TREK 2000 INTERNATIONAL LTD
(Registration Number 199905744N)

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the "**Board**") of Trek 2000 International Ltd (the **"Group"** or "**Company**") wishes to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 23 June 2023 to the Company's Annual Report for Financial Year ended 31 December 2022.

Query by SGX-ST:

1. Listing Rule 710A states that an issuer must describe in its annual report its board diversity policy, including the following:

   (a) The issuer's targets to achieve diversity on its board;
   (b) The issuer's accompanying plans and timelines for achieving the targets;
   (c) The issuer's progress towards achieving the targets within the timelines; and
   (d) A description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.

   Please disclose whether and how Listing Rule 710A has been complied with.

Company's Response:

(a) The Company has a formal board diversity policy and this was adequately disclosed in the Annual Report. The practices are in compliance with Rule 710A of SGX-ST Listing Manual.

As stated on page 26 of the Annual Report, the Board adopted a Board Diversity Policy and does not discriminate gender, age, ethnicity and nationality as Board member. It does not set any specific target in terms of gender, age, ethnicity and nationality. This is in line with its commitment to maintain an environment of respect for people regardless of gender, age, ethnicity and nationality, and achieve a workplace environment free of harassment and discrimination.

Selection criteria for Board members are based on Board diversity and Board members' blend of competences, skills, knowledge, professional experience and independence, and their ability to discharge duties and responsibilities effectively to support the business and strategy of the Company. The profile of Board members were listed on page 15 of the Annual Report. The NC and Board are satisfied that the Board Diversity Policy is adequate, and the current Board members serve the needs and plans of the Company in accordance with Rule 710A of the SGX-ST Listing Manual.

The Company's Board Diversity Policy was elaborated on page 26 of the Annual Report and highlighted below:

"*The Company recognizes the benefits of having a Board with diverse backgrounds and experience. A diverse Board enhances decision-making capability and is more effective in dealing with changes, and ensuring that decisions made are considered from all points of view. For this reason, it has adopted a Board Diversity Policy to build a diverse, inclusive and collaborative Board. While it is important to promote boardroom diversity in terms of gender, age and ethnicity, the Company also places emphasis on appointing Board members with effective blend of competences, skills, knowledge, professional experience and independence as its selection criteria to enable the Board to discharge its duties and responsibilities effectively, and to support the business and strategy of the Company. Board appointments are made based on*

individual person's merit taking into consideration the current and future needs and strategic objectives of the Group, with diversity as one of its considerations.

The Company does not discriminate gender, age, ethnicity and nationality as Board member and does not set any specific target in terms of gender, age, ethnicity and nationality. This is in line with its commitment to maintain an environment of respect for people regardless of their gender, age, ethnicity and nationality, and achieve a workplace environment free of harassment and discrimination.

For female Director diversity, the Company will consider to appoint female Director as and when any vacancy for Directorship arises and when one is found suitable. For age diversity, the current age range of Directors is between 36 and 70, and the NC and Board are satisfied that Board's composition in terms of age group is adequate. As for knowledge, skills, competence and professional experiences, the current Board members have diverse business background and professional knowledge and experience, and the NC and Board are satisfied that the Board's composition is adequate. As for independence, 3 out of the 4 Directors are independent, and majority of the Board members is independent. The Company has also appointed a Lead Independent Director as the Chairman is non independent. These meets the requirements of CCG2018. Given the required level of independence in the Board, the NC and Board are satisfied that the Board has the appropriate level of independence.

As a result of the Board Diversity review, the NC and Board are satisfied that the criteria identified in the Board Diversity Policy are already satisfied, and serves the current needs and plans of the Company in accordance with Rule 710A of the SGX-ST Listing Manual which came into effect on 1 January 2022."

Query by SGX-ST:

2. Listing Rule 1207(6)(a) provides inter alia, that the annual report must contain the aggregare amount of fees paid to auditors, broken down into audit and non-audit services. If there are no audit or non-audit fees paid, to make an appropriate negative statement. Please disclose whether and how Listing Rule 1207(6)(a) has been complied with.

Company's Response:

(a) The Company had complied with Listing Rule 1207(b)(a) and provided the appropriate negative statement on page 35 of the Annual Report as follows:

"*For FY2022, S$130,000 (US$95,500) was paid and payable to the external auditors for audit services. There was non-audit services provided by the external auditors*."

(b) In addition, under Note 22 of the Annual Report on page 137, the audit fee of US$95,550 was again disclosed as Notes to the Accounts.

Query by SGX-ST:

3. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provison 8.1(a) and 8.1(b) of the Code with regards to the disclosure of remuneration of the directors and CEO, and the breakdown of the

remuneration of at least the top five key management personnel (who are not directors or the CEO). The explanations provided for in your FY2022 annual report which stated that it is in the best interests of the Company to keep the disclosure of remuneration of each individual director and KMP in salary bands to maintain confidentiality of the individual's remuneration and to prevent poaching of KMP by competitors in a highly competitive industry is insufficient to explain how it is consistent with the intent of Principle 8 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response:

(a) The Company would like to confirm that it complies with Provision 8.1(a) and 8.1(b) of the Code and the disclosures are consistent with the intent of Principle 8 of the Code as disclosed on pages 31 and 32 of the Annual Report.

To elaborate, the Company adopts a formal procedure for the fixing of the remuneration packages of Directors, Executive Directors and KMP. The Company takes into account the remuneration conditions within the same industry and, benchmarking this against comparable companies and the Group's relative performance.

The Remuneration Committee (RC) reviews the service agreements of the Executive Directors and KMP. Where necessary, the RC shall consult external professionals on remuneration matters of the Directors and KMP. The RC shall recommend remuneration matters to the Board for approval, except for certain standard components of the KMP's remuneration like annual salary review and company-wide bonus, which shall 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 Directors and KMP to provide good stewardship of the Company for the long-term.

The relevant disclosures on page 31 and 32 of the Annual Report are highlighted below:

"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 KMP 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 KMP. No remuneration consultants were engaged by the Company in FY2022.

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.

At present, the Company does not have any employee share option scheme or a performance share plan.

Generally, remuneration matters relating to the Directors and KMP are reviewed and recommended by the RC to the Board for approval, except for certain standard components of the KMP' 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 KMP 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 Independent 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 KMP 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 KMP and Senior Management are also applicable and consistently adopted for Non-Key Executives."

(b) The Company disclosed the remuneration of Directors and Key Executives in Remuneration Bands instead of aggregate total remuneration. As explained on page 32 of the Annual Report, this is necessary to maintain the confidentiality of the individual's remuneration and to prevent poaching of key executives by competitors in a highly competitive industry. The Company maintains its view that it is not in its interest to disclose the remuneration of each of its Directors or KMP to the nearest dollars, having taken into consideration the highly competitive human resource environment for such personnel with requisite knowledge, expertise and experience in the Company's business activities, and that such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. The Company has also carefully considered the need to balance the interests of all stakeholders, including the shareholders and the Company and its employees, and believes that shareholders' interest will not be prejudiced by the non-disclosure of the Directors' and KMPs' individual remuneration.

Taking into consideration the disclosures in the Annual Report 2022, as described above, the Company is of the view that there is sufficient transparency in its practices that are consistent with the intent of Principle 8 of the Code.

BY ORDER OF THE BOARD

Tan Joon Yong, Wayne
Executive Chairman and Executive Director

26 June 2023