

# 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 2025 (“FY2025”), 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 for the Group, which set out a code of conduct and ethical standards for the Group’s employees to adhere to. In addition, the Board sets appropriate tone-from-the-top and desired organizational culture and ensures proper accountability within the Group.

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.

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## *Delegation of Duties by the Board*

In order to assist in the execution of the Board’s responsibilities, the Board has established three (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
Tsui-Hui Huang		M	
Andy C.W. Chen			
Philip N. Pillai	M		
Chang-Pang Chang			M
Kung-Wha Ding		C	C
Kenichi Shimomoto			
Shih-Ping Chen			M
Lan Yuan	C	M	
Hwai-Hsin Liang			
David Chong, PBM	M		

### Note(s):

1. “C”: Chairman of the relevant Board Committee
2. “M”: Member of the relevant Board Committee

Further details of the activities of the AC, NC and RC are set out under the respective Principles disclosed below in this report:

1. Nominating Committee (Principle 4)
2. Remuneration Committee (Principle 6)
3. Audit Committee (Principle 10)

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## *Attendance at Board and Board Committee Meetings*

The Board meets at least four (4) 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. The Board and Board Committees may also make decisions by way of written resolutions. Details of Directors' attendance at the Board and Board Committee meetings held in FY2025 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
Tsui-Hui Huang	5	5	–	–	3	3	–	–
Andy C.W. Chen	5	5	–	–	–	–	–	–
Philip N. Pillai	5	5	4	4	–	–	–	–
Chang-Pang Chang	5	5	–	–	–	–	2	2
Kung-Wha Ding	5	5	–	–	3	3	2	2
Kenichi Shimomoto	5	5	–	–	–	–	–	–
Shih-Ping Chen	5	5	–	–	–	–	2	2
Lan Yuan	5	4	4	4	3	3	–	–
Hwai-Hsin Liang	5	4	–	–	–	–	–	–
David Chong, PBM	5	5	4	4	–	–	–	–

### Note:

1. Number of meetings held does not include written resolutions.

## *Matters Requiring Board Approval*

Matters requiring the Board's decision and approval include the following:

- (a) the half-year and full-year 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;

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- (g) the appointment and re-appointment of Directors, including their remuneration packages;
- (h) the appointments of the members of Board Committees;
- (i) matters in relation to the Directors' and Officers' Insurance;
- (j) matters in relation to the appointment of Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Sustainability Officer ("CSO") and Company Secretary;
- (k) the appointment and re-appointment of external auditors and their remuneration;
- (l) matters in relation to the Group's approach to sustainability, including the monitoring of material sustainability-related risks;
- (m) matters in relation to the Board's opinion on the adequacy and effectiveness of the Group's risk management and internal controls; and
- (n) 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, new Directors who have no prior experience as a director of an issuer listed on the SGX-ST ("First-time Director") must undergo mandatory training in roles and responsibilities of a director of a listed issuer within one (1) 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 ("Mandatory Training"). To fulfil the Mandatory Training requirements, First-time Directors must attend one of the training programmes conducted by a training provider as prescribed by the SGX-ST. In this respect, all our First-time Directors have undergone the relevant Mandatory Training within one (1) year from the date of their respective appointments. During FY2025, no First-time Director was appointed by the Company.

Further, pursuant to Rule 720(7) of the Listing Manual of the SGX-ST ("Listing Manual"), all directors must undergo training on sustainability matters as prescribed by the SGX-ST. As at 31 December 2025, all Directors have attended the sustainability training.

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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. During FY2025, the Company arranged an internal training session on IFRS 13 Fair Value Measurement, which was conducted by the Company's external auditors. 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 fulfil its responsibilities, the Directors are provided with complete, adequate and timely information on a quarterly basis, including the 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 the matters to be discussed and focus discussions on the questions set out in the agenda. Draft agendas for Board and Board Committee meetings are circulated to the respective Chairmen of the Board and Board Committees, in advance, for their review. 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 results. In respect of budgets, any material variances between the projections and actual results are disclosed and explained. The half-year and full-year financial statements of the Company are reviewed and discussed at the AC and thereafter recommended to the Board for its approval.

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 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.

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## **Board Composition and Guidance**

### **Principle 2:**

#### ***Board Size and Board Composition***

As at 31 December 2025, the Board comprised ten (10) Directors, of whom nine (9) were non-executive. Of these non-executive Directors, five (5) were considered by the NC to be independent of Management and the Company's substantial shareholders, in compliance with Rule 210(5)(c) of the Listing Manual which requires independent Directors to make up at least one third of the Board. Notwithstanding the requirement under Provision 2.2 of the Code that the independent Directors should make up a majority of the Board where the Chairman is not independent, the Board is of the view that as half of the Board comprises independent Directors, who demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as independent Directors, and provide impartial and autonomous views, 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. In addition, nine (9) out of the total ten (10) Directors are non-executive, which serves to reinforce management accountability, and which is adequate to ensure that there is an appropriate balance of power within the Board even though independent Directors do not make up a majority.

The NC regularly examines the size of the Board and Board Committees, with a view to determine their impact of their size on their effectiveness, decided what it considers to be an appropriate size for the Board and Board Committees, which in turn facilitates effective decision-making and ensures a strong and independent element on the Board. The NC, in concurrence with 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 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 requirement under Provision 2.2 of the Code 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.

The Lead Independent Director or other independent Director may, as and when he/she deems necessary and appropriate, call and lead meetings of the non-executive Directors and/or independent Directors without the presence of Management, and the chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

#### ***Board Independence***

The NC determines, on an annual basis, and as and when circumstances require, whether or not a Director is independent by taking into account the definition of "independent director" under Provision 2.1 of the Code and the relevant circumstances described in Rule 210(5)(d) of the Listing Manual. In this regard, Directors are required to complete an annual declaration of independence, whereby they assess their independence having regard to the aforesaid requirements, and such declaration is then submitted 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 as well as Rules 210(5)(d) of the Listing Manual which may affect the independence of a Director.

Please refer to the "Board of Directors" section in the Annual Report for the independence of each Director.

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## *Board Diversity*

The Company recognizes the benefits of diversity on the Board, and believes that a Board composed of appropriately qualified members with a broad range of relevant experience, together with diversity in thought and background, is essential to the effective governance of its business and 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 in achieving long-term sustainable growth of the Group.

The Company has adopted a Board Diversity Policy which provides that, in reviewing the Board's composition, the NC and the Board will consider a number of aspects of diversity, including but not limited to skills, knowledge, experience, cultural and educational background, ethnicity, geographical background, core competencies, gender, and other relevant factors. Consideration and selection of candidates for appointment to the Board will be based on merit, which shall include a review of the candidate's integrity, experience, educational background, industry or related experience and more general experience, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Company remains committed to non-discrimination in all aspects of its business, including the appointment of Board members.

As at 31 December 2025, the Board comprised ten (10) members who are business leaders or professionals with varied backgrounds, expertise and experience including in management, business, investment, legal, governance, finance, accounting and risk management.

The Board is of the view that gender is an important aspect of diversity and will ensure that (a) there is female representation on the Board, and (b) there will be, as far as practicable, at least 30% of female representation on the Board. The Board has set a target to maintain at least one (1) suitably qualified female director on the Board since its listing on SGX-ST in 1997. As at 31 December 2025, the Board's target to have, as far as practicable, at least 30% of female representation, i.e., three (3) out of ten (10) Board members, on the Board has been met. One (1) of the female Directors, Ms. Tsui-Hui Huang, is the Chairman and CEO of the Company and a member of the NC.

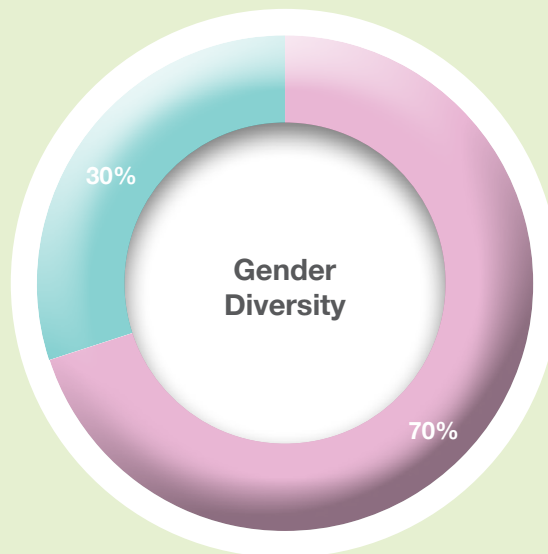
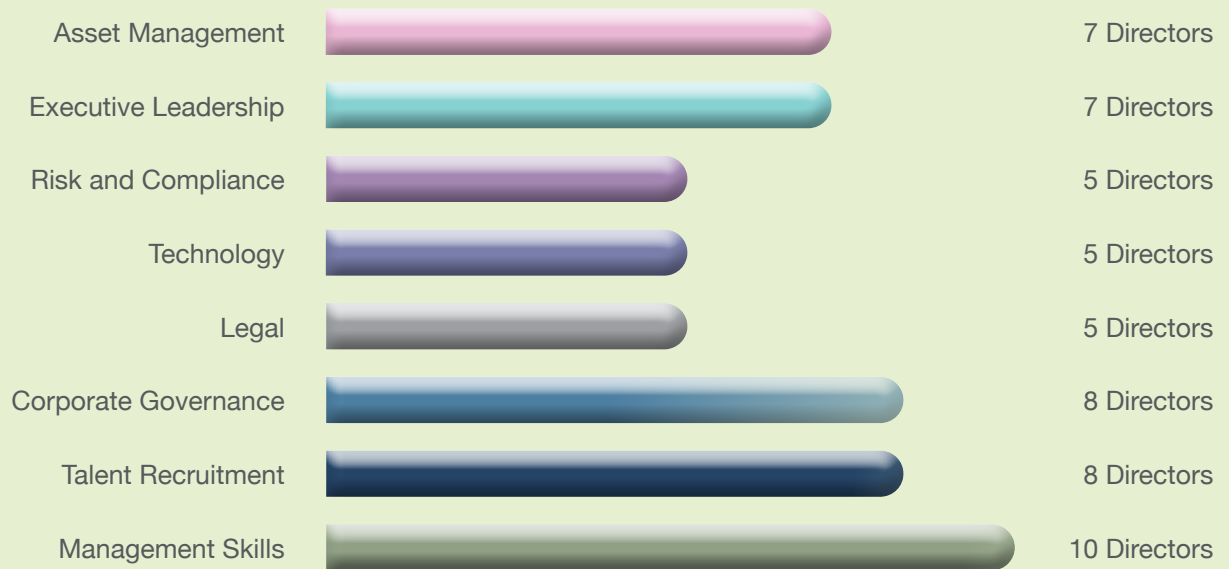
Considering that the current Board and Board Committees comprise Directors who have the appropriate mix of diversity in expertise, experience, background, and gender, and collectively possess necessary core competencies for effective functioning and informed decision-making, the Board, in concurrence with the NC, is of the view that the Company has achieved the targets of diversity on the Board as set out in its Board Diversity Policy.

The NC will review the Board Diversity Policy from time to time as appropriate, to assess its relevance and effectiveness.

Please refer to the "Board of Directors" section in the Annual Report for further details of the qualifications and experience of each Director.

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## Expertise and Experience



● Male 7 Directors  
● Female 3 Directors

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## 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 are 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 Management; and
- (e) promoting high standards of corporate governance.

As the Chairman and CEO of the Company for over ten (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 of the fact that Ms. Tsui-Hui Huang is both the Chairman and CEO, the Company has in place the following arrangements and appointments to ensure that no one individual has unfettered powers of decision-making:

- (a) as disclosed under Principle 2 on Page 29 of the Annual Report, all Board Committees are chaired by independent Directors, and the 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 of the non-executive Directors and/or independent Directors without the presence of Management, and the chairman of such meetings provides 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 26 of the Annual Report, 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. Management performs its duties diligently based on the decisions of and approvals obtained from the Board and Board Committees; and

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- (d) the Chairman and CEO's performance and appointment to the Board and remuneration package are 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 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 Management, Ms. Lan Yuan was appointed as the Lead Independent Director on 23 April 2024. The shareholders are welcome to contact the Lead Independent Director if they have concerns and if contact through the normal channels of 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.

## **Board Membership**

### **Principle 4:**

#### ***Nominating Committee***

The NC was established in 2002. As at 31 December 2025, the majority of the NC members, including the Chairman, were independent Directors, with the Lead Independent Director being a member of the NC, as follows:

Mr. Kung-Wha Ding (Chairman)  
Ms. Tsui-Hui Huang  
Ms. Lan Yuan

The NC meets at least twice a year. The NC's roles and responsibilities are set out in its written terms of reference. The principal functions of the NC are as follows:

- (a) reviewing and making recommendations to the Board on the appointment, re-appointment, replacement and/or succession plans of Directors as well as members of Board Committees, the CEO and key management personnel;
- (b) determining annually, and as and when circumstances require, the independence of Directors;
- (c) developing the process and criteria for evaluation of the performance of the Board, Board Committees and Directors;
- (d) determining whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, taking into consideration, *inter alia*, the directorships in other companies held by such Director;

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- (e) reviewing and making recommendations to the Board on the training and professional development programmes for the Board and the Directors;
- (f) reviewing the Board composition and efficiency of the Board and Board Committee meetings; and
- (g) ensuring Board diversity by taking into account the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

The NC keeps under review whether the diversity of the Board members is sufficient and may, 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 on 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.

## ***Board Renewal***

As Rule 720(5) of the Listing Manual requires all directors to submit themselves for re-nomination and re-appointment at least once every three (3) years, each Director shall forthwith retire at least once every three (3) 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 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.

## ***Process for Selection and Nomination of New Directors***

With respect to the process for the appointment of new Directors, the NC reviews and evaluates the profession, knowledge and experience of the candidates, and meets with the candidates to assess their 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 to serve as a Director, the NC will make recommendations accordingly to the Board for approval.

## ***Continuous Review of Directors' Independence***

The NC reviews annually, and as and when circumstances require, the independence of each Director. Please refer to Principle 2 described above in this report for details of the NC's determination as to whether a Director should or should not be deemed independent.

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## ***Multiple Directorships***

Each Director is required to complete a questionnaire on a half-yearly basis in respect of the Director's board representations in other companies. After the NC assesses each Director's contribution and devotion of time and attention to the affairs of the Company, the NC will determine whether each Director is able to discharge, and has been discharging, his/her duties as a Director. The Board is of the opinion that it is not necessary to fix a maximum number of listed company board representations which a Director may hold, having regard to 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. Information on the candidates proposed for appointment or re-appointment at the forthcoming AGM for FY2025 ("2026 AGM"), as required in Appendix 7.4.1 of the Listing Manual, is set out in the notice of the 2026 AGM in accordance with Rule 720(6) of the Listing Manual, and any other information or details of such candidates will also be made available to shareholders during the AGM (where requested), to enable shareholders to make informed decisions.

## **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 as a whole 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 the discharge of its principal functions, including the review of the Company's budget and strategic plans and the monitoring of the progress throughout the year.

The NC did not engage any external facilitator to conduct the assessment of the performance of the Board and Board Committees during the financial year under review. If and where relevant, the NC will consider such engagement.

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For FY2025, the NC, having reviewed the overall performance of the Board and Board Committees in terms of their roles and responsibilities, is of the view that the Board and Board Committees continued to perform effectively to support the Company.

## ***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 determines 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. As at 31 December 2025, the members of RC were entirely non-executive Directors, with the majority, including the Chairman of the RC, being independent Directors, as follows:

Mr. Kung-Wha Ding (Chairman)  
Mr. Chang-Pang Chang  
Ms. Shih-Ping Chen

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 principal functions of the RC are as follows:

- (a) reviewing and recommending 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;
- (b) ensuring that remuneration policies are able to attract, retain and motivate Directors without being excessive, and thereby maximize the shareholders' value; and
- (c) reviewing the specific remuneration packages for each Director and key management personnel, including but not limited to Director's fees, basic salaries, allowances, bonuses, share options and benefits in kind.

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. The Company has not engaged any remuneration consultants to advise on the remuneration of the Directors or key management personnel for FY2025.

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## **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. No Director decides his/her own fees. Non-executive Directors are not over-compensated to the extent that their independence may be compromised and their remuneration is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities. The Company does not currently have any contractual provisions to allow the reclaiming of incentive components of remuneration from executive Director 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, Ms. Tsui-Hui Huang, the CEO and an executive Director of the Company, is entitled to receive, in aggregate, an incentive bonus equivalent to 1.5% of the Group's audited profit after tax and non-controlling interests.

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In compliance with Rule 1207(10D) of the Listing Manual, the breakdown of the remuneration paid to each individual Director of the Company for FY2025<sup>1</sup> is set out in the table below:

			(S\$)
Name of Directors	Salaries/Fees	Bonuses	Total <sup>2</sup>
Tsui-Hui Huang	571,546 58%	409,036 42%	980,582
Andy C.W. Chen	25,767 100%		25,767
Philip N. Pillai	41,718 100%		41,718
Chang-Pang Chang	31,084 100%		31,084
Kung-Wha Ding	47,035 100%		47,035
Kenichi Shimomoto	25,767 100%		25,767
Shih-Ping Chen	31,084 100%		31,084
Lan Yuan	52,352 100%		52,352
Hwai-Hsin Liang	25,767 100%		25,767
David Chong, PBM	41,718 100%		41,718

**Note(s):**

- For the purposes of the calculation of the breakdown of the remuneration paid to each individual Director of the Company for FY2025, the foreign exchange rate between NT\$ and S\$ is based on a foreign exchange rate of S\$1: NT\$ 24.45 as at 31 December 2025.
- This includes base or fixed salary, variable or performance-related income or bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives, if any.

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## ***Disclosure on Key Management Personnel's Remuneration***

The remuneration of the Company's top five (5) key management personnel (who are not Directors or the CEO of the Company) in bands of S\$250,000 and with a breakdown of salaries/fees and bonuses in percentage of each such key management personnel's remuneration for FY2025 is set out below. Notwithstanding the requirements in Provision 8.1(b) of the Code to also disclose in aggregate the total remuneration paid to the Company's top five (5) key management personnel (who are not Directors or the CEO), the Board believes that the disclosure below, which discloses the remuneration in bands and includes the percentage breakdown of remuneration based on salaries/fees and bonuses, provides a sufficient overview of the remuneration of the Company's key management personnel considering the confidentiality of remuneration matters, is made in the best interests of the Company given the highly competitive conditions in the venture capital business, and is substantively consistent with the intent of Principle 8 of the Code.

<b>Remuneration Bands and Name of Key Management Personnel</b>	<b>Salaries/Fees %</b>	<b>Bonuses %</b>	<b>Total<sup>1</sup> %</b>
<b>S\$250,000 to S\$499,999</b>			
<i>Hsieh-Ho Chen</i> <sup>2</sup>	59%	41%	100
<b>Below S\$250,000</b>			
Hsin-Chieh Chung	62%	38%	100

### **Note(s):**

1. This includes all forms of remuneration to the key management personnel, including base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share based incentives and awards, and other long-term incentives, if any.
2. Mr. Hsieh-Ho Chen was the CFO and CSO from 25 April 2024 and resigned as the CFO and CSO with effect from 7 January 2026.

Save as disclosed 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) for FY2025.

## ***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, the CEO or substantial shareholders of the Company; thus, no disclosure is required for employee whose remuneration exceeds S\$100,000 per annum for FY2025.

## ***Employee Share Schemes***

As at 31 December 2025, the Company does not have any employee share option scheme.

## ***Remuneration and Other Payments and Benefits from the Company and its Subsidiaries***

Save as disclosed above, no other forms of remuneration or other payments and benefits were paid by the Company and its subsidiaries to the Directors and key management personnel of the Company during FY2025.

# CORPORATE GOVERNANCE REPORT

## 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 over the Group's procedures and processes to safeguard the interests of the Group and shareholders, and to manage risks in the areas including, amongst others, financial, operational, legal and compliance. The Board is responsible for the overall governance of the Group's risk management and internal controls. It determines the nature and extent of the significant risks which the Group is willing to take in achieving its strategic objectives and value creation.

The Group has established an integrated risk identification and management framework, which has already integrated climate and sustainability-related risks for better governance. Within the Group, risks are proactively identified and addressed. The responsibility for these risks lies with the respective business and corporate heads, with stewardship residing with the Board. The Board approves the framework and has oversight of compliance by Management. The AC reviews the compliance annually.

During FY2025, 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 those risks. The internal auditor was also involved in evaluating the effectiveness of current risk management and internal control systems. Material deficiencies (if any) and the consequent remedial actions were reviewed by the AC and reported to the Board. Management's corresponding remediation plans and control improvements were monitored by the internal auditor.

Based on the Company's risk identification and management framework described above, regular reviews performed by Management, and assurances from the CEO and the CFO that the risk management and internal control systems of the Group are adequate and effective, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls are adequate and effective in addressing the financial, operational, compliance, information technology and sustainability 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 risk management and internal controls 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 risk management philosophy. The Group is exposed to a variety of financial risks, primarily changes in equity market prices and/or foreign currency exchange rates in relation to its investment portfolios.

# CORPORATE GOVERNANCE REPORT

## Market Risks

The changes in equity market prices and/or foreign currency exchange rates have a significant impact on the Group's investment portfolios. In general, the Group is exposed to relatively low 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 risk 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 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" section in the Notes to Financial Statements in the Annual Report for more details.

## **Operational Risk Management**

Each department's management team reviews its control procedure periodically and conducts risk self-assessment exercises on a regular basis. The internal auditor and external auditors are also involved in the evaluation of such self-assessment exercises. Any material deficiency together with remedial actions 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 records and reliability of reporting used within or published by the Group;
- (b) the safeguarding and proper documentation of the Group's assets; and
- (c) the compliance with applicable laws, regulations 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.

# CORPORATE GOVERNANCE REPORT

Considering the business scale of the Company, the Board's responsibility for 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 external auditors, whose roles are to evaluate and disclose deficiencies or weaknesses in various aspects of control and risk of the Group. The internal auditor adopts a risk-based approach to set the audit plan that aligns to key objectives and risks across the Group's business. The annual audit plan is reviewed and approved by the AC. The Company's external auditors, KPMG LLP ("KPMG") 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 findings from both audit works, if any, with Management's corresponding remediation plans, are reported to the CEO and the AC.

## **Audit Committee**

### **Principle 10:**

#### ***Audit Committee***

The AC was established in 1997. As at 31 December 2025, the members of AC were entirely non-executive Directors, with the majority, including the Chairman of the AC, being independent Directors, as follows:

Ms. Lan Yuan (Chairman)  
Dr. Philip N. Pillai  
Mr. David Chong, PBM

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 the CEO, the CFO and Management to attend its meetings to respond to any questions that the AC may have.

The AC's roles and responsibilities are set out in its written terms of reference. The AC performs the following functions:

- (a) reviewing with the external auditors their audit plan and evaluating and advising on accounting controls, audit reports and any matters which the external auditors may raise to the AC;
- (b) reviewing with the internal auditor the scope and the results of internal audit procedures and the internal auditor's evaluation of the overall internal control system;
- (c) commissioning an independent audit on internal control for assurance purposes, or where it is not satisfied with the system of internal control;
- (d) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the internal audit function;

# CORPORATE GOVERNANCE REPORT

- (f) reviewing the adequacy, scope, results and effectiveness of the external audit, and the independence and objectivity of the external auditors annually, and the nature and extent of non-audit services supplied by the external auditors so as to maintain objectivity;
- (g) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (h) reviewing the half-year and full-year financial statements, including announcements to shareholders and the SGX-ST prior to submission to the Board;
- (i) reviewing the quarterly financial results, in particular, the financial results for the 1st or 3rd financial quarter for the relevant financial year, as the case may be;
- (j) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- (k) reviewing any significant findings of internal investigations;
- (l) 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 actions to be taken;
- (m) making recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- (n) reviewing and approving the appointment, replacement, reassignment or dismissal of the internal auditor;
- (o) reviewing the assistance given by the Company's officers to the external and internal auditors; and
- (p) reviewing interested person transactions to ensure that internal control procedures are adhered to.

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 an annual review of non-audit services provided by the external auditors 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 FY2025, and a breakdown of the fees paid in total for audit and non-audit services, respectively, can be found on Page 130 of the Annual Report. The Company has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of its external auditors.

# CORPORATE GOVERNANCE REPORT

## ***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 the protection of whistleblowers who have acted in good faith against reprisal, or any detrimental or unfair treatment. The Company will ensure that the identity of whistleblowers is 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 has been 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 FY2025***

During FY2025, the AC reviewed the half-year and full-year financial reports before submitting the same to the Board for its approval, reviewed the 1st and 3rd quarter financial results, reviewed the annual audit plans of the external and internal auditors and assessed the results of audits performed by them, recommended the re-appointment of external auditors for shareholders' approval 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, information technology and sustainability risks faced by 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 were previous partners or directors of the Group's external auditors, KPMG, within the last 24 months, nor do they hold any financial interest in KPMG.

# 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 AC is satisfied that the Group's internal audit, an in-house function which comprises one (1) member, is independent, effective and adequately resourced, as the internal auditor:

- (a) is independent, given that the AC reviews and approves the appointment, replacement, reassignment or dismissal of the internal auditor, who reports to the AC, and has full access to all the Group's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Group;
- (b) is effective, given that audit plans and projects adopt a risk-based audit approach to ensure that each business objective is achieved, audit follow-ups are systematically tracked for improvements, and the internal auditor, who reports directly to the AC for audit quality review, has consistently undertaken regular training and is qualified as a Certified Information Systems Auditor (CISA) and Certified Information Security Manager (CISM), with over 20 years of auditing experience in various fields of risk management, corporate governance, and IT security; and
- (c) is adequately resourced, given the fact that (i) the principal activity of the Group is investment holding and its investment management operations are performed by its subsidiary, Hotung International Co., Ltd., which has its principal place of business in Taipei, Taiwan, (ii) the Group has around 30 employees, with both its headquarters and employees located in Taipei, Taiwan, and (iii) the Group fully supports continuous auditing, enabling self-developed software programs to significantly enhance audit efforts, saving time and resources, taking into account the relevant qualifications and experience of the internal auditor as set out in item (b) above.

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

## **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, via SGXNet to keep all shareholders sufficiently informed.

# CORPORATE GOVERNANCE REPORT

For the AGM for the financial year ended 31 December 2024 (“2025 AGM”), all shareholders were sent a notice of the AGM, a 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 (“Appendix”), and details on how the aforesaid documents may be accessed online. As part of its efforts to protect the environment, the Company has gone paperless with the Annual Report and the Appendix. The Annual Report and all relevant documents for the 2025 AGM were released via SGXNet and were also made available on the Company’s website. The simplified version of the notice of the 2025 AGM was additionally advertised in the Singapore newspapers.

## ***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 matters affecting the Company with the Board and Management. Shareholders are also informed of the rules, including the voting procedures that govern general meetings of shareholders, during the AGM. The Bye-laws of the Company allow shareholders to appoint proxies to attend and vote at all general meetings on their behalf.

In respect of the 2025 AGM, shareholders were given the opportunity to submit their questions to the Board and/or Management prior to the 2025 AGM, and no questions in relation to the agenda of the 2025 AGM were received from shareholders before the submission deadline as set out in the notice of the 2025 AGM. The 2025 AGM was conducted in a wholly physical format, and the Chairman of the Board, Ms. Tsui-Hui Huang, the Directors, Mr. Andy C.W. Chen, Dr. Philip N. Pillai, Mr. Kung-Wha Ding, Mr. Kenichi Shimomoto, Ms. Shih-Ping Chen, Ms. Lan Yuan and Mr. David Chong, PBM, Company Secretary, external auditors and the Company’s Singapore legal counsel were in attendance at the 2025 AGM.

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 the 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 attend 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 the total number of shares represented by votes for and against each resolution and the respective percentages is released via SGXNet after the AGM on the same date.

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 via SGXNet and also made available on the Company’s website within one (1) month after the AGM.

The forthcoming 2026 AGM will be held in a wholly physical format in accordance with the prevailing rules and regulations of the SGX-ST. There will be no option for shareholders to participate virtually. Please refer to the notice of the 2026 AGM and the announcement dated 8 April 2026 for further information.

# CORPORATE GOVERNANCE REPORT

## ***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 announcements via SGXNet. The Company adopted quarterly reporting of its financial results from 2003 to 2019. Following the amendments to Rules 705(2) and 705(3)(b) of the Listing Manual with effect from 7 February 2020, the Company has adopted half-yearly reporting of its financial results commencing from financial year 2020. The half-year and full-year financial results are published via SGXNet. All information on the Company's new initiatives will be first disseminated via SGXNet.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released before 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 has an Investor Relations section on its corporate website ([www.hihl.com.sg](http://www.hihl.com.sg)) featuring Investor Frequently Asked Questions (FAQs) and providing contact details for shareholders and other stakeholders to contact the Company with feedback or questions. The Company also has procedures in place to ensure that shareholders' queries are followed up upon and responded to in a timely manner. Shareholders and stakeholders may also access the financial results, annual reports, notices of AGM and other related documents of the Company released via SGXNet on the Company's corporate website.

The Company reviews the dividend policy annually depending on the Group's cash and operational needs. The annual dividend proposed for FY2025 is shown on Page 127 of the Annual Report, which is subject to the approval of the shareholders at the 2026 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 through various channels 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 Company has prepared its sustainability report in compliance with Rules 711A and 711B of the Listing Manual. For more information on the Company's stakeholder engagement, please refer to the Company's sustainability report disclosed on Page 51-52 of the Annual Report.

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 interest, 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.

# CORPORATE GOVERNANCE REPORT

## 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 (1) 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 two (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.

### **Interested Person Transactions Policy**

The Company has adopted an internal policy in respect of transactions with interested persons that sets out the procedures for review and approval of the Company's interested person transactions.

The Group's interested person transactions for FY2025 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) <sup>1</sup>	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\$4,020,660 <sup>2</sup>	–

#### **Note(s):**

1. The disclosure under "Other related parties transactions" stated in Note 22 to Financial Statements on Page 134 of the Annual Report represents the total rental (excluding VAT) paid by the Company's subsidiaries, Hotung International Co., Ltd. ("HIC"), Hotung Venture Capital Corp. ("HVCC") and Daitung Development and Investment Corp. ("DDIC") to the Company's controlling shareholder, Tai Lung Capital Inc. ("Tai Lung"), for the financial year under review; while the disclosure herein pertains only to the rental paid by HIC to Tai Lung. The rental payments made by HVCC and DDIC amounting to NT\$2,104,836 and NT\$1,600,824 respectively, are excluded from this disclosure as the amounts are individually less than S\$100,000 and are therefore not subject to the disclosure requirement under Rule 907 of the Listing Manual.
2. Rental income received by Tai Lung from HIC. The value of NT\$4,020,660 refers to the total contract sum for the financial year under review.