

Issuer: Hotung Investment Holdings Limited

Security: Hotung Investment Holdings Limited

Meeting details:

Date: 13 April 2017

Time: 15:00H

Venue: Republic of Singapore Yacht Club, Nautica II & III – Level 2, 52 West Coast Ferry Road, Singapore 126887

Company Description

Hotung Investment Holdings Limited is a venture capital firm specializing in start-up and expansion stage investments. It seeks to invest in businesses globally and across a variety of industries, that aim to improve general living standards. The firm primarily invests in consumer products, retail sectors (including online retail), photonics, precision component manufacturing, biotechnology, as well as culture creative industries in Greater China. Hotung Investment Holdings Limited was founded in 1997 and is based in Taipei, Taiwan.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BLS)

Q1. On page 21 of the annual report (Investment Management Report), it was disclosed that about a quarter of the new investments in 2016 were for start-ups and three quarters of new investments were growth capital (for expansion).

The breakdown over the last 4 years is shown below:

	FY2016	FY2015	FY2014	FY2013
Start-up	23.6%	15.9%	7.6%	19.9%
Expansion	76.4%	46.5%	84.9%	60.9%
Mature	-	37.6%	7.5%	19.2%

- a) **Has there been a shift to invest more into younger companies over the years?**
- b) **Has the board or investment committee set any new investment limits on each growth stage?**
- c) **On an overall portfolio basis, is there a targeted allocation between the start-up, expansion and mature companies?**
- d) **Are there any geographical targets (and/or limits) to the investment portfolio?**
- e) **Can the Investment manager help shareholders understand what is meant by “Investment” as an industry type?**
Shareholders understand “e-commerce”, “biotechnology” but “Investment” seems too vague as an industry.

Q2. As at 31 December 2016, the board comprises 11 directors, of whom 10 are non-executive. Of the 10, the nominating committee considers 6 to be independent of the company’s management and principal shareholders.

In the Corporate Governance Report (page 26 – Attendance at board and board committee meetings), it was disclosed that one director had not attended any of the four board meetings. Another director attended one out of the four (the director was appointed on 10 May 2016), two directors attended just two of the four meetings, and two other directors attended three of the four meetings.

Even though the bye-laws of the company allows directors to participate in any meeting of the board via telephone, electronics or other communications facilities, it would appear that the directors did not or could not do so.

- a) **Could shareholders understand the situations that led to the sub-par attendance record of the directors at the board meetings?**
- b) **How can the company secretary, the board chairman and the directors improve the scheduling of the board meetings so that the directors’ can attend the board meetings?**

Q3. In the company's Corporate Governance report (page 30), the company has disclosed, under Principle 5: Board Performance, that:

On Board Evaluation Process: *The NC has established a formal evaluation process to assess the effectiveness of the board and its committees as a whole.*

On Individual Director Evaluation: *In addition, the NC reviews and evaluates the performance of individual directors in groups annually, especially (sic) who are subject to retirement at the forth-coming AGM and further decides whether to recommend such directors to be re-elected at the AGM.*

- a) **Can the board or the nominating committee clarify if directors are assessed individually for their contribution to the board? If not, why is that so?**

Guideline 5.3 of the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore states that:

Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and board committees, and any other duties). The Chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

- b) **Would the nominating committee re-consider how it evaluates the company's directors, especially on an individual basis to be better aligned with the Code?**