857
Other comprehensive income	—	—
<b>Total comprehensive income</b>	<u>104,519</u>	<u>78,857</u>
Attributable to NCI:		
- Profit	61,297	46,248
- Other comprehensive income	—	—
<b>Total comprehensive income</b>	61,297	46,248
Non-current assets	10,668	15,662
Current assets	360,138	324,081
Non-current liabilities	(5,496)	(10,238)
Current liabilities	(140,169)	(128,883)
<b>Net assets</b>	<u>225,141</u>	<u>200,622</u>
<b>Net assets attributable to NCI</b>	<u>132,045</u>	<u>117,665</u>
Cash flows from operating activities	101,224	54,047
Cash flows used in investing activities	—	(1,349)
Cash flows used in financing activities	(82,572)	(45,984)
<b>Net increase in cash and cash equivalents</b>	<u>18,652</u>	<u>6,714</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 15 DIVIDENDS

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
<i>Ordinary dividends paid</i>		
NT\$4.02484 per ordinary share (2020: NT\$2.558)	386,188	246,300

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.

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
NT\$5 per ordinary share (2020: NT\$4.02484)	475,867	386,835

## 16 DEFERRED TAX LIABILITIES

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
Deferred tax liability of which:		
- Investments at fair value through profit or loss	31,864	135,472
- Withholding tax associated with undistributed earnings	78,466	48,198
	110,330	183,670

# NOTES TO THE FINANCIAL STATEMENTS

## 16 DEFERRED TAX LIABILITIES (CONT'D)

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

	Balance as at 1 January 2020 NT\$'000	Recognised in profit or loss NT\$'000	Recognised in other comprehensive income NT\$'000	Effect of exchange rate NT\$'000	Balance as at 31 December 2020 and 1 January 2021 NT\$'000	Recognised in profit or loss NT\$'000	Recognised in other comprehensive income NT\$'000	Effect of exchange rate NT\$'000	Balance as at 31 December 2021 NT\$'000
Investments at fair value through profit or loss	-	139,757	-	(4,285)	135,472	(101,718)	-	(1,890)	31,864
Withholding tax associated with undistributed earnings	-	48,198	-	-	48,198	30,268	-	-	78,466
	-	187,955	-	(4,285)	183,670	(71,450)	-	(1,890)	110,330

# NOTES TO THE FINANCIAL STATEMENTS

## 17 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	NT\$'000	NT\$'000	NT\$'000	NT\$'000
<b>Non-current</b>				
Lease liabilities	7,842	16,082	–	–
<b>Current</b>				
Lease liabilities	8,239	8,179	–	–
Accrued expenses	151,377	137,658	28,800	33,334
	<u>159,616</u>	<u>145,837</u>	<u>28,800</u>	<u>33,334</u>

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	
	2021	2020
	NT'000	NT'000
<b>Balance as at 1 January</b>	24,261	25,525
<b>Changes from operating cash flows:</b>		
Finance costs paid	(152)	(184)
<b>Changes from financing cash flows:</b>		
Payment of lease liabilities	(8,180)	(7,510)
<b>Other changes</b>		
Finance costs	152	184
New leases	–	6,246
Total other changes	<u>152</u>	<u>6,430</u>
<b>Balance as at 31 December</b>	<u>16,081</u>	<u>24,261</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 18 REVENUE

	Group	
	2021	2020
	NT\$'000	NT\$'000
Interest income	1,836	1,044
Dividend/distribution income	159,374	293,856
Net gains on financial assets at fair value through profit or loss	863,548	712,037
Foreign exchange losses	(5,024)	(1,177)
Others	3,969	3,847
	<u>1,023,703</u>	<u>1,009,607</u>

## 19 OPERATING EXPENSES

	Group	
	2021	2020
	NT\$'000	NT\$'000
Staff cost	114,235	105,057
Audit fees		
- auditors of the Company	2,148	2,156
- other auditors	2,810	2,730
Non-audit fees		
- other auditors	670	790
Operating lease expense	394	1,712
Other administrative expenses	55,220	72,421
	<u>175,477</u>	<u>184,866</u>

## 20 TAX EXPENSE

	Group	
	2021	2020
	NT\$'000	NT\$'000
<b>Current tax expense</b>		
Current year	244,331	78,127
Adjustment for prior years	(10,340)	(9,275)
	<u>233,991</u>	<u>68,852</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary difference	(71,450)	187,955
Tax expense	<u>162,541</u>	<u>256,807</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 20 TAX EXPENSE (CONT'D)

	Group	
	2021	2020
	NT\$'000	NT\$'000
<b><i>Reconciliation of effective tax rate</i></b>		
Profit before tax	848,074	824,557
Tax at the statutory rate of respective jurisdictions	102,951	75,184
Difference in tax rates applicable to capital gains on securities	(22,581)	(7,188)
Change in unrecognised temporary differences	(71,450)	187,955
Non-taxable income	(24,557)	(30,988)
Non-deductible expenses	708	6,977
Deductible losses from investees	(580)	(7,941)
Adjustment for prior years	(10,340)	(9,275)
Utilisation of previously unrecognised tax losses	–	(4,731)
Current year losses for which no deferred tax asset was recognised	–	2,943
Tax on undistributed profits of subsidiaries	3,932	14,978
Foreign investors' withholding tax	184,458	28,893
	<u>162,541</u>	<u>256,807</u>

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%.

### ***Subsidiaries: deductible losses***

The Taiwan subsidiaries' taxable income 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 realised 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\$3,096 million (2020: NT\$2,882 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\$650 million (2020: NT\$605 million).

# NOTES TO THE FINANCIAL STATEMENTS

## 20 TAX EXPENSE (CONT'D)

### *Unrecognised deferred tax assets*

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
Tax losses	675,287	667,545

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
2021	94,061	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	14,716
	675,287	667,545

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 2021, basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company of NT\$624,217,000 (2020: NT\$521,491,000) by the weighted average number of ordinary shares outstanding of 95,771,035 (2020: 96,285,308).

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>'000</b>	<b>'000</b>
Issued ordinary shares at beginning of the year	96,112	96,286
Effect of repurchase of shares	(341)	(1)
Weighted average number of shares at end of the year	95,771	96,285

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
Directors' fees	9,420	9,120
Incentive bonus to director	9,458	5,268
Remuneration and other short term employee benefits	31,650	24,210
	<u>50,528</u>	<u>38,598</u>

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% (2020:1%) of the Group's audited profit after tax and non-controlling interests. This amounted to NT\$9.5 million (2020: NT\$5.3 million) for the year.

### *Other related parties transactions*

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
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	6,945	6,892
Finance cost in relation to lease liabilities payable to a corporate shareholder in which directors have interests	<u>115</u>	<u>166</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 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.

	<b>Fund</b>			<b>Consolidated</b>
	<b>Investments</b>	<b>Management</b>	<b>Eliminations</b>	
	<b>NT\$'000</b>	<b>NT\$'000</b>	<b>NT\$'000</b>	<b>NT\$'000</b>
<b>2021</b>				
Revenue				
External revenue	1,020,427	3,276	–	1,023,703
Inter-segmental revenue	–	244,149	(244,149)	–
Total revenue	<u>1,020,427</u>	<u>247,425</u>	<u>(244,149)</u>	<u>1,023,703</u>
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	<u>580,995</u>	<u>43,222</u>	<u>–</u>	<u>624,217</u>
Other information				
Segment assets	<u>6,558,921</u>	<u>370,806</u>	<u>(144,281)</u>	<u>6,785,446</u>
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	<u>331,770</u>	<u>145,665</u>	<u>(144,281)</u>	<u>333,154</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 23 OPERATING SEGMENTS (CONT'D)

		Fund		
	Investments	Management	Eliminations	Consolidated
	NT\$'000	NT\$'000	NT\$'000	NT\$'000
<b>2020</b>				
Revenue				
External revenue	1,005,750	3,857	–	1,009,607
Inter-segmental revenue	764	225,497	(226,261)	–
Total revenue	1,006,514	229,354	(226,261)	1,009,607
Interest income	906	138	–	1,044
Depreciation	(3,470)	(4,498)	–	(7,968)
Finance costs	(83)	(101)	–	(184)
Profit before tax	720,816	103,741	–	824,557
Tax expenses	(231,923)	(24,884)	–	(256,807)
Profit after tax but before non-controlling interests	488,893	78,857	–	567,750
Non-controlling interests	(11)	(46,248)	–	(46,259)
Profit attributable to owners of the Company	488,882	32,609	–	521,491
Other information				
Segment assets	6,514,362	339,743	(127,743)	6,726,362
Segment assets includes:				
Recognition of right-of-use assets	–	6,246	–	6,246
Segment liabilities	171,945	117,717	(127,743)	161,919
Current income tax liability	31,648	21,404	–	53,052
Deferred tax liability	183,670	–	–	183,670
Total liabilities	387,263	139,121	(127,743)	398,641

# NOTES TO THE FINANCIAL STATEMENTS

## 23 OPERATING SEGMENTS (CONT'D)

### *Geographical information*

The Group's activities are conducted predominantly in Taiwan, China, 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	
	2021	2020
	NT\$'000	NT\$'000
Taiwan	490,146	475,737
China	318,615	569,753
United States and United Kingdom	(26,923)	(42,678)
Other countries	241,865	6,795
	<u>1,023,703</u>	<u>1,009,607</u>

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	
	2021	2020
	NT\$'000	NT\$'000
Taiwan	2,365,880	2,377,416
China	1,086,897	2,686,484
United States and United Kingdom	224,322	40,345
Other countries	815,670	565,157
	<u>4,492,769</u>	<u>5,669,402</u>

As the Group is engaged principally in investment activities in Taiwan, China, 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\$36 million (2020: NT\$96 million) for the capital contribution in certain investments as at the end of the reporting period.



# SHAREHOLDING STATISTICS

as at 7 March 2022

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	28	0.28	1,129	0.00
100 - 1,000	6,594	65.58	2,946,660	2.82
1,001 - 10,000	2,777	27.62	10,418,790	9.95
10,001 - 1,000,000	646	6.42	35,354,617	33.78
1,000,001 and above	10	0.10	55,939,466	53.45
	<u>10,055</u>	<u>100.00</u>	<u>104,660,662</u>	<u>100.00</u>

## Shareholding Held in Hands of Public

Based on information available to the Company as at 7 March 2022, approximately 63.2% 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	8,254,132	8.70
3	Mega International Commercial Bank Co., Ltd	6,025,255	6.35
4	DBS Nominees Pte Ltd	3,798,247	4.00
5	Citibank Nominees Singapore Pte Ltd	2,366,560	2.49
6	KGI Securities (Singapore) Pte. Ltd	2,357,790	2.49
7	Chung Lung Investment Co., Ltd	1,894,477	2.00
8	Phillip Securities Pte Ltd	1,428,560	1.51
9	DB Nominees (Singapore) Pte Ltd	1,341,585	1.41
10	HSBC (Singapore) Nominees Pte Ltd	1,276,280	1.35
11	OCBC Securities Private Ltd	999,200	1.05
12	Lam Pin Fan	952,500	1.00
13	Wong Seng Loong Solomon	888,888	0.94
14	Raffles Nominees (Pte) Limited	862,105	0.91
15	Liu Zou-Hsin	773,800	0.82
16	Maybank Securities Pte. Ltd.	678,190	0.71
17	UOB Kay Hian Pte Ltd	611,300	0.64
18	OCBC Nominees Singapore Pte Ltd	515,900	0.54
19	CGS-CIMB Securities (Singapore) Pte Ltd	459,384	0.48
20	Sunshine Ventures Pte Ltd	452,100	0.48
		<u>53,351,353</u>	<u>56.23</u>

\* 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 7 March 2022.

# SHAREHOLDING STATISTICS

as at 7 March 2022

## SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholder

	Direct <sup>(1)</sup> Interest	%	Deemed <sup>(1)</sup> Interest	%
Tai Lung Capital Inc.	17,415,100	18.36	1,894,477 <sup>(2)</sup>	2.00
Mega International Commercial Bank Co., Ltd.	6,025,255	6.35	–	–
Daiwa Corporate Investment Co., Ltd.	–	–	5,275,513 <sup>(3)</sup>	5.56
Tsui-Hui Huang	–	–	21,456,112 <sup>(4)</sup>	22.61
Cheng-Wang Huang	–	–	19,309,577 <sup>(5)</sup>	20.35

### Notes:

- (1) This represents the interests of Substantial Shareholders based on on-market trades conducted up to 3 March 2022 (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. 7 March 2022.
- (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 (S) Pte Ltd.; and (iv) 806,750 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.

# 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

Mei-Rong Pan (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: 65-6228-0530

Fax: 65-6225-1452

## REGISTERED OFFICE

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Hamilton HM11

Bermuda

