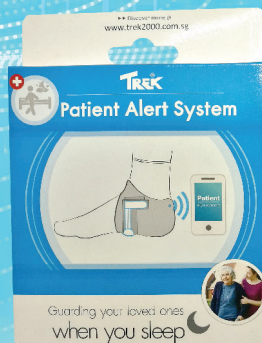
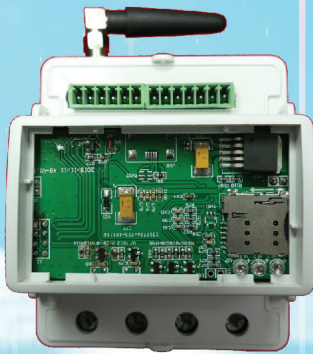


Annual Report 2020

CONNECTING PEOPLE THROUGH DISRUPTIVE SOLUTIONS



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Trek 2000 International Ltd (“Trek”) is a global industry innovator, patent owner and inventor of the revolutionary ThumbDrive USB flash drive. Our vision and mission are to be a leading solutions provider for the Internet-of-Things (“IoT”) ecosystem.

Listed on the Singapore Stock Exchange (SGX:5AB) in 2000, we offer state-of-the-art design solutions ranging from Interactive Consumer Solutions, Wireless, Antipiracy, Compression and Encryption to sophisticated Enterprise Solutions. As a design solutions provider, Trek operates under an asset-light business model, supported by a portfolio of patents granted across the world. We have offices in China, Japan, India, Vietnam, Thailand, Hong Kong, Malaysia, Indonesia and Singapore in order to serve the rapidly growing digital market.

Trek was named by Forbes Global as one of the Best Small Companies in the World in 2000 and 2002. We were also ranked as the Best Managed Small Company in Singapore by AsiaMoney (of Euromoney). Trek also received the INVENT Singapore Award 2000, the ASEAN Business Award for Innovation in 2011, Asia-Pacific Enterprise Leadership Awards for Spirit of Innovation Award in 2013, and SD Association Leadership Award in 2014. We were also conferred the One Asia – Avant-Garde Award and International Management Action Award in 2015.

Upholding our tagline, “Innovation: Inside Out”, Trek’s core differentiation lies in its R&D expertise. Supported by a team of visionary leaders, we strive to innovate relentlessly and change peoples’ lives for the better.

GROUP PRESIDENT'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors of Trek 2000 International Ltd ("Trek" or "the Group"), I am honoured to present our annual report for the financial year ended 31 December 2020 ("FY2020").

A Challenging World in FY2020

2020 was an unprecedented year where the world dealt with the onslaught of the Covid-19 pandemic, many countries went into lockdown and we had to adapt to life in the new normal. Coupled with the uncertainties brought about by the ongoing US-China trade war, the market conditions during the year posed insurmountable obstacles for many economies and businesses alike. It was not an exception for Trek as we faced pricing pressure owing to the weak, unfavourable and uncertain market conditions.

While these factors inadvertently weighed on our financial performance during the year, our management team had managed to narrow the Group's losses, through fiscal prudence and discipline, to record a net loss of US\$1.2 million in FY2020 as compared to a net loss of US\$1.4 million in the year before.

Transitioning with a Rejuvenated Management Team

Over the last few years, the company has encountered challenges on many fronts and has had to adapt quickly, especially amid the Covid-19 pandemic. Fortunately, our new and rejuvenated management team that was put in place since 2018 has coped well with the restructuring process and transitioning period. The Group is now on a firm platform and is well-positioned to execute its growth plans.

Guided by the long-term objectives that are embedded in our corporate plan, we remain cautiously optimistic of our prospects moving forward as we pursue our next goal to harness the waves of 5G technology into the next era.

A Culture of Relentless Innovation

To keep ahead of the technological curve and remain relevant in this dynamic business landscape, Trek

will continue to actively invest in R&D initiatives and innovate aggressively to come up with new solutions. Embracing change has allowed us to ensure business sustainability into the next lap.

Despite the current global uncertainties including the Covid-19 pandemic, the US-China trade war and a volatile macroeconomic landscape, we are well-positioned to launch a variety of new patented solutions on digital storage and media this year.

Backed by the potential of these new innovative solutions, we are optimistic and confident in ensuring long-term success in the IoT market. We will continue to boost our marketing initiatives in key target markets to accelerate sales of our latest products. Furthermore, our asset-light business model will enhance our strategy to grow, stay nimble as well as mitigate our risks.

Challenging Outlook for FY2021

While the Covid-19 situation appears to be stabilising, in part due to the access to Covid-19 vaccines, recurring waves of the pandemic and the uncertainty of various vaccines' effectiveness continue to pose significant risks to the overall recovery of the economy and normal functioning of global supply chains.

For Trek, acute supply shortages of semiconductors, which form part of our solutions, has caused adverse disruptions to our operations. Furthermore, resumption of regular supply is only expected in the second half of 2021.

Notwithstanding these headwinds, I am pleased to note that Trek has made excellent progress early on in 2021. As an industry-leading original design manufacturer (ODM) in the technology space, we have been able to collaborate with several globally renowned companies to offer our cutting-edge solutions. This includes, amongst others, clinching contracts to supply our Generation-3 patented Flucard, a wifi-enabled wireless SD card.

The Group is currently exploring into Renewable Energy sector and will keep shareholders abreast of any significant developments.

Looking ahead, we foresee that the industry landscape will remain challenging in the next 12 months. During this period, we will remain selective

in exercising priority on our various projects and stay prudent in our financial management.

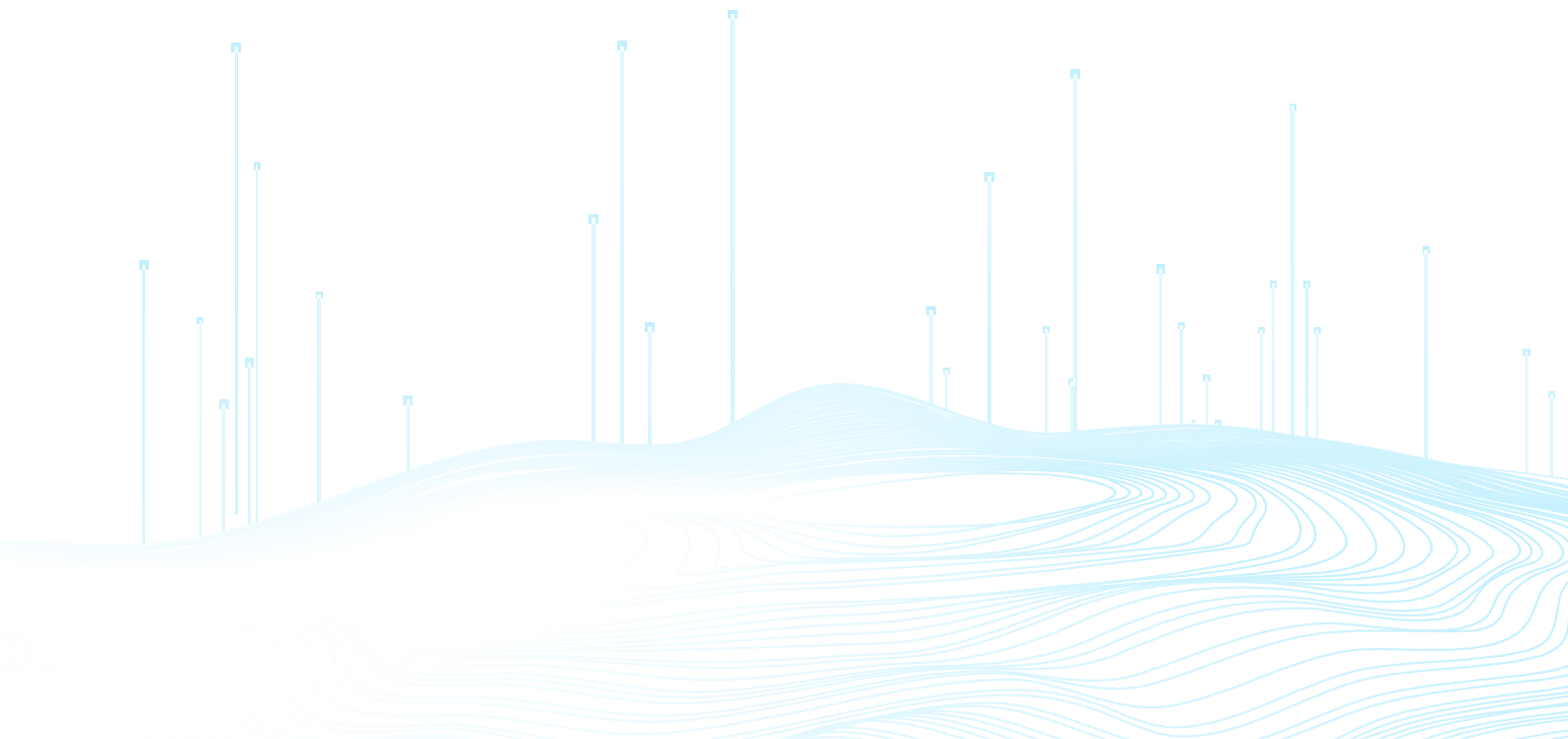
Appreciation

On behalf of the Board and management team, I would like to extend our heartfelt appreciation to

all shareholders who continue to support us and believe in our long-term vision. I would also like to extend my sincere gratitude to all our business associates, customers, and vendors who have stood by us through thick and thin. We look forward to your continuous support as we seek to chart long-term sustainable growth into the future.

Wayne Tan

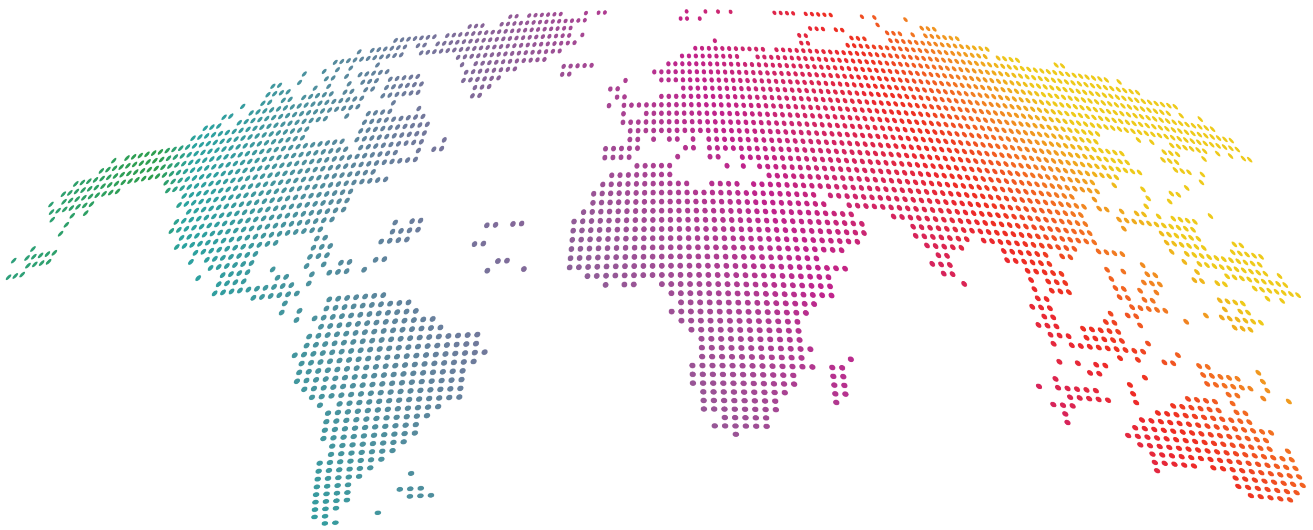
Deputy Chairman, Executive Director and
Group President
Trek 2000 International Ltd



INTELLECTUAL PROPERTY

The strength of our R&D remains an integral component for future growth and sustainability.

OUR IP REACH



OUR PATENTED CORE TECHNOLOGY SOLUTIONS

- Wireless
- USB
- Anti-piracy
- Security/Encryption
- Centralised Management System (CMS)
- Portable Storage Solutions Encompassing Flash Memory
- PC and Mobile Apps

TREK ECO-LANDSCAPE-CLOUD ERA



*REMOTE DATA DELETION

*FIND-MY-THUMBDRIVE

*BLOCK CHAIN STORAGE

*CHEZ AM

*BLOCK CHAIN METER

SECURITY

HEALTHCARE

SMART ENERGY

DATA STORAGE

CHEZ Solution User Scenario

Features:

- Usage Control:** Helps in any specific data access to work on your computer. Using the CHEZ app, you can now offer your users access to an approved set of devices in the white list, while maintaining the security of your network and the confidentiality of your data.
- 'User level' Access:** Users can no longer share sensitive data to the host computer via CHEZ Agent, so you can maintain your control over data.
- Management & Audit:** CHEZ Agent enables central and remote deployment. It provides monitoring and reporting of data usage in the form of an audit trail.

Other icons include a tire, a server rack, and a cloud with a gear.

4G/ 5G module

TREK'S PATENTED SOLUTIONS



T-Cam



Trek's iSSD



Trek's Smart Meter



Flucard®



Flucard® Ultra



CHEZ Solution

1. WIRELESS SOLUTIONS

a. Flucard®

Flucard® is a revolutionary SD card that enables the seamless connection and transfer of digital content between electronic devices. The versatility of the Flucard® has led to the development of an ecosystem encompassing endless possibilities within the IoT segment.

b. Flucard® Ultra

Flucard® Ultra is a faster, more advanced version of its original. It allows the wireless sharing of photos and videos as well as upload to the Flucard® portal or server of choice for instantaneous backup.

c. T-Cam

Trek's T-Cam is a modular Digital AV Camera and Flashlight using Trek's patent pending Horizontal Levelling technology and Wireless connectivity for on-demand remote live streaming, live recording and controls. The modular platform is scalable to different performance parameters including night vision and AI/ML and can easily adapt to different products forms and applications.

d. Trek's iSSD

Trek's iSSD (i Solid State Device) is a "wire-free" all-in-one wireless portable storage and Powerbank. Users of the device are able to transfer files and play movies wirelessly. It can also be used as a server for office and home with wireless access by users. The device also acts as a Powerbank to charge itself and other mobile devices wirelessly.

e. Trek's Smart Meter

Trek's Smart Meter is a meter system used by Energy companies and installed at the site of the power plants. The device allows customers of the company to access their meters through wireless and read live information of their utility usage and perform other functions on the meter through remote access.

f. CHEZ Solution

CHEZ Solution allows enterprises to protect crucial information by preventing access to all unauthorised mobile storages devices. CHEZ Solution is widely recognised by government agencies and companies as a top-notch security solution for the digital age.



ThumbDrive® Swan



ThumbDrive® Swipe



ThumbDrive® Crypto



Trek's MSSD

2. THUMBDRIVE® & STORAGE SOLUTIONS

a. Trek's MSSD

Trek's MSSD (Micro Solid State Device) is a portable data storage device that allows for super high speed transmission of files. The device comes with zinc alloy case that better protects the data.

b. ThumbDrive®

The patented ThumbDrive® is a thumb-sized external portable data storage device that utilises flash memory technologies to store digital data.

c. ThumbDrive® Crypto

ThumbDrive® Crypto ensures the encryption of all storage with the utilisation of a built-in hardware encryption system. The Advanced Encryption Standard (AES) is the regulatory standard approved by the U.S. Government.

d. ThumbDrive® SWAN

ThumbDrive® SWAN (or TD SWAN) drive has the unique Single-Write Access-Numerous (SWAN) feature on the USB flash drive. Files could only be written once to the drive and will stay intact and pristine. It is well suited for secure storage and archives of important data files.

e. ThumbDrive® Swipe

The ThumbDrive® Swipe is equipped with state-of-the-art finger authentication sensor technology to personalise the protection of information on the device.

PILLARS OF INNOVATION

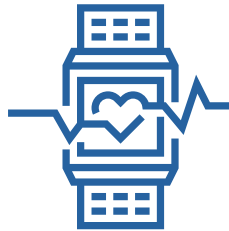
The world is experiencing the beginning of an IoT Revolution, where the proliferation of connected devices is expected to transform the way we work, live and interact.

Our core principle, “Innovation: Inside Out”, demonstrates our mission to continuously invent

products and solutions for the benefit of mankind. Supported by our track record of successfully developing disruptive technologies, our focus lies on developing new innovations within three main segments.



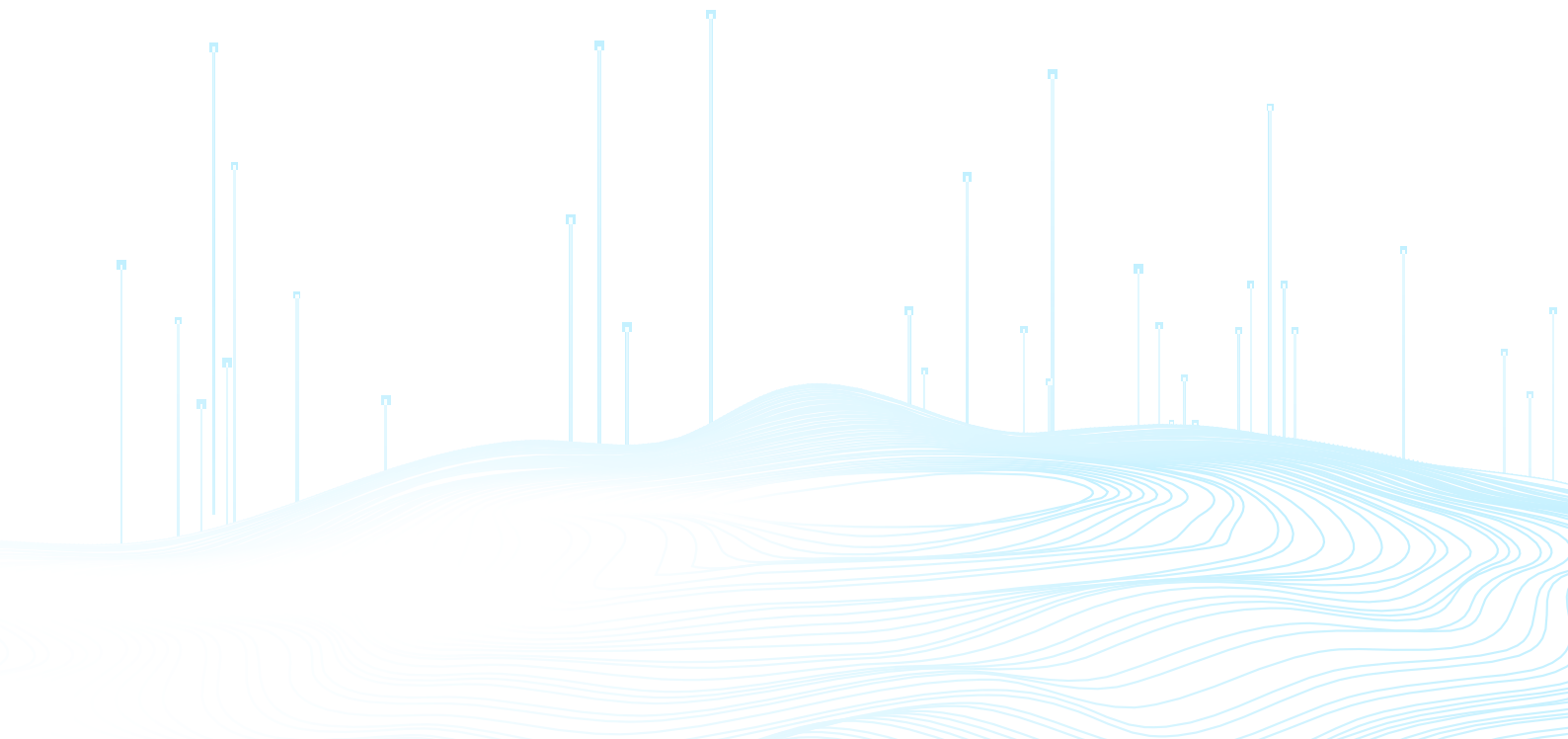
• **Medical Technology**
 (“Medtech”)



• **Wearable Technology**



• **Cloud Technology**



FINANCIAL REVIEW

For the full year ended 31 December 2020 ("FY2020"), the Group reported a 1.3% year-on-year ("yoy") increase in revenue to US\$25.4 million. Gross profit decreased by 53.5% yoy to US\$309,000, while gross profit margin decreased from 2.7% to 1.2%. The Group reported a net loss after tax of US\$1.2 million in FY2020 as compared to US\$1.4 million in FY2019.

The Group's performance is attributable to the following factors:

Revenue

Revenue increased by 1.3% yoy to US\$25.4 million in FY2020 (FY2019: US\$25.0 million). The Group's ICS division continued to be a key revenue generator, accounting for 82.9% of the overall revenue in FY2020.

Profitability

Gross profit margin decreased from 2.7% in FY2019 to 1.2% in FY2020, and this was mainly attributed to price pressure from the market in view of the unfavourable market conditions as a result of the COVID-19 pandemic environment.

Other Items of Income

- Interest income decreased by 31.5% yoy in FY2020 mainly due to the decrease in fixed deposit balance as part of the fixed deposit fund were used to invest in quoted investments in FY2020.
- Other income (excluding interest income) increased from US\$1.2 million in FY2019 to US\$1.7 million in FY2020 mainly due to gain from increase in fair value of quoted investments (US\$1.2 million) and, government grants and subsidies (US\$278,000).

Expenses

The Group's total expenses amounted to US\$4.0 million in FY2020 (FY2019: US\$4.1 million) representing a decrease of 3.6% yoy. The factors contributing to the changes were as follow:

- Research and development ("R&D") expenses reported a decrease of 9.8% yoy to US\$1.3 million in FY2020 (FY2019: US\$1.4 million). The decrease was mainly due to the lower development costs written off in FY2020.
- Marketing and distribution expenses increased by 7.4% yoy to US\$1.6 million in FY2020 (FY2019: US\$1.5 million). The

increase was mainly due to higher professional fees and marketing expenses for new products incurred in FY2020.

- General administrative expenses decreased from US\$1.2 million in FY2019 to US\$1.0 million in FY2020 mainly due to lower professional fees, depreciation and, repair and maintenance expenses in FY2020.
- Finance expenses were US\$13,000 in FY2020 (FY2019: US\$10,000) and the increase in FY2020 was due to the recognition of higher lease interest for lease commitments in FY2020, as required under the accounting standard, SFRS(I)16.

Net profit after tax attributable to owners of the Company

The Group reported a net loss attributable to owners of the Company of US\$1.3 million in FY2020 (FY2019: US\$1.4 million).

Other Financial Highlights

- **Property, plant and equipment** – The increase in the Group's property, plant and equipment was mainly due to the surplus revaluation of property by US\$252,000 in FY2020. Additional equipment of US\$3,000 was purchased in FY2020, and this was offset by depreciation of US\$156,000 during the year.
- **Intangible assets** – The decrease in Intangible assets in FY2020 was mainly due to write-offs and amortisation expenses. During the year, intangible assets written off amounted to US\$312,000 and amortisation expenses amounted to US\$160,000. This was partly offset by capitalization of patent and trademark registration expenses that amounted to US\$94,000 during the year. The Group continues to invest in research and development on the latest technology in the market.
- **Right-of-use assets** – These assets comprised of lease commitments entered into by the Group as required under SFRS(I)16 and assets on hire purchase. Total additional right-of-use assets recognized during the year was US\$175,000 and this was offset by depreciation amounting to US\$161,000.
- **Quoted investments** – The Group's investment in quoted investments in non-current asset

decreased by US\$1.9 million to US\$6.0 million in FY2020 (FY2019: US\$7.9 million). This decrease was mainly due to the re-balancing of investments from bonds to quoted funds that were held for trading and categorized in current assets. The total investment in quoted funds held for trading in current assets amounted to US\$22.6 million in FY2020 (FY2019: US\$16.3 million).

Total quoted investments in current and non-current assets in FY2020 amounted to US\$28.6 million, which was an increase of US\$4.4 million from FY2019 (US\$24.2 million). This increase was mainly due to net additional quoted investments of US\$3.1 million during the year and capital gain on these investments amounting to US\$1.3 million in FY2020.

- Unquoted investments** – The Group's investment in unquoted investments in FY2020 amounted to US\$1.5 million in non-current assets (FY2019: US\$1.3 million) and US\$663,000 in current assets (FY2019: US\$629,000). The investment of US\$663,000 in current assets was for an unquoted fund that was held for trading and there was an increase in valuation amount of US\$33,000 in FY2020.
- Inventories** – The Group's inventories amounted to US\$1.5 million as at 31 December 2020, a decrease of US\$2.5 million from US\$4.0 million in 31 December 2019. Inventory turnover days in FY2020 were 27 days (FY2019: 44 days). The company provides for stock obsolescence based on the internal Inventory Ageing Policy. Once the inventory is sold, provision for stock obsolescence is reversed. This is in line with the company's practice to be prudent in its accounting treatment.
- Trade and other receivables** – The Group's trade and other receivables amounted to US\$3.4 million as at 31 December 2020 as compared to US\$1.2 million as at 31 December 2019. The increase was due to the increase in credit sales for new projects & customers. Trade receivable turnover days were 21 days in FY2020 (FY2019: 11 days).
- Trade payables and accruals** – The Group's trade payables decreased from US\$4.5 million as at 31 December 2019 to US\$986,000 as at 31 December 2020. This decrease was mainly due to the lower credit purchases in December 2020.

Cashflow

The Group's cash and cash equivalent as at 31 December 2020 amounted to US\$7.9 million as compared to US\$16.7 million as at 31 December 2019, a decrease of US\$8.8 million. The decrease in the cash position in FY2020 was mainly due to the cash outflow from operating activities of US\$5.6 million, cash outflow from investing activities of US\$2.6 million (mainly in quoted investments), purchase of Company's treasury shares under share buyback mandate (US\$226,000) and, payment of lease liability and interest (US\$165,000).

The cash outflow from operating activities of US\$5.7 million in FY2020 arose mainly from the cash outflow from operations amounting to US\$3.8 million and deficit movements of working capital of US\$1.9 million. This was partly offset by interest income from deposit amounting to US\$58,000.

Segmental Analysis – by Business Segments

The Group's Interactive Consumer Solutions ("ICS") division continued to be the key revenue generator accounting for 82.9% of its revenue. The Group's ICS solutions/products comprise Thumbdrive®, Flucard®, Security Solutions and WiFi Memory Modules for embedded devices, which continue to dominate as the main engine of growth for the ICS business segment.

The Customised Solutions ("CS") division contributed to 17.1% of the revenue. The lower contribution from CS segment was mainly due to the Group's ongoing strategy to allocate its resources to the ICS segment, which is the Group's key growth segment.

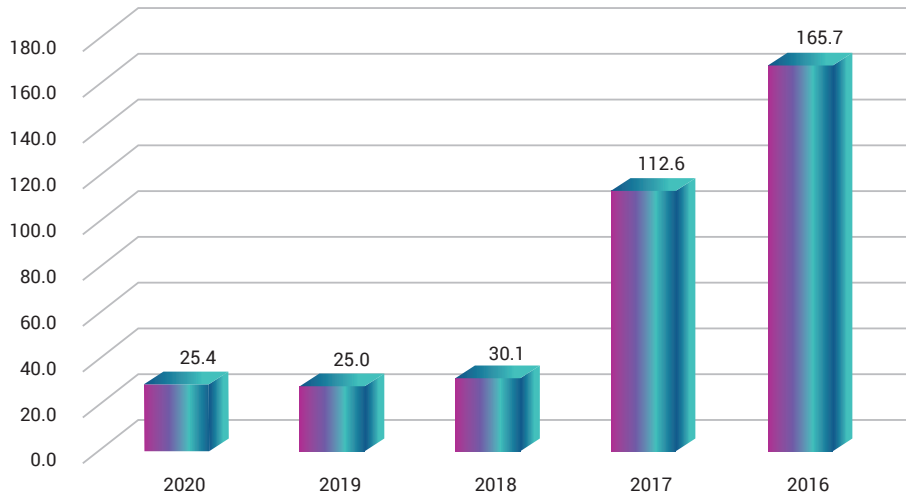
Segmental Analysis – by Geography

In FY2020, the Group focused on key markets like China/Hong Kong and Taiwan. Singapore, India, Malaysia and Indonesia continued to be our secondary markets as we generate profit in these markets.

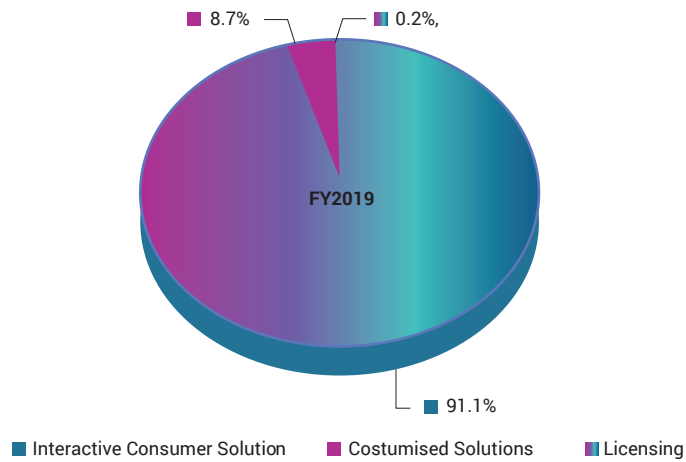
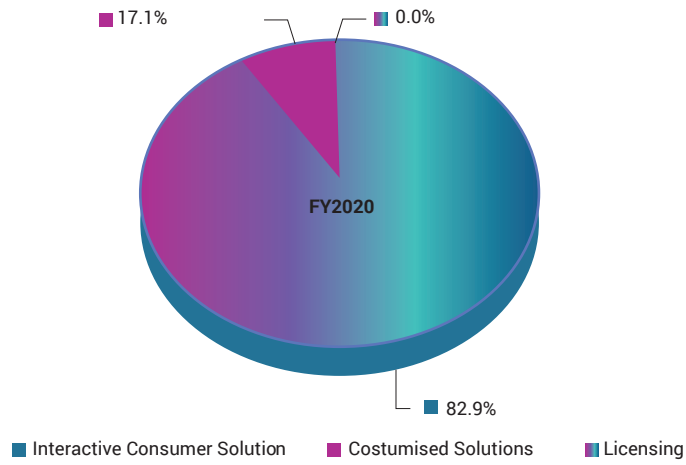
China/Hong Kong accounted for 68.0% of the total revenue, followed by Taiwan (20.0%), Singapore (3.9%), India (3.4%), Malaysia (2.1%) and Indonesia (1.4%).

FINANCIAL REVIEW

Revenue (in USD Millions)



Revenue by Segment



BOARD OF DIRECTORS PROFILES

1

MR. KHOR PENG SOON

Non-Executive Chairman and Non-Independent Director

Mr. Khor is the Non-Executive Chairman of the Company, appointed since 25 May 2018. He is also appointed the Chairman of the Remuneration Committee and Investment Committee. Mr. Khor joined the Board in 2013.

Mr. Khor is also the Chairman of ONI Global Pte. Ltd. In this capacity, he provides strategic oversight over the company's franchised GNC retail business in Singapore, Malaysia, Philippines and Taiwan, and investments in the nutrition, wellness products and services sectors. He is also the Managing Director of JP Ying Advisory. He sits on the boards of several other private companies in Singapore and the region.

Mr. Khor previously held senior management positions in Temasek Holdings, SembCorp, Ernst & Young LLP and the Economic Development Board. He holds a Bachelor of Engineering (First Class Honours) degree from University of Auckland, New Zealand, and a Master of Engineering Science (Industrial Engineering) degree from the University of New South Wales, Australia.

2

MR. TAN JOON YONG, WAYNE

Deputy Chairman, Executive Director and Group President

Mr. Tan is the Deputy Chairman of the Company, appointed since 12 March 2021. He is also the Executive Director and Group President of the Company, and was appointed to the Board on 24 May 2018.

Mr. Tan is responsible for leading management in building and developing the Group's operations, and strengthening the management structure. In his previous role, he was the director, shareholder and founder of Cloud Stringers (S) Pte Ltd, a subsidiary of the Company, and was responsible for the overall marketing and sales, planning and strategy of the

subsidiary. This included developing online/web-based products and strategic partnership for the business.

Mr. Tan holds a Bachelor of Marketing & International Business degree from The University at Buffalo, State University of New York.

3

MR. CHAY YEE MENG

Independent, Non-Executive Director

Mr. Chay re-joined the Board in 2016 and was appointed as Independent Non-Executive Director. He is the Chairman of the Remuneration Committee.

Mr. Chay is also the CEO of Autoscan Technology Pte Ltd. Mr. Chay was formerly a Board member of the National Kidney Foundation on 29 Nov 2012, but stays on as a member of the National Kidney Foundation Finance Committee. Currently, he is also a member of Singhealth Fund Ltd Finance Committee.

Mr. Chay has more than 20 years' experience in the Electronic industry and was a founding Board member of ECS Holding Ltd, sitting on its Audit Committee from 2002 to 2007. He was also a founding Director and Chief Financial Officer of Natsteel Electronics Ltd from 1993 to 2000, and subsequently as Head of Finance of Solectron Technology Asia Pacific Region from 2001 to 2002.

Mr. Chay graduated with a Bachelor of Accountancy degree from Nanyang University and is a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants.

4

MR. KWEK SWEE HENG

Independent, Non-Executive Director

Mr. Kwek Swee Heng was appointed as Independent Non-Executive Director since 24 May 2018 and is the Chairman of the Remuneration Committee.

Mr. Kwek is currently the Advisor of CapOne Financial Singapore and McPeekay

BOARD OF DIRECTORS PROFILES

Investments Pte Ltd, and a Reverse Solicitation Finder of Union Barcaire Privee (UBP). In his current role, he is actively involved in business development, deals origination and, merger and acquisition. Mr. Kwek started his career with DBS Bank before joining the stock broking industry and rising to the position of Dealing Director.

Mr. Kwek holds a Bachelor of Science in Business and Management degree from University of Bradford and an Honorary Master of Business Administration degree, University of Hawaii.

5

MR. NEO BAN CHUAN

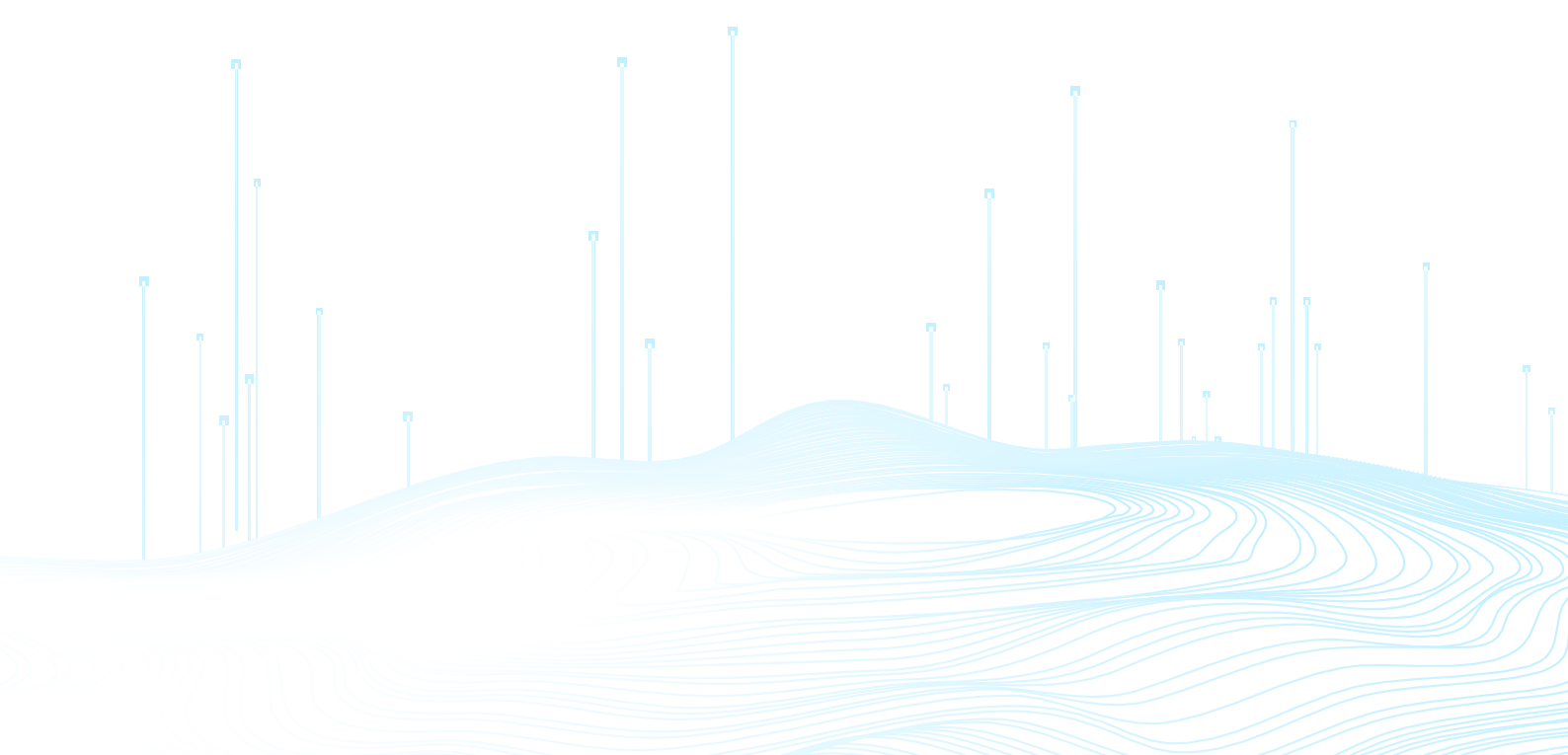
Independent, Non-Executive Director

Mr. Neo Ban Chuan is appointed as Independent Non-Executive Director on 10 December 2020 and is the Chairman of the Audit Committee.

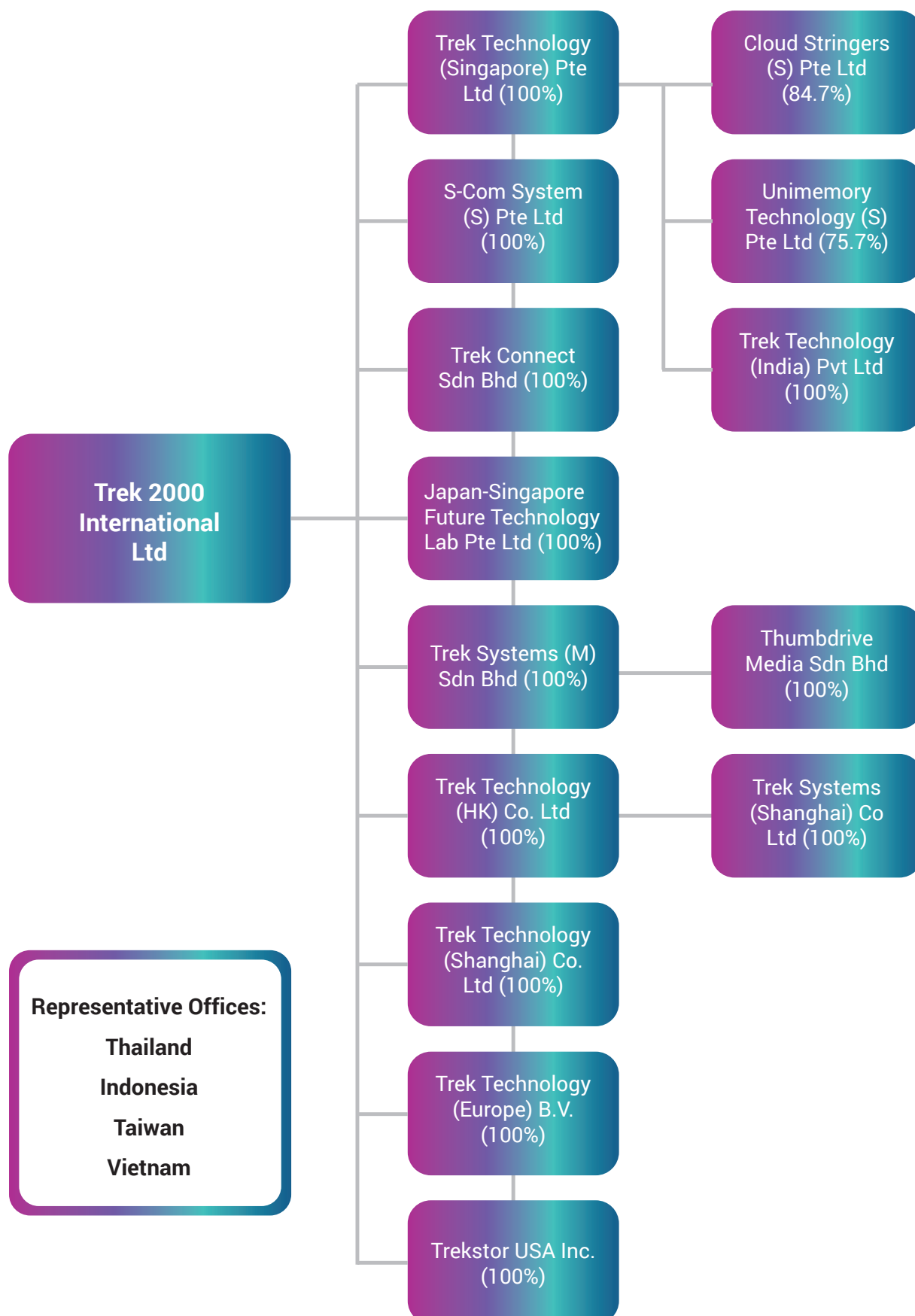
Mr. Neo has been in the Restructuring business for close to 35 years and was previously the Head of Restructuring

with one of the Big Four accounting firms in Singapore. He is accredited with the successful restructuring of distressed businesses in the region during his time in the restructuring business. Mr. Neo is intimately familiar with the legislative and regulatory requirements of insolvency, judicial management and corporate turnaround restructuring, and had managed a diverse portfolio with highly specialised skills. He is also a Public Accountant and a Licensed Insolvency Practitioner in Singapore, and sits on the Board of many companies as Independent Director.

Mr. Neo graduated with a Master in Professional Accounting degree from University of South Queensland, Australia, and a Master in International Business degree from University of Wollongong, Australia. He is a Fellow member of Insolvency Practitioners Association of Singapore, FCPA with CPA Australia, and a member of the Institute of Singapore Chartered Accountants.



GROUP STRUCTURE



MANAGEMENT PROFILE

1 MR. JOHNNY YEO SHEOK YEOW

Director of Finance

Mr. Yeo joined the Group in 2018. He has more than 20 years' experience and is presently responsible for the finance and accounting functions of the Group. Mr. Yeo holds a Master of Business Administration degree from Nanyang Technological University, Singapore, and a Bachelor of Commerce degree from Murdoch University, Australia. He is a FCA with the Institute of Singapore Chartered Accountants (ISCA).

2 MR. KUAN MUN KWONG

President of Strategic Business

Mr. Kuan joined the Group in 1999 and is presently the President of Strategic Business. He has more than 19 years' experience in international sales and, more than 12 years in research and development, and engineering. Mr. Kuan currently heads the Strategic Business and is overall in charge of research and development of the Group. Mr. Kuan holds a Diploma in Electronic Engineering.

3 MR. RAJASHEKARAN AMBIKAPATHY

Assistant General Manager - India

Mr. Rajashekar is currently the Assistant General Manager of our India operations. He has more than 25 years' experience in the industry. Mr Rajashekar joined the Group in 2012 and is presently responsible for the sales and marketing, planning, strategy, accounting and administrations of our India operations. He holds a Bachelor of Science degree from Bangalore University, Karnataka, India.

4 MR. EDDIE CHAN KAM LOY

General Manager – Malaysia

Mr. Chan is currently the General Manager of our Malaysia operations. He has more than 18 years' experience in the industry. Mr. Chan joined the Group in 2009 and is presently responsible for the sales and marketing, planning and strategy of our

Malaysia operations. He holds a Diploma in Commerce from TAR College, Malaysia.

5 MR. BERNARD TAN CHOON WAH

Sales Executive – Singapore

Mr. Tan joined our Group in 2020 and is presently responsible for the sales and marketing for our Singapore, Thailand and Philippines operations. Mr Tan holds a Bachelor of Science in Banking and Finance degree from University of London.

6 MR. WU ZEBANG, LEO

Sales Manager – China and Hong Kong

Mr. Wu is currently the Sales Manager of our China and Hong Kong operations. He has more than 15 years' experience in the industry. Mr. Wu joined our Group in 2014. and is presently responsible for the sales and marketing, planning and strategy for our China & Hong Kong operations. He holds a Bachelor of Electronic Technology degree from Guilin University, China.

7 MR. ERIC CHANG CHIA JUNG

Sales Manager – Taiwan

Mr. Chang is currently the Sales Manager of our Taiwan operations. He has more than 18 years' experience in the industry. Mr. Chang is presently responsible for the sales and marketing, planning and strategy for our Taiwan operations. He holds a Bachelor of Electrical Engineering degree from Chung Hua University of Technology, Taiwan.

8 MR. RAJESH SEETHARAMAN

Manager - Intellectual Property

Mr. Rajesh is currently the Manager in charge of the Group's Intellectual Property (IP) Division. He joined the Group in 2017 and is presently responsible for the patent registrations and maintenance, intellectual property protection and enforcement, and IP related matters. He holds an Engineering degree from Madras University, India, and a Law degree from Karnataka University, India.

MANAGEMENT PROFILE

9

MR. CHAN KOON KEET

R&D Manager - Malaysia.

Mr. Chan is currently the R&D Manager of our R&D centre in Malaysia. He has more than 18 years' experience in the industry. Mr. Chan joined the Group in 2001 and is presently responsible for product planning and other R&D work relating to firmware and hardware designs. He holds a Bachelor of Electrical & Electronics Engineering degree from University of Northumbria, United Kingdom.

10

MR. CHEN WEI XIN

Senior R&D Manager – Singapore

Mr. Chen joined our Group in 2020 and is currently the Senior R&D Manager in our R&D centre in Singapore. He is presently responsible for software development and has more than 20 years in this field. Mr. Chen holds a Bachelor of Mechanical Engineering degree from Zhejiang University of Technology, China, and a Master of Mechatronics Engineering

degree from Harbin Industrial University, China.

11

MR. NGUYEN DUC THINH

Assistant Manager of APP, R&D – Vietnam

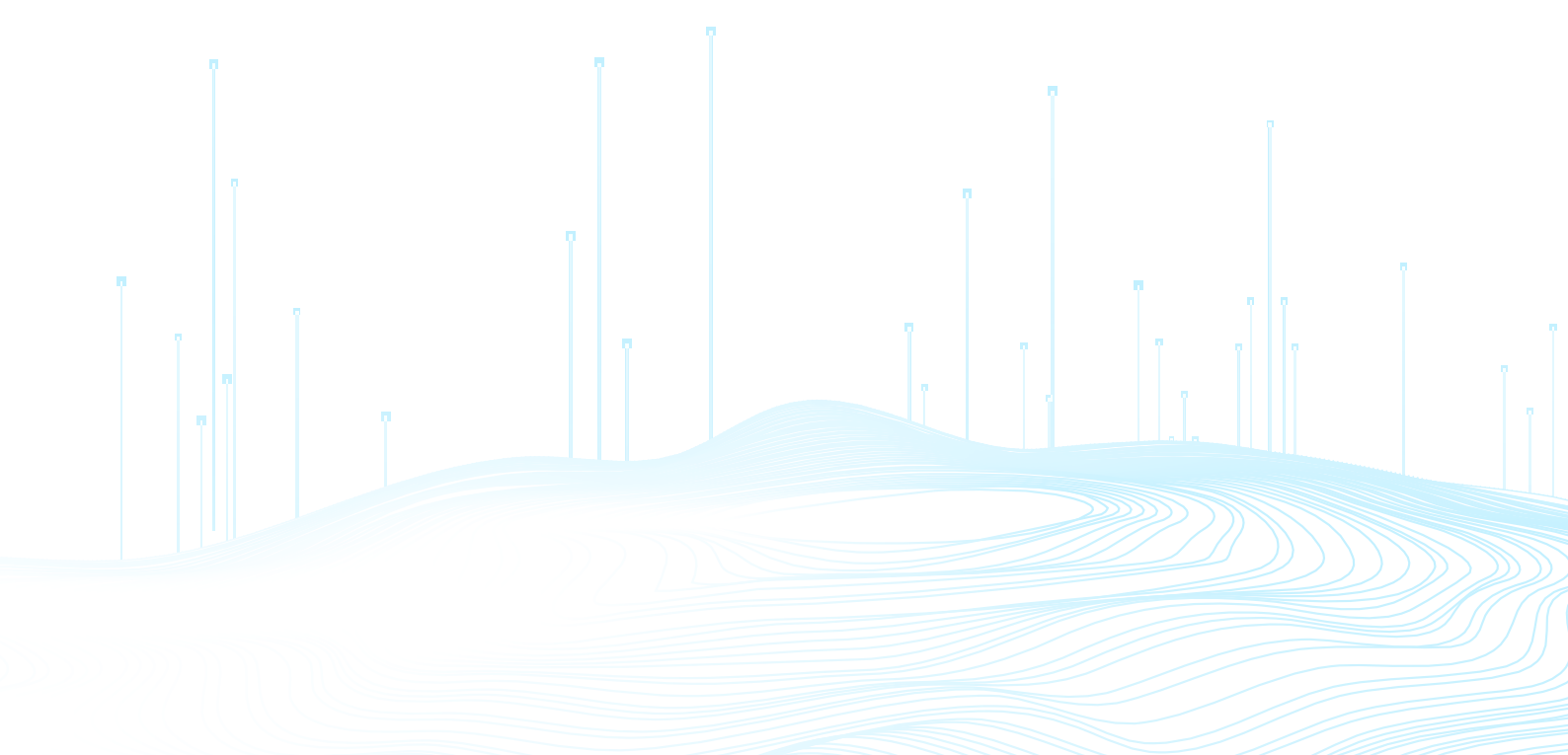
Mr. Nguyen is currently an Assistant Manager of APP development in our R&D centre in Vietnam. He joined our Group in 2016 and has more than 5 years in APP development. Mr. Nguyen is presently responsible for APP development for the Group in Vietnam. He graduated from the University of Science in Vietnam.

12

MS. HEPSIBA SOLOMON

R&D Engineer – India

Ms. Hepsiba is currently our R&D Engineer in our R&D centre in India. She joined our Group in 2019 and is presently responsible for software development for the Group. Ms. Hepsiba obtained her Bachelor of Science degree from S E A College of Engineering and Technology in India.



CORPORATE INFORMATION

Non-Executive

Khor Peng Soon (*Non-Executive Chairman & Non-Independent Director*)

Chay Yee Meng (*Independent Director*)

Kwek Swee Heng (*Independent Director*)

Neo Ban Chuan (*Independent Director*)
(Appointed on 10 December 2020)

Executive

Tan Joon Yong Wayne (*Deputy Chairman, Executive Director and Group President*)

Kuan Mun Kwong (*Executive Director*)
(Retirement from the Board on 29 June 2020)

Audit Committee

Neo Ban Chuan (*Chairman*)

Chay Yee Meng

Kwek Swee Heng

Nominating Committee

Kwek Swee Heng (*Chairman*)

Khor Peng Soon

Tan Joon Yong Wayne

Remuneration Committee

Chay Yee Meng (*Chairman*)

Khor Peng Soon

Kwek Swee Heng

COMPANY SECRETARY

Lotus Isabella Lim Mei Hua

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STOCK LISTING

Singapore Exchange

Ticker Symbol: TREK

ISIN CODE: SG 1159-8829-65

SHARE REGISTRARS

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BANKERS

The Development Bank of Singapore Ltd

Overseas Chinese Banking Corporation Ltd

Credit Suisse AG

AUDITORS

Foo Kon Tan LLP

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#07-03 Clifford Centre

Singapore 048621

AUDIT PARTNER IN-CHARGE

Chin Sin Beng

Date of Appointment: Financial Year Ended 31
December 2019



CloudStringers Eco-Solutions



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PAS



Smart
Meter

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REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

REPORT ON CORPORATE GOVERNANCE

Trek 2000 International Ltd (“the Company”) is committed to maintaining high standards of corporate governance in complying with the Code of Corporate Governance which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited (“SGX-ST”)’s Listing Manual. On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (“CCG2018”), which will take effect for annual reports covering financial year ends commencing on or after 1 January 2019. Good corporate governance establishes and maintains an ethical environment, which strives to enhance the interests of all shareholders. The Company has adhered to the principles and guidelines of the CCG2018. This report outlines the Company’s corporate governance processes, practices and activities that were in place for the financial year ended 31 December 2020 (“FY2020”), with specific references to the guidelines of the CCG2018, where applicable except where otherwise stated.

BOARD MATTERS

Board’s Conduct of its Affairs (Principle 1)

The Board of Directors (“the Board”), which meets at least four times a year, supervises the management of the business and the affairs of the Company and its subsidiaries (“the Group”). The Board’s role is to:

1. provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. establish a framework of prudent and effective controls which enables risks to be assessed and managed;
3. review management performance;
4. set the Group’s values and standards, and ensures that obligations to shareholders and other stakeholders are understood and met; and
5. considers sustainability issues as part of its strategic formulation.

Sustainability issues

The Board recognises that to ensure that the business continues to be sustainable, the Group has to strike a balance between its business needs and the needs of the society and the environment in which the Group operates. The Board believes that to grow sustainably as a forward-looking corporate entity, the Group has to regularly reach out to all stakeholders, from its employees to the community, and be responsible stewards of its natural environment. The Company has done this and complies with Rule 711A of SGX-ST Listing Manual on sustainability reporting.

All Directors are aware of their fiduciary duties and exercises due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Company.

To facilitate effective management of the Board, certain functions have been delegated to three Board Committees namely Audit and Risk Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”), each of which has its own written Terms of Reference and whose actions are reported to and monitored by the Board. Apart from its statutory responsibilities, the Company has adopted internal guidelines setting forth matters that require Board’s approval. The types of material transactions that require the Board’s approval under such guidelines are as follows:

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

- a) Approval of quarterly results announcements;
- b) Approval of annual results and accounts;
- c) Declaration of interim dividends and proposal of final dividends;
- d) Convening of shareholders' meetings;
- e) Approval of corporate strategy;
- f) Authorisation of merger and acquisition transactions; and
- g) Authorisation of major transactions.

The Board meets regularly on a quarterly basis and as warranted. Ad hoc meetings are also convened to deliberate on urgent substantive matters. Attendance via telephone conference and conference via audio-visual communication at Board meetings are allowed pursuant to the Company's Constitution. The number of Board and Board Committee meetings held in the year and the attendance of each Board member at these meetings are disclosed below:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee		Risk Review Committee		Investment Committee	
	Number of Meetings	Number of Meetings	Number of Meetings	Number of Meetings	Number of Meetings	Number of Meetings	Number of Meetings	Number of Meetings	Number of Meetings	Number of Meetings	Number of Meetings	Number of Meetings
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Khor Peng Soon	4	4	4	4	1	1	N.A.	N.A.	-	-	3	3
Mr. Chay Yee Meng	4	4	4	4	1	1	1	1	-	-	3	-
Mr. Kwek Swee Heng	4	4	4	4	1	1	1	1	-	-	N.A.	N.A.
Mr. Tan Joon Yong, Wayne	4	3	N.A.	N.A.	N.A.	N.A.	1	1	-	-	3	3
Mr. Kuan Mun Kwong ¹	4	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-	-	N.A.	N.A.
Mr Neo Ban Chuan ²	4	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-	-	N.A.	N.A.

Note:

1. Mr. Kuan Mun Kwong retired as Executive Director of the Company at the annual general meeting held on 29 June 2020.
2. Mr. Neo Ban Chuan was appointed as the Independent Non-Executive Director of the Company on 10 December 2020.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

As a general rule, Board papers are required to be sent to Directors at least seven days before Board meeting so that the Members may better understand the matters to be put before the Board meeting and discussion may be focused on questions that the Board has about the matters as set out in the Board papers. In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board with a management report containing adequate and timely information. Such reports cover financial updates with explanations of material variances over previous year's actual results. In addition, management will also update the Board on matters of the Company from time to time when necessary.

The Directors have separate and independent access to the Company's senior management, who together with the Company Secretary, are responsible to ensure that the Board procedures are followed and that applicable rules and regulations are complied with. Pursuant to the Company's Constitution, the Company Secretary shall be appointed by the Directors on such terms and for such period as they may think fit. The Company Secretary administers, attends and prepares minutes of all Board meetings. The Company Secretary assists the Chairman in ensuring that board procedures are followed and regularly reviewed to ensure the effective functioning of the Board, and that the Company's Constitution and the relevant rules and regulations, including the requirements of the Companies Act and the Listing Manual of the SGX-ST, are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes. The appointment and the removal of the Company Secretary rest with the Board.

A formal letter is sent to a director upon his appointment setting out his duties and responsibilities. The Board may take independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. Apart from keeping the Board informed of all relevant new laws and regulations, the Company has an orientation programme for new directors in connection with their duties as Directors which includes detailed presentation by key senior management covering the structure, business, activities and growth strategies of the Group. Depending on their skillsets and background, directors are sponsored for relevant courses, conferences and seminars in order that they can be better equipped to fulfil their governance role and to comply with directors' obligations. Where there are statutory and regulatory changes that affect the obligations of directors, the Company will organise briefings by external legal counsel, where appropriate, at the Company's expense.

Board Composition and Guidance (Principle 2)

The Board comprises five Directors, three of whom namely, Mr. Chay Yee Meng, Mr. Kwek Swee Heng and Mr. Neo Ban Chuan are Independent Non-Executive Directors for the year ended 31 December 2020.

A brief description of the background of each Director is presented at the "Board of Directors" section.

The Board, through the NC, reviews the independence of each Independent Director, board structure, size and composition annually. No individual or group of individuals was able to dominate the Board's decision-making process. The Board consists of high caliber members with a wealth of knowledge, expertise and experience. They contribute valuable direction and insights, drawing from their vast experience in matters relating to accounting, finance, business and general corporate matters. The Board members also collectively possess the necessary core competencies for the effective functioning of the Board and an informed decision-making process.

The NC has reviewed and is satisfied that the current composition and board size is appropriate for effective decision-making, having taken into consideration the nature and scope of the Group's operation.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

As three out of five Directors are Independent Directors, the Board recognizes that this is in accordance with Guideline 2.2 and Guideline 2.3 of the CCG2018 that the Independent Director should make up a majority of the Board where the Chairman of the Board is not Independent Director. The Independent Director is required to declare his independence by duly completing and submitting a "Confirmation of Independence" form. Each of the Independent Directors have confirmed that he does not has any relationship with the Company or its related corporations, its shareholders who have an interest of not less than 5% of the Company's total voting shares, or its officers including confirming not having any relationship and circumstances set out in Guideline 2.1 of the CCG2018 that could interfere, or be reasonably perceived to interfere, with the exercise of independent judgement in carrying out the functions as an Independent Director with a view to the best interest of the Group. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the CCG2018. The Board will determine, taking into account the views of the NC, whether there are relationships or circumstances which are likely to affect or could affect the Director's judgment. The NC and the Board are of the view that all its Independent Directors have satisfied the criteria of independence in accordance to the CCG2018, its Practice Guideline and Rule 210(5)(d)(i) of the Listing Rules as a result of its review.

Mr. Chay Yee Meng was appointed as an Independent Director of the Company on 22 March 2001 and resigned on 19 April 2013. Subsequently, he was re-appointed as an Independent Director on 22 March 2016. Taking into account the views of the Nominating Committee, the Board concurs with the NC that the length of service of a Director should not determine the effectiveness of independence of an Independent Director. In assessing the independence of a Director, the NC and the Board consider it is more appropriate to exercise independence of judgment in his deliberation in the interest of the Company. The Board has undertaken rigorous review of their independence which includes critical examination of any conflicts of interest, as well as other factors such as their review and scrutiny of matters and proposals put before the Board. The Board is of the view that Mr. Chay Yee Meng has over the years developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. After taking into account of the factors, the Board concurred that Mr. Chay Yee Meng is considered independent.

Rule 210(5)(d) of the Listing Manual of SGX-ST, which takes effect from 1 January 2022 requires a director who has been a director for an aggregate period of more than 9 years and whose continued appointment as an independent director to seek approval in separate resolutions by (a) all shareholders; and (b) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer. Accordingly, Mr. Chay Yee Meng will adhere to the above two-tier voting mechanism and put himself for re-election at the forthcoming annual general meeting.

The NC is of the view that the multiple board representations held presently by the Directors do not hinder them from carrying out their duties to the Company.

The Board has considered and agreed with the NC's recommendation to defer the need to set guidelines for maximum directorships in a listed company that a Director can hold because each director has different capabilities. The nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities. Accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of listed directorships they could hold and serve effectively. The NC is satisfied that sufficient time and attention are being devoted by the Directors to the affairs of the Company and the Group during FY2020. The NC will continue to review from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately. The NC does not make any determination on the tenure of an Independent Director as the NC takes the view that in ascertaining a Director's independence, it is his ability to exercise independence of mind and judgment to act honestly and in the best interests of the Company that matters.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Independent and Non-Executive Directors communicate without the presence of the Management as and when the need arises. The Company has also benefited from management's access to its Directors for guidance and exchange of views both inside and outside the formal environment of Board and Board Committee meetings.

Chairman and Chief Executive Officer (Principle 3)

In compliance with the CCG2018, the Chairman and the Chief Executive Officer ("CEO") are separate persons. Currently, the role of CEO is performed by the Group President, Mr. Tan Joon Yong, Wayne while the Chairmanship is assumed by Mr. Khor Peng Soon. Both the Chairman and Group President are not related to each other.

This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman:

- (i) Oversees the Group's corporate governance structure and conduct to ensure high standard of corporate governance;
- (ii) Leads the Board to ensure effective functioning of the Board and its Board committees;
- (iii) Sets the agenda and ensures that adequate time is available for discussion of all items on the agenda, in particular strategic issues;
- (iv) Promotes a culture of openness and debate at the Board;
- (v) Ensures that the Directors receive complete, adequate and timely information;
- (vi) Ensures effective communication with Shareholders;
- (vii) Encourages constructive relations within the Board and between the Board and the management; and
- (viii) Facilitates the effective contribution of Non-Executive directors.

The Board has delegated the day-to-day management to the Group President. The Group President is the overall coordinator of the Management team for the effective implementation of business strategies and policies and is supported by the respective Heads of Departments. The Group President also assists in ensuring compliance with the Company's guidelines on corporate governance.

Board Membership (Principle 4)

The NC comprises three members, who at the date of this Report are:

Mr. Kwek Swee Heng - Chairman
Mr. Khor Peng Soon - Member
Mr. Tan Joon Yong, Wayne - Member

The NC, which has written Terms of Reference, is responsible for making recommendations to the Board on all board appointments and re-appointments, including identifying and shortlisting suitable candidates. The responsibilities of the NC also include the following:

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

- a) Annual review of training and professional development programmes and skills required by the Board, and the size of the Board;
- b) Review the independence of each Director and ensure that the independent directors make up at least half of the Board and also comprise a lead independent director who is a member of the NC;
- c) Review whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, when he has multiple board representations, taking into consideration the director's number of listed company board representations and other principal commitments;
- d) Decide how the Board's performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;
- e) Formal assessment of the effectiveness of the Board as a whole and each individual Director; and
- f) Review and recommend to the Board on relevant matters relating to the board succession plans, development of process for evaluation of the Board, Board committees and Directors' performance, and training programs for the Board, etc.

The NC has in place a formal process for the selection of new Directors and re-appointment of Directors as follows:

- a) The NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with the Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- b) If required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Boards;
- c) The NC meets with short-listed candidates to assess their suitability and ensure that the candidates are aware of the expectations; and
- d) The NC makes recommendations to the Board for approval.

The NC also ensure that new directors are aware of their duties and obligations.

The NC also reviews the independence of the Directors as mentioned under Guideline 2.1 of the CCG2018 on an annual basis. The NC has affirmed that Mr. Chay Yee Meng, Mr. Neo Ban Chuan and Mr. Kwek Swee Heng are independent and free from any relationship outlined in the CCG2018. Each of the Independent Directors has also confirmed his independence in accordance with the CCG2018.

At each AGM, one-third of the Directors with the longest term in office are required to retire and submit themselves for re-election. At the forthcoming AGM, Mr. Khor Peng Soon and Mr. Chay Yee Meng will be due for retirement pursuant to Article 103 of the Company's Constitution. Mr. Neo Ban Chuan, the newly appointed Director will submit himself for retirement pursuant to Article 108 of the Company's Constitution at the forthcoming AGM.

Mr. Khor Peng Soon will, upon re-election as Director, remain as a member of the Nominating and Remuneration Committees. Mr. Khor Peng Soon is not considered independent for the purposes of Rule 704(8) of the SGX-Listing Manual.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Mr. Chay Yee Meng will, upon re-election as Director, remains as the Chairman of Remuneration Committee and a member of Audit and Risk Committee. As described under Principle 2, Mr. Chay would be required to seek approval by way of a two-tier voting mechanism. The Board considers Mr. Chay to be independent for the purposes of Rule 704(8) of the SGX-Listing Manual.

Mr. Neo Ban Chuan will, upon re-election as Director, remains as the Chairman of Audit and Risk Committee. The Board considers Mr. Neo Ban Chuan to be independent for the purposes of Rule 704(8) of the SGX-Listing Manual.

The NC has recommended and the Board has agreed the aforesaid Directors who are due for retirement pursuant to Article 103 and Article 108 of the Constitution of the Company, are eligible to seek re-election at the forthcoming AGM.

Key information regarding Directors such as shareholding in the Company and its related corporations, directorships or chairmanships both present and those held over the preceding three years in other listed companies are set out in the "Board of Directors" section of this annual report.

As at the date of this Report, none of the Independent Director held office as a Director of the Company's principal subsidiaries. The Board will be updated on the revised Board structures of the principal subsidiaries and the appointment of Independent Director into the principal subsidiaries, if any, from time to time.

The Company does not have any alternate Directors as the Board does not encourage the appointment of alternate Directors unless it is an exceptional case.

The key information on each retiring director is set out on page 12 to 13.

Board Performance (Principle 5)

The NC undertakes an annual evaluation of the overall effectiveness of the Board. Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and the effectiveness of the individual Directors. The performance criteria for the Board evaluation includes the size and composition of the Board, the Board's access to information, Board proceedings, the discharge of the Board's functions and the communications and guidance given by the Board to the Management.

Each director also undertakes a self-assessment to evaluate their contribution to the Board. This self-assessment process takes into account, inter alia, the commitment, value of contribution to the development of strategy, availability at board meetings, interactive skills, degree of preparedness, industry awareness and business knowledge and experience of each director.

The results of the evaluation exercise will be considered by the NC, which will then make recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively.

Each member of the NC shall abstain from participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as Director.

The Board comprise members with considerable years of experience in the industry, technology, finance and management. Each member brings to the Board his expertise in the relevant fields to make balanced decisions. The NC is of the view that the performance of the Board as a whole is satisfactory. The Board's performance is ultimately reflected in the performance of the Group.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 6)

The RC comprises the following members:

Mr. Chay Yee Meng - Chairman
Mr. Khor Peng Soon - Member
Mr. Kwek Swee Heng - Member

The composition of the RC complies with the requirement that the RC should be made up of entirely Non-Executive Directors.

The members of the RC carry out their duties in accordance with the Terms of Reference, which include the following:

- a) Advising the Board on the framework of remuneration policies for Executive, Non-Executive Directors and key management personnel including specific remuneration packages;
- b) Reviewing and approving the granting of share options to the Executive Directors;
- c) Reviewing and approving the award of aggregate variable cash bonuses and share options to the employees of the Group; and
- d) Overseeing management development and succession planning in the Group.

The Company adopts a formal procedure for the fixing of the remuneration packages of individual Director. No individual Director is involved in deciding his own remuneration. In settling remuneration packages, the Company takes into account remuneration conditions within the same industry benchmarking against comparable companies, as well as the Group's relative performance.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

Where necessary, the RC will consult external professionals on remuneration matters of the Directors and key management personnel. No remuneration consultants were engaged by the Company in FY2020.

Level and Mix of Remuneration (Principle 7)

Executive Director do not receive directors' fees. The remuneration policy for Executive Director and Senior Management staff consists of three key components, that is, fixed cash, annual variable and long-term incentive. The fixed component includes salary, pension fund contributions and other allowances. The variable component takes into account the risk policies of the Company and comprise a performance-based bonus which forms a significant proportion of the total remuneration package of the Executive Director and is payable on the achievement of individual and corporate performance targets. The long-term incentive is granted based on the individual employee's performance and contributions. The remuneration policy has been endorsed by the RC and the Board.

The RC also administers the Trek 2000 International Ltd Share Option Scheme 2011 (the "2011 Scheme") and determines the grant of share options to eligible participants. The 2011 Scheme and other components of the remuneration package for Executive Directors and Senior Executives serve as an added incentive.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Generally, remuneration matters relating to the Directors and key Executives are reviewed and recommended by the RC to the Board for approval, except for certain standard components of the key executives' remuneration, like annual salary review and company-wide bonus payment, which will be reviewed and authorised by the senior management of the Company. The RC also ensures that the remuneration is appropriate to attract, retain and motivate the Directors and key executives to provide good stewardship of the Company for the long term.

Non-Executive Directors are paid a basic fee and an additional fee for serving on any of the Committees and are also granted share options based on their respective contributions to the Board and Board Committees. A Directors' Fee policy has been put in place to determine the quantum of fees payable to Directors. All Non-Executive Directors receive directors' fees, which are subject to the approval of shareholders at the AGM.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group.

The remuneration policies and practices of Key Executives and Senior Management are also applicable and consistently adopted for Non-Key Executives.

Disclosure on Remuneration (Principle 8)

The Remuneration Framework covers all aspects of remuneration for the Executive Directors, Non-Executive Directors, Independent Directors and key Executives of the Company.

The Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each individual Director and key management personnel in salary bands. This is to maintain confidentiality of the individual's remuneration and to prevent poaching of key executives by competitors in a highly competitive industry.

A breakdown, showing the level and mix of each individual director's remuneration for FY2020 are as follows:

Directors' Remuneration Band	Fees %	Salary %	Bonus %	Share Options %	Total %
Below S\$250,000					
Mr. Khor Peng Soon	100	-	-	-	100
Mr. Chay Yee Meng	100	-	-	-	100
Mr. Kwek Swee Heng	100	-	-	-	100
Mr. Neo Ban Chuan ¹	100	-	-	-	100
Mr. Tan Joon Yong, Wayne	-	100	-	-	100
Mr. Kuan Mun Kwong ²	-	100	-	-	100

Note:

1. Mr. Neo Ban Chuan was appointed as Independent Non-Executive Director on 10 December 2020.
2. Mr. Kuan Mun Kwong resigned as Executive Director on 29 June 2020.

REPORT ON CORPORATE GOVERNANCE

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In aggregate, the total remuneration paid to the top five (5) key management personnel in FY2020 was US\$295,556.

Details relating to the Share Option Scheme 2011 are provided in the Report of the Directors.

Key Executives

The remuneration of the top five (5) executives of the Group (who are not Directors of the Company) for the financial year ended 31 December 2020 is shown in the following bands:

Remuneration Band	Name of Executives
Below S\$250,000	Mr. Johnny Yeo – Director of Finance
	Mr. Kuan Mun Kwong – President of Strategic Business
	Mr. Bernard Tan – Sales Executive, Singapore
	Mr. Eric Chan – Sales Manager, Taiwan
	Mr. Leo Wu – Sales Manager, China and Hong Kong

There were no termination, retirement and post-employment benefits granted to Directors, the Group President and the top five (5) key management personnel during the year.

Immediate Family Member of Director

There are no employees who are immediate family members of a director during FY2020, except for Mr. Tan Boon Tat, Mr. Tan Boon Siong and Mr. Tan Boon Liew, who are uncles of Mr. Tan Joon Yong, Wayne, and Mr. Tan Henry @ Henn Tan, who is the father of Mr. Tan Joon Yong, Wayne, and Controlling Shareholder of the Company. The remuneration of Mr. Tan Boon Tat and Mr. Tan Boon Liew are in the band range of S\$50,000 to S\$100,000, and Mr. Tan Boon Siong is in the band range of S\$100,000 to S\$150,000. Mr. Tan Henry @ Henn Tan was paid a consultancy fee of US\$273,528 and his remuneration was mentioned under Interested Party Transaction on page 37.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls (Principle 9)

The Company has established a RRC comprising:

Mr. Chay Yee Meng – Chairman
 Mr. Khor Peng Soon – Member
 Mr. Kwek Swee Heng – Member
 Mr. Kuan Mun Kwong – Member
 Mr. Yeo Sheok Yeow Johnny - Member

The objective of the RRC is to set forth the processes and procedures to identify risk areas in the Group and adopt policies and functions to manage these risks.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Terms of Reference of the RRC include the following:

- (i) Review the adequacy of the Group's risk review framework to ensure that robust risk review is in place:
 - Adopt an enterprise-wide risk review framework to enhance its risk management capabilities.
 - Financial and operational key risk indicators are in place to track key risk exposures.
- (ii) Review and discuss with Management, the policies and procedures for identifying, assessing, controlling, monitoring and reporting the Group's significant risk:
 - The procedures for identifying strategic and business risks and controlling their financial impact on the Group and the operational effectiveness of the policies and procedures related to risk.
 - The policies for ensuring compliance with relevant regulatory and legal requirements and in the case of financial statements, generally accepted accounting principles.
 - Arrangements for the protection of the Group's ownership of intellectual property and other non-physical assets.
 - Policies and practices for detecting, reporting and preventing fraud, serious breaches of business conduct, and whistle-blowing reporting procedures to the RRC.
- (iii) Review the risk profile of the Group periodically, and discuss with Management the policies, procedures and action plans for mitigating and managing risks.
- (iv) Review the overall appropriateness and effectiveness of the risk review system.

The RRC was decommissioned in January 2021 and its role has been undertaken by the AC which has been renamed the Audit and Risk Committee ("ARC").

In accordance with the audit plans, the Company's internal auditors have conducted an annual review of the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems. Any material non-compliance or failure in internal controls and recommendations for improvements are reported to the ARC. The ARC has also reviewed the effectiveness of the actions taken by the management on the recommendations made by the internal auditors in this respect.

The Board has also received assurance from the Group President/CEO and the Director of Finance that (i) 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 (ii) key management who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control.

Based on the internal controls established and maintained by the Group, works performed by internal auditor and actions taken by the management on the on-going review and continuing efforts at enhancing controls and processes, the Board with the concurrence of the ARC, is of the view that the system of internal control (including financial, operational, compliance and information technology controls, and risk management systems) maintained by the Company's management is adequate and effective against material financial misstatements or loss, and includes the safeguarding of shareholders' investments and the Company's assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and management of business risks.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Audit and Risk Committee (Principle 10)

The ARC comprises three Board members, where all of them are Independent and Non-Executive Directors. The members of the ARC at the date of this report are:

Mr. Neo Ban Chuan - Chairman
Mr. Chay Yee Meng – Member
Mr. Kwek Swee Heng – Member

Mr. Chay Yee Meng and Mr. Neo Ban Chuan are by profession qualified accountants. The other member of the ARC has many years of experience in business management and finance. The NC is of the view that the members of the ARC have sufficient financial management expertise and experience to discharge the ARC's functions. The ARC is routinely updated on proposed and impending changes in accounting standards and issues which have a direct impact on financial statements.

The ARC convened four meetings during the financial year. The ARC has also met with the internal and external auditors, without the presence of the Company's management, at least once a year. Details of members and their attendance at meetings are provided in page 23.

The ARC, which has written Terms of Reference, performs the following functions:

- (i) Reviews the audit plans of the internal and external auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;
- (ii) Reviews significant financial reporting issues so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance before submission to the Board of Directors;
- (iii) Reviews the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems via reviews carried out by the internal auditors;
- (iv) Meets with the internal and external auditors, without the presence of management at least once a year;
- (v) Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vi) Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- (vii) Reviews the nature and extent of non-audit services provided by the external auditors to ensure that their independence is not compromised;
- (viii) Recommends to the Board of Directors the external auditors to be re-appointed, approves the audit fees and reviews the scope and results of the audit;
- (ix) Reports actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considers appropriate; and
- (x) Reviews interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

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The ARC has the power to conduct or authorise investigations into any matters within the scope of the ARC's scope of responsibilities. Management has put in place, and ARC has reviewed and endorsed arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation of such matters and for appropriate follow-up action.

As at the Report date, the ARC has:

- (i) reviewed the scope of work of the external auditors;
- (ii) reviewed the scope of work of the internal auditors;
- (iii) reviewed audit plans and discussed the results of the respective findings and the internal auditor's evaluation of the Company's system of internal controls;
- (iv) reviewed interested person transactions of the Company;
- (v) met with the Company's external auditors and internal auditors without the presence of the management;
- (vi) reviewed the external auditors' independence and objectivity; and
- (vii) reviewed the Company's procedures for detecting fraud and whistle-blowing matters and to ensure that arrangements are in place by which any employee may in confidence, raise concerns about improprieties in matters of financial reporting, financial control, or any other matters. A report is presented to the ARC on the quarterly basis whenever there is a whistle-blowing issue.

For FY2020, S\$125,000 (US\$91,000) was paid and payable to the external auditors for audit services. There were no non-audit services provided by the external auditors. The ARC is satisfied with the independence and objectivity of Foo Kon Tan LLP as external auditors and has recommended to the Board the re-appointment of Foo Kon Tan LLP as the Company's external auditors at the forthcoming AGM.

To keep abreast of the changes in accounting standards, SGX-ST Listing Rule and other regulations which have a direct impact on the Group's business and financial statements, the ARC will seek advice from the respective professionals at the AC meetings held.

Foo Kon Tan LLP in Singapore audits the Singapore-incorporated principal subsidiaries that are not exempt from audit under the Singapore Companies Act. Subsidiaries incorporated in countries outside Singapore that require an audit in their local jurisdictions are audited by other auditing firms. Our overseas subsidiaries and associates which engage other auditing firms are not significant to the Group. The names of the auditing firms of our subsidiaries and associates are disclosed at pages 112 and 115 of this Annual Report. The Company has complied with Rules 712 and 716 of the SGX Listing Manual in relation to the engagement of its auditors.

No former partner or director of the Company's existing auditing firm is a member of the ARC.

Whistle Blowing Policy

The Company has adopted the whistle-blowing policy where staff of the Group may, in confidence, raise concerns on any suspicion of wrongdoings which covers improprieties in matters of financial reporting, fraudulent acts and other matters within the Group. The Management and the ARC have been vested with the power and authority to receive, investigate and enforce appropriate follow up actions when any such non-compliance matter is brought to its attention.

Internal Audit

The Company and the Group have established an internal audit function that is independent of the activities it audits. The Company's internal audit function is outsourced to external professional firms, who report directly to the Chairman of ARC. The Internal Auditors has unrestricted direct access to ARC and unfettered access to all the Company's documents, properties and personnel.

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The ARC reviews the adequacy and effectiveness of the internal audit function and approves the hiring, removal, evaluation and compensation of the head of the internal audit function or the firm to which the internal audit function is outsourced. The internal auditors plan the audit scope and schedule in consultation with the management, which is subject to the review and final approval of the ARC. The internal auditors report findings and recommendations to the Chairman of the ARC.

During FY2020, the Company appointed Baker Tilly Consultancy (Singapore) Pte Ltd to perform an internal audit on the Company. Baker Tilly Consultancy (Singapore) Pte Ltd is affiliated to Baker Tilly Group, one of the top 10 global accounting firms. The firm adopts the International Standards for Professional Practice of Internal Auditing (the IIA Standards) laid down in the International Professional Practices Framework issued by IIA. Besides the Company, Baker Tilly Consultancy (Singapore) Pte Ltd is also appointed as internal auditor to more than 25 public listed companies in Singapore.

The ARC has reviewed the scope and results of the internal audit and is satisfied that the internal audit function is adequately resourced and that there is appropriate coordination between the internal auditors and management.

The ARC has reviewed the Company's risk assessment based on the internal audit reports and management controls in place. The Board, with the concurrence of the ARC, is satisfied that there are adequate internal controls in the Group, including financial, operational, compliance and information technology controls, and risk management systems.

Accountability

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the ARC reviews all financial statements and recommends them to the Board for approval.

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, financial position and prospects on a quarterly basis via quarterly announcements of results and other ad hoc announcements as required by the Singapore Exchange. The Company's Annual Report is sent to all Shareholders and is also accessible at the Company's website.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights and conduct of General Meeting (Principle 11)

Communication with Shareholders (Principle 12)

The Board is mindful of the obligations to provide regular, effective and fair communication to Shareholders. Information is communicated to the Shareholders on a timely basis. Where inadvertent disclosure has been made to a select group, the Company will make the same disclosure publicly to all as soon as practicable.

Other than the routine announcements made in accordance with the requirements of the Listing Manual, the Company has issued additional announcements and press releases to update Shareholders on the activities and developments of the Company and the Group during the year.

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The Board welcomes the views of Shareholders on matters affecting the Group, whether at Shareholders' meetings or on an ad hoc basis. The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders' meetings. In this regard, shareholders are informed of Shareholders' meetings through notices published in the newspapers and reports or circulars sent to all Shareholders. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. The Chairman of the Audit and Risk, Remuneration and Nominating Committees are normally available at the meeting to answer those questions relating to the work of these Committees. The external auditors are also present to address the Shareholders' queries about the conduct of the audit and the preparation and content of the Auditors' Report. Shareholders are also informed of the rules and voting procedures governing such meetings.

Unless otherwise provided by the Statutes, the Company's Constitution allows a member of the Company to appoint any number of proxies to attend and vote at Shareholders' meetings. The Company is not implementing absentia-voting methods such as by mail, email, fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company will record the minutes of general meetings that include substantial and pertinent comments from shareholders relating to the agenda of the meetings and responses from the Management. Such minutes will be made available to shareholders upon their written request. The Company also publishes minutes of general meetings of shareholders on its corporate website as soon as practicable.

The Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

The Company has dedicated Financial PR Pte Ltd as its media and investor relations team that communicates with its shareholders and analysts regularly and attends to their queries. The IR team helps the Company promote relations with and acts as liaison for institutional investors and public shareholders.

The Group does not have a dividend policy in place at present. The Board may consider adopting a dividend policy in the future. In determining the form, frequency and amount of dividends that the Company may recommend or declare in respect of any particular year or period, the Board will take into consideration the Group's cash position, actual and projected financial performance, projected capital requirement and the level of funding required for the Group's operation. Any payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results.

The Company will not be declaring a Final Dividend for the financial year ended 31 December 2020 as the Company continues to invest in research and development on the latest technology in the market. In addition, the Company is actively exploring opportunities for business expansion.

Engagement with stakeholders (Principle 13)

The Company ensures that all material information relating to the Company and its financial performance is disclosed in a timely manner via SGXNET. Shareholders are also informed of rules, including voting procedures that govern that general meetings.

Financial and other information to be communicated to members of the public are made available on the Group's website at www.trek2000.com.sg and this is regularly updated.

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DEALINGS IN SECURITIES

The Company, its Directors and certain officers and staff are required to refrain from trading in the shares of Trek 2000 two weeks before the announcement of the quarterly results and one month before the announcement of the full year results. This has been made known to Directors, Officers and Staff of the Company and the Group. In particular, it has been highlighted that to deal in the Company's securities as well as securities of other listed companies when the Officers (Directors and employees) are in possession of unpublished material price sensitive information in relation to those securities is an offence. The Officers are also discouraged from dealing in the Company's securities on short-term considerations. The Company, while having provided the window periods for dealing in the Company's securities, has its own internal compliance code in providing guidance to its officers with regard to dealing in the Company's securities including reminders that the law on insider trading is applicable at all times.

INTERESTED PERSON TRANSACTIONS (IPT)

The Board and the ARC had reviewed all IPTs entered in FY2020 to ensure that the relevant rules under Chapter 9 of the Listing Manual of the SGX-ST are complied with and the transactions were carried out on an arm's length basis and on normal commercial terms which were not prejudicial to the interest of the Company and its minority Shareholders.

In compliance with Rule 920 of the Listing Manual of the SGX-ST, the aggregate value of the IPT conducted during the financial year ended 31 December 2020 by the Company is as follows:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transaction conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Mr. Tan Henry @ Henn Tan	Controlling Shareholder (* See Note 1)	Consultancy fees US\$273,528	N.A.

Note:

- Mr. Tan Henry @ Henn Tan is the Controlling Shareholder and was appointed as Consultant and Emeritus Chairman after he stepped down as Executive Chairman and Chief Executive Officer by the Board on 25 May 2018. He stepped down from his position as Chairman Emeritus on 30 June 2020.

Apart from the aforesaid transactions, there was no other material contract entered into by the Company and/or any of its subsidiaries involving the interests of any Directors or controlling shareholders during the year under review.

The Company does not have any general mandate from Shareholders pursuant to Rule 920 of the Listing Manual.

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The Company adopted an internal policy in respect of any transactions with interested persons. All IPT will need to be authorised by the Board of Directors. The Company follows closely the guidelines set in the SGX rulebook:

- (i) For IPT transaction with aggregate amount of S\$100,000 and above, and greater than 3% of previous year's audited NTA of the Company, this will need to be authorised by the Board of Directors and announced at the SGXNET; and
- (ii) For IPT transaction with aggregate amount of S\$100,000 and above, and greater than 5% of previous year's audited NTA, an EGM will be required to be called upon and the transaction will need to be authorised by shareholders at the EGM.

IPT policies and procedures were independently drafted and implemented by the Company. These policies and procedures are reviewed and improved upon on annual basis, and changes to the system will be implemented after such review. The review takes into consideration the changes in the Company's business requirements.

On a quarterly basis, directors and controlling shareholder of the Company are required to declare their interests, shareholdings and directorships to the Company. All IPT and personal declaration forms by directors and controlling shareholder are required to be filed with the Company Secretary. The declarations and family details of the directors and controlling shareholder are deemed Interested Parties and a list of Interested Parties is compiled and sent to the directors, controlling shareholder and company secretary after the declaration for information. This list is also circulated to the Company's operations departments to ensure that any dealings with the Interested Parties are monitored and highlighted to the relevant Directors for proper authorisation.

IPT Register is maintained and updated on quarterly basis, and this is circulated to the directors, controlling shareholder and company secretary on quarterly basis. In addition, to safeguard the Company, directors and controlling shareholder, the Company does a confirmation checks on the corporate details of any external party that has total transactions of S\$100,000 and above, and greater than 3% of the previous year's NTA, with the Group.

MATERIAL CONTRACTS

No material contracts were entered into between the Company or any of its subsidiaries with any director or controlling shareholder during the FY2020. The control system for material contracts is included as part of the IPT systems as explained above. The guidelines and systems for monitoring, approving, reporting and reviewing of material contracts are part of the IPT systems implemented by the Company.

RISK MANAGEMENT

Inherent Industry Risk

The Group is exposed to the fast changing technology and industry development. The Group faces technological obsolescence if it is not able to constantly upgrade itself; keep up with the latest technological and industry developments or innovate to produce new products. In the event that it is unable to continue upgrading its capabilities to keep abreast of rapid technological changes, there will be a negative impact on the turnover and profitability. However, the capabilities and strength of the Group's research and development have enabled it to meet to the changing demands, as revealed through its library of patents registered and granted by the Group.

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Global Shortage of Key Components

The Group relies heavily on certain key components used in its solutions, such as NAND flash memory chips and SmartMedia cards. At present, owing to the general market demand for such components, the Group may encounter shortages in the supply of such components from time to time. This may cause the prices of some or all of these components to increase, which will thereby have an adverse impact on our profits.

Dependence on Key Personnel

The continued success of the Group, to some extent, is dependent on its key management and technical personnel. The Company and the Group constantly look into the issue of attracting, retaining, training and recruiting suitably qualified and talented managers for its operations. The Group has continued to undertake measures to strengthen the top management team and to re-structure its management team by the internal promotion of several managers to ensure that the Trek 2000 team continues to be driven and well-guided to pursue further challenges ahead. In addition, the Group is committed to provide vigorous training to its technical staff force to ensure that their skills measure up to and surpass the industries' and customers' requirements in order to retain its competitive edge.

USE OF PROCEEDS FROM PLACEMENT OF NEW SHARES AND SALE OF TREASURY SHARES

As at the date of this Annual Report, the proceeds from placement of 26,000,000 new shares and sale of 1,000,000 treasury shares ("Net Proceeds") have been utilised as follows:

Use of Net Proceeds (as announced on 24 June 2015)	Amount allocated (as announced on 24 June 2015) (S\$)	Amount allocated as a percentage of Net Proceeds (as announced on 24 June 2015) (%)	Net Proceeds utilised as at the date of this Annual Report (S\$)	Balance of Net Proceeds as at the date of this Annual Report (S\$)
Research and Development (involves ongoing strategic research and development, particularly in the areas of medical diagnostic technology)	5.79 million	50	-	5.79 million
General Working Capital (to fund the ongoing growth and expansion of the Group's business and operations)	5.79 million	50	-	5.79 million
Total	11.58 million	100	-	11.58 million

As at the date of this Annual Report, the Net Proceeds have not yet been utilised.

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DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Chay Yee Meng, Mr. Khor Peng Soon and Mr. Neo Ban Chuan are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 28 April 2021 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

MR. CHAY YEE MENG	
Date of Appointment	24 May 2018
Date of last re-appointment	23 April 2019
Age	65
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered contribution and performance, attendance, preparedness, participation, candour and suitability of Mr. Chay Yee Meng or re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr. Chay Yee Meng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Independent Non-Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of Remuneration Committee and a member of the Audit and Risk Committee
Professional qualifications	Bachelor of Accountancy from Nanyang University, Singapore Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	CEO of Autoscan Technology Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 998,000 ordinary shares Deemed interest: 625,000 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No

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MR. CHAY YEE MENG	
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	1. Oris Tel Systems Pte Ltd 1. Wizvision Pte Ltd 2. Autoscan Technology Pte Ltd 3. Autoscan Tradings and Services Pte Ltd 4. Infohub Services Pte Ltd 5. Ding Yi Music Company Pte Ltd 6. Equal-Ark Singapore Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date that he ceased to be a partner?	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c) Whether there is any unsatisfied judgment against him?	No

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MR. CHAY YEE MENG	
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

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MR. CHAY YEE MENG	
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–</p> <ul style="list-style-type: none"> i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
<p>k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No

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MR. KHOR PENG SOON	
Date of Appointment	4 February 2013
Date of last re-appointment	23 April 2019
Age	71
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered contribution and performance, attendance, preparedness, participation, candour and suitability of Mr. Khor Peng Soon or re-appointment as Non-Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr. Khor Peng Soon possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Independent Non-Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Chairman, a Member of the Nominating and Remuneration Committees
Professional qualifications	Master of Engineering, University of New South Wales Bachelor of Engineering, 1 st Class Honours, University of Auckland
Working experience and occupation(s) during the past 10 years	V3 Brands Pte Ltd and its subsidiaries – Director of Investments (2018 to present). JP Ying Advisory – Managing Director (2011 to present) ONI Global Pte Ltd – Non-Executive Chairman and Board Member (2005 to present)
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No

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MR. KHOR PENG SOON	
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	<ol style="list-style-type: none"> 1. Plastoform Holdings Ltd 2. ONI Global (Australia) Pty Ltd 3. Victoria House Pte Ltd 4. Nurtri-Active Pte Ltd 5. Nutri-Active Sdn Bhd 6. Reborne Pte Ltd
Present	<ol style="list-style-type: none"> 1. Hello Moss 2. JP Ying Advisory 3. LAC Co. Ltd (Japan) 4. LAC (HK) Company Limited 5. ONI Global Brands (Malaysia) Sdn Bhd 6. ONI Global (Malaysia) Sdn Bhd 7. ONI Global (Taiwan) Co. Ltd 8. ONI Global (Trading) Pte. Ltd. 9. ONI Global Pte Ltd 10. ONI Retail Pte Ltd 11. Paris Investment Pte Ltd 12. TWG Tea (North Asia) Pte Ltd 13. XNDO Pte Ltd 14. XNDO (HK) Company Ltd 15. Futuristic Store Fixtures Sdn Bhd 16. Creative Schemes Sdn Bhd 17. Enbryo Ltd 18. Megatron Schemes Sdn Bhd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

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MR. KHOR PENG SOON	
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c) Whether there is any unsatisfied judgment against him?	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

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MR. KHOR PENG SOON	
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No

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MR. KHOR PENG SOON	
<p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
<p>k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No

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MR. NEO BAN CHUAN	
Date of Appointment	10 December 2020
Date of last re-appointment	N.A.
Age	69
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered contribution and performance, attendance, preparedness, participation, candour and suitability of Mr. Neo Ban Chuan or re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr. Neo Ban Chuan possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Independent Non-Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director and Chairman of Audit and Risk Committee
Professional qualifications	<ul style="list-style-type: none"> a) Master in Professional Accounting from University of South Queensland, Australia b) Master in International Business from University of Wollongong, Australia c) Member of the Institute of Singapore Chartered Accountants (ISCA) d) Fellow Member of CPA Australia e) Fellow Member of Insolvency Practitioners Association of Singapore

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

MR. NEO BAN CHUAN	
Working experience and occupation(s) during the past 10 years	<p>Mr. Neo Ban Chuan was previously the Head of Restructuring with one of the Big Four accounting firms in Singapore. He is a Public Accountant and a Licensed Insolvency Practitioner in Singapore.</p> <p>He has been in the Restructuring business for close to 35 years and had managed a very diverse portfolio. Following his retirement from the Big Four firm, he sets up BC Neo Business Advisory Pte Ltd in 2007. Subsequently he went into partnership with a boutique advisory firm (based in Melbourne Australia) heading their Singapore Office. He was with them for 5 years up to 2013.</p> <p>He has been involved in the overall conduct of numerous formal insolvency assignments during his time as one of the most senior insolvency practitioners in the Asian region. He is intimately familiar with the legislative and regulatory requirements expected of these assignments across multiple jurisdictions including Australia, Costa Rica, China, Europe, Honduras, India, Indonesia, Malaysia, Myanmar, Middle East, Thailand and Vietnam.</p> <p>He is a well-regarded personality in the insolvency practice circle and had been featured in a Channel News Asia television interview on judicial management and other forms of insolvency administration.</p> <p>He has to date been accredited with the successful restructuring of numerous cross-border assignments involving distressed businesses in the region. Amongst other things, he had experience in the Trading, Manufacturing, Shipping, Hospitality and Property Sectors.</p> <p>He had also acted as Independent Director for various companies listed in Singapore Stock Exchange.</p>
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

MR. NEO BAN CHUAN	
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	1. Tuan Sing Holdings Limited 2. OCAP Management Pte. Ltd.
Present	1. Manulife (Singapore) Pte. Ltd. 2. BC Neo Business Advisory Pte. Ltd. 3. Credit Intelligence (Singapore) Pte. Ltd. 4. Arrow Business Consultants Pte. Ltd.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c. Whether there is any unsatisfied judgment against him?	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

MR. NEO BAN CHUAN	
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:— i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

MR. NEO BAN CHUAN	
<p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
<p>k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No

SUSTAINABILITY REPORT 2020

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SUSTAINABILITY REPORT

Innovation: Inside Out

The Group's tagline, 'Innovation: Inside Out', promotes our mission to transform engineering concepts into reality with inventions that improve people's lives. At Trek, our vision is aligned with our ethos to innovate relentlessly and change peoples' lives for the better. We are at the forefront of the technology curve and our intellectual property rights are developed through rigorous research and development.

We strive to create innovative products for the market. We recognize the need to evolve and make our products and solutions an integral part of development in this vast Internet of Things ("IoT") market. We have identified growth opportunities in consumer wearables, medical and cloud technologies, and artificial intelligence ("AI") as part of the growing customers' needs.

For this sustainability report, we continue to adopt a phased implementation approach by focusing on the most critical economic, environmental, social and governance factors affecting our business today. We believe that in order to achieve sustainable and ethical growth, we must:

- (i) provide customers with quality and innovative products at competitive prices;
- (ii) provide suppliers and subcontractors with fair competition;
- (iii) create good value for shareholders;
- (iv) offer opportunities and attractive careers for our employees;
- (v) contribute to the community; and
- (vi) work towards a better and greener environment.

We are confident to continue to make a difference to society with our innovative products and solutions, and to build on this to continue to increase our contributions.

Introduction

This report looks at the sustainability strategies and practices of Trek.

In our sustainability report in previous years, we identified the relevant Environmental, Social, and Governance ("ESG") factors of the Group's operations and evaluated them to our current policies, procedures and practices, and set realistic qualitative targets for us to work towards to in future. In this and subsequent year's reporting, we will continue to review these targets and follow up on our ongoing effort to achieve them.

For our sustainability report this year, we will continue with the Global Reporting Initiative ("GRI") principles for our sustainability report content and quality, and to meet the guidelines under the SGX-ST Listing Rules (711A and 711B) – Sustainability Reporting Guide.

This report details a range of current practices and future initiatives relating to non-financial aspects of the Group's operations.




SUSTAINABILITY REPORT

1.1 Defining Material Issues

The steps we take to define material issues are as follows:

1. Identify a list of sustainability issues affecting our business.
2. Prioritise the list of key sustainability issues internally through the use of questionnaires and dialogues.
3. Seek Board's / Management's concurrence on ESG factors.

We have classified the following as our material ESG factors and our sustainability efforts are channeled towards these material issues:

Environmental Responsibility	Social Responsibility	Governance and Risk Management
 <ul style="list-style-type: none"> ■ Waste and resource management ■ Energy efficiencies ■ Community development 	 <ul style="list-style-type: none"> ■ Working conditions ■ Workplace safety ■ Employment practices ■ Diversity 	 <ul style="list-style-type: none"> ■ Corporate governance ■ Corporate values and code of conduct ■ Policies and practices ■ IT Risk Management ■ Product excellence ■ Capital management ■ Productivity / human capital ■ Research and development capability

SUSTAINABILITY REPORT

1.2 Engaging Stakeholders

Our stakeholders are important to us and we engage them closely. We have identified eight key stakeholders and evaluate their significance and impact on the Group. The Group is committed to building mutually beneficial relationships with these key stakeholders.

Key Stakeholder	Topics	Stakeholder Engagement
1. Suppliers/ Business Partners	<ul style="list-style-type: none"> • Product and service quality • Needs analysis • Competitive pricing • Supplies of components on a timely basis • Customer service 	<ul style="list-style-type: none"> • Monthly meetings with key suppliers
2. Customers/ Business Partners	<ul style="list-style-type: none"> • Product quality • Needs analysis • Competitive pricing • Customer privacy • Delivery allocation • Payment timeliness 	<ul style="list-style-type: none"> • Customer feedback management • Face-to-face meetings with key customers • Social media <ul style="list-style-type: none"> – Facebook – Online purchase platform – Youtube • Focus group meetings by visiting customer offices • Informal dialogues
3. Shareholders	<ul style="list-style-type: none"> • Financial returns • Industry conditions and outlook • Business strategies, business growth • Dividend policy 	<ul style="list-style-type: none"> • Annual General Meeting (AGM) • Extraordinary General Meeting (EGM) • Quarterly briefing and special announcements • Open hotline for shareholders
4. Employees	<ul style="list-style-type: none"> • Occupational health and safety • Environmental issues (e.g. working conditions) • Social issues (e.g. diversity, discrimination) • Training and career development 	<ul style="list-style-type: none"> • Yearly employee appraisals • Employee feedback survey
5. Communities	<ul style="list-style-type: none"> • Community projects (e.g. products trial in Ren Ci Hospital and Gleneagles Hospital) 	<ul style="list-style-type: none"> • Participation in community projects • Face-to-face meetings • Informal dialogues
6. R&D Institute, e.g. A*Star and external R&D institutes	<ul style="list-style-type: none"> • New products and technologies • Innovations by internal R&D teams and external R&D contractors 	<ul style="list-style-type: none"> • Face-to-face meetings • Informal dialogues
7. Government Institutions and Authorities	<ul style="list-style-type: none"> • Compliance to legislations • Provide feedback to government institutions for their improvements in services 	<ul style="list-style-type: none"> • Comply to regulations • Feedback on business competitiveness and contributions to policies to help regulators improve their services

SUSTAINABILITY REPORT

8. Education Institutions	<ul style="list-style-type: none"> Contributions to training of our local workforce and upgrading of the industry skills 	<ul style="list-style-type: none"> Providing internships and training to students from institutions of higher learning Providing opportunities for students to learn and pursue research and engineering in our industry
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1.3 Targets and Strategies

The Group identifies material topics for reporting based on the significance of our ESG factors and the degree of impact and influence on our stakeholders' decisions. We are focused on those ESG factors we view to have maximum value for our key stakeholders.

ESG Factors	Strategies	Targets
Sustainable Management		
1. Corporate Governance	<ul style="list-style-type: none"> Diversity in Board composition and governance (1 executive director and 4 non-executive directors). Constant shareholders' communication through AGM, EGM and investor relation meetings to manage stakeholders' concerns. Resolving the internal control findings reported by the internal auditors, external auditors and the regulators. Fair competition with business partners, customers / clients and suppliers / subcontractors. 	<ul style="list-style-type: none"> Continuous compliance to the mandatory requirements of SGX and meeting changes in corporate governance. Timely announcements at SGXNET on matters affecting the Group. Close communications with shareholders and addressing their concerns. Working closely with auditors and Audit Committee on the internal control matters. Communicating with Audit Committee and Board of Directors on regular basis. Implementing systems that help improve and strengthen the internal control of the Group. Fair pricing given to all customers and objective selection process in sourcing suppliers/subcontractors. Adopt ethical practices in our business.
2. Corporate Values and Code of Conduct	<ul style="list-style-type: none"> Enhance the Group's code of conduct. 	<ul style="list-style-type: none"> Put in place the relevant policies and procedures of the Group. Put in place rules and regulations to ensure staff act ethically in dealings with external parties. Operate within legal framework and adopt good corporate governance to safeguard the interest of stakeholders. Regular audit on Group's policies and practices by independent professional firms.

SUSTAINABILITY REPORT

1.3 Targets and Strategies (Cont'd)

ESG Factors	Strategies	Targets
Sustainable Management (cont'd)		
3. Policies and Practices	<ul style="list-style-type: none"> Maintain robust standard operating procedures for key processes. 	<ul style="list-style-type: none"> Review of standard operating procedures of key processes on regular basis to ensure relevance and effectiveness. Improve the policies and procedures of the Group. Compliance to rules and regulations set by authorities. Shorten processes to achieve efficiency and effectiveness.
	<ul style="list-style-type: none"> Respect for property rights. (e.g.: patents and trademarks). 	<ul style="list-style-type: none"> Continue filing of patents for R&D developments as determined by the management. Proactive approach to safeguard our IPs and proceed with legal actions for patent infringement by external parties. Work closely to IP Laws and respect IPs of other parties.
4. IT Risk Management	<ul style="list-style-type: none"> Continue to be cautious in the safeguard of confidential information. 	<ul style="list-style-type: none"> Periodic review of IT security solutions administered to defend against external breach on the following access points: <ul style="list-style-type: none"> Network Servers Desktops/laptops Installing Anti-Virus software to safeguard data and prevent virus and hackers from infiltrating our IT systems. Rules and regulations relating to intellectual properties and compliances made to staff. Installing CCTV in our offices for security measures.

SUSTAINABILITY REPORT

1.3 Targets and Strategies (Cont'd)

ESG Factors	Strategies	Targets
Sustainable Operations		
1. Working conditions	<ul style="list-style-type: none"> Conducive working environment for all employees. 	<ul style="list-style-type: none"> Ensure employees are provided with sufficient and comfortable physical space to maintain a good working environment on a daily basis. Provide good incentives and rewards to staff eg. paid overseas holidays for staff. Provide re-employment contracts to eligible staff that is able to work beyond retirement age, and supporting other government initiatives. Respect employees and make the workplace as conducive as possible for increased productivity.
2. Workplace safety	<ul style="list-style-type: none"> Safety workplace for all employees. 	<ul style="list-style-type: none"> Compliance to Ministry of Manpower ("MOM") annual workplace safety and health check. To continue to maintain zero workplace accident. To provide sufficient insurance coverage and staff welfare for employees' benefits.
3. Employment practices	<ul style="list-style-type: none"> Committed to providing vigorous training to technical staff to ensure that skills and knowledge are up-to-date and surpass the industries' and customers' requirements to retain our competitive edge. 	<ul style="list-style-type: none"> Prepare a training road map to identify the relevant training needs of individual employees. Encourage staff to upgrade their skills.
	<ul style="list-style-type: none"> Strengthen and restructure the management through internal promotion, and staying relevant to our challenges ahead. 	<ul style="list-style-type: none"> Performance based assessments on employees on an annual basis. Guiding staff on daily basis and monitoring their performance. Budgeting system to monitor target and achievements. Increasing staff's productivity.
4. Diversity	<ul style="list-style-type: none"> Maintaining human resources management system that is fair to all employees, regardless of ethnicity, gender, age, etc. 	<ul style="list-style-type: none"> Benchmarking of salary to identify the market rate for each position. Provide equal opportunities to local and overseas staff for career enhancement.

SUSTAINABILITY REPORT

1.3 Targets and Strategies (Cont'd)

ESG Factors	Strategies	Targets
Sustainable Products		
1. Product excellence	<ul style="list-style-type: none"> Customer retention/loyalty. 	<ul style="list-style-type: none"> Regular relationship building with customer such as company events, consistent customer communication and open hotline to better serve and retain customers. Product updates to customer on regular basis.
	<ul style="list-style-type: none"> Product innovation. 	<ul style="list-style-type: none"> Innovate existing products. Venture into consumer wearables, medical and cloud technologies, and AI products and solutions. Innovate and explore new technology products and solutions to improve the world. Tie-up with external R&D institutes to explore new technologies. Stay ahead of the technology curve.
2. Capital management	<ul style="list-style-type: none"> Investing in good financial assets that generate good investment returns. 	<ul style="list-style-type: none"> Considering possible investment opportunities to generate future income. Maintaining good relationship with investment community for opportunities to invest in good business and ventures. Investing in good financial assets to maximise the returns on surplus funds.
3. Productivity	<ul style="list-style-type: none"> Set-up and monitor employees' Key Performance Indicators (KPIs). 	<ul style="list-style-type: none"> Guiding and monitoring staff on work performances. Rewarding employees when key business objectives are achieved.
4. Research & Development capability	<ul style="list-style-type: none"> Allocating resources on R&D activities for the advancement of innovations. 	<ul style="list-style-type: none"> To collaborate with other companies for mutual benefits. Set up more R&D centres overseas. Improve our existing products and technologies. Tie-up with external R&D institutes to explore new products and technologies. Innovate new products that change the world.

SUSTAINABILITY REPORT

1.3 Targets and Strategies (Cont'd)

ESG Factors	Strategies	Targets
Sustainable World		
1. Waste and resource management	<ul style="list-style-type: none"> Reducing, recycling and reusing waste materials (e.g. using recycled papers). 	<ul style="list-style-type: none"> Reduce paper usage by moving towards cloud platforms in collecting, exchanging and storing data. Use more paperless transactions. Minimise paper waste by encouraging staff to print on recycled papers.
	<ul style="list-style-type: none"> Lower pollution. 	<ul style="list-style-type: none"> Segregate the disposal of R&D consumables .
	<ul style="list-style-type: none"> Ongoing awareness on environmental effects and impacts. 	<ul style="list-style-type: none"> Promoting environmental awareness through regular training.
2. Energy efficiencies	<ul style="list-style-type: none"> Reducing energy consumption (e.g. electricity, fuels). 	<ul style="list-style-type: none"> Changing to eco-saver office equipment. Switching off lights and electricity when not in use.
3. Community development	<ul style="list-style-type: none"> Strong community engagement through donations to charities and non-profits organisations. 	<ul style="list-style-type: none"> Continue to provide donations to causes related to research on medical advancements and medical establishments.
	<ul style="list-style-type: none"> Promoting social responsibility in the value chain by not doing any business in high-risk countries or not to sell any products that will harm the environment. 	<ul style="list-style-type: none"> Establish a customer selection evaluation process to include the review countering Anti-Money Laundering and Financing of Terrorism ("AML/CFT").
	<ul style="list-style-type: none"> Contributing to society as a good corporate citizen. 	<ul style="list-style-type: none"> Donate to charities to help society. Take part in charity drive to promote social interest. Provide free use of our products to young and talented people for their research projects. Adopt good corporate governance to safeguard interest of stakeholders.

SUSTAINABILITY REPORT

1.4 Risk and Opportunities

Based on the identified material topics, we are focused on topics that have the maximum value for shareholders and stakeholders. This involves managing ESG risks and opportunities across the value chain. Our approach is to engage our value chain partners, wherever possible, to address the ESG impacts in our operations.

Sustainable Management	
<i>Risk</i>	<ul style="list-style-type: none"> • Financial losses as a result of business disruption, loss of customers and suppliers, loss of privacy, reputational damage and legal implications. • Business loss as a result of unauthorized use of our patents and technology by external parties.
<i>Opportunities</i>	<ul style="list-style-type: none"> • Transparency of business goals and objectives to stakeholders. • Trusted and long-term partnerships with stakeholders. • Foster and maintain employee trust and integrity by ensuring that all employees adhere to appropriate standards of conduct. • Achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and failure to comply with industry regulations. • New and innovative products to increase the market for the Group. • Increase inventions to disrupt market and improve the way people work.

Approach: We adopt an open organisation communication channel with our stakeholders to improve sustainability management.

Sustainable Operations	
<i>Risk</i>	<ul style="list-style-type: none"> • Non-retention of essential employees. • No succession plan in the event of high employee turnover.
<i>Opportunities</i>	<ul style="list-style-type: none"> • Develop and retain outstanding / dedicated employees. • Instill employees' loyalty and commitment to improve the business. • Value and care for employees' well-being. • Promote healthy lifestyle and work-life integration.

Approach: We aim to retain key personnel through internal promotions and trainings. We create a safe and comfortable workplace where we can continue to have a zero-accident in the workplace and respect our employees.

SUSTAINABILITY REPORT

1.4 Risk and Opportunities (Cont'd)

<i>Sustainable Products</i>	
<i>Risk</i>	<ul style="list-style-type: none"> • Product and technology obsolescence. • Occurrence of product liability resulting from sub-standard product quality. • Counterfeiting and intellectual property theft. • Disruption in business transactions on loss of key personnels.
<i>Opportunities</i>	<ul style="list-style-type: none"> • Ongoing innovation in technologies to deliver affordable products. • Value customer satisfaction for consumer's confidence in our product. • Better deployment of surplus funds. • Enhance the value of company to shareholders. • New products to launch the company to the next stage of growth.

Approach: We aim to continuously invent products and solutions for our product segments. We would like to innovate and come up with new or substitute products that disrupt technology and enhance/improve the way people work.

<i>Sustainable World</i>	
<i>Risk</i>	<ul style="list-style-type: none"> • Non-compliance to regulatory requirement resulting to fines and penalties/ business disruption.
<i>Opportunities</i>	<ul style="list-style-type: none"> • Develop eco-friendly products. • Green office (use of energy efficient/environment friendly office equipment). • Supporting charities by giving donations to local communities. • Improve society at large through our efforts. • Increase in IP development and ownership. • Increase in innovative products and solutions that disrupt global market.

Approach: We support government and NGOs initiatives on environmental awareness to better care for our environment. We will continue to support and make a difference to society through our contributions.

SUSTAINABILITY REPORT

Sustainable Management

The Group would like to take a proactive approach to managing sustainability by seeking opportunities to invest or embed it to its practices.

2.1 Corporate Governance

The Group is committed to maintaining high standards of corporate governance under the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual, Companies Act and other applicable legislations. Adopting good corporate governance ensures that the Group operates ethically and protects the interests of all stakeholders.

In line with this commitment, the Group adopts good internal control and ethical practices. Policies and procedures, and internal control are reviewed and improved by management on regular basis.

The Group shall continue to file and renew patents for its products and solutions. This boosts our library of patents granted worldwide. Our seven categories of patented core technology solutions registered in around 26 countries are as follows:

- (1) Wireless solutions
- (2) Thumbdrive solutions
- (3) Anti-piracy
- (4) Security/Encryption
- (5) Centralised Management System ("CMS")
- (6) Portable Storage Solutions encompassing Flash Memory
- (7) PC and Mobile Apps

2.2 Shareholders

Shareholders have taken a stance on corporate issues (i.e. environmental, social, economic) on our business to achieve sustainable success. Timely communication of information to shareholders on the activities and development of the Group is essential to ensure that the Group is geared for long-term stability. Shareholders are kept informed of its interests in the Group e.g. vision and future potentials, product developments, financial performance and the company's competitive position.

2.3 Board of Directors ("BOD")

The Board of Directors ("BOD") has oversight of the Group's sustainability strategy. The Board's responsibilities include providing guidance on the material environmental, social and governance (ESG) factors that affect the Group's sustainability.

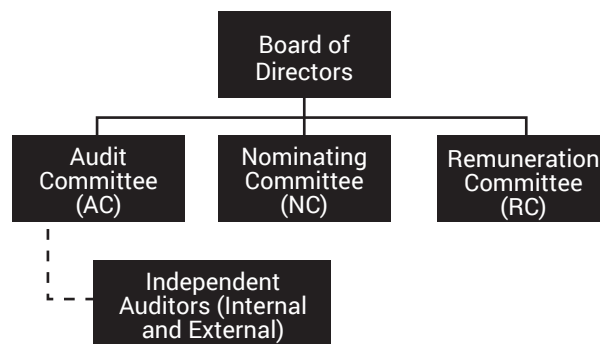
The BOD meets with management on regular basis and understands the affairs of the company, and guide the management towards the Group's sustainability strategy. The management will consult and work with the BOD and its committees on such matters.

SUSTAINABILITY REPORT

2.3 Board of Directors (“BOD”) (Cont’d)

The appointment of 1 Executive Director and 4 Non-executive Directors from diverse business and professional background helps to maintain an effective board. By having board diversity with different expertise, skills and experience, the Group is better governed. The Group will continue to appoint suitable directors if this appointment helps to improve the strategic direction of the Group.

The committees set up to support the BOD are as follows.



Sustainable Operations

In a sustainable operation, retaining key personnels is critical for competitive advantage. The Group gives priority to internal promotion of staff and integrate training that helps develop long-term career growth with the Group. The Group also practices salary benchmarking with market rates for competitive compensation to staff.

As for Research and Development (“R&D”) personnels, who are grouped by skills and project assigned, in-house training is provided to keep the team updated on every new project and advancement in technology. When a project is beyond the competency of our R&D team, the Group employs experts in the relevant fields to help the Group to complete its R&D projects on timely manner.

The Group sets up R&D centres in various countries to recruit talented R&D staff and tap on their expertise. R&D projects are assigned to these R&D centres based on the competency of the R&D staff in these centres.

3.1 Safe Operations

We practise and promote safe working environment in our workplace. Health and safety are top priority of our staff and we strive to achieve zero-accident in the workplace.

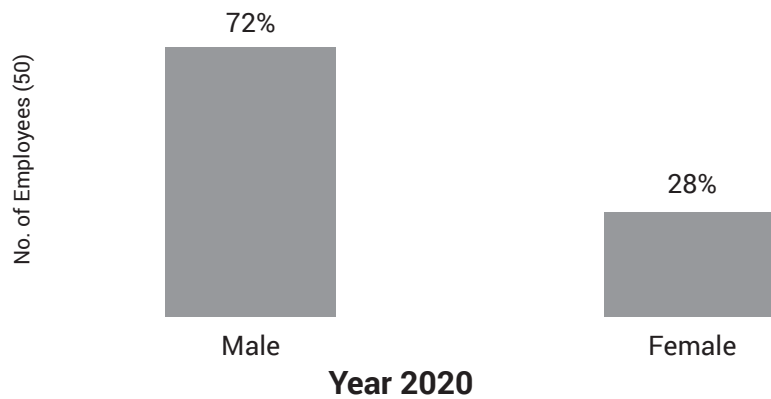
In our obligation to promote safety in our workplace, we comply to the requirements of the Ministry of Manpower (“MOM”) and other regulatory authorities. This includes safe-distancing and other measures required for COVID-19 Pandemic.

SUSTAINABILITY REPORT

3.2 Caring for Employees

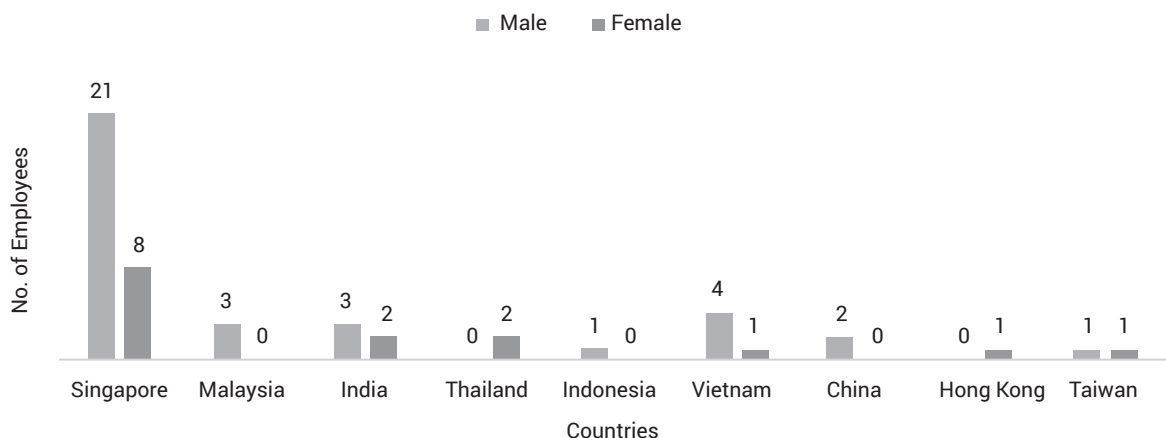
The Group employs different gender and nationality, and promote fair employment. This helps to provide a diverse field of skills and experience in our operations. In addition, the diversity helps promote diverse ideas and strategies to better meet the needs of consumers and, promote innovations and creativity in our Group's culture.

RATIO OF MALE TO FEMALE EMPLOYEES



*The graph above denotes the gender ratio in their workforce.

WORKPLACE DIVERSITY



*The gender ratio is further broken down by the nationality of the employees.

The Group is committed to providing training and opportunity for career enhancement of our employees. A training road map is set up to develop employees with the skills they need to improve their contributions to the Group and promote their career progression. The Group inculcates a motivated, skillful and progressive work culture.

SUSTAINABILITY REPORT

3.2 Caring for Employees (Cont'd)

The Research and Development ("R&D") Head attends external trainings and seminars, and conducts in-house training to effectively increase our R&D effort. In addition, the skills and expertise of our staff are also improved.

The Group sets Key Performance Index (KPIs) for staff. Performance assessment of employees is conducted regularly and personally in a constructive and objective manner. Staff's performance and recognitions are made known to employees during this assessment. Likewise, improvements required for staff performance are highlighted for staff to work towards his/her improvements.

Sustainable Products

Our sustainability-driven innovation includes:

- (i) developing new products and solutions;
- (ii) developing innovative technology that disrupts the market;
- (iii) finding new applications for current products and solutions;
- (iv) changing existing business processes; and
- (v) changing management techniques for environmental, social, and financial benefits.

In creating eco-friendly products and solutions, the Group also looks into increasing the customer value proposition and good users' experience. The foundations of product excellence lie within the product innovation priorities. The Group makes product innovation and excellence that can improve daily lives of the consumers as a priority. Prioritising the customers' needs, the Group provides immediate assistance to look into their feedback and resolve any issues brought up by customers on a timely manner. In addition, there are dedicated hotline and sales personnel to manage a spectrum of enquiries, ranging from technical support to customer related feedbacks and complaints. Attending to customers' feedbacks and complaints are essential for the Group to improve its products and solutions, and increase the loyalty and trust of customers.

4.1 Product innovation

In the era of advanced technology, people are more connected globally and widely share information online. Online feedback and information help businesses globally to capture customer's data, resulting in an increasing awareness of privacy protection.

The Group recognizes the potential business market surrounding privacy protection. As a pioneer in this area of security, we have developed security solutions for mobile and PC storage to ensure that our products meet the security needs of our targeted consumers. Example of this is our Encrypted Thumbdrives – Thumbdrive Crypto.

Convenience and ease of use of our products also increase the acceptance of our products and solutions in the market. Examples of this are our Smart Diapers, Smart Socks, Ai-Ball, iSSD, etc.

Being a global industry innovator, the focus of the Group lies with our Research and Development capabilities to relentlessly innovate and stay ahead of the technology curve. Our latest innovation initiatives include AI and, other innovative products and solutions in the IoT market.

SUSTAINABILITY REPORT

4.2 Managing productivity and capital

Efficiency is one of the factors that we inculcate in our staff. The Group sets KPIs for its employees to ensure that the Group effectively accomplishes its key objectives within our resources.

Staff is encouraged to set KPIs that are SMART (Specific, Measurable, Achievable, Realistic and Timely) and to align their KPIs to the goals of the Group. This allows for goal congruence and makes staff's KPIs relevant to the Group. The Group looks at employees as human capital that can be developed to contribute and improve the business of the Group. Staff is rewarded on achieving the KPIs. Training and staff developments are made based on the staff's strengths and potentials, and the Group takes the effort to groom staff for higher responsibilities.

Sustainable World

We create innovative products and technologies that exceeds current technologies and stays ahead of the technology curve. Many of our products set the standards in the industry.

5.1 Contributing to Greener World

It is part of our goals to contribute to a greener world and make our products environmentally acceptable.

In addition, the Group is always looking to help the environment by reducing paper usage as we move towards a cloud platform in data collection and exchanging and storage of data. Other measures adopted include proper disposal of R&D consumables and, changing to eco-saver office equipment to reduce energy consumption and carbon footprints.

We hope to continue to contribute to a greener and healthier environment.

5.2 Supporting Local Communities

The Group hopes to continue to give back to society in a meaningful way. Some of the social organizations that we support are as follows:

- Ren Ci Hospital
- Cheng Hong Welfare Service Society
- Kidney Dialysis Centre
- National University of Singapore
- Seapharm
- Genomic Medicine Conference

The Group is always looking to continue to give back to society and build a better tomorrow in a gracious way.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

We submit this annual report to the members together with the audited consolidated financial statements of Trek 2000 International Ltd (the "Company") and its subsidiaries (the "Group") and statement of financial position of the Company for the financial year ended 31 December 2020.

In our opinion,

- (a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

The directors of the Company in office at the date of this statement are:

Khor Peng Soon (Non-Independent Non-Executive Chairman)
 Tan Joon Yong, Wayne (Deputy Chairman, Executive Director and Group President)
 Chay Yee Meng (Independent Non-Executive Director)
 Kwek Swee Heng (Independent Non-Executive Director)
 Neo Ban Chuan (Independent Non-Executive Director) (Appointed on 10 December 2020)

Arrangements to acquire shares, debentures or options

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares, debentures or options of the Company or any other corporate body, other than as disclosed in this statement.

Directors' interests in shares, debentures or options

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, none of the directors who held office at the end of the financial year had any interest in the shares, debentures or options of the Company or its related corporations except as follows:

	Holdings registered in the <u>name of director</u>		Holdings in which director is <u>deemed to have an interest</u>	
	As at <u>1.1.2020</u>	As at <u>31.12.2020</u> and <u>21.1.2021</u> [#]	As at <u>1.1.2020</u>	As at <u>31.12.2020</u> and <u>21.1.2021</u> [#]
<u>The Company</u>				
<i>Ordinary shares</i>				
Tan Joon Yong Wayne	2,371,176	2,371,176	1,839,250	1,839,250
Chay Yee Meng	998,000	998,000	625,000	625,000
Kwek Swee Heng	-	-	456,000	551,300
<i>Share options</i>				
Khor Peng Soon	90,000	-	-	-

[#] There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Share options

The Trek 2000 International Ltd Share Option Scheme 2011 (the "ESOS") was approved by shareholders at an extraordinary general meeting held on 21 April 2011 to replace the Trek 2000 International Ltd Share Option Scheme.

The ESOS caters to participants, who are selected full-time employees, executive directors and non-executive directors of the Group.

Under the ESOS, all options to be issued will have a term no longer than ten years from the date of grant, except for directors who do not hold executive functions, for which, the options issued will have a term no longer than five years from the date of grant.

The ESOS is administered by the Remuneration Committee which comprises the following directors:

Chay Yee Meng (Chairman)
Khor Peng Soon
Kwek Swee Heng

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any rights to participate in any share issues of any other company in the Group.

During the financial year ended 31 December 2020, no options were granted under the ESOS to subscribe for ordinary shares, and no options were exercised under the ESOS to subscribe for ordinary shares.

Details on outstanding options to subscribe for ordinary shares as at 31 December 2020 are found in Note 24 to the financial statements.

Director's share options under the ESOS are as follows:

Name of director	Balance as at 1.1.2020	Options cancelled or lapsed	Options exercised	Balance as at 31.12.2020	Exercise price per option	Exercisable period
Khor Peng Soon	90,000	(90,000)	-	-	0.362	10.2.2016 to 10.2.2020

Audit and Risk Committee

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly financial information and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed the effectiveness of the Group and the Company's material internal controls, including financial, operational, information technology system control and security, and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees and management in separate executive sessions to discuss any matters that they believe should be discussed privately with the Audit and Risk Committee;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Audit and Risk Committee (cont'd)

- (e) Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (f) Reviewed the cost effectiveness and the independence and objectivity of the external auditor, and the nature and extent of non-audit services provided by the external auditor;
- (g) Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- (h) Reported actions and minutes of the Audit and Risk Committee to the board of directors with such recommendations as the Audit and Risk Committee considered appropriate; and
- (i) Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The Audit and Risk Committee, having reviewed the external auditor's non-audit services (if any), was of the opinion that there were no non-audit services rendered that would affect the independence and objectivity of the external auditors.

The Audit and Risk Committee has held four meetings since the last directors' statement. In performing its functions, the Audit and Risk Committee has met with the Company's internal and external auditors, without the presence of the Company's management, at least once a year.

The Company confirms that Rules 712 and 715 of the Singapore Exchange Securities Trading Limited's Listing Manual have been complied with.

Further information regarding the Audit and Risk Committee are detailed in the Corporate Governance Report set out in the Annual Report of the Company.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....
KHOR PENG SOON
Non-Executive Chairman

.....
TAN JOON YONG, WAYNE
Deputy Chairman, Executive Director and Group President

Dated:

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TREK 2000 INTERNATIONAL LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trek 2000 International Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value of unquoted investments (refer to Note 8 to the financial statements)

As at 31 December 2020, the Group and the Company have unquoted investments of US\$1,450,095. Management has engaged an independent professional valuer ("management's expert") to determine the fair values of the unquoted investments. The fair value of the unquoted investments is considered to be a key audit matter due to the judgements applied and the assumptions and estimates used in the determination of the fair values of the investments, and the significance of the fair value changes of the investments in the Group's statement of comprehensive income.

As part of our audit of the fair value of the unquoted investments, we assessed the methodologies and appropriateness of the key assumptions used by the management's expert. We gained understanding of and reviewed the assumptions in the input data from management and the management's expert through discussions, comparisons to industry peers, historical trends and independent external data sources, and agreed to supporting documentation. We evaluated the competence, capabilities and objectivity of the management's expert. We also involved an auditor's expert to assist us in the aforementioned. We evaluated the competence, capabilities and objectivity of the auditor's expert, and the adequacy of the work performed by the management's expert and auditor's expert. In addition, we considered the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TREK 2000 INTERNATIONAL LTD

Key Audit Matters (Cont'd)

Net realisable value of inventories (refer to Note 9 to the financial statements)

As at 31 December 2020, the Group has gross inventories of US\$1,885,884, with allowance for slow-moving and obsolete inventories of US\$398,008. Inventories comprise raw materials and finished products. The determination of write-down on inventories requires management to exercise judgement in identifying slow-moving and obsolete inventories and make estimates of net realisable values to determine an appropriate level of allowance required. This process also involves management to consider the price protection arrangements with certain key suppliers, adding complexity to the process. In addition, this process is subject to uncertainty arising from rapid technological changes, given the nature of the Group's inventories. As such, we have determined that this is a key audit matter.

As part of our audit of the carrying amount of inventories, we evaluated the analyses and assessments made by management with respect to the carrying amount and the identification of slow-moving and obsolete inventories and the expected demand and net realisable value of the inventories. We tested the net realisable values of the inventories on a sample basis by comparing the carrying values of the inventories to the latest selling prices. We attended and observed management's physical stock count process, including identification of slow-moving and obsolete inventories. We also inquired management to obtain an understanding of the terms of the price protection arrangement that the Group has entered with its suppliers. In addition, we assessed the adequacy of disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TREK 2000 INTERNATIONAL LTD

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TREK 2000 INTERNATIONAL LTD

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chin Sin Beng.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	The Group		The Company	
		2020 US\$	2019 US\$	2020 US\$	2019 US\$
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	1,331,982	1,233,998	-	1,198
Right-of-use assets	4	268,913	254,273	-	-
Intangible assets	5	255,265	633,244	56,256	172,970
Subsidiaries	6	-	-	1,583,734	1,583,734
Associates	7	-	-	5,407	5,407
Other investments	8	7,462,465	9,265,695	7,462,465	9,265,695
		9,318,625	11,387,210	9,107,862	11,029,004
Current Assets					
Other investments	8	23,285,307	16,919,521	23,285,307	16,919,521
Inventories	9	1,487,876	3,998,247	-	-
Trade and other receivables	10	3,437,683	1,225,916	48,969	127,803
Prepayments		14,553	45,832	1,568	3,534
Cash and cash equivalents	11	7,943,798	16,677,984	1,304,455	11,832,923
		36,169,217	38,867,500	24,640,299	28,883,781
Total assets		45,487,842	50,254,710	33,748,161	39,912,785
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	37,828,941	37,828,941	37,828,941	37,828,941
Treasury shares	12	(732,223)	(506,550)	(732,223)	(506,550)
Reserves	13	2,472,483	3,473,356	(5,598,596)	(6,721,308)
Equity attributable to owners of the Company		39,569,201	40,795,747	31,498,122	30,601,083
Non-controlling interests		899,217	862,390	-	-
Total equity		40,468,418	41,658,137	31,498,122	30,601,083
Non-Current Liabilities					
Lease liabilities	14	128,477	103,156	-	-
Deferred tax liabilities	15	87,122	42,947	-	-
		215,599	146,103	-	-
Current Liabilities					
Lease liabilities	14	113,044	114,813	-	-
Trade and other payables	16	2,187,346	5,587,336	2,250,039	9,311,702
Provisions	17	1,050,000	1,200,000	-	-
Current tax payable		1,453,435	1,548,321	-	-
		4,803,825	8,450,470	2,250,039	9,311,702
Total liabilities		5,019,424	8,596,573	2,250,039	9,311,702
Total equity and liabilities		45,487,842	50,254,710	33,748,161	39,912,785

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 US\$	2019 US\$
Revenue	18	25,366,037	25,045,256
Cost of sales		(25,057,381)	(24,381,428)
Gross profit		308,656	663,828
Other income	19	2,359,859	2,152,703
Research and development expenses		(1,273,032)	(1,412,347)
Marketing and distribution expenses		(1,573,542)	(1,465,735)
Impairment losses on trade and other receivables (made)/reversed		(74,143)	25,541
Administrative expenses		(1,022,263)	(1,238,902)
Finance cost	20	(13,102)	(9,970)
Loss before taxation	21	(1,287,567)	(1,284,882)
Taxation	22	56,269	(72,378)
Loss for the year		(1,231,298)	(1,357,260)
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of freehold and leasehold properties		251,784	-
Related tax		(42,803)	-
		208,981	-
Equity investment at FVOCI - net change in fair value		95,726	(2,681,663)
		304,707	(2,681,663)
Items that may be reclassified subsequently to profit or loss			
Debt investments at FVOCI - net change in fair value		129,018	893,075
Debt investments at FVOCI - reclassified to profit or loss		(79,480)	(188,773)
Foreign currency translation differences on consolidation		(86,993)	39,559
		(37,455)	743,861
Other comprehensive income/(loss) for the year, net of tax of nil		267,252	(1,937,802)
Total comprehensive loss for the year		(964,046)	(3,295,062)
Loss attributable to:			
Owners of the Company		(1,268,125)	(1,359,160)
Non-controlling interests		36,827	1,900
		(1,231,298)	(1,357,260)
Total comprehensive loss attributable to:			
Owners of the Company		(1,000,873)	(3,296,962)
Non-controlling interests		36,827	1,900
		(964,046)	(3,295,062)
Loss per share (US cents)			
- Basic and diluted	23	(0.40)	(0.42)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Share capital US\$	Treasury shares US\$	Retained earnings US\$	Capital reserve US\$	Revaluation reserve US\$	Fair value reserve US\$	Share option reserve US\$	Foreign currency translation reserve US\$	Other reserve US\$	Total attributable to owners of the Company US\$	Non-controlling interests US\$	Total equity US\$
Balance at 1 January 2020	37,828,941	(506,550)	1,336,045	2,716,551	1,055,596	(2,354,312)	602,673	110,045	6,758	40,795,747	862,390	41,658,137
Loss for the year	-	-	(1,268,125)	-	-	-	-	-	-	(1,268,125)	36,827	(1,231,298)
Other comprehensive income/(loss) for the year	-	-	-	-	208,981	145,264	-	(86,993)	-	267,252	-	267,252
Total comprehensive (loss)/income for the year	-	-	(1,268,125)	-	208,981	145,264	-	(86,993)	-	(1,000,873)	36,827	(964,046)
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares (Note 12)	-	(225,673)	-	-	-	-	-	-	-	(225,673)	-	(225,673)
Expiry of share options	-	-	14,111	-	-	-	(14,111)	-	-	-	-	-
Transactions with owners in their capacity as owners	-	(225,673)	14,111	-	-	-	(14,111)	-	-	(225,673)	-	(225,673)
Balance at 31 December 2020	37,828,941	(732,223)	82,031	2,716,551	1,264,577	(2,209,048)	588,562	23,052	6,758	39,569,201	899,217	40,468,418

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Share capital US\$	Treasury shares US\$	Retained earnings US\$	Capital reserve US\$	Revaluation reserve US\$	Fair value reserve US\$	Share option reserve US\$	Foreign currency translation reserve US\$	Other reserve US\$	Total attributable to owners of the Company US\$	Non-controlling interests US\$	Total equity US\$
Balance at 1 January 2019	37,828,941	(321,886)	2,487,735	2,716,551	1,055,596	(376,951)	810,143	70,486	56,087	44,326,702	1,295,920	45,622,622
Loss for the year	-	-	(1,359,160)	-	-	-	-	-	-	(1,359,160)	1,900	(1,357,260)
Other comprehensive (loss)/income for the year	-	-	-	-	-	(1,977,361)	-	39,559	-	(1,937,802)	-	(1,937,802)
Total comprehensive (loss)/income for the year	-	-	(1,359,160)	-	-	(1,977,361)	-	39,559	-	(3,296,962)	1,900	(3,295,062)
Contributions by and distributions to owners												
Purchase of treasury shares (Note 12)	-	(184,664)	-	-	-	-	-	-	-	(184,664)	-	(184,664)
Expiry of share options	-	-	207,470	-	-	-	(207,470)	-	-	-	-	-
Payment to non-controlling interests for capital reduction in a subsidiary	-	-	-	-	-	-	-	-	-	-	(484,759)	(484,759)
Adjustment to non-controlling interests	-	-	-	-	-	-	-	-	(49,329)	(49,329)	49,329	-
Transactions with owners in their capacity as owners												
	-	(184,664)	207,470	-	-	-	(207,470)	-	(49,329)	(233,993)	(435,430)	(669,423)
Balance at 31 December 2019	37,828,941	(506,550)	1,336,045	2,716,551	1,055,596	(2,354,312)	602,673	110,045	6,758	40,795,747	862,390	41,658,137

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 US\$	2019 US\$
Cash Flows from Operating Activities			
Loss before taxation		(1,287,567)	(1,284,882)
Adjustments for:			
Amortisation of intangible assets	5	160,480	36,586
Depreciation of property, plant and equipment	3	156,424	167,508
Depreciation of right-of-use assets	4	160,805	148,006
Gain on disposal of property, plant and equipment	19	-	(24,320)
Impairment losses on other receivables	10	97,133	-
Impairment losses on trade receivables reversed	10	(22,990)	(25,541)
Intangible assets written off	5	311,635	919,981
Interest expense on lease liabilities	20	13,102	9,970
Interest income	19	(683,298)	(997,093)
Net change in fair value of investments at FVTPL	19	(1,200,791)	(598,559)
Net gain on disposal of debt investments at FVOCI	19	(82,461)	(71,729)
Provision reversed	17	(150,000)	(200,000)
Write-down on inventories reversed	9	(1,208,210)	(842,906)
Operating loss before working capital changes		(3,735,738)	(2,762,979)
Changes in inventories		3,718,581	240,349
Changes in trade and other receivables		(2,319,864)	(522,578)
Changes in prepayments		31,279	61,796
Changes in trade and other payables		(3,399,990)	3,929,223
Cash (used in)/generated from operations		(5,705,732)	945,811
Interest received from short-term deposits		58,378	433,596
Income taxes (paid)/refunded		(3,486)	661,842
Net cash (used in)/generated from operating activities		(5,650,840)	2,041,249
Cash Flows from Investing Activities			
Interest received from quoted debt investments		624,920	560,459
Payments for intangible assets	5	(94,136)	(222,832)
Payments for right-of-use asset	4	-	(42,456)
Proceeds from disposal of property, plant and equipment		-	55,825
Proceeds from disposal of other investments		7,900,986	8,157,679
Purchase of other investments		(11,035,027)	(18,649,812)
Purchase of property, plant and equipment	3	(2,755)	(124,284)
Net cash used in investing activities		(2,606,012)	(10,265,421)
Cash Flows from Financing Activities			
Fixed deposit pledged		(500,000)	-
Interest paid		(13,102)	(9,970)
Payment of lease liabilities		(151,893)	(148,574)
Payment to non-controlling interest for share capital reduction in a subsidiary		-	(484,759)
Purchase of treasury shares		(225,673)	(184,664)
Net cash used in financing activities		(890,668)	(827,967)
Net decrease in cash and cash equivalents		(9,147,520)	(9,052,139)
Exchange differences on translation of cash and cash equivalents		(86,666)	40,224
Cash and cash equivalents at beginning of the year		16,677,984	25,689,899
Cash and cash equivalents at end of the year	11	7,443,798	16,677,984

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	At 1 January US\$	Cash flows US\$	New leases US\$	Interest expense US\$	At 31 December US\$
The Group						
2020						
<i>Liabilities</i>						
Lease liabilities	14	217,969	(164,995)	175,445	13,102	241,521
2019						
<i>Liabilities</i>						
Lease liabilities	14	224,852	(158,544)	141,691	9,970	217,969

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1 General information

The financial statements of Trek 2000 International Ltd (the “Company”) and its subsidiaries (the “Group”) for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 30 Loyang Way, #07-13/14/15, Loyang Industrial Estate, Singapore 508769.

The principal activities of the Company are those of an investment holding company and the ownership of a portfolio of intellectual property. The principal activities of the subsidiaries and associates are disclosed in Note 6 and Note 7, respectively.

2(a) Basis of preparation

The financial statements are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) (“SFRS(I)”). The financial statements have been prepared under the historical cost convention except as otherwise described in the notes below.

The financial statements are presented in United States dollar which is the Company’s functional currency. All financial information is presented in United States dollar, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(a) Basis of preparation (cont'd)

Significant judgements in applying accounting policies

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

Capitalisation of development costs

It is the Group's policy to capitalise development expenditure and to amortise the expenditure over the estimated life of the related project. Initial capitalisation of costs is based on management's judgement that technological and economical feasibilities are confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amount to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Significant judgement is also applied by management in (i) identifying separately the expenditure incurred during the research phase and development phase of the project; (ii) demonstrating that the criteria for the development expenditure to be recognised as intangible assets are met, including the intention and availability of adequate technical, financial and other resources to complete the project and sell the products, and the ability to measure reliably the development expenditure; and (iii) determining that the development expenditure are directly attributable costs. The carrying amount of the Group's intangible assets (comprising development costs) at the end of the reporting period is disclosed in Note 5 to the financial statements.

Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there is any indication that its investments in subsidiaries may be impaired. If any indication exists, the investment in subsidiary is tested for impairment. The determination of the recoverable amount requires an estimation of the fair value less costs of disposal of the underlying assets or the value in use of the cash-generating units. Estimating the fair value less costs of disposal requires the Company to make an estimate of the expected selling prices of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amount of the Company's investments in subsidiaries at the end of the reporting period is disclosed in Note 6 to the financial statements.

Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's deferred taxation at the end of the reporting period and the Group's income taxes for the year are disclosed in Note 15 and Note 22 to the financial statements, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(a) Basis of preparation (cont'd)

Significant accounting estimates and assumptions used in applying accounting policies

Revaluation of freehold and leasehold properties

The Group carries its freehold and leasehold properties at fair value, with the change in fair value being recognised in other comprehensive income. The Group engages a firm of independent professional valuation experts to assess the fair value at the end of each reporting period. The fair value of the properties is determined by the independent professional valuers using recognised valuation techniques. These techniques comprise both the market approach and income approach. The carrying amount of the freehold and leasehold properties at fair value and the valuation techniques and inputs used to determine the fair value of the properties at the end of the reporting period are provided in Note 3 and Note 31 to the financial statements, respectively.

Depreciation of property, plant and equipment and right-of-use assets

The costs of property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated economic useful lives of the assets. Management estimates the useful lives of property, plant and equipment and right-of-use assets to be within 3 to 50 years and 2 to 5 years, respectively. The carrying amounts of the Group's and the Company's property, plant and equipment and right-of-use assets at the end of the reporting period are disclosed in Note 3 and Note 4 to the financial statements, respectively. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's property, plant and equipment and right-of-use assets increases/decreases by 10% from management's estimates, the Group's results for the year will decrease/increase by US\$15,642 (2019: US\$16,751) and US\$16,081 (2019: US\$14,801), respectively.

Fair value of unquoted investments

Unquoted investments are stated at fair value. If the market for a financial asset is not active or not available, the fair value is established by using valuation techniques, such as the market approach using price-to-book ratio of companies comparable to the investee and adjusted for the effect of the lack of marketability and control of the investment, and the option pricing model on the underlying investment of the investee. Considerable subjective judgement is required in selecting the suitable valuation techniques and methodologies, choosing the appropriate comparables, and estimating the discount rate and expected volatility. The carrying amount of the Group's and the Company's unquoted investments at the end of the reporting period, and the basis and assumptions used to measure fair value, are disclosed in Note 8 and Note 31 to the financial statements, respectively.

Allowance for slow-moving and obsolete inventories

The Group measures inventories at the lower of cost and net realisable value. The Group records a write-down for inventories of components and products which have become obsolete or are in excess of anticipated demand or net realisable value. Management performs a detailed assessment of inventory at the end of each reporting period to establish allowance for excess and obsolete inventories. Management's evaluation includes a review of, amongst other factors, the historical sale, current economic and technological trends, forecasted sales, demand requirements, product life cycle, quality issues and current inventory levels. The market for the Group's inventories is subject to a rapid and unpredictable pace of product and component obsolescence and demand changes. If future demand or market conditions for the Group's products are less favourable than forecasted or if unforeseen technological changes negatively impact the utility of the Group's inventories, the Group may be required to record write-downs which would negatively affect gross margins in the period when the write-downs are recorded and the Group's operating results and financial position could

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(a) Basis of preparation (cont'd)

Significant accounting estimates and assumptions used in applying accounting policies (cont'd)

Allowance for slow-moving and obsolete inventories (cont'd)

be adversely affected. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 9 to the financial statements. A 5% decrease/increase in the net realisable values of inventories would decrease/increase the Group's results for the year by US\$74,394 (2019: US\$199,912).

Provision for expected credit losses of trade and other receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At the end of each reporting period, historical default rates are updated and changes in the forward-looking estimates are analysed.

The Group and the Company apply the 3-stage general approach to determine ECLs for other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information relating to ECLs on the Group's and the Company's trade and other receivables is disclosed in Note 28.1. If the loss rates increase/decrease by 10% from management's estimates, the Group's allowance for impairment of trade and other receivables will increase/decrease by US\$331,134 (2019: US\$65,676).

Provision for warranty

The Group provides warranty on products and undertakes to repair or replace items that fail to perform satisfactorily. The provision is calculated based on past historical experience of the level of repairs and replacements. The actual product replacement may differ, and in those case, the Group adjusts its provision for warranty. The carrying amount of the Group's provision for warranty at the end of the reporting period is disclosed in Note 17 to the financial statements. If the provision for warranty increases/decreases by 10% from management's estimates, the Group's results for the year will decrease/ increase by US\$15,000 (2019: US\$30,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(b) Adoption of new and revised SFRS(I) effective in 2020

On 1 January 2020, the Group adopted the following SFRS(I) that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

Reference	Description
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	Definition of Material
Amendments to SFRS(I) 3	Definition of a Business
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	Interest Rate Benchmark Reform
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards

The adoption of these new and amended SFRS(I) did not result in substantial changes to the Group's accounting policies or have any significant impact on these financial statements.

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*

The amendments clarify the definition of material and how it should be applied by including in the definition guidance. The new definition of material states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(c) New standards and interpretations not yet adopted

The following are the new or amended SFRS(I) and SFRS(I) INT issued that are not yet effective but may be early adopted for the current financial year. However, the Group has not early adopted the new or amended SFRS(I) and SFRS(I) INT in preparing these financial statements:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 3	Reference to the Conceptual Framework	1 January 2022
Amendment to SFRS(I) 16	COVID-19 Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-16	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 4	Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
Annual Improvements to SFRS(I)s 2018-2020		
-Amendment to SFRS(I) 1	Subsidiary as a First-time Adopter	1 January 2022
-Amendment to SFRS(I) 9	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
-Amendment to SFRS(I) 16	Lease Incentives	1 January 2022
-Amendment to SFRS(I) 1-41	Taxation in Fair Value Measurements	1 January 2022

Management does not anticipate that the adoption of the above SFRS(I) in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

Amendment to SFRS(I) 16 COVID-19 Related Rent Concessions

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. The amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(c) New standards and interpretations not yet adopted (cont'd)

Amendment to SFRS(I) 16 COVID-19 Related Rent Concessions (cont'd)

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

Entities applying the practical expedient must disclose this fact, whether the expedient has been applied to all qualifying rent concessions, and the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

These amendments should be applied for annual periods beginning on or after 1 January 2023 retrospectively in accordance with SFRS(I) 1-8. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Consolidation (cont'd)

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee, if and only if, the Group has all of the following:

- (i) power over the investee;
- (ii) exposure, or rights or variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable SFRS(I)).

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation, less accumulated depreciation and impairment losses, if any. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Freehold property	50 years
Leasehold properties	Over the term of the lease (30 years)
Furniture and fittings	8 years
Renovations	8 years
Office equipment	6 years
Computers	3 years
Motor vehicles	6 years
Plant and machinery	3 to 16 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is recognised in profit or loss from the month that the property, plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Freehold and leasehold properties are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the properties at the end of the reporting period. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and they are expensed off in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss under research and development expenses, consistent with the function of the intangible assets. Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise. The Group does not have intangible assets with indefinite useful lives.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Intangible assets (cont'd)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Following initial recognition of the development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when the development is completed and the asset is available for use. Development costs have a finite useful life and are amortised over the period of expected sales from the related project (ranging from 5 to 20 years) on a straight-line basis. The carrying amount of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the year.

Patents and trademarks

Trademarks and licenses acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised in profit or loss using the straight-line method over 5 to 20 years from the date of commercialism, during which the benefits of the expenditure are expected to arise.

The amortisation period and amortisation method are reviewed at least at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Subsidiaries

In the Company's separate statement of financial position, subsidiaries are stated at cost less accumulated allowance for any impairment losses on an individual subsidiary basis.

Associates

An associate is defined as a company, not being a subsidiary or jointly controlled entity, in which the Group has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates at the company level are stated at cost. Allowance is made for any impairment losses on an individual company basis.

In applying the equity method of accounting, the Group's share of the post-acquisition profit or loss of the associates, based on the latest available audited financial statements, is included in profit or loss and its shares of post-acquisition other comprehensive income is recognised in other comprehensive income. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Associates (cont'd)

When the Group's share of losses of an associate equals or exceeds the carrying amount of an investment, the Group ordinarily discontinues including its share of further losses. The investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the Group has guaranteed or otherwise committed, for example, in the forms of loans. When the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of profits equals the share of net losses previously recognised.

The Group's share of the net assets and post-acquisition retained earnings and reserves of associates is reflected in the book values of the investments in the consolidated statement of financial position.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes party to the contractual provisions of the financial instruments. Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at FVTPL, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition. Refer to the accounting policy on "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost comprise trade and other receivables (excluding net input GST) and cash and cash equivalents.

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Financial assets at FVOCI (debt instruments)

Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method which are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets at FVOCI (equity instruments)

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

Changes in fair value of financial assets at FVOCI recognised in other comprehensive income are never recycled to profit or loss. Dividends are recognised as other income in profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. This category also includes equity instruments which the Group had not irrevocably elected to classify at FVOCI. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in the finance income.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its debt instrument financial assets carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

For trade receivables, the Group measures the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables and debt instruments at FVOCI, loss allowance is measured at an amount equal to 12-month ECLs. The 12-month ECLs are estimated by reference to the track record of the counterparties and their business and financial conditions, and also for debt instruments at FVOCI, the future prospects of the industries in which the issuers of these debt instruments obtained from economic expert reports, financial analyst reports and various external sources of actual and forecast economic information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At the end of each reporting period, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The Group's financial liabilities comprise lease liabilities and trade and other payables (excluding net output GST).

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL, such as interest-bearing borrowings, are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude fixed deposit pledged.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Treasury shares

When the Company purchases its own ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently sold, the cost of treasury shares is reversed from the treasury shares account, and the realised gain or loss on sale, net of any directly attributable incremental transaction costs and related income tax, is recognised in a separate reserve of the Company.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Present obligations arising from onerous contracts are recognised as provisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Provisions (cont'd)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Provision for warranty

The Group provides warranties for general repairs of defects that existed at the time of sale. Provisions related to these assurance-type warranties are recognised when product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease (including extension option) unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Leases (cont'd)

The Group as a lessee (cont'd)

Lease liability (cont'd)

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Properties	2 to 3 years
Office equipment	5 years
Motor vehicle	5 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity.

Employee benefits

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. Pension contributions are provided at rates stipulated by the regulations and are contributed to pension funds managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees. The Company and its Singapore-incorporated subsidiaries make contributions to the Central Provident Fund, a defined contribution pension scheme regulated and managed by the Government of Singapore.

A defined contribution national pension scheme is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Employee benefits (cont'd)

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Employee Share Option Scheme

The Company has an employee share option scheme for the granting of non-transferable options.

The Group issues equity-settled share options to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant.

Non-market vesting conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account when new ordinary shares are issued, or to the "treasury shares" account when treasury shares are re-issued to the employees.

The share option reserve is transferred to retained earnings upon expiry of the related options.

Related parties

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

- b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Related parties (cont'd)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain management executives are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal and value in use, based on an internal discounted cash flow evaluation. Impairment loss recognised for a cash-generating unit is charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss, unless it reverses a previous revaluation gain in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss.

Revenue from contracts with customers

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Revenue from contracts with customers (cont'd)

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Sale of goods

Revenue from sale of goods is recognised at a point in time when the goods are delivered to the customer, all criteria for acceptance have been satisfied, and the customer obtains control of the goods, including the legal title to the goods and the significant risks and rewards of ownership of the goods.

Licensing income

Licensing fees received upfront are recognised on a straight-line basis over the life of the agreement when the licensee has the right to use the technology for a specified period and the Group has remaining obligations to perform. In instances where the Group has no remaining obligations to perform, the licensing fees received upfront are recognised at the time of receipt.

When licensing fees to be received are contingent on the occurrence of a future event, the licensing fees are recognised at their fair value when there is a reasonable assurance that the licensing income will be received, which is normally when the event has occurred.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in United States dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(d) Summary of significant accounting policies (cont'd)

Conversion of foreign currencies (cont'd)

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of each reporting period;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and
- (iii) All resulting currency translation differences are recognised as other comprehensive income in the foreign currency translation reserve in equity.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group President and Executive Director who is the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 27 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held, for the effects of all dilutive potential ordinary shares which comprise share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3 Property, plant and equipment

The Group	At valuation		At cost							Total US\$
	Freehold property US\$	Leasehold properties US\$	Furniture and fittings US\$	Renovations US\$	Office equipment US\$	Computers US\$	Motor vehicles US\$	Plant and machinery US\$		
<u>Cost or valuation</u>										
At 1 January 2019	630,699	615,862	199,097	257,877	193,563	935,760	419,203	405,044	3,657,105	
Additions	-	-	4,870	-	1,310	7,359	110,745	-	124,284	
Disposals	-	-	-	-	-	-	(284,092)	-	(284,092)	
Exchange difference on translation	-	-	(3,199)	(335)	2,218	(797)	-	-	(2,113)	
At 31 December 2019	630,699	615,862	200,768	257,542	197,091	942,322	245,856	405,044	3,495,184	
Additions	-	-	-	-	351	2,404	-	-	2,755	
Revaluation surplus	63,957	187,827	-	-	-	-	-	-	251,784	
Elimination of accumulated depreciation on revaluation	(70,077)	(205,287)	-	-	-	-	-	-	(275,364)	
Exchange difference on translation	-	-	281	34	992	317	-	-	1,624	
At 31 December 2020	624,579	598,402	201,049	257,576	198,434	945,043	245,856	405,044	3,475,983	
<u>Accumulated depreciation</u>										
At 1 January 2019	23,359	68,429	176,701	232,079	178,671	928,272	335,910	404,301	2,347,722	
Depreciation (Note 21)	23,359	68,429	6,464	8,977	6,491	6,961	46,332	495	167,508	
Disposals	-	-	-	-	-	-	(252,587)	-	(252,587)	
Exchange difference on translation	-	-	(3,200)	(262)	2,221	(216)	-	-	(1,457)	
At 31 December 2019	46,718	136,858	179,965	240,794	187,383	935,017	129,655	404,796	2,261,186	
Depreciation (Note 21)	23,359	68,429	16,975	10,875	4,903	3,036	28,599	248	156,424	
Elimination of accumulated depreciation on revaluation	(70,077)	(205,287)	-	-	-	-	-	-	(275,364)	
Exchange difference on translation	-	-	275	93	994	393	-	-	1,755	
At 31 December 2020	-	-	197,215	251,762	193,280	938,446	158,254	405,044	2,144,001	
<u>Carrying amount</u>										
At 31 December 2020	624,579	598,402	3,834	5,814	5,154	6,597	87,602	-	1,331,982	
At 31 December 2019	583,981	479,004	20,803	16,748	9,708	7,305	116,201	248	1,233,998	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3 Property, plant and equipment (cont'd)

The Company	Computers US\$
<u>Cost</u>	
At 1 January 2019, 31 December 2019 and 31 December 2020	141,563
<u>Accumulated depreciation</u>	
At 1 January 2019	138,835
Depreciation	1,530
At 31 December 2019	140,365
Depreciation	1,198
At 31 December 2020	141,563
<u>Carrying amount</u>	
At 31 December 2020	-
At 31 December 2019	1,198

The freehold and leasehold properties are as follows:

Freehold property	A shop unit at 10 Jalan Besar
Leasehold properties	The Company's registered office at 30 Loyang Way, #07-13/14/15, Loyang Industrial Estate

Revaluation of freehold and leasehold properties

At the end of the reporting period, the Group engaged a firm of independent professional valuers to perform valuation to determine the fair values of the freehold and leasehold properties, having regard to the valuers' recognised professional qualification and recent experience in the location and category of the properties being valued. Based on the valuation reports, the fair values were determined to be US\$1,222,981 as at 31 December 2020. The net revaluation gain of US\$208,981 (after the related tax of US\$42,803 (Note 15)) was recognised in other comprehensive income. No revaluation gain or loss was recognised in other comprehensive income for the financial year ended 31 December 2019 as the carrying amounts of the freehold and leasehold properties did not differ materially from their fair values as at 31 December 2019.

If the freehold and leasehold properties were measured using the cost model at inception, the carrying amounts at the end of the reporting period would be as follows:

The Group	2020 US\$	2019 US\$
Freehold property	173,477	181,183
Leasehold properties	120,115	140,427

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4 Right-of-use assets

The Group	<u>Properties</u> US\$	<u>Office equipment</u> US\$	<u>Motor vehicle</u> US\$	<u>Total</u> US\$
<u>Cost</u>				
At 1 January 2019	362,898	26,218	-	389,116
Additions	42,871	-	141,276	184,147
At 31 December 2019	405,769	26,218	141,276	573,263
Additions	175,445	-	-	175,445
Derecognition	(303,794)	-	-	(303,794)
At 31 December 2020	277,420	26,218	141,276	444,914
<u>Accumulated depreciation</u>				
At 1 January 2019	165,530	5,454	-	170,984
Depreciation (Note 21)	140,407	5,244	2,355	148,006
At 31 December 2019	305,937	10,698	2,355	318,990
Depreciation (Note 21)	127,306	5,244	28,255	160,805
Derecognition	(303,794)	-	-	(303,794)
At 31 December 2020	129,449	15,942	30,610	176,001
<u>Carrying amount</u>				
At 31 December 2020	147,971	10,276	110,666	268,913
At 31 December 2019	99,832	15,520	138,921	254,273

Properties relate to the Group's warehouse and office premises under leasing arrangements.

As at 31 December 2020, the carrying amount of motor vehicle under hire purchase arrangement amounted to US\$110,666 (2019: US\$138,921).

For the financial year ended 31 December 2020, additions to right-of-use assets amounted to US\$175,445 (2019: US\$184,147), of which US\$175,445 (2019: US\$141,691) was acquired under leasing or hire purchase arrangements. Cash payment of US\$nil (2019: US\$42,456) was made for right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

5 Intangible assets

The Group	<u>Patents</u> US\$	<u>Trademarks</u> US\$	<u>Development costs</u> US\$	<u>Total</u> US\$
<u>Cost</u>				
At 1 January 2019	3,603,002	440,586	6,805,283	10,848,871
Additions	80,515	3,307	139,010	222,832
Write-offs	-	-	(919,981)	(919,981)
At 31 December 2019	3,683,517	443,893	6,024,312	10,151,722
Additions	5,661	-	88,475	94,136
Write-offs	-	(28,799)	(290,553)	(319,352)
At 31 December 2020	3,689,178	415,094	5,822,234	9,926,506
<u>Accumulated amortisation</u>				
At 1 January 2019	3,465,290	401,453	5,615,149	9,481,892
Amortisation (Note 21)	20,044	16,219	323	36,586
At 31 December 2019	3,485,334	417,672	5,615,472	9,518,478
Amortisation (Note 21)	146,183	-	14,297	160,480
Write-offs	-	(7,394)	(323)	(7,717)
At 31 December 2020	3,631,517	410,278	5,629,446	9,671,241
<u>Carrying amount</u>				
At 31 December 2020	57,661	4,816	192,788	255,265
At 31 December 2019	198,183	26,221	408,840	633,244

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

5 Intangible assets (cont'd)

	<u>Patents</u>	<u>Trademarks</u>	<u>Total</u>
The Company	US\$	US\$	US\$
<u>Cost</u>			
At 1 January 2019	3,114,997	383,277	3,498,274
Additions	29,081	3,307	32,388
At 31 December 2019	3,144,078	386,584	3,530,662
Additions	1,216	-	1,216
Write-offs	-	(28,799)	(28,799)
At 31 December 2020	3,145,294	357,785	3,503,079
<u>Accumulated amortisation</u>			
At 1 January 2019	2,977,286	344,144	3,321,430
Amortisation	20,043	16,219	36,262
At 31 December 2019	2,997,329	360,363	3,357,692
Amortisation	96,525	-	96,525
Write-offs	-	(7,394)	(7,394)
At 31 December 2020	3,093,854	352,969	3,446,823
<u>Carrying amount</u>			
At 31 December 2020	51,440	4,816	56,256
At 31 December 2019	146,749	26,221	172,970

Patents and trademarks

Patents and trademarks (e.g. "TREK", "Flucard" and "ThumbDrive") relate to costs of registering the invention and trademark, which are internal developments.

Development costs

During the financial year ended 31 December 2020, the Group wrote off development costs on certain projects by US\$290,230 (2019: US\$919,981) as no further future economic benefits are expected to arise from these projects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6 Subsidiaries

	2020	2019
The Company	US\$	US\$
<u>Unquoted equity investments, at cost</u>		
At 1 January	3,558,813	3,558,814
Write-off	-	(1)
<u>At 31 December</u>	<u>3,558,813</u>	<u>3,558,813</u>
<u>Allowance for impairment losses</u>		
At 1 January and 31 December	(1,975,079)	(1,975,079)
<u>Carrying amount</u>	<u>1,583,734</u>	<u>1,583,734</u>

The allowance for impairment losses relates to those inactive or dormant subsidiaries which had been fully impaired. As the indications of impairment still exist (i.e. incurring losses and in net liabilities position), the impairment losses are not reversed.

On 10 January 2019, an indirect subsidiary, Unimemory Technology (S) Pte Ltd, reduced its paid-up capital by S\$1 per share, from US\$4,610,333 to US\$2,615,439 in total. Based on their 24.3% shareholdings, the non-controlling interests received US\$484,759 through distribution of cash by the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6 Subsidiaries (cont'd)

Details of the subsidiaries are:

Name	Country of incorporation/ Principal place of business	Percentage of equity interest		Principal activities
		2020 %	2019 %	
<u>Held by the Company</u>				
Trek Technology (Singapore) Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Research, design, development and dealing in computer hardware, software, electronic components and other related products
S-Com System (S) Pte Ltd ⁽ⁱ⁾	Singapore	100	100	Research, design, development and dealing in computer hardware, software, electronic components and other related products
Trek Systems (M) Sdn Bhd ⁽ⁱⁱ⁾	Malaysia	100	100	Research, design, development and dealing in computer hardware, software, electronic components and other related products
Trek Technology (HK) Co.Limited ⁽ⁱⁱⁱ⁾	Hong Kong	100	100	Marketing and distribution
Trekstor USA Inc [#]	United States of America	100	100	Marketing and distribution (dormant)
Trek Technology (Shanghai) Co. Ltd [#]	People's Republic of China	100	100	Marketing and distribution (dormant)
Trek Technology Europe B.V. [#]	The Netherlands	100	100	Marketing and distribution (dormant)
Japan-Singapore Future Technology Lab Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Research and experimental development on medical technologies
Trek Connect Sdn Bhd [#]	Malaysia	100	100	Dormant
<u>Held through Trek Technology (Singapore) Pte Ltd</u>				
Trek Technology (India) Private Limited ^(iv)	India	100	100	Research, development, marketing and distribution
Cloud Stringers (S) Pte. Ltd. ⁽ⁱ⁾	Singapore	84.7	84.7	Development and marketing of web portal services, including social networking sites
Unimemory Technology (S) Pte. Ltd. ⁽ⁱ⁾	Singapore	75.7	75.7	Research, design, development and distribution of memory modules and other related products and solutions

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6 Subsidiaries (cont'd)

Name	Country of incorporation/ Principal place of business	Percentage of equity interest		Principal activities
		2020 %	2019 %	
<u>Held through Trek Technology (HK) Co. Ltd</u>				
Trek Systems (Shanghai) Co Ltd ^(v)	People's Republic of China	100	100	Marketing and distribution
<u>Held through Trek Systems (M) Sdn Bhd</u>				
Thumbdrive Media Sdn. Bhd. ⁽ⁱⁱ⁾	Malaysia	100	100	Research, design, development and dealing in computer hardware, software, electronic components and other related products

(i) Audited by Foo Kon Tan LLP

(ii) Audited Crowe Malaysia PLT

(iii) Audited by Artwell CPA Limited, Hong Kong

(iv) Audited by T.D. Jagadeesha & Co., Chartered Accountants, India

(v) Audited by Shanghai Shenya Certified Public Accountants Co., Ltd, People's Republic of China

Not required to be audited

Non-controlling interests

The following summarises the financial information of each of the Company's subsidiaries with material non-controlling interests, namely 15.3% in Cloud Stringers (S) Pte. Ltd. and 24.3% in Unimemory Technology (S) Pte. Ltd., based on their respective financial statements prepared in accordance with SFRS(I). The information is before inter-company eliminations with other entities in the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6 Subsidiaries (cont'd)

Cloud Stringers (S) Pte. Ltd.

Summarised statement of financial position

	2020	2019
	US\$	US\$
Current assets	1,832,788	1,879,111
Current liabilities	(67,783)	(29,746)
	1,765,005	1,849,365
Equity attributable to owners of the Company	1,494,959	1,566,412
Equity attributable to non-controlling interests	270,046	282,953
	1,765,005	1,849,365

Summarised statement of profit or loss and other comprehensive income

	2020	2019
	US\$	US\$
Revenue	469,388	472,081
Expenses	(553,748)	(585,688)
Loss for the year	(84,360)	(113,607)
Loss and total comprehensive loss attributable to:		
- owners of the Company	(71,453)	(96,225)
- non-controlling interests	(12,907)	(17,382)
	(84,360)	(113,607)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6 Subsidiaries (cont'd)

Cloud Stringers (S) Pte. Ltd. (cont'd)

Other summarised information

	2020 US\$	2019 US\$
Cash flows from:		
- operating activities	(81,221)	(303,410)
- financing activities	62,334	155,332
	(18,887)	(148,078)

Unimemory Technology (S) Pte. Ltd.

Summarised statement of financial position

	2020 US\$	2019 US\$
Non-current assets	135	430
Current assets	3,386,887	2,403,491
Current liabilities	(797,838)	(19,405)
	2,589,184	2,384,516
Equity attributable to owners of the Company	1,960,013	1,805,079
Equity attributable to non-controlling interests	629,171	579,437
	2,589,184	2,384,516

Summarised statement of profit or loss and other comprehensive income

	2020 US\$	2019 US\$
Revenue	5,523,531	585,788
Expenses	(5,318,863)	(506,440)
Profit for the year	204,668	79,348
Profit and total comprehensive income attributable to:		
- owners of the Company	154,934	60,066
- non-controlling interests	49,734	19,282
	204,668	79,348

Other summarised information

	2020 US\$	2019 US\$
Cash flows from:		
- operating activities	914,329	(16,171)
- financing activities	19,035	(1,913,519)
	933,364	(1,929,690)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7 Associates

	The Group		The Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Unquoted equity investments, at cost	1,523,440	1,523,440	2,902,384	2,902,384
Goodwill on acquisition	1,378,944	1,378,944	-	-
Impairment loss recognised	(2,896,977)	(2,896,977)	(2,896,977)	(2,896,977)
Share of post-acquisition reserve	(5,407)	(5,407)	-	-
Carrying amount	-	-	5,407	5,407

Details of the associates are:

Name	Country of incorporation	Percentage of equity interest		Principal activities
		2020	2019	
		%	%	
<u>Held by the Company</u>				
Trek Technology (Twhailand) Company Ltd ⁽ⁱ⁾	Thailand	39	39	Marketing of computer, hardware, software, electronic components and other related products
STrek International Company Limited [#]	Hong Kong	45	45	Dormant

(i) Audited by C.L. Accounting & Law, Thailand

Not required to be audited

The Group has not recognised losses relating to its associates where its share of losses has exceeded the Group's interests in the associates. The Group's cumulative share of unrecognised losses at the end of the reporting period was US\$389,807 (2019: US\$363,763) of which US\$26,044 (2019: US\$13,155) was the share of current year's losses. The Group has no obligation in respect of these losses. STrek International Company Limited has been dormant since the end of the financial year ended 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7 Associates (cont'd)

The loss and total comprehensive loss of the associates in aggregate, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	2020	2019
The Group	US\$	US\$
<u>Loss and total comprehensive loss for the year</u>	<u>(66,780)</u>	<u>(33,731)</u>

8 Other investments

	2020	2019
The Group and the Company	US\$	US\$
<u>Non-current investments</u>		
Debt investments (i)	6,012,370	7,942,358
Unquoted investments (ii)	1,450,095	1,323,337
	<u>7,462,465</u>	<u>9,265,695</u>
<u>Current investments</u>		
Other investments (iii)	6,946,352	-
Funds managed by a fund manager (iv)	15,676,359	16,290,382
Investment in a fund (v)	662,596	629,139
	<u>23,285,307</u>	<u>16,919,521</u>
	<u>30,747,772</u>	<u>26,185,216</u>

- (i) Debt investments are quoted and are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the investments, where the contractual terms of the investments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Accordingly, they are measured at FVOCI. The debt investments pay fixed interest rates on a quarterly to semi-annually basis ranging at 5.5% to 5.75% (2019: 4% to 5.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8 Other investments (cont'd)

- (ii) Unquoted investments comprise equity and non-equity investments of US\$475,063 (2019: US\$379,337) and US\$975,032 (2019: US\$944,000), respectively. The equity investment is not held for trading and is irrevocably elected at initial recognition to be measured at FVOCI. The non-equity investment is a compound instrument that does not meet the criteria for amortised cost or FVOCI and is therefore measured at FVTPL.
- (iii) Other investments comprise quoted equity and other investments which will be sold from time to time to realise capital appreciation or for liquidity management. Accordingly, they are measured at FVTPL.
- (iv) Funds managed by a fund manager under discretionary mandate comprise quoted debt, equity and other investments. As they are acquired principally for the purpose of selling in the near term, they are measured at FVTPL.
- (v) The fund invests mainly in quoted equity investments. The investment in fund is mandatorily measured at FVTPL.

Other investments are denominated in the following currencies:

	2020	2019
The Group and the Company	US\$	US\$
United States dollar	24,570,920	23,802,778
Renminbi	1,662,535	-
Hong Kong dollar	1,644,176	703,884
Singapore dollar	1,266,879	1,199,277
New Taiwan dollar	498,590	-
Swiss franc	480,012	147,724
Euro	347,792	94,381
Japanese yen	224,932	32,389
Thai baht	51,936	-
Australia dollar	-	204,783
	30,747,772	26,185,216

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9 Inventories

	2020	2019
The Group	US\$	US\$
Materials for sale, at net realisable value	1,248,027	3,739,940
Products for sale, at net realisable value	239,849	258,307
	1,487,876	3,998,247

The movement in allowance for write-down of inventories is as follows:

	2020	2019
The Group	US\$	US\$
At 1 January	1,606,218	2,449,124
Allowance reversed (Note 21)	(1,208,210)	(842,906)
At 31 December	398,008	1,606,218

For the financial year ended 31 December 2020, reversal of write-down on inventories of US\$1,208,210 (2019: US\$842,906) was made by the Group when the related inventories were sold above their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10 Trade and other receivables

	The Group		The Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Trade receivables				
- Third parties	3,204,508	560,663	-	-
- Associates	-	432,097	-	-
	3,204,508	992,760	-	-
Allowance for impairment losses				
- Third parties	-	(102,667)	-	-
- Associates	-	(431,975)	-	-
	-	(534,642)	-	-
	3,204,508	458,118	-	-
Amounts due from subsidiaries (non-trade)	-	-	11,411,256	10,902,841
Amount due from an associate (non-trade)	97,133	-	97,133	-
Allowance for impairment losses	(97,133)	-	(11,508,389)	(10,902,841)
	-	-	-	-
Deposits	33,718	66,392	-	2,799
Interest receivable	49,985	131,719	48,894	125,004
Other receivables	23,133	533	-	-
Financial assets at amortised cost	3,311,344	656,762	48,894	127,803
Net input tax	126,339	569,154	75	-
Total trade and other receivables	3,437,683	1,225,916	48,969	127,803

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10 Trade and other receivables (cont'd)

Trade and other receivables (excluding net input tax) are denominated in the following currencies:

	The Group		The Company	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
United States dollar	3,120,367	405,101	48,894	125,004
India rupee	7,623	10,567	-	-
Malaysia ringgit	21,470	70,439	-	-
Singapore dollar	155,404	165,046	-	2,799
Others	6,480	5,609	-	-
	3,311,344	656,762	48,894	127,803

Trade receivables are non-interest bearing and are generally on 30 to 60 days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The non-trade amounts due from subsidiaries and associate, which represent advances to and payments on behalf of the subsidiaries and associate, are unsecured, interest-free and repayable on demand.

The movement in allowance for impairment of trade receivables is as follows:

The Group	2020	2019
	US\$	US\$
At 1 January	534,642	560,183
Allowance reversed	(22,990)	(25,541)
Allowance utilised	(511,652)	-
At 31 December	-	534,642

The movement in allowance for impairment of non-trade amounts due from subsidiaries and associate is as follows:

	The Group		The Company	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
At 1 January	-	-	10,902,841	11,243,315
Allowance made/(reversed)	97,133	-	605,548	(340,474)
At 31 December	97,133	-	11,508,389	10,902,841

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10 Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to US\$400,258 (2019: US\$273,626) at the end of the reporting period that are past due but not impaired. The trade receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

The Group	2020	2019
	US\$	US\$
Past due 1 to 30 days	400,258	106,601
Past due 31 to 60 days	-	17,051
Past due more than 60 days	-	149,974
	400,258	273,626

Based on historical default rates, the Group believes that no further impairment allowance is necessary in respect of trade receivables that are past due as they mainly arise from customers that have a good credit record with the Group.

11 Cash and cash equivalents

	The Group		The Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Cash and bank balances	2,968,550	1,667,031	929,415	1,008,407
Short-term deposits	4,975,248	15,010,953	375,040	10,824,516
	7,943,798	16,677,984	1,304,455	11,832,923

Cash at banks is held in current accounts and is non-interest bearing. Short-term deposits are made for varying periods of between one week and one month (2019: one week and three months), except for a fixed deposit of US\$500,000 which matures on 19 August 2021. Short-term deposits are made depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates, ranging from 0.20% to 1.79% (2019: 1.29% to 2.84%) per annum.

As at 31 December 2020, fixed deposit of US\$500,000 for the Group was pledged to a bank to secure banker's guarantee.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

The Group	2020	2019
	US\$	US\$
Cash and bank balances	2,968,550	1,667,031
Short-term deposits	4,975,248	15,010,953
	7,943,798	16,677,984
Less: Fixed deposit pledged	(500,000)	-
	7,443,798	16,677,984

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11 Cash and cash equivalents (cont'd)

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
<u>Cash and bank balances</u>				
United States dollar	2,438,790	1,372,241	707,198	1,001,382
India rupee	28,636	23,059	-	-
Malaysia ringgit	66,730	77,114	-	-
Singapore dollar	230,175	62,578	23,039	7,025
Renminbi	201,948	1,198	199,178	-
Others	2,271	130,841	-	-
	2,968,550	1,667,031	929,415	1,008,407
<u>Short-term deposits</u>				
United States dollar	4,900,416	14,790,363	300,208	10,603,926
Singapore dollar	74,832	220,590	74,832	220,590
	4,975,248	15,010,953	375,040	10,824,516
	7,943,798	16,677,984	1,304,455	11,832,923

12 Share capital and treasury shares

Share capital

The Group and the Company	2020	2019	2020	2019
	Number of ordinary shares		US\$	US\$
<u>Issued and fully paid, with no par value</u>				
At 1 January and 31 December	324,116,925	324,116,925	37,828,941	37,828,941

The holders of ordinary shares (except for treasury shares held by the Company) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share without restriction at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12 Share capital and treasury shares (cont'd)

Treasury shares

The Group and the Company	2020	2019	2020	2019
	Number of ordinary shares		US\$	US\$
At 1 January	4,663,500	2,090,100	506,550	321,886
Purchase of treasury shares	3,451,200	2,573,400	225,673	184,664
At 31 December	8,114,700	4,663,500	732,223	506,550

Treasury shares relate to the issued ordinary shares of the Company that are re-purchased and held by the Company.

The Company acquired 3,451,200 (2019: 2,573,400) of its own shares through purchase on the SGX-ST during the financial year ended 31 December 2020. The total amount paid to acquire the shares was S\$304,050 (US\$225,673) (2019: S\$250,532 (US\$184,664)) and was deducted from shareholders' equity. The shares are held as "treasury shares".

13 Reserves

	The Group		The Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Accumulated profits/(losses)	82,031	1,336,045	(4,073,482)	(5,065,041)
Capital reserve	2,716,551	2,716,551	-	-
Revaluation reserve	1,264,577	1,055,596	-	-
Fair value reserve	(2,209,048)	(2,354,312)	(2,209,048)	(2,354,312)
Share option reserve	588,562	602,673	588,562	602,673
Foreign currency translation reserve	23,052	110,045	-	-
Other reserve	6,758	6,758	95,372	95,372
	2,472,483	3,473,356	(5,598,596)	(6,721,308)

Capital reserve

Capital reserve arose from the acquisition of assets and liabilities pursuant to the restructuring exercise carried out in 2000.

Revaluation reserve

Revaluation reserve relates to the revaluation of freehold and leasehold properties under the revaluation model (Note 3), and represents the increases in fair values of the properties, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13 Reserves (cont'd)

Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets at FVOCI, until they are disposed of or impaired.

Share option reserve

Share option reserve represents equity-settled share options granted to employees, and is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry, withdrawal or exercise of the share options.

Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations, whose functional currencies are different from that of the Group's presentation currency.

Other reserve

Other reserve comprises the surplus from (i) the sale of treasury shares; and (ii) the acquisition of additional equity interest in Cloud Stringers (S) Pte. Ltd. from non-controlling interests, which are accounted for as equity transactions with shareholders.

14 Lease liabilities

The Group	2020	2019
	US\$	US\$
Undiscounted lease payments due:		
- Year 1	123,946	124,743
- Year 2	74,780	41,673
- Year 3	41,105	28,095
- Year 4	21,474	24,748
- Year 5	-	21,475
	261,305	240,734
Less: Unearned interest cost	(19,784)	(22,765)
	241,521	217,969
Represented by:		
- Non-current	128,477	103,156
- Current	113,044	114,813
	241,521	217,969

The lease liabilities relate to the Group's warehouse and other office premises, office equipment and motor vehicle, which are secured by the lessors' title to the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14 Lease liabilities (cont'd)

Interest expense on lease liabilities of US\$13,102 (2019: US\$9,970) is recognised in profit or loss for the financial year ended 31 December 2020 under finance cost (Note 20).

Total cash outflows for leases amounted to US\$164,995 (2019: US\$158,544) for the financial year ended 31 December 2020.

Lease liabilities are denominated in the following currencies:

	2020	2019
The Group	US\$	US\$
United States dollar	398	2,716
Hong Kong dollar	14,744	14,744
India rupee	5,251	5,327
Renminbi	10,820	23,236
Singapore dollar	168,778	157,673
Vietnam dong	20,111	5,596
Malaysia ringgit	20,223	7,149
Others	1,196	1,528
	241,521	217,969

15 Deferred tax liabilities

	2020	2019
The Group	US\$	US\$
At 1 January	42,947	25,016
Recognised in profit or loss (Note 22)	1,372	17,931
Recognised in other comprehensive income (Note 3)	42,803	-
At 31 December	87,122	42,947

The deferred tax liabilities relate to temporary differences arising from the carrying amount over tax written down value of property, plant and equipment.

As at 31 December 2020 and 31 December 2019, there were no temporary differences arising from undistributed earnings of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

16 Trade and other payables

	The Group		The Company	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Trade payables	877,720	4,500,691	301	26,152
Accrued expenses	607,515	482,405	188,794	153,327
Amount due to a subsidiary (non-trade)	-	-	2,027,657	9,106,146
Non-trade creditors	66,134	51,461	31,521	23,983
Other creditors	528,024	547,575	1,766	-
Financial liabilities at amortised cost	2,079,393	5,582,132	2,250,039	9,309,608
Net output tax	107,953	5,204	-	2,094
Total trade and other payables	2,187,346	5,587,336	2,250,039	9,311,702

Trade payables are non-interest bearing and have a credit term of 30 days while other payables have an average credit term of 30 days.

The non-trade amount due to a subsidiary, which represents advances from and payments on behalf by the subsidiary, is unsecured, interest-free and repayable on demand.

Non-trade creditors mainly relate to outstanding balances owing to vendors for professional fees which are non-trade in nature.

Other creditors comprise an amount of US\$509,634 which relates to the remaining balance of advances received from a customer in prior years.

Trade and other payables (excluding net output tax) are denominated in the following currencies:

	The Group		The Company	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
United States dollar	1,930,680	5,440,365	2,216,453	9,259,472
India rupee	31,714	23,802	-	-
Malaysia ringgit	16,580	13,423	-	-
Singapore dollar	67,855	77,130	33,586	50,136
Others	32,564	27,412	-	-
	2,079,393	5,582,132	2,250,039	9,309,608

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17 Provisions

The Group	Provision for compensation US\$	Provision for warranty US\$	Total US\$
At 1 January 2019	900,000	500,000	1,400,000
Provision reversed	-	(200,000)	(200,000)
At 31 December 2019	900,000	300,000	1,200,000
Provision reversed	-	(150,000)	(150,000)
At 31 December 2020	900,000	150,000	1,050,000

Provision for compensation relates to compensation sought by a customer for damages arising from defective products assembled by the Group. The provision is based on the settlement amount.

Provision for warranty relates to warranties on products that the Group undertakes to repair and replace for its products. The provision is based on estimates made from historical warranty data associated with the products. It is measured at the best estimate of the repair and replacement cost at the end of the reporting period.

18 Revenue

The Group	2020 US\$	2019 US\$
Sale of goods, recognised at a point in time	25,360,894	24,990,521
Licensing income, recognised over time	5,143	54,735
	25,366,037	25,045,256

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19 Other income

	2020	2019
The Group	US\$	US\$
Foreign exchange gain, net	43,049	-
Freight income	3,642	855
Gain on disposal of property, plant and equipment	-	24,320
Government grants	277,710	32,335
GST refund	-	75,219
Interest income from:		
- short-term deposits	58,378	433,596
- quoted debt investments	624,920	563,497
	683,298	997,093
Net fair value gain on investments at FVTPL	1,200,791	598,559
Net gain on disposal of debt investments at FVOCI	82,461	71,729
Reversal of accrued expenses	35,145	300,615
Sponsorship fees	10,609	21,123
Others	23,154	30,855
	2,359,859	2,152,703

20 Finance cost

	2020	2019
The Group	US\$	US\$
Interest expense on lease liabilities (Note 14)	13,102	9,970

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21 Loss before taxation

The Group	Note	2020 US\$	2019 US\$
Loss before taxation has been arrived at after charging/(crediting):			
Amortisation of intangible assets	5	160,480	36,586
Consultancy fees		383,249	485,200
Cost of inventories recognised in cost of sales		25,207,381	25,603,391
Depreciation of property, plant and equipment	3	156,424	167,508
Depreciation of right-of-use assets	4	160,805	148,006
Intangible assets written off	5	311,635	919,981
Provision reversed	17	(150,000)	(200,000)
Write-down on inventories reversed	9	(1,208,210)	(842,906)
Audit fees			
- Auditor of the Company		90,638	93,891
- Other auditors		10,793	10,159
Non-audit fees			
- Auditor of the Company		-	10,740
<u>Staff costs</u>			
Directors:			
Directors' fees		93,305	62,003
Directors' remuneration other than fees:			
- salaries and other related costs		184,178	232,508
- contributions to defined contribution plans		23,343	24,297
Total directors' compensation		300,826	318,808
Key management personnel (other than directors):			
- salaries and other related costs		356,799	375,845
- contributions to defined contribution plans		28,879	28,973
		385,678	404,818
Total key management personnel compensation		686,504	723,626
Other than key management personnel:			
- salaries and other related costs		596,784	629,283
- contributions to defined contribution plans		87,514	74,517
		684,298	703,800
Total staff costs		1,370,802	1,427,426

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

22 Taxation

	2020	2019
The Group	US\$	US\$
Current taxation		
- current year	84	-
- changes in estimates in respect of prior years	(57,725)	54,447
	<u>(57,641)</u>	<u>54,447</u>
Deferred taxation (Note 15)		
- origination and reversal of temporary differences	1,372	17,931
	<u>(56,269)</u>	<u>72,378</u>

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable rate of income tax on losses as a result of the following:

	2020	2019
The Group	US\$	US\$
<u>Loss before taxation</u>	<u>(1,287,567)</u>	<u>(1,284,882)</u>
Tax at applicable tax rates of 17% (2019: 17%)	(218,886)	(218,430)
Effect of different tax rates in foreign jurisdictions	7,024	(48,619)
Tax effect of non-deductible expenses	111,355	267,060
Tax effect of non-taxable income	(265,409)	(5,824)
Deferred tax assets on temporary differences not recognised	517,606	331,551
Utilisation of deferred tax assets previously not recognised	(147,142)	(307,807)
Changes in estimates of current taxation in respect of prior years	(57,725)	54,447
Others	(3,092)	-
	<u>(56,269)</u>	<u>72,378</u>

Non-deductible expenses mainly relate to amortisation of intangible assets, depreciation of non-qualifying property, plant and equipment, depreciation of right-of-use assets and intangible assets written off. Non-taxable income mainly relates to government grants and fair value gain on investments at FVTPL.

At the end of reporting period, the Group has unused tax losses of approximately US\$24,740,000 (2019: US\$22,524,000), which are allowed to be carried forward and used to offset against future taxable profits of the subsidiaries in which the tax losses arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in the respective countries in which the Company and its subsidiaries operate. Deferred tax assets have not been recognised due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits. The unused tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23 Loss per share

The calculation of basic and diluted loss per share was based on the loss attributable to the ordinary shareholders of the Company of US\$1,268,125 (2019: US\$1,359,160) and a weighted average number of ordinary shares outstanding of 319,122,210 (2019: 321,340,174), calculated as follows:

Weighted average number of ordinary shares

	2020	2019
Issued ordinary shares at beginning of year (excluding treasury shares)	321,340,174	322,026,825
Effect of treasury shares acquired during the year	<u>(2,217,964)</u>	<u>(686,651)</u>
<u>Weighted average number of ordinary shares during the year</u>	<u>319,122,210</u>	<u>321,340,174</u>

The weighted average number of shares takes into account the weighted average effect of treasury share transactions during the financial year.

At the end of the reporting period, the 3,700,000 (2019: 3,790,000) outstanding share options granted to directors and employees under the share option scheme were excluded from the calculation of the diluted weighted average number of ordinary shares in issue as their effect would have been anti-dilutive.

24 Equity-settled share-based payment transactions

The Trek 2000 International Ltd Share Option Scheme 2011 was approved by shareholders at an extraordinary general meeting held on 21 April 2011 to replace the Trek 2000 International Ltd Share Option Scheme.

Group executives, including directors, are granted share options based on quantitative and non-quantitative performance indicators, including past performance, expertise, and potential for greater achievements and contributions to the Group. The options will vest over two years after the date of grant. The options, once vested, remain exercisable if the employee (including director) remains in service. The exercise price shall be equal to the average of the last dealt price for a share for the five consecutive trading days immediately preceding the date of grant. The options granted to group executives, and directors who do not hold executive functions in the Group, have contractual lives of ten and five years, respectively. The options are to be settled in equity.

At the end of the reporting period, the number of outstanding share options granted by the Company to current directors and key management personnel is nil (2019: 90,000).

At the end of the reporting period, the total number of outstanding share options granted by the Company is 3,700,000 (2019: 3,790,000), as follows:

- 500,000 ordinary shares at a price of S\$0.356 each, exercisable between 11 July 2012 to 11 July 2021; and
- 3,200,000 ordinary shares at a price of S\$0.247 each, exercisable between 10 February 2016 to 10 February 2025.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

24 Equity-settled share-based payment transactions (cont'd)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	2020		2019	
	Number	WAEP US\$	Number	WAEP US\$
Outstanding at 1 January	3,790,000	0.264	3,830,000	0.263
Expired	(90,000)	0.362	(40,000)	0.146
<u>Outstanding at 31 December ⁽¹⁾</u>	<u>3,700,000</u>	<u>0.262</u>	<u>3,790,000</u>	<u>0.264</u>
<u>Exercisable at 31 December</u>	<u>3,700,000</u>	<u>0.262</u>	<u>3,790,000</u>	<u>0.264</u>

⁽¹⁾ The range of exercise prices for options outstanding at the end of the financial year was S\$0.247 to S\$0.356 (2019: S\$0.247 to S\$0.362). The weighted average remaining contractual life for these options is 3.6 years (2019: 4.5 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

24 Equity-settled share-based payment transactions (cont'd)

The options granted, exercised and forfeited during the financial year and options outstanding at the end of the financial year are as follows:

Date of options granted	11 July 2011	11 July 2011	10 February 2015	10 February 2015	10 February 2015	10 February 2015	Total
Grant option number	16	16	19	19	19	19	19
Option exercise period							
From	11 July 2012	11 July 2013	10 February 2016	10 February 2017	10 February 2016	10 February 2017	10 February 2017
To	11 July 2021	11 July 2021	10 February 2025	10 February 2025	10 February 2020	10 February 2020	10 February 2020
Number of holders as at 31 December 2020	5	5	3	3	-	-	-
Exercise price per option	S\$0.356	S\$0.356	S\$0.247	S\$0.247	S\$0.362	S\$0.362	S\$0.362
Number of options outstanding							
At 1 January 2020	225,000	275,000	1,600,000	1,600,000	45,000	45,000	3,790,000
Expired	-	-	-	-	(45,000)	(45,000)	(90,000)
At 31 December 2020	225,000	275,000	1,600,000	1,600,000	-	-	3,700,000

NOTES TO THE FINANCIAL STATEMENTS

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24 Equity-settled share-based payment transactions (cont'd)

Date of options granted	12 May 2009	12 May 2009	12 May 2009	11 July 2011	11 July 2011	10 February 2015	10 February 2015	10 February 2015	10 February 2015	10 February 2015	10 February 2015	Total
Grant option number	13	13	13	16	16	19	19	19	19	19	19	19
Option exercise period												
From	12 May 2010	12 May 2011	11 July 2012	11 July 2013	10 February 2016	10 February 2016	10 February 2016	10 February 2016	10 February 2016	10 February 2016	10 February 2016	10 February 2017
To	12 May 2019	12 May 2019	11 July 2021	11 July 2021	10 February 2025	10 February 2025	10 February 2025	10 February 2025	10 February 2025	10 February 2025	10 February 2025	10 February 2020
Number of holders as at 31 December 2019				5	5	3	3	3	3	3	3	1
Exercise price per option	-	-	-	5	5	3	3	3	3	3	3	1
Number of options outstanding	S\$0.146	S\$0.146	S\$0.356	S\$0.356	S\$0.356	S\$0.247	S\$0.247	S\$0.247	S\$0.247	S\$0.247	S\$0.362	S\$0.362
At 1 January 2019	12,500	27,500	225,000	275,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	45,000	3,830,000
Forfeited	(12,500)	(27,500)	-	-	-	-	-	-	-	-	-	(40,000)
At 31 December 2019	-	-	225,000	275,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	45,000	3,790,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

25 Significant related party transactions

Other than as disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between parties are as follows:

The Group	2020	2019
	US\$	US\$
Sale of goods to a related company	5,667	7,233
Consultancy fee paid to controlling shareholder and former director of the Company	273,528	379,238

The related company is a subsidiary of the associate of the Company, Trek Technology (Thailand) Company Ltd.

The directors are of the opinion that the transactions above have been entered in normal course of businesses and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

26 Leases

Where the Group is the lessee,

The Group leases warehouses for storage of inventories and other office premises for operations. The leases typically run for a period of one to three years, with an option to renew the lease after that date. Lease payments are renegotiated every few years to reflect market rentals. There are no externally imposed covenants on the lease arrangements. The Group also leases office equipment with contract terms of one to five years. In addition, the Group leases a motor vehicle under hire purchase arrangement with a lease period of five years.

The Group has made upfront payments to secure leasehold properties that are used as office premises. The leasehold properties are right-of-use assets recorded within the Group's property, plant and equipment.

Information about leases for which the Group is a lessee is presented in Note 4 and Note 14 to the financial statements.

Amounts recognised in profit or loss under SFRS(I) 16 are as follows:

The Group	2020	2019
	US\$	US\$
<u>Interest expense on lease liabilities (Note 20)</u>	<u>13,102</u>	<u>9,970</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27 Operating segments

For management purposes, the Group is organised into the following reportable operating segments as follows:

- Customised solutions
- Interactive consumer solutions
- Licensing

Each of these operating segments is managed separately as they require different resources as well as operating approaches.

The reporting segment results exclude finance income and cost, share of results of associate and income tax which are not directly attributable to the business activities of any operating segment, and are not included in arriving at the operating results of the operating segment. They are included as “others” in the table below.

There were no inter-segment sales during the financial year.

Segment performance is evaluated based on the operating profit or loss which in certain respects, as set out below, is measured differently from the operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27 Operating segments (cont'd)

	Note	Customised solutions		Interactive consumer solutions		Licensing		Others		Consolidated	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Segment revenue											
Sales to external customers		4,339,125	2,165,524	21,021,769	22,824,997	5,143	54,735	-	-	25,366,037	25,045,256
Results											
Amortisation of intangible assets		-	-	(160,447)	(36,506)	(33)	(80)	-	-	(160,480)	(36,586)
Depreciation of property, plant and equipment		(26,758)	(14,483)	(129,666)	(153,025)	-	-	-	-	(156,424)	(167,508)
Depreciation of right-of-use assets		(27,507)	(12,797)	(133,298)	(135,209)	-	-	-	-	(160,805)	(148,006)
Impairment losses on other receivables		(16,635)	-	(80,498)	-	-	-	-	-	(97,133)	-
Impairment losses on trade receivables reversed		3,937	2,264	19,053	23,277	-	-	-	-	22,990	25,541
Intangible assets written off		(53,308)	(79,546)	(258,327)	(840,435)	-	-	-	-	(311,635)	(919,981)
Provision reversed		25,689	17,730	124,311	182,270	-	-	-	-	150,000	200,000
Write-down on inventories reversed		206,922	74,724	1,001,288	768,182	-	-	-	-	1,208,210	842,906
Segment (loss)/profit	A	(554,409)	(254,404)	(2,685,948)	(2,681,459)	(658)	(6,430)	1,953,448	1,657,411	(1,287,567)	(1,284,882)
Assets and liabilities											
Additions to non-current assets	B	30,519	27,342	241,817	503,921	-	-	-	-	272,336	531,263
Segment assets	C	2,480,714	2,077,621	12,004,091	21,358,629	255,265	633,244	30,747,772	26,185,216	45,487,842	50,254,710
Segment liabilities	D	595,801	621,019	2,883,066	6,384,286	-	-	1,540,557	1,591,268	5,019,424	8,596,573

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27 Operating segments (cont'd)

- A) The following items are added to segment profit or loss to arrive at loss before taxation presented in the consolidated statement of profit or loss and other comprehensive income:

	2020	2019
The Group	US\$	US\$
Interest income from short-term deposits	58,378	433,596
Interest income from quoted debt investments	624,920	563,497
Net fair value gain on investments at FVTPL	1,200,791	598,559
Net gain on disposal of debt investments at FVOCI	82,461	71,729
Finance cost	(13,102)	(9,970)
	1,953,448	1,657,411

- B) Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and intangible assets.

- C) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2020	2019
The Group	US\$	US\$
Quoted debt investments	6,012,370	7,942,358
Unquoted equity investments	1,450,095	1,323,337
Other investments	6,946,352	-
Funds managed by a fund manager	15,676,359	16,290,382
Investment in a fund	662,596	629,139
	30,747,772	26,185,216

- D) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2020	2019
The Group	US\$	US\$
Deferred tax liabilities	87,122	42,947
Current tax payable	1,453,435	1,548,321
	1,540,557	1,591,268

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27 Operating segments (cont'd)

Geographical information

The Group's revenues and non-current assets (excluding other investments) are divided into the following geographical areas:

	<u>Revenue</u>		<u>Non-current assets</u>	
	2020	2019	2020	2019
The Group	US\$	US\$	US\$	US\$
<i>Principal markets</i>				
China/Hong Kong	17,243,997	13,789,445	25,175	37,768
Taiwan	4,959,901	6,344,569	-	-
India	854,954	1,843,075	7,084	9,970
Singapore	982,528	1,210,366	1,802,690	2,065,238
Indonesia	366,368	954,138	-	-
Malaysia	524,239	621,163	21,211	8,539
Europe	1,080	3,264	-	-
Thailand	243,185	31,253	-	-
United States of America	385	1,894	-	-
Others	189,400	246,089	-	-
	25,366,037	25,045,256	1,856,160	2,121,515

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated statement of financial position.

Information about major customers

Revenue from two (2019: three) major customers which individually contributed 10 percent or more of the Group's revenue amounted to US\$6,545,050 (2019: US\$8,171,344).

28 Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 28.3) and foreign currency risk (Note 28.4).

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28 Financial risk management objectives and policies (cont'd)

28.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables and quoted debt investments. For trade receivables, the Group adopts the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For the other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

The Group and the Company have debt investments at FVOCI, trade and other receivables and cash and cash equivalents that are subject to impairment under the expected credit loss model. While cash and cash equivalents are subject to the impairment requirements of SFRS(I) 9, the identified impairment loss is insignificant.

Debt investments at FVOCI

The Group and the Company limit their exposure to credit risk on debt investments held by investing only in quoted and liquid debt securities and only with counterparties that have a high credit rating.

The Group and the Company monitor changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the end of the reporting period that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields. At the end of the reporting period, no loss allowance for debt investments at FVOCI was required.

Trade receivables

The Group applies the SFRS(I) 9 simplified approach to measuring expected credit losses ("ECLs") which uses a lifetime ECL allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group has identified the GDP and the unemployment rate of the countries in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28 Financial risk management objectives and policies (cont'd)

28.1 Credit risk (cont'd)

Trade receivables (cont'd)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group.

Other receivables

Loss allowance for other receivables is measured at an amount equal to 12-month ECLs. The ECLs on other receivables are estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts. At the end of the reporting period, no loss allowance for the Group's other receivables was required.

Amounts due from subsidiaries and an associate (non-trade)

Non-trade amounts due from subsidiaries and an associate have been fully impaired taking into account the finances, business performance, and a forward-looking analysis of the financial performance of the business activities undertaken by the subsidiaries and associate.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The Group's and the Company's major classes of financial assets are cash and cash equivalents, quoted debt investments and trade and other receivables. Cash and cash equivalents are held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 10.

28.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28 Financial risk management objectives and policies (cont'd)

28.2 Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

The Group	Carrying amount US\$	Contractual undiscounted cash flows US\$	Less than 1 year US\$	Between 1 and 5 years US\$
2020				
<u>Non-derivative financial liabilities</u>				
Lease liabilities (Note 14)	241,521	261,305	123,946	137,359
Trade and other payables * (Note 16)	2,079,393	2,079,393	2,079,393	-
	2,320,914	2,340,698	2,203,339	137,359
2019				
<u>Non-derivative financial liabilities</u>				
Lease liabilities (Note 14)	217,969	240,734	124,743	115,991
Trade and other payables * (Note 16)	5,582,132	5,582,132	5,582,132	-
	5,800,101	5,822,866	5,706,875	115,991
The Company				
2020				
Trade and other payables * (Note 16)	2,250,039	2,250,039	2,250,039	-
2019				
Trade and other payables * (Note 16)	9,309,608	9,309,608	9,309,608	-

* Excluding net output GST

The Group and the Company ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group and the Company maintain sufficient levels of cash and cash equivalents and have available adequate amount of committed credit facilities from financial institutions to meet their working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28 Financial risk management objectives and policies (cont'd)

28.2 Liquidity risk (cont'd)

The Group's and the Company's investments in funds managed by a fund manager are considered readily realisable as the underlying investments in the funds are quoted and listed on major stock exchanges. The fund manager is required to comply with the restrictions and limitations as stipulated in the investment mandate.

28.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from short-term deposits at floating rates. Quoted debt investments and lease liabilities bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Fixed rate instruments				
Financial assets				
- quoted debt investments	6,012,370	7,942,358	6,012,370	7,942,358
Financial liabilities				
- lease liabilities	(241,521)	(217,969)	-	-
	5,770,849	7,724,389	6,012,370	7,942,358
Variable rate instruments				
Financial assets				
- short-term deposits	4,975,248	15,010,953	375,040	10,824,516

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if interest rates had been 100 (2019: 100) basis points higher/lower with all other variables held constant, the Group's and the Company's results net of tax and equity would have been US\$49,752 (2019: US\$150,110) and US\$3,750 (2019: US\$108,245) higher/lower, respectively, arising mainly as a result of higher/lower interest income from floating rate short-term deposits.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not considered the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

The Group's and the Company's policy is to obtain the most favourable interest rates available without increasing their interest rate exposure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28 Financial risk management objectives and policies (cont'd)

28.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, namely United States dollar for the Company and its principal operating subsidiaries incorporated in Singapore. The foreign currency in which these transactions are denominated is primarily Singapore dollar. The Group's and the Company's receivable and payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies, mainly Singapore dollar and Renminbi, for working capital purposes.

Consequently, the Group and the Company are exposed to movements in foreign currency exchange rates. However, the Group and the Company does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The Group's exposures in financial instruments to the various foreign currencies (other than the respective functional currencies of group entities) are mainly as follows:

The Group	Renminbi US\$	Hong Kong dollar US\$	Singapore dollar US\$
2020			
Other investments (Note 8)	1,662,535	1,644,176	1,266,879
Trade and other receivables (Note 10)	-	-	155,404
Cash and cash equivalents (Note 11)	201,948	-	305,007
Lease liabilities (Note 14)	-	-	(168,778)
Trade and other payables (Note 16)	-	-	(67,855)
Net exposure	1,864,483	1,644,176	1,490,657

2019			
Other investments (Note 8)	-	703,884	1,199,277
Trade and other receivables (Note 10)	-	-	165,046
Cash and cash equivalents (Note 11)	1,198	-	283,168
Lease liabilities (Note 14)	-	-	(157,673)
Trade and other payables (Note 16)	-	-	(77,130)
Net exposure	1,198	703,884	1,412,688

The Company

2020			
Other investments (Note 8)	1,662,535	1,644,176	1,266,879
Cash and cash equivalents (Note 11)	199,178	-	97,871
Trade and other payables (Note 16)	-	-	(33,586)
Net exposure	1,861,713	1,644,176	1,331,164

2019			
Other investments (Note 8)	-	703,884	1,199,277
Trade and other receivables (Note 10)	-	-	2,799
Cash and cash equivalents (Note 11)	-	-	227,615
Trade and other payables (Note 16)	-	-	(50,136)
Net exposure	-	703,884	1,379,555

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28 Financial risk management objectives and policies (cont'd)

28.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Renminbi ("RMB"), Hong Kong dollar ("HKD") and Singapore dollar ("SGD") exchange rates (against United States dollar), with all other variables held constant, on the Group's and the Company's results net of tax and equity.

		2020	2019
		US\$	US\$
The Group			
RMB	- strengthened 5% (2019: 5%)	93,224	60
	- weakened 5% (2019: 5%)	(93,224)	(60)
HKD	- strengthened 5% (2019: 5%)	82,209	35,194
	- weakened 5% (2019: 5%)	(82,209)	(35,194)
SGD	- strengthened 5% (2019: 5%)	74,533	70,634
	- weakened 5% (2019: 5%)	(74,533)	(70,634)
The Company			
RMB	- strengthened 5% (2019: 5%)	93,086	-
	- weakened 5% (2019: 5%)	(93,086)	-
HKD	- strengthened 5% (2019: 5%)	82,209	35,194
	- weakened 5% (2019: 5%)	(82,209)	(35,194)
SGD	- strengthened 5% (2019: 5%)	66,558	68,978
	- weakened 5% (2019: 5%)	(66,558)	(68,978)

This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effect.

28.5 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group and the Company are exposed to market price risks arising from the quoted debt investments and the underlying quoted investments in funds managed by a fund manager and investment in a fund.

Market price sensitivity

At the end of the reporting period, if the market prices had been 5% (2019: 5%) higher/lower with all other variables held constant, the Group's and the Company's other comprehensive income and fair value reserve in equity would have been US\$300,619 (2019: US\$397,118) higher/lower, arising as a result of an increase/decrease in the fair value of quoted debt investments at FVOCI, and the Group's and the Company's results net of tax and equity would have been US\$1,164,265 (2019: US\$845,976) higher/lower, arising as a result of an increase/decrease in the fair value of other investments at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

29 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Amortised cost US\$	FVOCI – debt instruments US\$	FVOCI – equity instrument US\$	Mandatorily at FVTPL US\$	Other financial liabilities at amortised cost US\$	Total US\$
The Group						
2020						
Financial assets						
Other investments (Note 8)	-	6,012,370	475,063	24,260,339	-	30,747,772
Trade and other receivables * (Note 10)	3,311,344	-	-	-	-	3,311,344
Cash and cash equivalents (Note 11)	7,943,798	-	-	-	-	7,943,798
	11,255,142	6,012,370	475,063	24,260,339	-	42,002,914
Financial liabilities						
Lease liabilities (Note 14)	-	-	-	-	241,521	241,521
Trade and other payables # (Note 16)	-	-	-	-	2,079,393	2,079,393
	-	-	-	-	2,320,914	2,320,914
2019						
Financial assets						
Other investments (Note 8)	-	7,942,358	379,337	17,863,521	-	26,185,216
Trade and other receivables * (Note 10)	656,762	-	-	-	-	656,762
Cash and cash equivalents (Note 11)	16,677,984	-	-	-	-	16,677,984
	17,334,746	7,942,358	379,337	17,863,521	-	43,519,962
Financial liabilities						
Lease liabilities (Note 14)	-	-	-	-	217,969	217,969
Trade and other payables # (Note 16)	-	-	-	-	5,582,132	5,582,132
	-	-	-	-	5,800,101	5,800,101
The Company						
2020						
Financial assets						
Other investments (Note 8)	-	6,012,370	475,063	24,260,339	-	30,747,772
Trade and other receivables * (Note 10)	48,894	-	-	-	-	48,894
Cash and cash equivalents (Note 11)	1,304,455	-	-	-	-	1,304,455
	1,353,349	6,012,370	475,063	24,260,339	-	32,101,121
Financial liabilities						
Trade and other payables # (Note 16)	-	-	-	-	2,250,039	2,250,039

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

29 Financial instruments (cont'd)

Accounting classifications of financial assets and financial liabilities (cont'd)

The Company	Amortised cost US\$	FVOCI – debt instruments US\$	FVOCI – equity instrument US\$	Mandatorily at FVTPL US\$	Other financial liabilities at amortised cost US\$	Total US\$
2019						
Financial assets						
Other investments (Note 8)	-	7,942,358	379,337	17,863,521	-	26,185,216
Trade and other receivables * (Note 10)	127,803	-	-	-	-	127,803
Cash and cash equivalents (Note 11)	11,832,923	-	-	-	-	11,832,923
	<u>11,960,726</u>	<u>7,942,358</u>	<u>379,337</u>	<u>17,863,521</u>	<u>-</u>	<u>38,145,942</u>
Financial liabilities						
Trade and other payables # (Note 16)	-	-	-	-	9,309,608	9,309,608

* Excluding net input GST

Excluding net output GST

30 Capital management

The Group's and the Company's objectives when managing capital are:

- To safeguard the Group's and the Company's ability to continue as going concern;
- To support the Group's and the Company's stability and growth;
- To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
- To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises lease liabilities and trade and other payables, less cash and cash equivalents. Total capital represents equity attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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30 Capital management (cont'd)

	The Group		The Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Lease liabilities (Note 14)	241,521	217,969	-	-
Trade and other payables (Note 16)	2,187,346	5,587,336	2,250,039	9,311,702
Total debt	2,428,867	5,805,305	2,250,039	9,311,702
Less: Cash and cash equivalents (Note 11)	(7,943,798)	(16,677,984)	(1,304,455)	(11,832,923)
Net (cash)/debt	(5,514,931)	(10,872,679)	945,584	(2,521,221)
Equity attributable to the owners of the Company	39,569,201	40,795,747	31,498,122	30,601,083
Total capital	39,569,201	40,795,747	31,498,122	30,601,083
Total capital and net debt	34,054,270	29,923,068	32,443,706	28,079,862
Gearing ratio	N.M.	N.M.	3%	N.M.

N.M.: Not meaningful due to net cash position.

31 Fair value measurement

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

Financial assets and financial liabilities measured or disclosed at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) or those which reprice regularly approximate their fair values because of the short period to maturity or repricing. The fair value of non-current financial assets and liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31 Fair value measurement (cont'd)

Fair values of financial instruments

The Group and the Company	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2020				
<u>Financial assets</u>				
Debt investments	6,012,370	-	-	6,012,370
Unquoted investments	-	-	1,450,095	1,450,095
Other investments	6,946,352	-	-	6,946,352
Funds managed by a fund manager	14,417,264	1,259,095	-	15,676,359
Investment in a fund	-	-	662,596	662,596
	27,375,986	1,259,095	2,112,691	30,747,772

2019

Financial assets

Debt investments	7,942,358	-	-	7,942,358
Unquoted investments	-	-	1,323,337	1,323,337
Funds managed by a fund manager	13,242,268	3,048,114	-	16,290,382
Investment in a fund	-	-	629,139	629,139
	21,184,626	3,048,114	1,952,476	26,185,216

Debt investments

The fair values are based on the quoted market prices at the end of the reporting period. The quoted market prices used are the current bid prices and they are included in Level 1.

Other investments

Other investments comprise quoted equity and other investments. The fair values of the quoted equity instrument and other investments are based on the quoted bid prices and are included in Level 1.

Funds managed by a fund manager

Funds managed by a fund manager comprise quoted securities and investment funds. The fair values of the quoted securities are based on the quoted market prices at the end of the reporting period. The quoted market prices used are the current bid prices and they are included in Level 1. The fair values of the investment funds are based on the quoted market prices of the underlying quoted investments at the end of the reporting period and they are included in Level 2.

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31 Fair value measurement (cont'd)

Fair values of financial instruments (cont'd)

Unquoted equity investments and investment in a fund

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
<i>Unquoted equity investments at FVOCI</i>		
The valuations are based on:		
(i) market approach, using the median price-to-book ratio of companies comparable to the investee, applied to the net asset value of the investee, and adjusted for the effect of the lack of marketability and control of the equity investment; and	- Price-to-book ratio - Discount for lack of marketability	The estimated fair value would increase/decrease if: - Price-to-book ratio was higher/lower; or - Discount for lack of marketability was lower/higher.
(ii) option pricing model on the underlying investment of the investee entity.	- Expected volatility - Probability for initial public offering	The estimated fair value would increase/decrease if: - Expected volatility was higher/lower; or - Probability for initial public offering of the underlying investment of the investee entity was higher/lower.
<i>Investment in a fund at FVTPL</i>		
The fair value is calculated using the net asset value of the investee entity adjusted for the fair values of the underlying quoted and unquoted investments, where applicable.	Fair values of unquoted investments	The estimated fair value would increase/decrease if the fair values of unquoted investments increase/decrease.

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31 Fair value measurement (cont'd)

Fair values of non-financial assets

The Group	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2020				
<u>Non-financial assets</u>				
Freehold property (Note 3)	-	-	624,579	624,579
Leasehold properties (Note 3)	-	-	598,402	598,402
	-	-	1,222,981	1,222,981
2019				
<u>Non-financial assets</u>				
Freehold property (Note 3)	-	-	583,981	583,981
Leasehold properties (Note 3)	-	-	479,004	479,004
	-	-	1,062,985	1,062,985

Freehold and leasehold properties

The fair values of the freehold and leasehold properties are determined by a firm of independent professional valuers who have appropriate recognised professional qualification and experience in the category of the properties being valued.

Freehold and leasehold properties are valued on a highest and best use basis. Highest and best use basis is used for fair value measurement of non-financial assets. For the Group's freehold and leasehold properties, the current use is considered to be the highest and best use. The fair values of the freehold and leasehold properties, classified as Level 3, have been derived using the direct comparison method.

The direct comparison method involves the analysis of comparable sales of similar properties with adjustments made to reflect the differences in size, location, physical features, condition, tenure, prevailing market conditions and other relevant factors affecting its fair value.

The fair values of freehold and leasehold properties included in Level 3 are determined as follows:

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Direct comparison method	<ul style="list-style-type: none"> - Price per square metre - Expected average rental growth - Capitalisation rate 	<p>The estimated fair value would increase/decrease if:</p> <ul style="list-style-type: none"> - Price per square metre was higher/lower; - Expected average rental growth was higher/lower; or - Capitalisation rate was lower/higher.

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2021

Class of Shares	: Ordinary Shares
Voting Rights (excluding treasury shares and subsidiary holdings)	: One Vote per Share
No. of issued shares	: 324,116,925 shares
No. of issues shares (excluding treasury shares and subsidiary holdings)	: 315,077,625 shares
No. of treasury shares	: 9,039,300 shares
No. of subsidiary holdings held	: Nil

Distribution of Shareholdings as at 23 March 2021 (excluding treasury shares and subsidiary holdings)

<u>Size of Shareholdings</u>	<u>No. of Shareholders</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
1 – 99	22	1.28	790	0.00
100 – 1,000	131	7.64	65,774	0.02
1,001 – 10,000	734	42.80	4,051,220	1.29
10,001 – 1,000,000	804	46.88	59,441,562	18.86
1,000,001 and above	24	1.40	251,518,279	79.83
Total	1,715	100.00	315,077,625	100.00

Substantial Shareholders as at 23 March 2021

<u>Name of Substantial Shareholders</u>	<u>Direct Interest</u>		<u>Indirect Interest</u>	
	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
Tan Henry @ Henn Tan	101,737,491	32.29	720,000 ¹	0.23
Kioxia Corporation	44,212,359 ^{3,4}	14.03	8,500,000 ^{2,3,4}	2.70
CTI II Limited	27,500,000	8.73	-	-
Creative Technology Ltd	-	-	27,500,000 ⁵	8.73
Sim Wong Hoo	-	-	27,500,000 ⁶	8.73
Ron Sim Chye Hock	28,374,600	9.01	-	-

Notes :-

1. Tan Henry @ Henn Tan is deemed to be interested in 720,000 shares held by his wife, Ang Poh Tee, by virtue of Section 7 of the Companies Act, Cap 50;
2. Kioxia Corporation is deemed to be interested in 8,500,000 shares held by its wholly-owned subsidiaries, Kioxia Singapore Pte Ltd;
3. Toshiba Corporation holds approximately 40.2% of the voting rights in Kioxia Corporation and, is deemed interested in 44,212,359 shares held by Kioxia Corporation and 8,500,000 shares held by Kioxia Singapore Pte Ltd;
4. BEPC Pangea Cayman, LLP holds approximately 49.9% of the voting rights in Kioxia Corporation and, is deemed interested in 44,212,359 shares held by Kioxia Corporation and 8,500,000 shares held by Kioxia Singapore Pte Ltd;
5. Creative Technology Ltd (CTL) is deemed to be interested in 27,500,000 shares held by its wholly-owned subsidiary, CTI II Limited by virtue of Section 7 of the Companies Act, Cap 50; and
6. Sim Wong Hoo owns more than 20% of the issued share capital of CTL and is deemed to be interested in 27,500,000 shares held by CTI II Limited by virtue of Section 7 of the Companies Act, Cap 50.

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2021

Twenty Largest Shareholders as at 23 March 2021

No.	Name of Shareholders	No. of shares	%
1	TAN HENRY @ HENN TAN	100,937,491	32.04
2	DAIWA CAPITAL MARKETS SINGAPORE LIMITED	37,912,359	12.03
3	RAFFLES NOMINEES (PTE.) LIMITED	30,034,700	9.53
4	CTI II LIMITED	27,500,000	8.73
5	DBS NOMINEES (PRIVATE) LIMITED	9,279,250	2.95
6	KIOXIA SINGAPORE PTE. LTD.	8,500,000	2.70
7	TAN KAY TOH	5,196,900	1.65
8	PHILLIP SECURITIES PTE LTD	4,257,500	1.35
9	TAN BOON SIONG	3,366,648	1.07
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,717,500	0.86
11	OH CHEE ENG	2,602,300	0.83
12	TAN JOON YONG WAYNE (CHEN JUNRONG)	2,371,176	0.75
13	NEO AH SENG (LIANG YACHENG)	2,000,000	0.63
14	SOH MEIQI, PETRINA	1,839,250	0.58
15	WINMARK INVESTMENTS PTE. LTD.	1,502,000	0.48
16	CHEW GHIM BOK	1,497,000	0.48
17	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,439,250	0.46
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,395,350	0.44
19	ANG HAO YAO (HONG HAOYAO)	1,294,600	0.41
20	CITIBANK NOMINEES SINGAPORE PTE. LTD.	1,270,005	0.40
	Total:	246,913,279	78.37

Based on Shareholders' Information as at 23 March 2021 approximately 30.94% of the total numbers of issued shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Second Annual General Meeting (the “AGM”) of the Company will be held by electronic means on Wednesday, 28 April 2021 at 9:00 a.m., to transact the following businesses:

ORDINARY BUSINESS:

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2020 together with the Auditor’s Report thereon. **Resolution 1**
2. To approve the payment of the Directors’ fees of S\$107,000 for the financial year ended 31 December 2020 (FY2019: S\$105,000). **Resolution 2**
3. To re-elect Mr. Chay Yee Meng, the Director retiring by rotation pursuant to Article 103 of the Company’s Constitution. **Resolution 3**
4. That contingent upon the passing of Ordinary Resolution 3 above, shareholders to approve the continued appointment of Mr. Chay Yee Meng, as an Independent Director, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited which will take effective on 1 January 2022. **Resolution 4**

[See Explanatory Note (i)]
5. That contingent upon the passing of Ordinary Resolution 4 above, shareholder (excluding the Directors and Chief Executive Officer (“CEO”) of the Company and associates of such Directors and CEO), to approve Mr. Chay Yee Meng’s continued appointment as an Independent Director, pursuant to Rule 210(5)(d)(iii) of the Singapore Exchange Securities Trading Limited. **Resolution 5**
6. To re-elect Mr. Khor Peng Soon, the Director retiring by rotation pursuant to Article 103 of the Company’s Constitution. **Resolution 6**

[See Explanatory Note (ii)]
7. To re-elect Mr. Neo Ban Chuan, the Director retiring by rotation pursuant to Article 108 of the Company’s Constitution. **Resolution 7**

[See Explanatory Note (iii)]
8. To re-appoint Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

9. **Authority to allot and issue shares** **Resolution 9**

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

“THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the “**Companies Act**”), and the Listing Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given for the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

- (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, “**Instruments**”) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuant to any Instrument made or granted by the Directors while the authority was in force, provided always that:

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company’s total number of issued shares (excluding treasury shares and subsidiary holdings, if any), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be the Company’s total number of issued shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of convertible securities, or
 - (ii) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
 - (iii) any subsequent bonus issue, consolidation or subdivision of the Company’s shares;
- (b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

[See Explanatory Note (iv)]

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

10. **Authority for Directors to offer and grant options and allot shares pursuant to the Trek 2000 International Ltd Share Option Scheme 2011** **Resolution 10**

“That the Directors be empowered to issue shares to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the approved Trek 2000 International Ltd Share Option Scheme 2011 (the “**2011 Scheme**”) upon the exercise of such options and in accordance with the terms and conditions of the 2011 Scheme, provided that the aggregate number of shares issued pursuant to the 2011 Scheme shall not exceed 15% of the issued share capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

[See Explanatory Note (v)]

11. **Proposed Renewal of Share Buy-Back Mandate** **Resolution 11**

“That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) an on-market purchase (“**On-Market Purchase**”) transacted on the SGX-ST; and/or
- (ii) an off-market purchase (“**Off-Market Purchase**”) effected pursuant to an equal access scheme (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act.

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (“**Share Buy-Back Mandate**”);

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

- (ii) the date on which the authority conferred by the Share Buy-Back Mandate, if renewed, is revoked or varied by the Company in general meeting; or
 - (iii) the date on which Share Buy-Backs are carried out to the full extent mandated.
- (d) in this Resolution:
- “Maximum Limit”** means 10% of the issued Shares as at the date of the passing of this Ordinary Resolution (excluding treasury shares and subsidiary holdings, if any);
- “Maximum Price”** in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:
- (i) in the case of an On-Market Purchase, 5% above the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on the SGX-ST, on which transactions in the Shares are recorded immediately preceding the day of the On-Market Purchase and deemed to be adjusted for any corporate action occurring after such 5-Market Day period; and
 - (ii) in the case of an Off-Market Purchase, 20% above the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on the SGX-ST, on which transactions in the Shares are recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme.
- “Market Day”** means a day on which the SGX-ST is open for trading in securities.
- (e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.”

[See Explanatory Note (vi)]

12. To transact any other business which may be properly transacted at an Annual General Meeting.

FOR AND ON BEHALF OF THE BOARD

Khor Peng Soon
Non-Executive Chairman
13 April 2021

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

Explanatory Notes:

- i. Mr. Chay Yee Meng was appointed as an Independent Director of the Company on 22 March 2001 and was subsequently resigned on 19 April 2013. He was re-appointed as an Independent Director of the Company on 22 March 2016. Mr. Chay has served the Board for an aggregate period of more than nine years. Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, requires a director who has been a director for an aggregate period of more than nine years (whether before or after listing) and whose continued appointment as an independent director to seek approval in separate resolutions by (a) all shareholders; and (b) all shareholders, excluding shareholders who also serve as director or chief executive officer of the company, and associates of such directors and chief executive officer. Accordingly, Mr. Chay Yee Meng will be required to adhere to the above two-tier voting mechanism should he wish to seek for re-election.

Detailed information of Mr. Chay Yee Meng can be found on page 12 of the Annual Report 2020.

Mr. Chay Yee Meng will, upon re-election as a Director of the Company, continue to serve as an Independent Director, Chairman of Remuneration Committee and a member of Audit Committee. Consequently, upon the passing of Ordinary Resolution 3, 4 and 5, Mr. Chay will continue to serve as Independent Director, until the earlier of his retirement or resignation; or conclusion of the annual general meeting following the passing of Ordinary Resolution 3 to 5.

- ii. Key information on Mr. Khor Peng Soon can be found on page 12 of the Annual Report 2020. Mr. Khor will, upon re-election as Director of the Company, remain as a member of Nominating Committee and Remuneration Committee. Mr. Khor is a non-independent non-executive director and will not be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
- iii. Key information on Mr. Neo Ban Chuan can be found on page 13 of the Annual Report 2020. Mr. Neo will, upon re-election as Director of the Company, remain as the Chairman of Audit Committee. Mr. Neo is considered to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
- iv. Resolution No. 9, if passed, will empower the Directors from the date of the passing of Ordinary Resolution No. 9 to the date of the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares and subsidiary holdings, if any) for issues other than on a pro-rata basis to shareholders.
- v. Resolution 10, if passed, will empower the Directors, from the date of this Meeting until the next annual general meeting, or the date by which the next annual general meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to offer and grant options and allot and issue shares in the Company pursuant to the 2011 Scheme of up to a number not exceeding in total 15% of the issued shares in the capital of the Company from time to time pursuant to the exercise of the options under the 2011 Scheme.
- vi. Resolution 11, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of on-market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares in the capital of the Company at the Maximum Price as defined in the Circular to Shareholders dated 13 April 2021.

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

Measures to Minimise Risk of Community Spread of COVID-19

On 3 April 2020, the Singapore Government announced the implementation of circuit breaker measures (enhanced safe distancing measures and closure of non-essential workplace premises) to curb the further spread of COVID-19.

The COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister for Law on 13 April 2020 provides legal certainty to enable issuers to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution).

A joint statement had been issued on 13 April 2020 (and subsequently updated on 27 April 2020 and 22 June 2020) by the Accounting and Corporate Regulatory Authority ("**ACRA**"), the Monetary Authority of Singapore ("**MAS**") and the Singapore Exchange Regulation providing additional guidance for listed and non-listed entities on the manner in which general meetings are to be conducted during the elevated safe distancing measures period.

A joint statement by the ACRA, MAS and Singapore Exchange Regulation issued on 1 October 2020 which provides guidance on the conduct of general meetings amid evolving COVID-19 situation.

In light of the above developments, the Company is arranging for a live webcast of the AGM proceedings (the "**Live AGM Webcast**") which will take place on 28 April 2021 at 9.00 a.m.. Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast, and the Company will not accept any physical attendance by shareholders. Any shareholder seeking to attend the AGM physically in person will be turned away.

Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at www.trek2000.com.sg/index.php/financial-news/. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

The annual report for the financial year ended 31 December 2020 ("**2020 Annual Report**") and the circular dated 13 April 2021 in relation to the proposed renewal of the share buyback mandate ("**Circular**") have been published on SGXNET and on the Investors Relations page on the Company's corporate website, www.trek2000.com.sg/index.php/financial-news/.

Participation in the AGM via live webcast or live audio feed

1. As the AGM will be held by way of electronic means, shareholders will **NOT** be able to attend the AGM in person. All shareholders or their corporate representatives (in the case of shareholders which are legal entities) will be able to participate in the AGM proceedings by accessing a live webcast or live audio feed. To do so, shareholders are required to pre-register their participation in the AGM ("**Pre-registration**") at this link, <https://on.skr.ma/trek2000-agm> (the "**Registration Link**") by 9.00 a.m. on 25 April 2021 ("**Registration Deadline**"), providing their full name and identification number for verification of their status as shareholders (or the corporate representatives of such shareholders).

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

2. Upon successful registration, each such shareholder or its corporate representative will receive a verification email by 5.00 p.m. on 25 April 2021. The email will contain instructions to verify your email address. Each authenticated and verified shareholders or its corporate representative will be able to access the live webcast or live audio feed of the AGM proceedings using the account information created during the registration process on the Registration Link. Shareholders or their corporate representatives must not forward the email to other persons who are not shareholders and who are not entitled to participate in the AGM proceedings. Shareholders or their corporate representatives Shareholders who register by the Registration Deadline but do not receive an email response by 9.00 a.m. on 27 April 2021 may contact the Company by email to fy2020agm@trek2000.com.sg for assistance.

Voting by proxy

3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at the www.trek2000.com.sg/index.php/financial-news/, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
4. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the Meeting as their proxy to do so on their behalf and must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. The duly executed proxy form must be submitted: via one of the following means:
 - (a) during registration on the Registration Link, <https://on.skr.ma/trek2000-agm>, not later than 9:00 am on 25 April 2021;
 - (b) mail to the registered office of the Company at 30 Loyang Way, #07-13/14/15, Singapore 508769 not later than 9:00 am on 25 April 2021; or
 - (c) email to email address: fy2020agm@trek2000.com.sg, not later than 9:00 am on 25 April 2021.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

6. A Depositor shall not be regarded as a member of the Company unless his/her name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

Submission of Questions

7. Shareholders may submit questions relating to the items on the agenda of the AGM via one of the following means:
 - (a) during registration via the Registration Link, <https://on.skr.ma/trek2000-agm>;
 - (b) by mail to the registered office of the Company at 30 Loyang Way, #07-13/14/15, Singapore 508769; or
 - (c) email to email address: fy2020agm@trek2000.com.sg.

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

All mails and emails should include the full name and identification number of shareholders for authentication purposes. All questions must be submitted by 9:00 a.m. on 25 April 2021.

8. The Company will endeavour to address the substantial and relevant questions before the AGM. The responses to such questions from shareholders will be posted on the SGXNET and the Company's website by 28 April 2021, or addressed at the AGM.

Important reminder

9. Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM. Further, in light of the current COVID-19 measures, which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) administration and analysis of the Company (or its agents or service providers) for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty;
- (iii) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as a proxy for the AGM (including any adjournment thereof);
- (iv) the processing of the Pre-registration for purposes of granting access to members (or their corporate representatives in the case of members which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;
- (v) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- (vi) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (vii) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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TREK 2000 INTERNATIONAL LTD
(Company Registration No. 199905744N)
(Incorporated in the Republic of Singapore)

**TWENTY SECOND ANNUAL GENERAL MEETING
PROXY FORM**

Important:

1. The Annual General Meeting ("AGM") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means, submission of questions in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM dated 13 April 2021.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/ its voting rights at the AGM.
4. For investors who have used their CPF/SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. CPF/SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to the appointment of the Chairman of the Meeting as the proxy.

*I / We, _____ (Name) _____ (NRIC/Passport no.)
of (Address) _____

being *a member/members of Trek 2000 International Ltd (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us at the Annual General Meeting of the Company to be held by electronic means on Wednesday, 28 April 2021 at 9.00 a.m., and at any adjournment thereof.

We have indicated with an "X" in the appropriate box against each item below how I/we wish the Chairman of the Meeting as my/our proxy to vote, or to abstain from voting.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Resolution No.	Ordinary Resolutions	For#	Against#	Abstain#
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2020 and the Directors' Statement and the Auditors' Report thereon.			
2.	To approve the payment of the Directors' fees of S\$107,000 for the financial year ended 31 December 2020.			
3.	To re-elect Mr. Chay Yee Meng as a Director of the Company pursuant to Article 103 of the Company's Constitution			
4.	To re-elect Mr. Chay Yee Meng's continued appointment as an Independent Director by shareholders.			
5.	To re-elect Mr. Chay Yee Meng's continued appointment as an Independent Director by shareholders (excluding the Directors and Chief Executive Officer ("CEO") of the Company, and associates of such Directors and CEO)			
6.	To re-elect Mr. Khor Peng Soon as a Director of the Company pursuant to Article 103 of the Company's Constitution.			
7.	To re-elect Mr. Neo Ban Chuan as a Director of the Company pursuant to Article 108 of the Company's Constitution.			
8.	Re-appointment of Messrs Foo Kon Tan LLP as Auditors of the Company and authority for Directors to fix their remuneration.			
9.	Authority for Directors to allot and issue shares.			
10.	Authority for Directors to offer and grant options and allot shares, pursuant to the Trek 2000 International Ltd Share Option Scheme 2011.			
11.	Renewal of Share Buy-Back Mandate.			

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of ordinary shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution.

Dated this _____ day of _____, 2021

Total number of Shares in :	No. of Shares held
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/ Common Seal

IMPORTANT: Please read notes overleaf

Notes:

1. This instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**
3. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be submitted via one of the following means: (a) during registration on the Registration Link, <https://on.skr.ma/trek2000-agm>, not later than 9.00 am on 25 April 2021; (b) mail to the registered office of the Company at 30 Loyang Way, #07-13/14/15, Singapore 508769 not later than 9.00 am on 25 April 2021; or (c) email to **fy2020agm@trek2000.com.sg**, not later than 9.00 am on 25 April 2021. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The Company shall be entitled to reject the instrument appointing the Chairman as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
6. **Personal data privacy:** By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2021.



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