

SUSTAINABILITY REPORT

BOARD STATEMENT

Hotung Investment Holdings Limited (“HIHL”) is committed to build a sustainable business by adopting environment, social and governance (“ESG”) targets in its business. Together with the management team of the Group (the “Management”), the Board oversees the Group’s sustainability strategy, including climate-related material issues. HIHL uses the GRI standards for the framework of our sustainability report; hence, we have considered our business impact on the economy and people, including human rights issues. This report is also our first attempt in making disclosures on the Group’s approach in managing climate risks and opportunities as guided by the recommendations of the Task Force on Climate-related Disclosures (TCFD). Guided by the Board, the Management is responsible for the implementation and monitoring of ESG factors, including climate-related material issues, targets, implementation and performance and sustainability reporting.

We acknowledge the necessity for immediate global action to address the rising temperatures and reduce the threats posed by climate change. HIHL continues to invest in technologies and innovations that tackle global problems and meet underlying needs in society aiming to improve general living standard. While early-stage companies may not have adequate resources to track and disclose comprehensive ESG practice report, HIHL will avoid investments in companies with net negative social or environmental practices and impact.

We are working on strategies to enhance climate resilience across our business. The Group considers corporate governance, strategies, risk management, and policies as integral pillars to HIHL’s business resilience. This is our sixth sustainability report, and we provide information about the Group’s performance against targets to help our stakeholders understand our approach in managing our material ESG factors.

ABOUT THE REPORT

- **Scope**

The reporting scope covers the performance of the Hotung Investment Holdings Limited (“Company”) and its subsidiaries (together, “Group”) from 1 January 2023 to 31 December 2023 (“FY2023”), with the data from previous financial years for comparison where applicable. According to the headquarter and the employees of the Group which are both in Taipei, Taiwan, the geographic presence of report will incorporate our environmental, economic, social and governance in Taipei, Taiwan.

- **Approaching to Sustainability Reporting**

This sustainability report has been prepared in accordance with the Global Reporting Initiative Standards (“GRI Standards”) and in compliance with Singapore Exchange Securities Trading Limited (“SGX-ST”) Mainboard Listing Rules 711A and 711B on Sustainability Report and Practice Note 7.6 Sustainability Reporting Guide. The GRI Standards were chosen due to its longstanding and international renowned sustainability framework. Its structure enables the reporting of our material about economic, environmental, and social issues. The sustainability report is issued together with the Group’s annual report.

This report supplements information on the Company’s strategies and activities in relation to sustainability practices regarding ESG factors, which are covered in other parts of this annual report. For the full list of references and disclosures used in this report, please refer to the GRI Content Index on page 69 to 70.

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The climate related disclosures in the sustainability report are guided by the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”), which have four overarching elements – Governance, Strategy, Risk Management and Metrics and Targets. These elements are disclosed across various sections of this report. The TCFD Content Index is available on page 71.

- ***Internal Review***

All data included in this sustainability report and TCFD disclosures have been submitted for an internal review by the Management and the internal audit function. It was also approved by the Board.

The Company will publish the Sustainability Report annually and monitor our sustainability progress through its performance of the key ESG issues that matter to the stakeholders. For any queries or suggestions relating to this report, please reach out to us at hihl@equity.com.tw.

APPROACH TO SUSTAINABILITY AND SUSTAINABILITY GOVERNANCE

The two fundamental principles of our approach are transparency and accountability. We conduct our operations and businesses in a sustainable and ethical way. The Board also determines material ESG factors, including climate-related metrics and targets. The Board monitors and oversees progress against material ESG factors, including climate goals and targets through regular updates by the management. Within the Board, the Audit Committee has oversight of effective management of all risks, which includes ESG risks such as climate change. Our management team is responsible for strategic planning, business-goal, risk management, and financial tracking overall firm governance and talent management.

We delegated an employee (the “in charge”) who is responsible for sustainability report and keeps track on the newer regulations that may impact the sustainability report. The in charge collaborates with different departments facilitate assessments on an annual basis to identify, review and assess respective key stakeholders as well as sustainability their materiality impact on the Group.

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STAKEHOLDER ENGAGEMENT

The Board adopts a balance between the needs and interests of key stakeholders, considering the best interests of the Company. The Group engages its stakeholders on a regular basis 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 and investee companies.

Key Stakeholders	Modes of Engagement	Concerns and interests
Employees	<ul style="list-style-type: none">• Weekly Management meetings and department meetings are held for business updates and to discuss important business matters.• Seminars for training and development.• Annual performance review.• Annual audit.	<ul style="list-style-type: none">• Organizational financial performance.• Health and safety of the employees.• Training and education.
Shareholders	<ul style="list-style-type: none">• SGXNet announcements.• Annual General Meetings: Questions and Answers session.• Email/Electronic communications: "Contact Us".• Information on company website for Shareholders.	<ul style="list-style-type: none">• Organizational financial performance, including dividend policy.• Risk Management.
Investee Companies	<ul style="list-style-type: none">• Access to the financial/annual reports for updates on performance of the investee companies.• A board observer seat in the investee companies.• Site visit.• Regular meetings, teleconference, and email correspondences.	<ul style="list-style-type: none">• Business Ethics.• Corporate Governance.
Regulators	<ul style="list-style-type: none">• Compliance policy, rules, and regulation.• Correspondences via mail, email, or teleconference.	<ul style="list-style-type: none">• Compliance with policies, rules, and regulations, including sustainability reporting.• Risk Management.

DETERMINING MATERIAL TOPICS FOR SUSTAINABILITY

Our sustainability work only has meaning and impact if it focuses on addressing the issues that matter the most. It is critical for us to assess risks and opportunities that key ESG issues may have on our business, also considering views and expectation of our stakeholders around these ESG issues.

According to abovementioned, we have applied four steps to assess point of focus in our ESG analysis: identification, prioritization, validation, and review of material topics.

SUSTAINABILITY REPORT

• ***Identification***

The Group internally identifies material ESG topics that are important to the Group. Since there are no other SGX-ST Main Board listed companies whose core business is in venture investment, we referred to companies whose business is general investment. However, underlying investment strategies and business models may have variances.

Through internal consideration of regulatory requirements, ESG rating and ranking methodologies, and SDGs and TCFD guidelines, we identified 22 material sustainability topics to the Group.

Economy	Environment	Social (People/ Human Rights)	Governance
<ul style="list-style-type: none">• Economic performance• Business resilience	<ul style="list-style-type: none">• Safeguarding a sustainable environment• Sustainable sourcing• Greenhouse Gas Emission (“GHG”)• Energy Consumption• Water Consumption• Waste Generation	<ul style="list-style-type: none">• Staff training and education• Ethics and Integrity• Cyber security• Diversity, equity and inclusion• Occupational health & safety• Human capital development	<ul style="list-style-type: none">• Corporate governance & Regulatory compliance• Risk management• Business ethics• Board composition• Management diversity• Alignment with frameworks• Assurance• Tax transparency

• ***Prioritization***

The in charge and its collaboration selected internal sustainability material topics by considering their likelihood and impact on the Group's business. We excluded the material topics addressed in corporate governance report, such as Board composition and risk management.

The in charge evaluated the importance of each material topic to stakeholders and the impact to the Group and shortening our material topics list.



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- ***Validation***

The Board had the final review and approved 7 material topics selected for sustainability reporting.

Economy	1. Business Resilience
Environment	2. Safeguarding a Sustainable Environment
Social	3. Staff Training and Education
	4. Occupational Health & Safety
Governance	5. Diversity, Equity, and Inclusion
	6. Corporate Governance & Regulatory Compliance
	7. Business Ethics

- ***Review***

The in charge and coworking departments track and review the ongoing progress of targets above.

DISCLOSURES ON MATERIAL TOPICS

1. Business resilience

- Sustainability sector

Economic Environmental Social Governance

- Definition

Business resilience is the ability to adapt quickly to risks and disruptions, while maintaining key business workflows and safeguarding employees, assets, and brand reputation.

- Risk

The risks include rapidly changing IT and cyber threats, regulatory policies, impact from pandemic and natural disasters, and human errors that may cause business disruption. If the Group cannot react and respond quickly, it may suffer financial loss, compliance issue or reputational damage.

- Opportunity

- Achieve and maintain a competitive advantage.
- Improve financial performance and reduce volatility.
- Protect the Company's reputation.

SUSTAINABILITY REPORT

Alignment with international sustainability frameworks:

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



13 CLIMATE ACTION



GRI 203-2 Significant indirect economic impacts

Resilience is a company's ability to absorb stress, recover critical functionality, and thrive in new circumstances. Policies and choices made today will determine the success in building a transition to a more resilient tomorrow.

(1) Financial resilience:

HIHL balances short-term and long-term financial targets. A sufficient working capital position enables the Group to weather potential volatility in revenue and expenses.

- Risk Management

Please refer to "Financial Risk Management" of Notes to Financial Statements in the Annual Report for more details.

- Performance

	31 December 2023	31 December 2022	31 December 2021
Current assets ¹ (NT\$'000)	1,913,536	1,648,466	2,349,958
Current liabilities ¹ (NT\$'000)	148,857	154,816	214,982
Working Capital (NT\$'000)	1,764,679	1,493,650	2,134,976
Working Capital ratio ²	12.9	10.6	10.9

Notes:

1. Please refer to the "Statements of Financial Position" of the components of Current Assets and Current Liabilities.
2. The working capital ratio, also known as the current ratio, measures the capability of a business to meet its short-term obligations that are due within a year. Moreover, the formula is: Current assets ÷ Current liabilities = Working capital ratio.

- Target

To maintain a sufficient capital position to mitigate impact from market uncertainty and volatility.

SUSTAINABILITY REPORT

(2) Operational resilience: In 2023, although COVID-19 has subsided, the company will still incorporate the management of highly contagious diseases similar to COVID-19 into its sustainable business plan. This is a prudent measure to ensure the company maintains resilient operations in the face of future potential challenges.

- Risk Management

- I. Business Continuity Plan: The Group has set up and updated Business Continuity Plan (“BCP”) to guide the Group to recover from an expected crisis, and to minimize its impact to our business due to operational disruption. The framework covers aspects such as Cyber Incident Response, IT infrastructure restoration, as well as recovery of critical business functions in order to continue business functions.

- II. Risk Management: Please refer to the “Risk Management and Internal Controls” of Corporate Governance Report in the Annual Report for more details.

- III. Ethics Policy

- Performance

In FY2023, the Group has successfully conducted the BCP exercises and there is no (significant) impact to business due to operational disruption.

Year	FY2023	FY2022	FY2021
significant Impact to business due to operational disruption	NIL	NIL	NIL

- Target

To avoid significant impact to business due to operational disruption by educating and training employees' professional knowledge, skills and business ethics continuously.

(3) Technological resilience: The Group invested in strong, secure, and flexible infrastructure, including managing cyber threats and avoiding technology breakdown.

- Risk Management

- I. Information Security Policy: principles stated and designed to protect networks, computing environment, programs and data from attack, damages, or unauthorized access as well as keep business resilience and continuity.

- II. Information Security Practices and Procedures: listed practices of detailed procedures for security events, including detection, monitoring, and responses to different scenarios of security risks as well as resilience risks.

SUSTAINABILITY REPORT

- Performance

No business disruption, reputation damage, and penalty happened and were IT-related in 2023.

Year	Performance
FY2023	Strength sustainability through better collaboration in mixed cloud architecture. 1. Expand internet connections to mobile ISP for better non-stop service and flexible network segmentation. 2. Enhanced cloud functions of firewall to get better and efficient cyber protection. 3. Planning upgrade backup to mixed cloud for quick recovery and easy accessibility.
FY2022	Expand sustainability with better network and OA process 1. Upgrade firewall gateway to manage mixed cloud architecture and network security. 2. Leverage cloud service of firewall to get better and more comprehensive cyber protection. 3. Changing from Paper to Digital Forms to save time and resources in a secured and efficient way.
FY2021	Enhance cloud architecture for better flexibility 1. Expand HDD for on-premises cloud to relocate virtual machines on demand. 2. Tuning Backup and Restore mechanism for sustainability of on-premises cloud. 3. Tuning and monitoring external cloud services for better security.

- Target

To prevent technology errors and security breaches.

2. Safeguarding a sustainable environment

- Sustainability sector
 Economic Environmental Social Governance

- Definition

Encouraging and educating employees to be environmentally friendly.

- Risk

Global warming will undermine food systems, physical assets, infrastructure, and natural habitats.

- Opportunity

- Achieve and maintain a competitive advantage.
- Improve financial performance and reduce volatility.
- Protect the Company's reputation.

SUSTAINABILITY REPORT

Alignment with international sustainability frameworks:

7 AFFORDABLE AND CLEAN ENERGY



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



GRI 302-1 Energy consumption within the organization.

GRI 302-4 Reduction of energy consumption; TCFD

GRI 305-1-a Direct (Scope 1) GHG emissions; TCFD

GRI 305-2-a Energy indirect (Scope 2) GHG emissions; TCFD

GRI 306-2 Management of significant waste related impacts; TCFD

We strive to carry out our business operations in an environmentally and socially responsible. While our business does not heavily consume natural resources, we undertake initiatives to reduce our environmental footprint through practices in energy conservation, e-waste management, and comprehensive sorting and recycling.

Energy Conservation

Energy is the main contributor to the Group's environmental footprint in its day-to-day business operation. The administration department adopts several practices to contribute to energy conservation in the Group's daily operation. Using LEDs instead of incandescent light, the office minimizes its power consumption from lighting. We have used the cloud to reduce the energy burden of IT infrastructure. Apart from the above, our employees are also encouraged to conserve energy through the switching-off power of the equipment that are not in use.

The total energy consumption has maintained a similar consumption with FY2022. The energy consumption for 2023 was 54,496 kWh, equivalent to Scope 1 (direct) emission of about 27,326 kg CO₂.

Year	FY2023	FY2022	FY2021
Total energy consumption (kWh)	54,496	54,813	57,616
Average energy consumption per employee (kWh)	1,822	1,768	1,859
Carbon emissions(kg)	27,326	27,674	29,242

The Group remains committed to reducing the level of energy consumption in the years to come. The Group targets gradual reduction on the average energy consumption per employee, and will start to undertake measures, including notices and reminder emails to encourage employees to reduce energy usage.

SUSTAINABILITY REPORT

Paper Waste Disposal

It has become common knowledge that wide usage of paper is the culprit of massive deforestation and global warming. It is not only important to recycle but to reduce paper wastage. We have implemented the following measures to reduce paper consumption:

- Permanent double-sided printing on all printer settings.
- Implement digital forms and online leave request and approvals, removing the need to have hardcopy approvals since July 2022 and September 2022 respectively.
- Physical copies of our annual report will only be mailed upon request from shareholders.
- Physical copies of Appendix of AGM notice will only be printed and mailed upon request from shareholders.

Our target is to implement thorough recycling and to reduce wastage by using electronic facilities to minimize printing papers.

Water Conservation Awareness

The Group's operations do not involve water consumption. Water consumption by the Group is mainly from employees' day-to-day consumption and facility cleaning, which are not metered separately by the building management; thus, we are unable to disclose the Group's water consumption data. The Group will continue to stress the importance of water conservation and educate employees to be mindful of water wastage in the office.

Year	FY2023	FY2022	FY2021
Total water consumption(m ³)	726	618	656
Average water consumption per employee(m ³)	24	20	21
Carbon emissions(kg)	40	34.53	38.68

Investing in environmentally friendly business

Fund I, a series of MIH Capital, LP

Fund I, a series of MIH Capital, LP ("Fund I") is the first fund established by Mylennium Innovation Hub Capital Management Ltd ("MIHC"). MIHC is a fund management company founded in 2020 and focuses climate and sustainability technology innovations. Fund I invests mainly in climate and sustainability technology companies with prototype or minimum viable products. The focused industry categories will be related to climate and sustainability technologies, such as Energy and storage hardware, food and agriculture, mobility components, heavy industrial technologies, chemical and material, consumer products and circular economy and decarbonization hardware.

We believe that every bit of energy and resources saved counts and goes a long way in contributing to the environmental conservation and protection.

SUSTAINABILITY REPORT

3. Staff training and education

- Sustainability sector
 Economic Environmental Social Governance
- Definition
Develop and manage employee skills through training.
- Risk
 - By neglecting to educate employees on trends, policies, and advancements, organization may miss on key innovations within the industry.
 - By not training employees on new policies, mandates, requirements, and practices as they arise, the Group may encounter legal litigations, in turn, it can be extremely costly.
 - Employees who have not been trained properly are less productive and produces at a lower quality. Less knowledge and training lead to a lower level of performance, resulting in sub-optimal business contribution.
- Opportunity
 - Employees need to develop new skills and more efficient work habit to adapt to rapidly changing conditions.
 - Developing employees' general capabilities, adaptability and resilience will better prepare the Group for future disruptions.

Alignment with international sustainability frameworks:



GRI 404-1 Average hours of training per year per employee

The quality of employees that the companies are able to attract and retain is an important competitive advantage. The only sustainable competitive advantage is an organization's ability to meet current and future business needs.

In a rapidly changing business environment, we will need to ensure that staff training needs are optimized and meet the purpose of upgrading the skillset of our workforce. This may include seminars, in-house training, and remote video training. These training programs are designed to provide employees with the relevant skills and knowledge to improve performances at their roles. The Group has invested resources to provide employees with a series of courses to aid their professional and personal growth.

SUSTAINABILITY REPORT

The Covid-19 pandemic triggered new ways of learning, and the Group acknowledges the importance of consistent knowledge building. We continued to upskill our employees during this period as they acquired new technical knowledge through video sessions.

- ◆ **The internal or external training and education which employees had in FY2023**

Topics of Courses	All / Partial employees	Internal / External training
1. Persevering through Adversity	All	Internal
2. From NTU to NASDAQ/My Entrepreneurial Journey	Partial	Internal
3. Exploring the Role of Humanities in Technology	All	Internal
4. From million to 10 billion	All	Internal
5. Seminar on Legal Practices and Operations of Overseas Private Equity Funds	Partial	External
6. Legal Risks and Responsibilities for Serving as Directors and Supervisors of Investee Companies	All	Internal
7. Taiwan Tax connect with international tax trends and industrial strategies	Partial	External
8. BEPS 2.0 Update or the new progress of BEPS 2.0 from the perspective of international tax trends	Partial	External
9. Controlled Foreign Company for Profit-Seeking Enterprise seminar	Partial	External
10. Taiwan Tax Update seminar	Partial	External
11. Information Security Awareness and Training	All	Internal
12. Network and Firewall Security	Partial	External
13. Cloud Application and Development	Partial	External
14. Cyber Security	Partial	External
15. Database Management	Partial	External
16. How AI Shapes our Daily Lives	All	Internal
17. Introduction and instructions of ChatGPT	All	Internal

- ◆ **Development & Training hours per employee**

Year	FY2023	FY2022
Average training hours per employee	9.88hr	5.86hr

We have recorded all required disclosure regarding training and development since FY2022.

We will continue to invest in upskilling our employees and provide at least 2 half-year internal trainings in the upcoming year.

SUSTAINABILITY REPORT

4. Occupational health & safety

- Sustainability sector

Economic Environmental Social Governance

- Definition

Create a safe work environment and offer healthy checks to support employees' overall health.

- Risk

Not only will an unfortunate incident or case of work-related health issue cause harm to the individuals affected, but it will also damage reputation, negatively impact staff morale, and potentially come with crippling levels of direct and indirect financial costs.

- Opportunity

- Implementing good occupational health and safety management can improve productivity, competitiveness, profitability, and motivation of employees.
- Improved health and safety performance.
- Reduced cost of accidents.
- Better retention and talent acquisition.
- Enhanced Group reputation.

Alignment with international sustainability frameworks:

3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



GRI 403-1 Occupational health and safety management system

The Group's employees play a key role in long-term success and are therefore its most important asset, which is why employee health and safety is a fundamental prerequisite for the Group. The Group is morally, ethically, and legally responsible for occupational health and safety, which ensures the wellbeing of the Group's employees and contractors.

The Group complies with Occupational Safety and Health Act and the Enforcement Rules of the Occupational Safety and Health Act issued by Ministry of Labor Republic of China (Taiwan).

SUSTAINABILITY REPORT

Response to Covid-19 updated in FY2023

In 2023, although COVID-19 has subsided, the company still incorporated the management of highly contagious diseases that similar to COVID-19 into its business continuity plan. This is a prudent measure to ensure the company maintain resilient operations in the face of future potential challenges.

Our goals are to achieve zero occupational injury and incident.

5. Diversity, equity, and inclusion

- Sustainability sector
 Economic Environmental Social Governance
- Definition
Develop and maintain a diverse, equitable and inclusive workforce.
- Risk
 - Lack of infusion of diversity can create a hostile environment and lead to higher employee turnover.
 - These cases can cause company severe reputational damages, substantial legal and defense costs, and D&O claims.
- Opportunity
 - Diversity in the workplace may enable the Group to benefit from a wealth of diverse experiences, knowledge sets, and skills that could help the Group to progress further.
 - Diversity and inclusivity may help retain top talent that is already within the Group, while attracting more outside talent.
 - Stronger Group reputation.

Alignment with international sustainability frameworks:

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



GRI 405-1: Diversity of governance bodies and employees

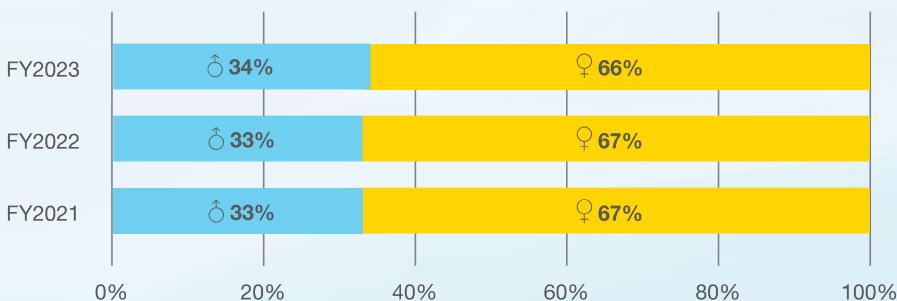
GRI 406-1: Incidents of discrimination and corrective actions taken

SUSTAINABILITY REPORT

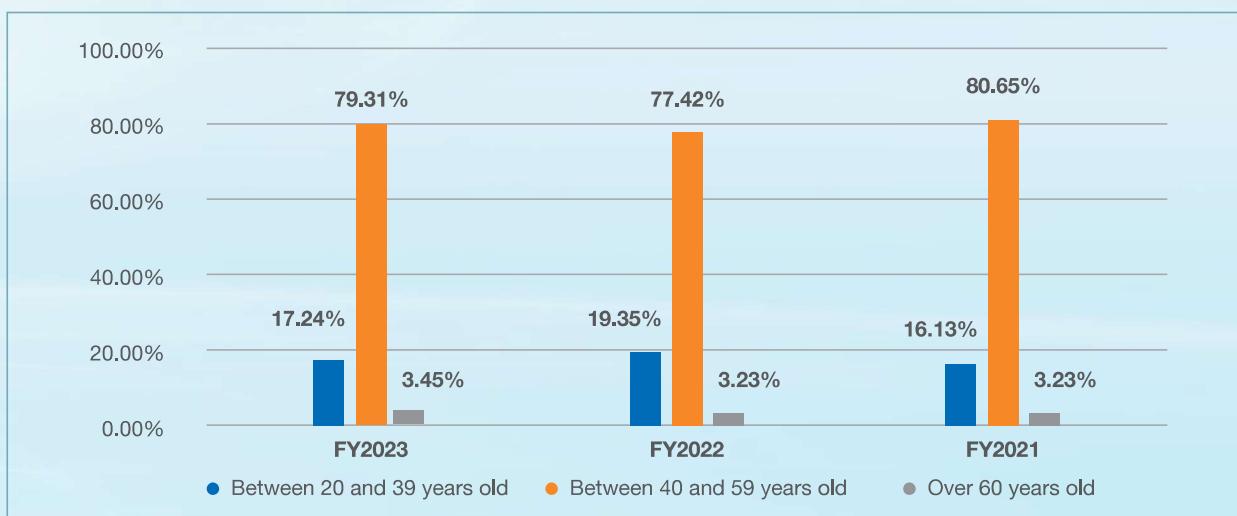
Building and retaining talent are both crucial for the Group. Having a diverse workforce with equal opportunity is one of the ways to build and retain talent. The Group is an equal opportunity employer, and its employees are recruited, promoted, and compensated based on merit, regardless of age, ethnicity, gender, marital status, and disability. We believe a diverse workforce, where a wide range of varying expertise and perspectives can be brought together to help the Group to drive better performance over time.

Our diversity is not just limited to our employees but also represented in our Board of Directors. Our directors come from different backgrounds which helps to expand the range of perspectives at the top and enables the Board to better advise the Group strategically. The profile of each Director can be found in the “Board of Directors” and “Board Diversity” section of Corporate Governance Report in the Annual Report.

◆ Current employees by gender



◆ Current employees by age groups



The Group has pledged to install an inclusive and non-discriminatory culture that focuses on treating all employees fairly. We adopt a strong stance against discrimination on any biases and are committed to providing equal opportunities.

Year	FY2023	FY2022	FY2021
Incidents of discrimination and corrective actions taken	NIL	NIL	NIL

SUSTAINABILITY REPORT

The Group will strive to maintain zero incidents of discrimination in FY2023 and beyond.

The Group's recruitment practices will continue to adhere to Act of Gender Equality in Employment issued by Ministry of Labor, while complying with all applicable government regulations pertaining to safety and health aspects to provide a safety and healthy workplace for employees.

6. Corporate governance & regulatory compliance

- Sustainability sector

Economic Environmental Social Governance

- Definition

Ensure adherence to laws, rules, and regulations in all jurisdictions where business is conducted.

- Risk

Non-compliance with regulations may inflict both monetary and non-monetary penalties, negatively impacting the Group's reputation, affecting its financial standing and business continuity.

- Opportunity

- The Group tends to respond faster to change and take advantages of new market opportunities.
- Compliance will result in greater ability to manage risks and provide better organizational continuity.

Alignment with international sustainability frameworks:

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



GRI 2: General Disclosures

We strive to enhance our governance framework, anchored on a strong belief that good corporate governance is the cornerstone of a well-managed and efficient organization. The Board of Directors ("Board") remains committed to maintaining the high standard of corporate governance to safeguard the interest of all stakeholders. Please refer to "Corporate Governance Report" in the Annual Report for more details.

The Group remains committed to building a strong culture of compliance and has taken steps to ensure that its business practices are in alignment with applicable laws and regulations of the incorporation of Group companies, including Bermuda, BVI, Cayman, and Taiwan. At the Company level, we also ensure that we are in compliance with the Listing Manual of Singapore Exchange Securities Trading Limited, and relevant laws and regulations applicable to the Company.

Our goal is to maintain zero cases of material non-compliance with laws.

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7. Business ethics

- Sustainability sector

Economic Environmental Social Governance

- Definition

Business ethics includes organizational standards, principles and values that meets a high standard of ethics and govern the actions of individuals to prevent corruption, extortion, and bribery in all markets in which the Group operates or does business.

- Risk

Employee-related risks may also arise from violations to the Group's Code of Conduct and related principles, such as practices related to bribery, fraud, corruption, and misconduct, which could impact the Group's reputation and financial position.

- Opportunity

- Ethical businesses have a good image in the eyes of the public, as people have confidence in the business, which leads towards greater success.
- Established ethical guidelines would lead the company in times of change and distress.
- Avoid lawsuits.
- Enhance Group reputation.

Alignment with international sustainability frameworks:

8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



GRI 2: General Disclosures 2021 - Policy commitments

We commit to uphold the high standards of business ethics. Employees are expected to comply with our "Ethics Policy", which outlines the standards of behavior in displaying responsible conduct, honesty and integrity. The Group also adopts the following policies to abide by relevant laws and regulations within the industry:

(1) Whistle-blowing policy:

Throughout 2023, we ensured that all employees had access to our whistle-blowing policy by ensuring that is available on internal platform and website. We will continue to work towards our goal of strengthening our whistle-blowing policy. Please refer to "whistle-blowing policy" of Corporate Governance Report in the Annual Report for more details.

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- (2) Policy on Dealings in the Securities of Hotung Investment Holdings Limited (“HIHL”) for Directors of HIHL and Employees of the Group: To comply with the Listing Manual, the Company has put in place of the policy and procedure executed by legal department regularly to govern the personal trading of the securities of HIHL. It’s to ensure all employees’ personal investments in HIHL are lawful and free from conflicts of interest, including the prohibition on dealings with the Company’s securities on short-term considerations. Please refer to the “Securities Transactions” of Corporate Governance Report in the Annual Report for more details.

Our aim is to safeguard the sustainable development of the Group.

OTHER CLIMATE RELATED DISCLOSURES

- Strategy

Our strategy is to ensure the Group can withstand climate challenges in a zero-carbon future. Our climate strategy focuses on identifying, evaluating, and mitigating risks related to physical impacts of climate change. As part of our short-term strategy, we are working on reducing GHG emissions across our operations. Our medium- and long-term strategy will develop further as we gain deeper insights into risks and opportunities in the upcoming years.

- Risks:

With respect to our business, our initial, qualitative risk assessment highlights operational risks. Acute weather events may also pose a risk to our physical assets, such as rising temperatures that can lead to sea level rise and persistent heat waves. These physical risks can potentially have a financial impact on business, including direct damage to assets and indirect disruptions to business operations.

- Opportunities:

Getting to net zero will require tremendous, rapid change and large-scale technology deployment across industries. The transition will create massive opportunities to build entirely new businesses, and we can see them as new investment opportunities.

We keep updating our Business Continuity Plan to against the threat to operations that climate impacts can pose and create a variety of different plans and strategies to deal with those threats.

- Climate Risk Management

The board has set tone from the top to strength the oversight for risks of climate changes. Identification, assessment, and management of climate-related risks have included TCFD considerations and been integrated into processes of current ERM framework by adopting controls with different level of climate risks, including transition risk and physical risk. Under this integrated framework, quantitative metrics had also been considered how to applied and managed results for improvement, such as conservation of GHG emissions, as shown in our sustainability report.

SUSTAINABILITY REPORT

GRI STANDARDS CONTENT INDEX

Statement of use	Hotung Investment Holdings Limited has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

Reference No.	Disclosure	Location
GRI 2: General Disclosures 2021		
2-1	Organizational detail	Page 51 to 52
2-2	Entities included in the organization's sustainability reporting	Page 51, Page 77
2-3	Reporting period, frequency and contact point	Page 51 to 52
2-4	Restatements of information	N.A.
2-5	External assurance	N.A.
2-6	Activities, value chain and other business relationships	N.A.
2-7	Employees	Page 65. The Group has 29 employees and 1 contractor who is the office cleaner as at the end of FY2023.
2-8	Workers who are not employees	
2-9	Governance structure and composition	Page 26 to 41
2-10	Nomination and selection of the highest governance body	Page 52
2-11	Chair of the highest governance body	Page 35 to 36
2-12	Role of the highest governance body in overseeing the management of impacts	Page 26 Page 51 Page 52
2-13	Delegation of responsibility for managing impacts	Page 53 to 55
2-14	Role of the highest governance body in sustainability reporting	Page 26 Page 51 Page 52
2-15	Conflicts of interest	Page 29 Page 49 to 50 Page 68
2-16	Communication of critical concerns	Page 35 to 36
2-17	Collective knowledge of the highest governance body	Page 32 to 34
2-18	Evaluation of the performance of the highest governance body	Page 38 to 39
2-19	Remuneration policies	Page 39 to 40
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GRI 302: Energy 2016		
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GRI 305: Emissions 2016		
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GRI 404: Training and Education 2016		
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Recommended disclosures, including supplemental guidance for financial sector

Pillars	Recommended disclosures	Reference and response
Governance	1. Describe the board's oversight of climate-related risks and opportunities.	Page 51
	2. Describe management's role in assessing and managing climate-related risks and opportunities.	Page 51
Strategy	3. Describe the climate-related risks and opportunities the Group has identified over the short, medium, and long term.	Page 68
	4. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Page 68
	5. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 68
Risk Management	6. Describe the organization's processes for identifying and assessing climate-related risks.	Page 68
	7. Describe the organization's processes for managing climate-related risks.	Page 68
	8. Describe how processes for identifying assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Page 68
Metrics & Targets	9. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 58 to 60
	10. Disclose Scope1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Page 58 to 60
	11. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Page 58 to 60