



HOTUNG INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda)

RESPONSE TO SGX-ST'S QUERY IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Board of Directors (the “**Board**”) of Hotung Investment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the query raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 13 April 2021 in relation to the Company’s annual report for the financial year ended 31 December 2020 (the “**FY2020 Annual Report**”) and wishes to provide the following information in response:

SGX-ST's Query

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 3.1 of the Code as the Company’s Chairman and CEO position is filled by the same person, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 3 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Company's Response

Principle 3 of the Code states that: “*There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*” Provision 3.1 of the Code states that: “*The Chairman and the Chief Executive Officer (“CEO”) are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making*”.

As disclosed on page 29 of the FY2020 Annual Report, 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. As further disclosed on page 29 of the FY2020 Annual Report, all Board Committees are chaired by independent directors, and the lead independent director or other independent directors may, as and when he 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. Furthermore, the Chairman and CEO's performance and appointment to the Board and remuneration package is reviewed periodically by the Nominating Committee (the "NC") and Remuneration Committee (the "RC") of the Company respectively.

As 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 demonstrated excellent track record, the Board believes that it is in the Group's best interest for Ms. Tsui-Hui Huang to continue her dual role 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) Dr. Ng-Chee Tan is the Lead Independent Director and chairman of the Audit Committee. Mr. Chang-Pang Chang is the chairman of the NC and the RC. In addition, all or a majority of the members of each Board Committee are independent directors.
- (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) 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.

In view of the above, the Board believes that 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 believes that the existing practices adopted by the Company are consistent with the intent of Principle 3 of the Code. In addition, the Company shall endeavour to appoint an additional independent director once a suitable candidate has been identified, so that the independent directors would make up a majority of the Board.

BY ORDER OF THE BOARD

Hsin-Chieh Chung
Company Secretary
15 April 2021