


CONNECTING PEOPLE THROUGH SMART AND DISRUPTIVE SOLUTIONS



CONTENTS

Introduction	3
Chairman's Message	4
Intellectual Property	6
Trek's Patented Solutions	8
Pillars of Innovation	11
Financial Review	12
Board of Directors	15
Group Structure	16
Key Management	17
Corporate Information	19



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 and Encryption to sophisticated Enterprise Solutions. As a design solutions provider, Trek operates under an asset-light business models, supported by a portfolio of patents granted across the world. We have offices in Singapore, China, Hong Kong, India, Vietnam, Thailand, Malaysia and Indonesia 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.

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors of Trek 2000 International Ltd ("Trek" or "the Group"), I am pleased to present our annual report for the financial year ended 31 December 2022 ("FY2022").

Navigating a Challenging Environment in FY2022

After the COVID-19 pandemic and drastic lockdown and measures adopted by major countries in FY2021, FY2022 started with a glimmer of hope for full recovery in global economy with the discovery of vaccinations against COVID-19. Major countries eased their COVID-19 measures and re-opened their borders, with air-travels allowed by major countries. However, the emergence of the Russia-Ukraine war in Europe in the first quarter of 2022 hampered the road to recovery for major economies, resulting in oil and energy price hike, inflationary pressures and stringent fiscal policies adopted by governments that destabilised the global economy again.

The destabilisation of the global economy was further aggravated by the US-China trade tensions especially in the area of semiconductor that affected our industry. China also continued its COVID-19 lockdown during this period in view of its zero COVID-19 policy. These destabilisation events continued to cause disruptions in the global supply chain resulting in uncertain demand and price pressure in the market. During this period, the Group was selective of the projects that it offered its solutions to avoid further aggravating loss to the Group.

In addition, the Russia-Ukraine war in Europe, high USD rates and inflationary pressures destabilised the global financial markets resulting in weaker global financial markets, decreases in financial indices and losses in major financial markets during this period. This affected the performance of our financial investments even though majority of our investment loss was unrealized in nature and the Group is financially strong to hold its position as it awaits for the financial market to stabilize.

During this period, the Group adapted to the challenging business environment, consolidated our position and further strengthened our core business in digital storage solutions. We continued

to invest prudently in research and development to stay ahead of the technology curve.

Amidst the challenging business conditions, the Group remained resilient and, streamlined our operations and exercised financial prudence to better meet the challenges. In FY2022, the Group recorded a lower sales revenue of US\$17 million and a net loss of US\$13 million. The reason for the lower sales was due to the need to be selective of projects during this challenging period. In addition, the net loss was mainly due to the loss on fair value of investment (US\$8 million), majority of which was unrealized in view of the unfavourable financial markets, and the prudent write-down of inventory (US\$2 million) during this period.

We are hopeful that the unrealized loss will reverse when the business environment stabilizes. In FY2022, the Group's NTA of US\$27 million was 75% backed by its cash reserves and short-term financial assets of US\$20 million. I am pleased to inform that the Group remains financially healthy during this challenging period.

Relentlessly Pursuing Innovation and Venturing into Renewable Energy

Since the birth of Trek 20 years ago, change has been the only constant at Trek. Although the Group faces price pressure in the market, the Group continues to be resilient and remain focus on its core competence in IoT, developing innovative products and solutions as part of our visions to improve life and change the way people work. Products in our business segments are innovatively developed by us to be more miniature, powerful and ease of use to consumers with improved features that capitalised on the latest 5G wave driven by the latest accelerated digital transformation. Capitalising on our portfolio of patented solutions, the Group differentiates itself as a true trailblazer as we seek to capture the growth opportunities in the IoT market.

The current oil and energy price hike and the promotion of green energy by major countries also provide an opportunity for the Group to venture into the Renewable Energy industry. Our investments in Terrenus Energy Pte Ltd ("Terrenus Energy") and



joint collaboration with them enable us to have a better understanding of the Renewable Energy business and to utilise our IoT expertise to play an active role in this industry. The Group had feverishly developed solutions for the Renewable Energy business in the past 2 years, with Renewable Energy solutions making up 30% of our sales revenue in FY2022.

Exploring Opportunities in a Challenging FY2023

While the global economy is still reeling from full economic recovery, we foresee 2023 to continue to be a challenging period. The Russia-Ukraine war is expected to continue and the US-China trade tensions especially in the semiconductor industry is expected to affect the global financial markets and disruptions in the global supply chain.

The Group shall continue to innovate and invest in R&D for its core storage and IoT products. Building on our core capabilities, we will take steps to enhance the value proposition of our innovation in existing products in the market and continue with our vision to improve lives and change the way people works

We will also be investing in R&D for our Renewable Energy solutions and offering a range of products to bring our next-generation technology in this business segment. As part of the Group's penetration into the Renewable Energy market, the Group is also working to help clients to set up Solar Energy plants and supporting them in the plant

maintenance in the region. The Group is currently negotiating with potential partners in this area of expansion and hopes to ink a few agreements in 2023

The Group will continue to identify new opportunities in the challenging environment and improve our performance.

Appreciation

In closing, I would like to express my appreciation to Mr Khor Peng Soon, Mr Chay Yee Meng and Mr Neo Ban Chuan for their invaluable contributions to the Group over the years. Mr Khor, Mr Chay and Mr Neo retired and chose not to seek for re-election in this forthcoming AGM as part of the board renewal process. I would also like to welcome Mr Lun Chee Leong and Mr Christopher Wong, who will be seeking re-election as Directors in this forthcoming AGM, and am confident that they will work to continue to strengthen the overall level of corporate governance of the Group.

On behalf of the Board and management team, I would like to extend our deepest appreciation to all shareholders for their confidence in us during this challenging time. I would also like to extend my sincere gratitude to all our business associates, customers, vendors and staff for their unwavering support. We look forward to your continuous support as we seek to chart our growth in the years ahead.

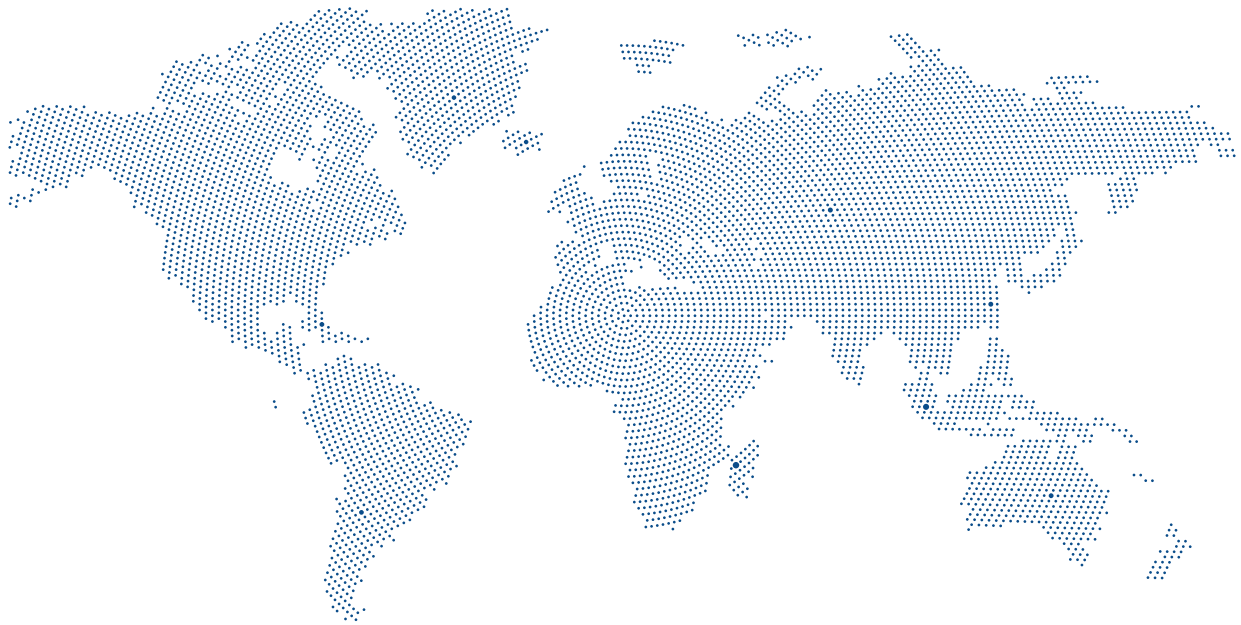
Tan Joon Yong, Wayne
Executive Chairman, Executive Director and Group President
Trek 2000 International Ltd



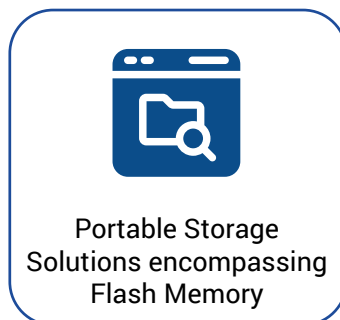
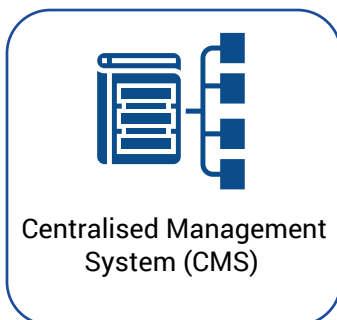
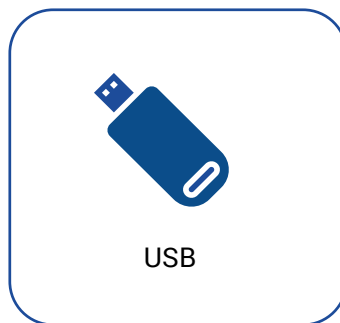
INTELLECTUAL PROPERTY

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

OUR IP REACH



OUR PATENTED CORE TECHNOLOGY SOLUTIONS



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:

- Real-time data collection and analysis
- Secure data storage and retrieval
- Remote device management
- Integration with existing systems

4G/ 5G module

TREK'S PATENTED SOLUTIONS



Trek's Re-YTHM



Se-Cam 2



Trek's iSSD



Flucard® Ultra



CHEZ Solution

1. WIRELESS SOLUTIONS

a. Trek's Re-YTHM

Re-YTHM is our latest innovative earbuds that incorporates our patented *Drop & Alert* and *Proximity Alert* features. With these new features, users will be notified via voice activation from the earbuds if one of the earbuds dropped or if the mobile device used is separated from the earbuds by a distance when used together. This patented and disruptive technology helps minimise the loss of earbuds and mobile devices when used together.

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. Se-Cam 2

Trek's Se-Cam 2 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. 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.



TREK'S PATENTED SOLUTIONS



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.

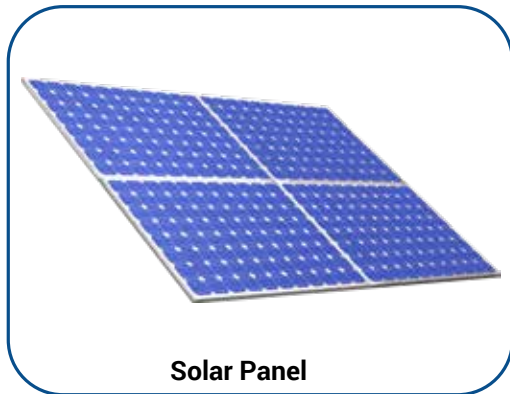
d. ThumbDrive® SWAN

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.

TREK'S PATENTED SOLUTIONS



3. RENEWABLE ENERGY SOLUTIONS

a. Solar Panel & Solar Inverter

Trek is a distributor of Solar Panel and Solar Inverter, and supply these products directly to Solar Farms in the region. Trek also builds and commissions Solar Farms and through our state-of-the-art technology, operates and manages Solar Farms to provide power supply to our clients.

b. 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.



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 2022 (“FY2022”), the Group reported a 55.5% year-on-year (“yoy”) decrease in revenue from US\$37.3 million in FY2021 to US\$16.6 million in FY2022. Gross loss in FY2022 was US\$2.4 million (FY2021: Gross profit of US\$1.9 million) and the Group reported a net loss after tax attributable to owner of the Company of US\$13.3 million in FY2022 (FY2021: net loss of US\$1.2 million).

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

Revenue

The decrease in revenue of 55.5% in FY2022 was mainly due to the Covid-19 lockdown in China in FY2022 as China is our main market and the Covid-19 lockdown disrupted our supply chain. The Group’s Interactive Consumer Solution (“ICS”) division continues to be a key revenue generator, accounting for 58.0% of the sales revenue in FY2022.

Profitability

Gross loss was US\$2.4 million in FY2022 as compared to a gross profit of US\$1.9 million in FY2021. The gross loss position in FY2022 was mainly due to the write-down of the inventory cost as a result of the disruption in our supply chain and weak economic situation in the global market. The disruption in supply chain also caused additional price pressures in the market affecting the industry and resulting in the Group reducing its profit margin to meet competition.

Other Items of Income

- Interest income decreased by 4.2% yoy in FY2022 mainly due to the lower interest income from quoted investments in FY2022.
- Other income decreased from US\$1.5 million in FY2021 to US\$151,000 in FY2022 mainly due to less provision for expenses written back and lower government grants received in FY2022.

Expenses

The Group’s total expenses amounted to US\$11.4 million in FY2022 (FY2021: US\$4.9 million) representing an increase of 133.5% yoy. The factors contributing to the increase were as follow:

- Research and development (“R&D”) expenses reported a decrease of 44.1% yoy to US\$816,000 in FY2022 (FY2021: US\$1.5 million). The decrease was mainly due to

the absence of amortization and writing off of intangible assets in FY2022 as intangible assets were fully written off in FY2021, and lower professional fees and salary expenses incurred in R&D projects in FY2022.

- Marketing and distribution expenses decreased by 1.3% yoy to US\$1.5 million in FY2022 (FY2021: US\$1.6 million). The decrease was mainly due to lower salary expenses incurred in FY2022.
- General administrative expenses decreased by 2.1% yoy to US\$1.1 million in FY2022 (FY2021: US\$1.1 million) mainly due to prudent cost management in view of the lower sales revenue in FY2022.
- Finance expenses increased from US\$28,000 in FY2021 to US\$31,000 in FY2022 due to interest expense incurred on the utilization of banking facilities in FY2022. The banking facilities were fully paid during the year in FY2022.
- Other expenses increased from US\$711,000 in FY2021 to US\$7.9 million in FY2022. This was due mainly to the loss on fair value of investments in FY2022 (US\$7.6 million) as a result of the weak global financial markets and inflationary pressure on major financial markets in FY2022. The loss of 23.8% for our investments in FY2022 was in line with the loss recorded in the major financial markets during the same period. In FY2022, MSCI China Index recorded a loss of 23.69%, Nasdaq Composite Index recorded a loss of 33.03% and MSCI Emerging Markets EMEA Index recorded a loss of 29.94%. Other indices in major financial markets also recorded similar losses during the same period. The Russia-Ukraine war in Europe, Covid-19 lockdown in China and inflationary pressures globally in FY2022 were the major factors that caused the weakened global financial markets during this period, and these had adversely affected our investments as well. For avoidance of doubt, majority of the loss incurred on the fair value of investments was unrealized.

Net profit after tax attributable to owners of the Company

The Group reported a net loss attributable to owners of the Company of US\$13.3 million in FY2022 (FY2021: net loss of US\$1.2 million).



Other Financial Highlights

- **Property, plant and equipment** – The decrease in the Group's property, plant and equipment was mainly due to the depreciation of US\$153,000 incurred in FY2022. This was partly offset by purchases of fixed assets amounting to US\$19,000 and capital gain on revaluation of the Group's properties amounting to US\$103,000 during the year.
- **Right-of-use assets** – The decrease in right-of-use assets in FY2022 was mainly due to the depreciation of US\$143,000 incurred in FY2022. This was partly offset by the additional right-of-use assets recognized amounting to US\$104,000.
- **Quoted investments** – The Group's investment in quoted investments held for trading in current assets on 31 December 2022 was US\$15.9 million, a decrease of US\$12.4 million from 31 December 2021 (US\$28.3 million). During this period, US\$7.9 million of investment was disposed and this was partly offset by purchase of investments amounting to US\$1.7 million. In addition, our unquoted investment in redeemable notes in Clouse S.A. of US\$1 million, which was invested in FY2019, was converted to quoted equity investment in GOTO in December 2022 and this was reclassified from unquoted investments to quoted investments.

There was a loss in fair value of investments amounting to US\$7.6 million in FY2022 mainly due to the weak financial market caused by the Russia-Ukraine war, Covid-19 lockdown in China and inflationary pressure that adversely affected the global financial markets as explained above under other expenses.

- **Unquoted investments** – The Group's investment in unquoted investments increased by US\$1.4 million in FY2022 mainly due to the additional investment in an unquoted fund and revaluation of unquoted investment to fair market value. Total investments in unquoted investments as at 31 December 2022 were US\$3.7 million (31 December 2021: US\$2.3 million), comprising of US\$1.9 million (31 December 2021: US\$1.8 million) in non-current assets and US\$1.8 million (31 December 2021: US\$511,000) in current assets for an unquoted fund that was held for trading.

The increase in unquoted investments in current-assets was due to the investments in an unquoted fund.

The increase in unquoted investments in non-current assets was due to the capital gain on revaluation of the Group's unquoted investment in Terrenus Energy Pte Ltd to fair market value amounting to US\$1.3 million. The capital gain in the investment value of Terrenus Energy Pte Ltd was due to the increase in the fair value of this investment as at 31 December 2022. The increase in fair value was a result of an independent valuation exercise done for 31 December 2022 by an independent professional valuation firm as part of the Group's annual valuation exercise during the year-end financial audit

- **Loan receivable** – The Group rendered a loan of US\$1.5 million to an investee company for a project in FY2021. The loan was for a period of 2 years with an interest rate of 6% p.a. The loan was fully secured by a corporate guarantee from the holding company of the borrower and repayable in FY2023.
- **Inventories** – The Group's inventories amounted to US\$2.4 million as at 31 December 2022, an increase of US\$1.1 million from US\$1.3 million in 31 December 2021. Inventory turnover days in FY2022 were 89 days (FY2021: 16 days).
- **Trade and other receivables** – The Group's trade and other receivables amounted to US\$3.5 million as at 31 December 2022 as compared to US\$4.2 million as at 31 December 2021. The decrease was due to the decrease in credit sales in December 2022. Trade receivable turnover days were 84 days in FY2022 (FY2021: 27 days).
- **Trade and other payables** – The Group's trade and other payables decreased from US\$4.8 million as at 31 December 2021 to US\$2.4 million as at 31 December 2022. This decrease was mainly due to the lower credit purchases in December 2022. Trade payable turnover days were 31 days in FY2022 (FY2021: 26 days).

Cashflow

The Group's cash and cash equivalent as at 31 December 2022 amounted to US\$2.6 million as compared to US\$6.4 million as at 31 December 2021, a decrease of US\$3.8 million. The decrease in the cash position in FY2022 was mainly due to cash outflow from operating activities of US\$8.5 million and financial activities of US\$210,000. This cash outflow was partly offset by net cash inflow from investing activities of US\$4.9 million.

The cash outflow from operating activities of

US\$8.5 million in FY2022 arose mainly from the cash outflow from operating loss amounting to US\$3.4 million, investment in working capital amounting to US\$4.7 million and payment of tax amounting to US\$426,000 in FY2022.

Segmental Analysis – by Business Segments

The Group’s Interactive Consumer Solutions (“ICS”) division continued to be the key revenue generator accounting for 57.9% 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.

Renewable Energy Solutions (“RE”) and Customised Solutions (“CS”) division contributed to the balance of 29.2% and 12.90% of the revenue respectively.

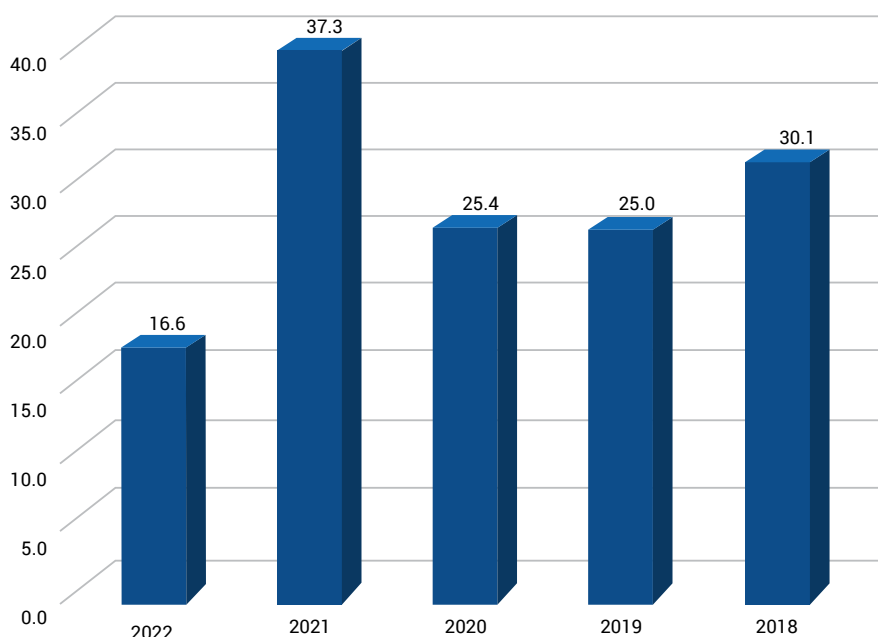
Segmental Analysis – by Geography

In FY2022, the Group focused on key markets like Singapore, China/Hong Kong and Taiwan. India, Thailand, Malaysia and Indonesia continued to be our secondary markets as we generate profit in these markets.

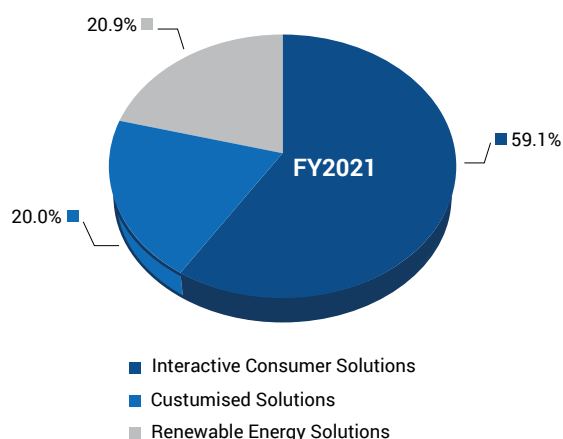
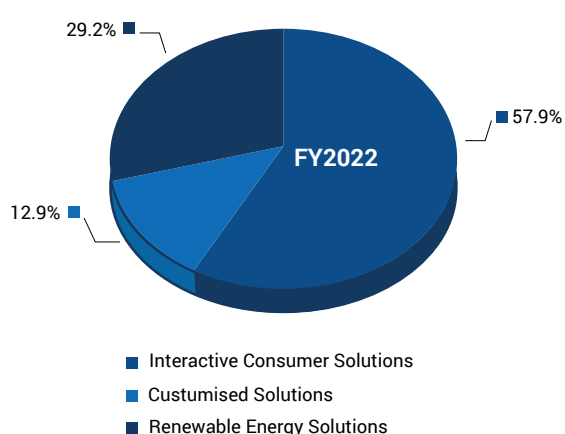
Singapore accounted for 35.1% of the total revenue, followed by China/Hong Kong (28.0%), Taiwan (18.9%), India (10.8%), Malaysia (3.0%) and Indonesia (2.2%).

Graphs

Revenue (in USD Millions)



Revenue by Segment



BOARD OF DIRECTORS PROFILES

1 MR. TAN JOON YONG, WAYNE

Executive Chairman and Group President

Mr. Tan is currently the Executive Chairman and Group President of the Company.

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.

2 MR. LUN CHEE LEONG

Independent, Non-Executive Director

Mr. Lun is currently the Lead Independent Director, Chairman of Nominating Committee and Member of Remuneration and Audit and Risk Committees.

Mr. Lun is a Corporate Lawyer by profession and has more than 26 years of legal experience. He is presently a Senior Partner and Deputy Head of the Corporate Department with Lee & Lee. In his profession, Mr. Lun advises on a broad range of matters covering corporate finance, mergers and acquisitions, corporate governance and regulatory matters. He is well acquainted in governance and compliance matters and has served as Company Secretary to many SGX Main Board and Catalist listed issuers and is a Member of the Audit Committee in a Singapore charity.

Mr. Lun writes extensively in legal publications such as Woons Corporations Law, Halsbury's Law of Singapore and Lexis Nexis Practical Guidance on Corporate Governance and Public Company Takeovers.

Mr. Lun graduated with a LLB (Hons) degree from National University of Singapore.

3 MR. KWEK SWEE HENG

Independent, Non-Executive Director

Mr. Kwek Swee Heng is currently an Independent Non-Executive Director, Chairman of the Remuneration and Audit and Risk Committees, and a Member of the Nominating Committee.

Mr. Kwek is presently the Advisor of Quark Robotics Pte Ltd. He is a Director of McPeekay Investments Pte Ltd and Toyoda Trike Pte Ltd. In his current role, he is actively involved in business development, deals origination, investment advisory and fund sourcing, and merger and acquisition. Mr Kwek has also led delegations to the "Belt and Road" Securities Market Summit Forum and is one of the key speakers in CrowdFunding Asia, Global-Singapore summit. He 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.

4 MR. CHRISTOPHER WONG SIANG YEW

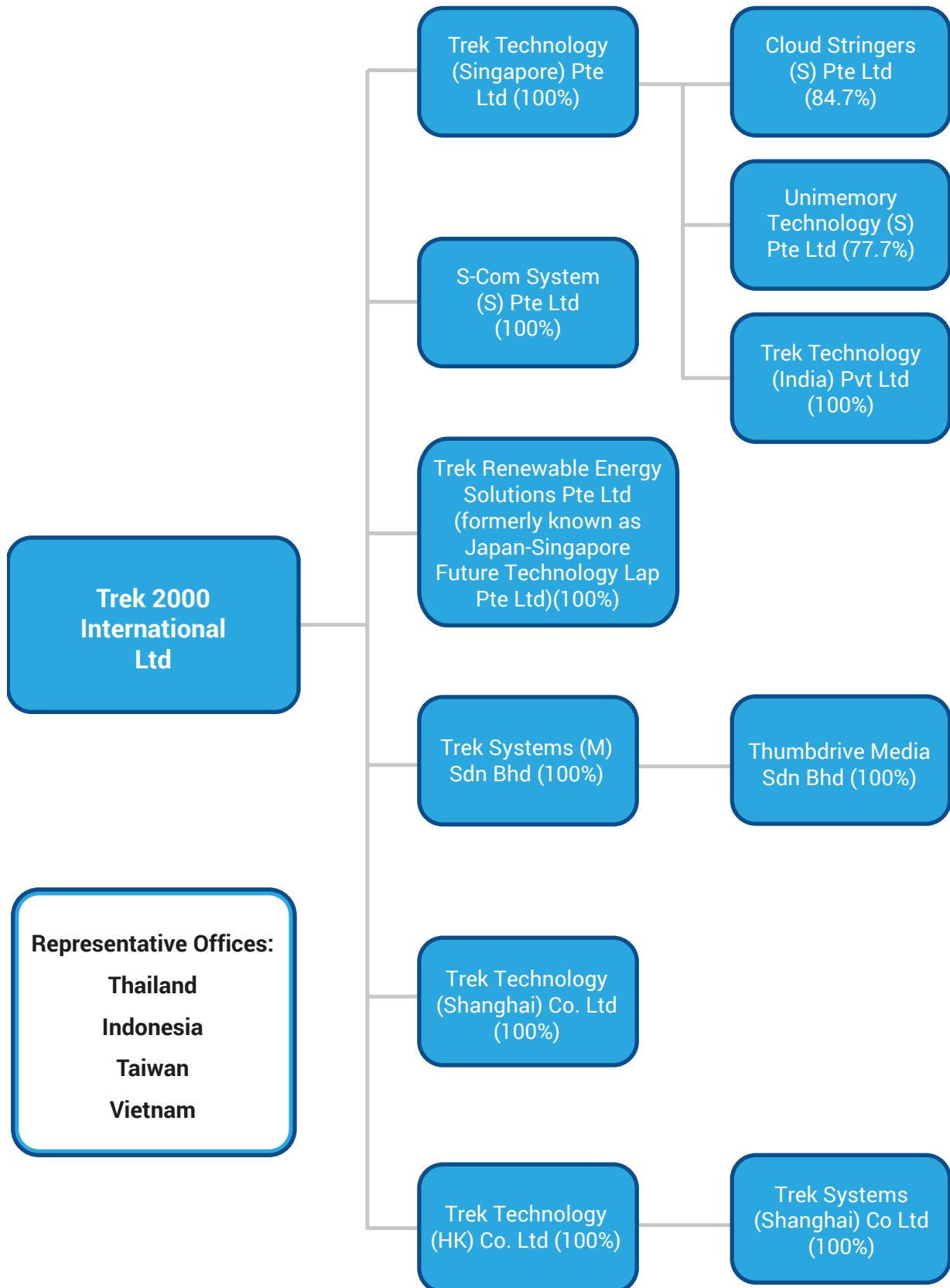
Independent, Non-Executive Director

Mr. Wong is currently an Independent Non-Executive Director and Member of the Remuneration, and Audit, and Risk Committees.

Mr. Wong is presently an Operations Director of StarTrack Engineering Pte Ltd, and has more than 25 years of experience in the engineering business. In his current role, he is responsible for the overall performance of the business including project management, finance and business development.

Mr. Wong graduated with a Bachelor of Engineering (Hon) from University of Bradford, United Kingdom, and a Master of Business Administration degree from University of Western Sydney, Australia. He is also a qualified adult learning facilitator holding an Advanced Certificate in Learning & Performance.

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 20 years in international sales and, more than 13 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. GOPU SIVA

General Manager - India

Mr. Siva is currently the General Manager of our India operations. He has more than 25 years' experience in the industry. Mr. Siva is presently responsible for the sales and marketing, planning, strategy, accounting and administrations of our India operations. He holds a Bachelor of Business Administration degree from MS University Tamilnadu, 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 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. 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 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.

6 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.

7 MS. TITIN PURWANTI

Sales Manager – Indonesia

Ms. Purwanti is currently the Sales Manager of our Indonesia operations. She has more than 20 years' experience in the industry. Ms. Purwanti is presently responsible for the sales and marketing, planning and strategy for our Indonesia operations. She holds a Bachelor of Management degree from Buddhi University, Indonesia.

8 MR. RAJESH SEETHARAMAN

Manager - Intellectual Property

Mr. Rajesh is currently the Manager in charge of the Group's Intellectual Property (IP) Division. He is presently responsible for the patent registrations and maintenance, intellectual property protection and enforcement, and IP related matters. Mr Rajesh 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 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.

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 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.

10 MR. CHEN WEI XIN

Senior R&D Manager – Singapore

Mr. Chen 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.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Tan Joon Yong, Wayne

(Executive Chairman, Executive Director and Group President)

Non-Executive

Lun Chee Leong (Lead Independent Director)
(Appointed on 2 May 2023)

Kwek Swee Heng (Independent Director)

Christopher Wong Siang Yew (Independent Director)

(Appointed on 2 May 2023)

Khor Peng Soon (Non-Independent Director)
(Retired on 28 April 2023)

Chay Yee Meng (Independent Director)
(Retired on 28 April 2023)

Neo Ban Chuan (Independent Director)
(Retired on 28 April 2023)

Audit and Risk Committee

Kwek Swee Heng (Chairman)

Lun Chee Leong

Christopher Wong Siang Yew

Nominating Committee

Lun Chee Leong (Chairman)

Kwek Swee Heng

Tan Joon Yong, Wayne

Remuneration Committee

Kwek Swee Heng (Chairman)

Lun Chee Leong

Christopher Wong Siang Yew

COMPANY SECRETARY

Kiar Lee Noi (Appointed on 17 February 2022)

REGISTERED OFFICE

30 Loyang Way #07-13/14/15

Loyang Industrial Estate

Singapore 508769

Tel: (65) 6546 6088

Fax: (65) 6546 6066

WEBSITES

www.trek2000.com.sg

www.thumbdrive.com

www.flu-card.com

www.ai-ball.com

www.cloudstringers.com

STOCK LISTING

Singapore Exchange

Ticker Symbol: TREK

ISIN CODE: SG 1159-8829-65

SHARE REGISTRARS

Boardroom Corporate & Advisory Services Pte Ltd

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

BANKERS

The Development Bank of Singapore Ltd

Oversea-Chinese Banking Corporation Ltd

United Overseas Bank Limited

Credit Suisse AG, Singapore Branch

AUDITORS

Foo Kon Tan LLP

1 Raffles Place

#04-61/62 One Raffles Place Tower 2

Singapore 048616

AUDIT PARTNER IN-CHARGE

Cheong Wenjie

Date of Appointment: Financial Year Ended 31 December 2021

CloudStringers Eco-Solutions



COMPUTERS

IMAGING

**SURVEILLANCE/
SECURITY**

MEDICAL

OTHERS



ThumbDrive[®]
Cloud

iSSD

MSSD

Flucard[®]
Ultra

Se-Cam 2

Chez
Solutions

Smart
Sensor

PAS

Smart
Meter

Re-YTHM

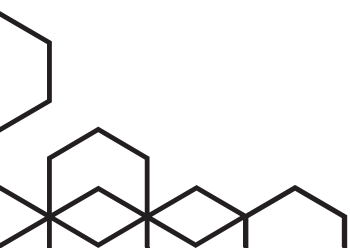
Trek Patented Innovations





CONTENTS

Report on Corporate Governance	22
Sustainability Report	55
Directors' Statement	83
Independent Auditor's Report	87
Statement of Financial Position	92
Consolidated Statement of Profit or Loss and Other Comprehensive Income	93
Consolidated Statement of Changes in Equity	94
Consolidated Statement of Cash Flows	96
Notes to the Financial Statements	98
Statistics of Shareholdings	158
Notice of Annual General Meeting	159
Proxy Form	



REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

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 2022 (“**FY2022**”), 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 two 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.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

To facilitate effective management of the Board, certain functions have been delegated to three Board Committees namely Audit and Risk Committee (“**ARC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”) (collectively, the “**Board Committees**”), 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 in writing. The types of material transactions that require the Board’s approval under such guidelines are as follows:

- 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 and Board Committees meet regularly 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 and Board Committees meetings are allowed pursuant to the Company’s Constitution. The number of Board and Board Committees meetings held in the year and the attendance of each Board member at these meetings are disclosed below:

	Board of Directors	Audit and Risk Committee	Remuneration Committee	Nominating Committee
Number of Meetings	2	2	2	2
Name of Director	No. of meetings attended			
Mr. Khor Peng Soon ¹	2	2*	1*	1
Mr. Chay Yee Meng ²	2	2*	1	1*
Mr. Kwek Swee Heng	2	2	1	1
Mr. Tan Joon Yong, Wayne ³	2	2*	1*	1
Mr. Neo Ban Chuan ⁴	2	2	1	1*
Mr. Lun Chee Leong ⁵	N.A.	N.A.	N.A.	N.A.
Mr. Christopher Wong Siang Yew ⁶	N.A.	N.A.	N.A.	N.A.

* Attendance by invitation of the relevant Board Committees

Note:

1. Mr. Khor Peng Soon retired as Non-Executive Chairman and Non-Independent Director of the Company on 28 April 2023.
2. Mr. Chay Yee Meng retired as Independent Director of the Company on 28 April 2023.
3. Mr. Tan Joon Yong, Wayne was re-designated as Executive Chairman and Group President of the Company on 2 May 2023.
4. Mr. Neo Ban Chuan retired as Independent Director of the Company on 28 April 2023.
5. Mr. Lun Chee Leong was appointed as Lead Independent Director of the Company on 2 May 2023.
6. Mr. Christopher Wong Siang Yew was appointed as Independent Director of the Company on 2 May 2023.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

As a general rule, Board and Board Committees papers are required to be sent to Directors at least seven days before Board and Board Committees meetings so that members may better understand the matters to be put before the Board and Board Committees meeting and discussion may be focused on questions that the Board and Board Committees have about the matters as set out in the Board's and Board Committees' papers. In order to ensure that the Board and Board Committees are able to fulfill its responsibilities, management provides the Board and Board Committees 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 and Board Committees on matters of the Company from time to time when necessary.

Each member of the Board or Board Committees shall abstain from participating in any deliberations of the Board's or Board Committees' matters, in which the member has conflict of interest.

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 and Board Committees 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 and Board Committees meetings. The Company Secretary assists the Chairman in ensuring that Board and Board Committees procedures are followed and regularly reviewed to ensure the effective functioning of the Board and Board Committees, and that the Company's Constitution and the relevant rules and regulations, including the requirements of the Singapore Companies Act 1967 ("**Companies Act**") and the Listing Manual of the SGX-ST, are complied with. The Company Secretary also assists the Chairman and the Board and Board Committees 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, Guidance and Diversity (Principle 2)

The Board comprises four Directors, three of whom namely, Mr. Lun Chee Leong, Mr. Kwek Swee Heng and Mr. Christopher Wong Siang Yew are Independent Non-Executive Directors.

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

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

The Board, through the NC, reviews the independence of each Independent Director, board structure and board 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.

As three out of four Directors are Independent Directors, the Board recognizes that this is in accordance with Provision 2.2 and Provision 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 an Independent Director. Independent Directors are required to declare their independence by duly completing and submitting the "Confirmation of Independence" form. Each of the Independent Directors has confirmed that he does not have 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 Provision 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 on taking into account the views of the NC shall determine whether there are relationships or circumstances which are likely to 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.

Rule 210(5)(d) of the SGX-ST Listing Manual, which takes effect from 1 January 2022 requires a director who has been a director for an aggregate period of more than nine years and whose continued appointment as an independent director to seek approval in separate resolutions every three years 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. The Board confirms that none of the Directors has been appointed as a Director for an aggregate period of more than nine (9) years.

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 FY2022. 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

Financial year ended 31 December 2022

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 Committees meetings.

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.

Chairman and Chief Executive Officer (Principle 3)

The Chairman of the Board and the CEO should in principle be separate persons to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and the Management responsible for managing the Group's business operations.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

The position of the Chairman and Group President (equivalent to Chief Executive Officer (“CEO”)) are currently held by Mr. Tan Joon Yong, Wayne. Mr. Tan Joo Yong, Wayne was re-designated from Deputy Chairman, Executive Director and Group President to Executive Chairman and Group President of the Company on 2 May 2023. Although this is a deviation from the recommendation of the CCG2018, the Board believes that vesting the roles of both Chairman and CEO on the same person who is knowledgeable in the business of the Group provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies notwithstanding that the Company has not appointed any CEO.

Despite the roles and responsibilities that the Executive Chairman and CEO are vested in Mr. Tan Joon Yong, Wayne, all major decisions made by the Executive Chairman and CEO were in consultation with the Board which comprises of a majority of Independent Non-Executive Directors. The Board is of the view that there are adequate measures in place against any uneven concentration of power and authority in one individual.

As the Executive Chairman and CEO, Mr. Tan Joon Yong, Wayne is responsible for leading the Board and ensuring that the Board is effective in all aspects of its role. He encourages constructive relations among the Board and between the Board and Management. Mr. Tan Joon Yong, Wayne takes a lead role in promoting high standards of corporate governance. This includes setting the agenda at Board meetings, promoting a culture of openness and debate at the Board and effective communication with shareholders, encouraging the Independent Non-Executive Directors to contribute effectively, and exercising control over the complete, adequate and timely information flow between the Board and Management. He also has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Group and is responsible in assisting the Board to develop corporate policies and strategies.

Mr. Lun Chee Leong is the Lead Independent Director and is available to shareholders, where they have concerns and for which contact through the normal channels to the Chairman cum CEO or the Director of Finance have failed to resolve or is inappropriate. The Lead Independent Director is also responsible for leading the meetings of Independent Directors and providing feedback to the Chairman after such meetings.

Board Membership (Principle 4)

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

Mr. Lun Chee Leong - Chairman (appointed on 2 May 2023)
Mr. Kwek Swee Heng - 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

Financial year ended 31 December 2022

- 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 and Board Committees' performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board and Board Committees as a whole and the contribution of each member;
- e) Formal assessment of the effectiveness of the Board as a whole and each individual Director;
- 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; and
- g) Review the Board Diversity of the Board.

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, professional experience, independent and diversity 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 Board;
- 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 Provision 2.1 of the CCG2018 on an annual basis. The NC has affirmed that Mr. Lun Chee Leong, Mr. Kwek Swee Heng and Mr. Christopher Wong Siang Yew 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.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

In accordance with Regulation 103 of the Company's Constitution, at least one-third of the directors shall retire from office at least once every 3 years at the annual general meeting ("**AGM**"). In addition, Regulation 108 of the Company's Constitution provides that newly appointed director shall hold office until next AGM and shall then be eligible for re-election but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.

In this respect, the Board has accepted the NC's nomination of the retiring Directors who had given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors at the forthcoming AGM of the Company are:

- a) Mr. Kwek Swee Heng will retire pursuant to Regulation 103 of the Company's Constitution; and
- b) Mr. Lun Chee Leong will retire pursuant to Regulation 108 of the Company's Constitution; and
- c) Mr. Christopher Wong Siang Yew will retire pursuant to Regulation 108 of the Company's Constitution.

Mr. Kwek Swee Heng will, upon re-election as Director, remain as the Chairman of the RC and ARC and a member of the NC and will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

Mr. Lun Chee Leong will, upon re-election as Director, remain as the Lead Independent Director, Chairman of the NC and a member of the ARC and RC, and will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

Mr. Christopher Wong Siang Yew will, upon re-elections as Director, remain as a member of the ARC, RC and NC will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

The NC has recommended and the Board has agreed the aforesaid Directors who are due for retirement pursuant to Regulations 103 and 108 of the Company's Constitution, 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 42 to 54.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

Board Performance (Principle 5)

The NC and Board Committees undertake an annual evaluation of the overall effectiveness of the Board and Board Committees. Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board and Board Committees as a whole and the effectiveness of the individual directors and committee members. The performance criteria for the Board's and Board Committees' evaluation includes the size and composition of the Board and Board Committees, members' access to information, Board's and Board Committees' proceedings, the discharge of the Board's and Board Committees' functions and the communications and guidance given by the Board and Board Committees 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 and Board Committees 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 and Board Committees, which will then make recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively.

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 6)

The RC comprises the following members:

Mr. Kwek Swee Heng - Chairman
Mr. Lun Chee Leong - Member (appointed on 2 May 2023)
Mr. Christopher Wong Siang Yew – Member (appointed on 2 May 2023)

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 its written Terms of Reference, which include the following:

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

- a) Advising the Board on the framework of remuneration policies for Executive, Non-Executive Directors and key management personnel (“KMP”) including specific remuneration packages;
- b) Reviewing and approving the granting of share options to the Executive Directors; and
- c) Reviewing and approving the award of aggregate variable cash bonuses and share options to the KMP of 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 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.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

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.

Disclosure on Remuneration (Principle 8)

The Remuneration Framework covers all aspects of remuneration for the Executive Directors, Non-Executive Directors, Independent Directors and KMP 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 KMP in salary bands. This is to maintain confidentiality of the individual's remuneration and to prevent poaching of KMP by competitors in a highly competitive industry.

A breakdown, showing the level and mix of each individual director's remuneration for FY2022 are as follows:

Directors' Remuneration Band	Fees %	Salary %	Bonus %	Share Options %	Total %
Between S\$250,001 and S\$500,000					
Mr. Tan Joon Yong, Wayne	-	100	-	-	100
S\$250,000 and Below					
Mr. Khor Peng Soon	100	-	-	-	100
Mr. Chay Yee Meng	100	-	-	-	100
Mr. Kwek Swee Heng	100	-	-	-	100
Mr. Neo Ban Chuan	100	-	-	-	100
Mr. Lun Chee Leong	-	-	-	-	-
Mr. Christopher Wong Siang Yew	-	-	-	-	-

Key Management Personnel

The remuneration of the top five (5) KMP of the Group (who are not Directors of the Company) for FY2022 is shown in the following bands:

Remuneration Band	Name of Executives
S\$250,000 and Below	Mr. Johnny Yeo – Director of Finance
	Mr. Kuan Mun Kwong – President of Strategic Business
	Mr. Bernard Tan – Sales Executive, Singapore
	Mr. Eric Chang – Sales Manager, Taiwan
	Mr. Chen Wei Xing – Senior R&D Manager, Singapore

In aggregate, the total remuneration paid to the top five (5) KMP in FY2022 was US\$400,573.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

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

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

Immediate Family Member of Director

There are no employees who are immediate family members of a director during FY2022, except for Mr. Tan Boon Tat, Mr. Tan Boon Siong and Mr. Tan Boon Liew, all uncles of Mr. Tan Joon Yong Wayne, whose remunerations are in the band range of S\$50,000 to S\$150,000. Mr. Tan Henry @ Henn Tan, father of Mr. Tan Joon Yong, Wayne, was paid a consultancy fee of US\$131,914. Mr. Tan Henry @ Henn Tan is also the Controlling Shareholder and his remuneration is mentioned under Interest Party Transaction on page 11.

ACCOUNTABILITY AND AUDIT

Audit and Risk Committee (Principle 9 and 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. Kwek Swee Heng – Chairman
Mr. Lun Chee Leong – Member (appointed on 2 May 2023)
Mr. Christopher Wong Siang Yew – Member (appointed on 2 May 2023)

Mr. Kwek Swee Heng is a finance and investment professional, and have many years' experience in finance and accounting matters. The other members of the ARC have many years of experience in business management and finance. The NC is of the view that 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 two (2) meetings during FY2022. 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 33.

The ARC, which also takes on the role of risk management and internal control, has written Terms of Reference and performs the following functions:

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

- (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 the 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.

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;

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

- (iii) reviewed audit plans and discussed the results of the respective findings and their evaluation of the Company's system of internal accounting 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 FY2022, S\$130,000 (US\$95,550) was paid and payable to the external auditors for audit services. There were non-audit services provided by the external auditors. The ARC is satisfied with the independence and objectivity of Messrs Foo Kon Tan LLP as external auditors and has recommended to the Board the re-appointment of Messrs 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 Rules and other regulations which have a direct impact on the Group's business and financial statements, the ARC will seek advice from external auditors at the ARC meetings held.

Messrs Foo Kon Tan LLP in Singapore audits Singapore-incorporated subsidiaries that are not exempt from audit under the Companies Act. Subsidiaries incorporated in countries outside Singapore that require an audit in their local jurisdictions are audited by other auditing firms. Our overseas associates which engage other auditing firms do not constitute a significant number. The names of the auditing firms of our subsidiaries are disclosed at page 126 of this Annual Report. The Company has complied with Rules 712 and 716 of the SGX-ST 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 put in place whistle-blowing policy and procedures where staff of the Group or external parties may, in confidence, raise concerns on any suspicion of wrongdoings, which covers improprieties in matters of financial reporting, fraudulent acts and other matters against the Company or its officers.

The ARC is responsible for the oversight and monitoring of whistleblowing, and has been vested with the power and authority to receive, appoint relevant parties for investigation, and enforce appropriate follow up actions when investigations into the whistleblowing reports show that the reports are made in good faith and valid. As part of the Company's Whistle Blowing policy and procedures, the Company is committed to ensuring that the identity of the whistleblower is kept confidential and protecting the whistleblower against detrimental or unfair treatment at all times. Practices adopted include ARC directing the investigation of the complaint, handling the complaint confidentially at senior level of the Company, suspension of duties for individual listed in the complaint and providing paid leaves to staff making the complaint.

The ARC did not receive any reports of whistleblowing incidents during FY2022 and up to the date of this Report.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

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 have unrestricted direct access to ARC and unfettered access to all the Company's documents, properties and personnel.

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 FY2022, 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 twenty-five (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 independent, effective and adequately resourced, and that there is appropriate coordination between the internal and external auditors, and Management.

Based on the internal controls established and maintained by the Group, works performed by internal and external auditors, 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.

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) KMP who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control.

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.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, financial position and prospects on a half-yearly basis via half year and full year announcements of results and other ad hoc announcements as required by the Singapore Exchange. The Company's Annual Report is sent to all shareholders electronically 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)

Alternative Arrangements for AGM for FY2022

Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the AGM will be held by electronic means and shareholders will not be allowed to attend the AGM in person. However, the alternative arrangement has been provided to allow the shareholders to participate and vote at the AGM via electronic means as follows:

- (i) Attending, asking questions and communicating via a Live Webcast. Shareholders who wish to participate as such will have to pre-register for the AGM.
- (ii) Submission of questions in advance of or "live" at the AGM.
- (iii) "live" voting or appointing proxy(ies) or the Chairman of the AGM as proxy to attend and vote on their behalf of the AGM by electronic means.

In addition, the Company is not required to distribute physical copies of the Annual Report for FY2022, the Notice of the forthcoming AGM and related meeting documents. Such documents are available for download from the SGXNET and the Company's corporate website.

Further details about the Alternative Meeting Arrangements for the forthcoming AGM are set out and explained in the Notice of the forthcoming AGM and related announcements, copies of which can be downloaded from the SGXNET and the Company's corporate website.

The Company's previous AGM held on 26 April 2022 was also held via electronics means with similar Alternative Meeting Arrangements amid the COVID-19 pandemic.

In light of the Alternative Meeting Arrangements, the Company's practices on shareholders rights and conduct of general meetings have been tailored to be in compliance with acceptable practices during this period. However, the Company will implement the following measures as described below as its usual practices on Shareholder rights and conduct of general meetings when the time is appropriate again.

Shareholders' Participation in General Meetings and Engagement with Shareholders

The Board is mindful of the obligations to provide regular, effective and fair communication to Shareholders. Information is communicated to 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.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

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.

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 announcement at the SGXNET. 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 ARC, NC and RC are available at the meeting to answer those questions relating to the work of these Board Committees. The external auditors are also present to address 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 at the SGXNET 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 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 dividend for FY2022 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 general meetings.

Financial and other information to be communicated to members of the public are made available on the SGXNET and this is regularly updated.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

DEALINGS IN SECURITIES

The Company, its Directors and certain officers and staff are required to refrain from trading in the shares of the Company one month before the announcement of the half year and 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 FY2022 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 FY2022 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\$ 131,914	N.A.

Note:

1. Mr. Tan Henry @ Henn Tan is the Controlling Shareholder and was appointed as Consultant by the Board on 25 May 2018.

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.

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

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

- (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 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 net tangible asset ("NTA"), an extraordinary general meeting ("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 half-yearly basis, Directors and Controlling Shareholder of the Company are required to declare their interests, shareholdings and directorships to the Company. All IPTs 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 half-yearly basis, and this is circulated to the Directors, Controlling Shareholder and Company Secretary on half-yearly basis. In addition, to safeguard the Company, Directors and Controlling Shareholder, the Company does a confirmation check 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 FY2022. 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.

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.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

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 Company's team continues to be driven and well-guided to pursue further challenges ahead. In addition, the Group is committed to providing 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)	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.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Kwek Swee Heng, Mr. Lun Chee Leong and Mr. Christopher Wong Siang Yew are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 June 2023 ("**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:

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. KWEK SWEE HENG	
Date of Appointment	24 May 2018
Date of last re-appointment	26 April 2022
Age	62
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, having considered the Nominating Committee's recommendations and Mr. Kwek Swee Heng's qualifications and wealth of experience, which will be of great value to the Group, is of the view that he has the requisite experience and capabilities to be re-appointed as an Independent and Non-Executive Director of the Company, and to assume the responsibilities as the Chairman of the Audit and Risk Committee (ARC) , Chairman of the Remuneration Committee (RC) and a member of the Nominating Committee (NC) of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, ARC Chairman, ARC Member etc.)	Independent Director, Chairman of the Audit and Risk Committee (ARC), Chairman of the Remuneration Committee (RC) and Member of the Nominating Committee (NC)
Professional qualifications	Bachelor of Science in Business & Management (2 nd Class Honors First Division)

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. KWEK SWEE HENG	
Working experience and occupation(s) during the past 10 years	<p>2017 – Current Cap1 Financial (Singapore) Senior Advisor</p> <p>Apr 2021 – current iDistillery Pte Ltd Director</p> <p>March 2023 - current Toyoda Trike Inc. Advisor/Consultant</p>
Shareholding interest in the listed issuer and its subsidiaries	Deemed Interest: 745,800 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	N.A.
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)	<ol style="list-style-type: none"> 1. Union Bancaire Privee 2. Cap1 Financial (Singapore) – Senior Advisor
Present	<ol style="list-style-type: none"> 1. McPeekay Investments Pte Ltd – Director 2. Toyoda Trike Pte Ltd - Director

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. KWEK SWEE HENG	
<p>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.</p>	
<p>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?</p>	No
<p>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?</p>	No
<p>c) Whether there is any unsatisfied judgment against him?</p>	No
<p>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?</p>	No
<p>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?</p>	<p>Yes</p> <p>PP v Kwek Swee Heng DAC No. 28926/2003 (97 (1) Securities Industry Act)</p> <p>3 Feb 2004 pleaded guilty and fined S\$90,000</p>

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. KWEK SWEE HENG	
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:– a. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or i. 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

Financial year ended 31 December 2022

MR. KWEK SWEE HENG	
<p>ii. 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>iii. 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
MR. LUN CHEE LEONG	
Date of Appointment	2 May 2023
Date of last re-appointment	2 May 2023
Age	53
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, having considered the Nominating Committee's recommendations and Mr Lun Chee Leong's qualifications and wealth of experience, which will be of great value to the Group, is of the view that he has the requisite experience and capabilities to be re-appointed as an Independent and Non-Executive Director of the Company, and to assume the responsibilities as the Lead Independent Director, Chairman of the Nominating Committee (NC) and a member of the Audit and Risk Committee (ARC) and Remuneration Committee (RC) of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. LUN CHEE LEONG	
Job Title (e.g. Lead ID, ARC Chairman, ARC Member etc.)	Lead Independent Director, Chairman of the Nominating Committee (NC) and Member of the Audit and Risk Committee (ARC) and Remuneration Committee (RC)
Professional qualifications	LLB (Hons), National University of Singapore - 1996
Working experience and occupation(s) during the past 10 years	Senior Partner and Deputy Head of Corporate Development – Lee & Lee
Shareholding interest in the listed issuer and its subsidiaries	Nil
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	N.A.
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)	Nil
Present	Sabana Investment Partners 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

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. LUN CHEE LEONG	
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
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

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. LUN CHEE LEONG	
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
<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

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. LUN CHEE LEONG	
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?	No
MR. CHRISTOPHER WONG SIANG YEW	
Date of Appointment	2 May 2023
Date of last re-appointment	2 May 2023
Age	54
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, having considered the Nominating Committee's recommendations and Mr Christopher Wong Siang Yew's qualifications and wealth of experience, which will be of great value to the Group, is of the view that he has the requisite experience and capabilities to be re-appointed as an Independent and Non-Executive Director of the Company, and to assume the responsibilities as a member of the Audit and Risk Committee (ARC) and Remuneration Committee (RC) of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive Independent Director
Job Title (e.g. Lead ID, ARC Chairman, ARC Member etc.)	Independent Director, Member of the Audit and Risk Committee (ARC) and Remuneration Committee (RC)
Professional qualifications	Bachelor of Engineering (Hon) – University of Bradford, United Kingdom – 1995 Master of Business Administration – University of Western Sydney, Australia - 2001

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. CHRISTOPHER WONG SIANG YEW	
Working experience and occupation(s) during the past 10 years	<p>2014 to Present StarTracks Engineering Pte Ltd Director, Operations Engineer</p> <p>2013 to 2014 Interfab Engineering Pte Ltd Director, Business Development</p>
Shareholding interest in the listed issuer and its subsidiaries	Nil
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	N.A.
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)	Nil
Present	StarTracks Engineering Pte. Ltd.

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. CHRISTOPHER WONG SIANG YEW	
<p>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.</p>	
<p>k) 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?</p>	No
<p>l) 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?</p>	No
<p>m) Whether there is any unsatisfied judgment against him?</p>	No
<p>n) 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?</p>	No
<p>o) 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?</p>	No

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. CHRISTOPHER WONG SIANG YEW	
<p>p) 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?</p>	<p>No</p>
<p>q) 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?</p>	<p>No</p>
<p>r) 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?</p>	<p>No</p>
<p>s) 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?</p>	<p>No</p>
<p>t) 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"> b. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or iv. 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 	<p>No</p>

REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2022

MR. CHRISTOPHER WONG SIANG YEW	
<p>v. 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>vi. 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>I. 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 2022

CONTENTS

1. Introduction	
1.1 About the Sustainability Report	P.56
2. Our Sustainability Approach	
2.1 About Trek	P.56
2.2 Board Statement	P.57
2.3 Stakeholder Engagement	P.58
2.4 Materiality Assessment	P.59
2.5 Strategies and Targets	P.60
2.6 Risks and Opportunities	P.67
3. Sustainable Management	
3.1 Corporate Governance	P.69
3.2 Governance Structure	P.70
4. Sustainable Operations	
4.1 Workplace Safety	P.71
4.2 Caring for Employees	P.72
4.3 Supply Chain Management	P.74
5. Sustainable Products	
5.1 Product Innovation	P.74
5.2 Data Protection	P.75
5.3 Intellectual Property Protection	P.75
6. Sustainable World	
6.1 Climate Change Mitigation and Adaptation	P.76
6.2 Contributing to Greener World	P.77
6.3 Supporting Local Communities	P.80
SGX CONTENT INDEX	
GRI CONTENT INDEX	

SUSTAINABILITY REPORT 2022

1. INTRODUCTION

1.1 ABOUT THE SUSTAINABILITY REPORT

This sustainability report (“Sustainability Report”) looks at the sustainability strategies and practices adopted by Trek 2000 International Ltd and its subsidiary (“Trek”, the “Group” or “We”) for financial year ended 31 December 2022 (“FY2022”). The Sustainability Report summarises the work done for key sustainability topics that are relevant to our business, and provides other relevant sustainability information.

Reporting Scope

The Sustainability Report covers our Group’s policies and practices on the relevant ESG factors that are significant to our operating sites in Singapore, China, Hong Kong, Taiwan, India, Vietnam, Thailand, Malaysia and Indonesia, of which all of our facilities, operations, and revenue are principally located in and derived from such regions.

Reporting Framework

The Sustainability Report was prepared in accordance with Practice Note 7.6 Sustainability Reporting Guide issued by the Singapore Exchange Securities Trading Limited (“SGX-ST”) and with reference to the Global Reporting Initiative (“GRI”) Standards, a standard issued by the GRI Global Sustainability Standards Board. The GRI Standards sets out generic sustainability factors including general principles and indicators to report on sustainability policies, practices, performance and targets that is in line with the global best practices on economic, environmental and social sustainability reporting topics.

Feedback

We welcome any feedback on the Sustainability Report. Please feel free to email us at fy2022agm@trek2000.com.sg if there are any queries.

2. OUR SUSTAINABILITY APPROACH

2.1 ABOUT TREK

Trek 2000 International Ltd is incorporated in 1999 in Singapore. Listed at the Singapore Exchange (SGX:5AB) in 2000, Trek offers state-of-the-art design solutions ranging from portable storage devices, digital audio and video products to sophisticated ASIC design, catering to the fast-changing digital industry. Trek has offices in Singapore, China, Japan, India, Vietnam, Thailand, Hong Kong, Malaysia and Indonesia to serve our rapidly expanding regional markets.

Adhering to our tagline “Innovation: Inside Out”, the Group operates with the 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 technology curve and our intellectual property rights are developed through rigorous research and development.

We create innovative products and solutions for the market. We recognise the need to evolve and, make our products and solutions an integral part of development in the IoT market. We have identified growth opportunities in consumer wearables, medical, cloud technologies and renewable energy incorporating artificial intelligence (“AI”) as part of our products and solutions.

SUSTAINABILITY REPORT 2022

Sustainability Approach

In this Sustainability Report, we adopt a phased implementation approach by focusing on the most critical factors in the environmental, social and governance (“ESG”) factors relevant to our business. In order to achieve sustainable growth, we would provide the following:

- (i) provide customers with quality and innovative products and solutions at competitive prices;
- (ii) engage suppliers and subcontractors on fair practices;
- (iii) create good value for shareholders;
- (iv) offer opportunities and career development for our employees;
- (v) contribute to the community and society at large; and
- (vi) work towards a better and greener environment.

We are confident of making a positive difference to society at large with our innovative products and solutions.

2.2 BOARD STATEMENT

Dear Stakeholders,

On behalf of Trek, I am pleased to present our Sustainability Report for FY2022. The Sustainability Report summarises our ongoing commitment to sustainable development, and outlines our environmental, social and governance (“ESG”) initiatives, plans and performances. The Board believes that this Sustainability Report serves as a good platform to communicate to our stakeholders on the Group’s sustainability performance.

The Board believes that sustainability is an important aspect of our operations. The Board is responsible to oversee the integration of sustainability into our business operations and works closely with the management and Sustainability Working Group (“SWG”) to establish the Group’s sustainability objectives, strategy and performance. This includes identifying key sustainability factors that are relevant to the Group’s business. The sustainability factors are being managed and monitored through the joint actions of the Board, management and SWG.

The Group adopts the appropriate sustainable practices relevant in our industry. We strive to contribute to the environment and the well-being of our employees, business and local communities by integrating sustainability approach in our operation.

The Board would like to take this opportunity to thank our employees, customers and business partners for their continuous support, and look forward to their continued support to improve our sustainability practices.

Wayne Tan

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

SUSTAINABILITY REPORT 2022

2.3 STAKEHOLDER ENGAGEMENT

We engage closely with our stakeholders on our ESG initiatives through different communication channels. In formulating our operational strategies and ESG measures, we take into account our stakeholders' expectations. The Group is committed to improving its ESG performance through collaboration with its stakeholders, building mutually beneficial relationships and creating greater value for our society at large. The following table identifies our key stakeholders and their issues of concern, and the communication channels we utilised to address their concerns:

Key Stakeholder	Issues of concern	Communication channels
1. Suppliers	<ul style="list-style-type: none"> Fair and open tendering process Competitive pricing Payment timeliness 	<ul style="list-style-type: none"> Regular meetings with key suppliers Performance evaluations Procurement processes
2. Customers	<ul style="list-style-type: none"> Product and service quality Competitive pricing Product safety Customer data protection 	<ul style="list-style-type: none"> Customer feedback management Social media (e.g., Facebook, online purchase platform or YouTube) Client feedback
2. Shareholders and investors	<ul style="list-style-type: none"> Business ethics and reputation Corporate governance, transparency and internal control system Business strategies and performance Investment returns 	<ul style="list-style-type: none"> Annual General Meeting (AGM) Extraordinary General Meeting (EGM) SGX Announcements
4. Employees	<ul style="list-style-type: none"> Occupational health and safety Career development Working environment 	<ul style="list-style-type: none"> Employee appraisals Regular meetings and briefings
5. Communities	<ul style="list-style-type: none"> Employment and community development Social welfare 	<ul style="list-style-type: none"> Face-to-face meetings Informal dialogues
6. Government or regulatory bodies	<ul style="list-style-type: none"> Compliance with laws and regulations Contribution to society 	<ul style="list-style-type: none"> Compliance advisor Regular meetings
7. Education Institutions	<ul style="list-style-type: none"> Training of local workforce Upgrading of industry skills Opportunities for students 	<ul style="list-style-type: none"> Internships Trainings Workshops

SUSTAINABILITY REPORT 2022

2.4 MATERIALITY ASSESSMENT

A materiality assessment survey was carried out with our stakeholders as part of this Sustainability Report.

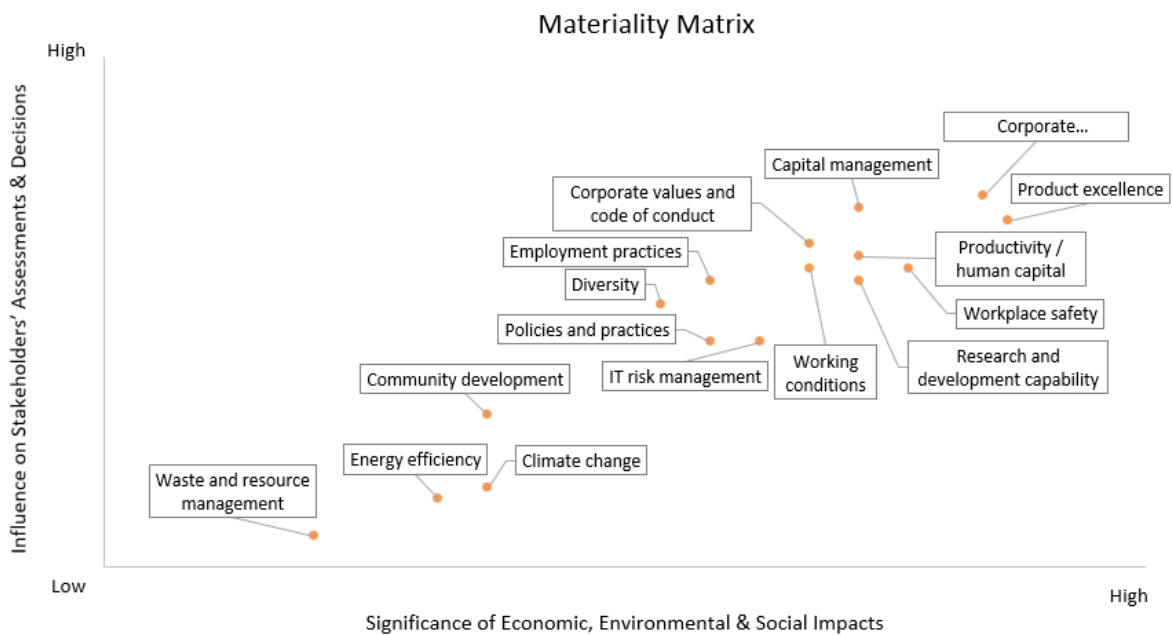
The following steps were taken to identify and prioritise key ESG topics:

Identifying a list of key ESG topics relevant in our industry and adopting the appropriate best practices and sustainability reporting frameworks.

Prioritising the list of key ESG topics based on the results of the surveys.

Seeking Board's/Management's concurrence on the ESG topics.

The key material ESG topics relevant to our business are mapped out below based on priorities obtained from the results of the survey:



The Group's performance on the above material topics is discussed in this Sustainability Report. The Group shall use the results from this survey to plan our sustainability strategies in these forthcoming financial years.

SUSTAINABILITY REPORT 2022

2.5 STRATEGIES AND TARGETS

Strategies

Sustainable business growth relies on the adoption of the appropriate sustainability strategies. Our sustainability strategies are listed below.

ESG Factors	Strategies
Sustainable Management	
1. Corporate Governance	<ul style="list-style-type: none"> Maintain diversity in Board composition and governance. Constant shareholders' communication through AGM and EGM to manage stakeholders' concerns. Implement good internal control systems and work with internal and external auditors to strengthen the internal control systems of the Group.
2. Corporate Values and Code of Conduct	<ul style="list-style-type: none"> Enhance the Group's code of conduct.
3. Policies and Practices	<ul style="list-style-type: none"> Maintain robust standard operating policies and procedures for key processes. Respect for Intellectual Properties ("IPs") (e.g. patents and trademarks).
4. IT Risk Management	<ul style="list-style-type: none"> Continue to be cautious in the safeguard of confidential information.
Sustainable Operations	
1. Working conditions	<ul style="list-style-type: none"> Provide conducive working environment for employees.
2. Workplace safety	<ul style="list-style-type: none"> Provide safety workplace for employees.
3. Employment practices	<ul style="list-style-type: none"> Provide training to technical staff to ensure that skills and knowledge of employees are relevant to our business. Retain good employees and implement career planning for staff. Strengthen and restructure the management through internal promotions.
4. Diversity	<ul style="list-style-type: none"> Maintaining human resource management system that is fair to all employees, regardless of gender, age, ethnicity and nationality.
Sustainable Products	
1. Product excellence	<ul style="list-style-type: none"> Increase customer retention/loyalty. Improve product innovations.
2. Capital management	<ul style="list-style-type: none"> Invest in good financial assets that generate good investment returns.
3. Productivity	<ul style="list-style-type: none"> Set-up and monitor employees' Key Performance Indicators (KPIs).
4. Research & Development capability	<ul style="list-style-type: none"> Allocate resources on research and development ("R&D") activities.
Sustainable World	
1. Waste and resource management	<ul style="list-style-type: none"> Reduce, recycle and reuse waste materials. Lower pollution.
2. Energy efficiencies	<ul style="list-style-type: none"> Reduce energy consumptions (e.g. electricity, fuels).
3. Community development	<ul style="list-style-type: none"> Strong community engagement through donations to charities and non-profits organisations. Contribute to society as a good corporate citizen.

SUSTAINABILITY REPORT 2022

Targets

We have implemented initiatives to achieve the ESG-related targets which are identified to the relevant laws and regulations.

The table below summarises the Group's progress in and attainment of the sustainability targets set for FY2022.

ESG Factors	FY2022 Targets	Status	FY2023 Targets
Sustainable Management			
1. Corporate Governance	<ul style="list-style-type: none"> Continuous compliance to the requirements of SGX and making improvements to corporate governance of the Group. 	Met Target	<ul style="list-style-type: none"> Continuous compliance to the requirements of SGX and legislative regulations, and strengthen the corporate governance of the Group.
	<ul style="list-style-type: none"> Timely announcements at SGXNET on matters affecting the Group. Close communications with shareholders and addressing their concerns. 	Met Targets	<ul style="list-style-type: none"> Timely SGX announcements at SGXNET on matters affecting the Group. Communications with shareholders in AGM and EGM.
	<ul style="list-style-type: none"> Working closely with auditors and Audit Committee on the internal control matters. Communicating with the Board and its committees on regular basis. Implementing systems that help improve and strengthen the internal control of the Group. 	Met Targets	<ul style="list-style-type: none"> Working closely with auditors and Audit Committee on disclosure and internal control matters. Communicating with the Board and its committees on regular basis. Implementing systems that strengthen the internal control of the Group.
	<ul style="list-style-type: none"> Fair pricing given to all customers and objective selection process in sourcing suppliers/subcontractors. Adopt ethical practices in our business. 	Met Targets	
2. Corporate Values and 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 of Group's policies and practices by independent professional firms. 	Met Targets	<ul style="list-style-type: none"> Put in place relevant policies and procedures of the Group. Put in place rules and regulations to ensure staff is guided and acts in the best interest of the Group. Operate within legal framework and adopt good corporate governance and transparency to safeguard the interest of stakeholders.

SUSTAINABILITY REPORT 2022

ESG Factors	FY2022 Targets	Status	FY2023 Targets
Sustainable Management			
3.Policies and Practices	<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. 	Met Targets	<ul style="list-style-type: none"> • Review standard operating procedures of key processes on regular basis to ensure relevance and effectiveness. • Improve 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"> • 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. 	Met Targets	<ul style="list-style-type: none"> • Continue filing patents for R&D developments as determined by the management. • Proactive approach to safeguard our IPs and take appropriate enforcement action on external parties for patent infringements.
4.IT Risk Management	<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. 	Met Targets	<ul style="list-style-type: none"> • Periodic review of IT security against threats to our following IT systems: <ul style="list-style-type: none"> ○ Network ○ Servers ○ Desktop/laptop PCs • Installing Anti-Virus software to safeguard data and, preventing virus and hackers from infiltrating our IT systems. • Rules and regulations relating to intellectual properties and compliances by staff. • Installing CCTV in our offices for security measures.

SUSTAINABILITY REPORT 2022

ESG Factors	FY2022 Targets	Status	FY2023 Targets
Sustainable Operations			
1.Working conditions	<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 e.g. 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. 	Met Targets	<ul style="list-style-type: none"> • Ensure employees are provided with sufficient and comfortable physical space to have a good working environment. • 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"> • Compliance to Ministry of Manpower (“MOM”) annual workplace safety and health check, and COVID-19 Safe Management Measures. • To continue to maintain zero workplace accident. • To provide sufficient insurance coverage and staff welfare for employees’ benefits. 	Met Targets	<ul style="list-style-type: none"> • Compliance to Ministry of Manpower (“MOM”) annual workplace safety and health check, and COVID-19 Safe Management Measures. • Maintain zero workplace accident. • Provide sufficient insurance coverage and staff welfare for staff’s benefits.
3.Employment practices	<ul style="list-style-type: none"> • Encourage staff to upgrade their skills. 	Met Target	<ul style="list-style-type: none"> • Encourage staff to upgrade their skills.
	<ul style="list-style-type: none"> • Prepare a training road map to identify the relevant training needs of individual employees. 	Target Not Met (Due to changes in the Group’s planning of resources allocation, the Group has not prepared a training roadmap and has revised the respective target accordingly)	<ul style="list-style-type: none"> • Provide staff with option for self-development

SUSTAINABILITY REPORT 2022

ESG Factors	FY2022 Targets	Status	FY2023 Targets
Sustainable Operations			
	<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. 	Met Targets	<ul style="list-style-type: none"> • Performance based assessments on employees on an annual basis. • Guiding staff and monitoring their performance on daily basis. • Budgeting system to monitor target and achievements. • Increasing staff's productivity.
4.Diversity	<ul style="list-style-type: none"> • Provide equal opportunities to local and overseas staff for career enhancement. 	Met Target	<ul style="list-style-type: none"> • Provide equal opportunities to staff for career development.
	<ul style="list-style-type: none"> • Benchmarking of salary to identify the market rate for each position. 	Target Not Met (Due to the difficulty in obtaining fair, objective and accurate market information on salary for each position, the Group was not able to benchmark its salary package against market rate, and has revised the respective target accordingly)	<ul style="list-style-type: none"> • Remunerate employees based on their contributions and, maintain an environment of respect for people regardless of their age, gender, ethnicity or nationality, and achieving a workplace environment free of harassment and discrimination.
ESG Factors	FY2022 Targets	Status	FY2023 Targets
Sustainable Products			
Product excellence	<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. 	Met Targets	<ul style="list-style-type: none"> • Product updates to customer on regular basis.

SUSTAINABILITY REPORT 2022

ESG Factors	FY2022 Targets	Status	FY2023 Targets
Sustainable Products			
	<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. 	Met Targets	<ul style="list-style-type: none"> • Innovate new products and solutions. • Venture into consumer wearables, medical, cloud technologies, A.I. products and other products and solutions. • Stay ahead of the technology curve.
2.Capital management	<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. 	Met Targets	<ul style="list-style-type: none"> • Maintaining good relationship with investment community for investment opportunities in good business and ventures. • Investing in good financial assets to generate good returns on surplus funds.
3.Productivity	<ul style="list-style-type: none"> • Guiding and monitoring staff on work performances. • Rewarding employees when key business objectives are achieved. 	Met Targets	<ul style="list-style-type: none"> • Guide and monitor staff on their work performances on daily basis.
4.Research & Development capability	<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. 	Met Targets	<ul style="list-style-type: none"> • Improve our existing products, solutions and technologies. • Innovate and create new products and solutions that improve the way people work.

SUSTAINABILITY REPORT 2022

ESG Factors	FY2022 Targets	Status	FY2023 Targets
Sustainable World			
1.Waste and resource management	<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. • Segregate the disposal of R&D consumables. • Promoting environmental awareness through regular training. 	Met Targets	<ul style="list-style-type: none"> • Reduce paper usage and move towards digital platforms to store and share data and information. • Use more paperless transactions. • Minimise paper waste by encouraging staff to print on recycled papers or on both sides of papers. • Maintain or reduce wastes intensity.
2.Greenhouse gas ("GHG") emissions	• N/A	N/A	<ul style="list-style-type: none"> • Maintain or reduce GHG emissions intensity.
3.Energy efficiencies	<ul style="list-style-type: none"> • Changing to eco-saver office equipment. • Switching off lights and electricity when not in use. 	Met Targets	<ul style="list-style-type: none"> • Utilise eco-saver office equipment. • Switch off lights, air-conditioners and other electrical equipment when not in use. • Maintain or reduce energy consumption intensity.
4.Community development	<ul style="list-style-type: none"> • Donate to charities to help society. • Take part in charity drive to promote social interest. • Adopt good corporate governance to safeguard interest of stakeholders. 	Met Targets	<ul style="list-style-type: none"> • Donate to charities to help society. • Take part in charity drive to promote social interest. • Adopt good corporate governance to safeguard interest of stakeholders.
	<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"). 	Target Not Met (Due to changes in the Group's planning of resources allocation, the Group has not established a customer selection evaluation process to include AML/CTF, and has revised the respective target accordingly)	<ul style="list-style-type: none"> • Conducts due diligence checking on approved or potential customers on a regular basis.

SUSTAINABILITY REPORT 2022

ESG Factors	FY2022 Targets	Status	FY2023 Targets
Sustainable World			
	<ul style="list-style-type: none"> Continue to provide donations to causes related to research on medical advancements and medical establishments. Provide free use of our products to young and talented people for their research projects. 	Targets Not Met (Due to the changes in the Group's focus areas of contribution and community developments, the Group has revised the respective targets accordingly)	<ul style="list-style-type: none"> These targets are to be incorporated as part of "Donations to charities to help society" and will not be specified separately.

2.6 RISKS AND OPPORTUNITIES

We are focused on providing optimum value to our stakeholders. This involves identifying risks and enhancing opportunities in our value chain.

Sustainable Management	
Risks	<ul style="list-style-type: none"> Financial losses as a result of business disruptions, loss of key customers and suppliers, and external environment factors beyond our control. Business loss as a result of unauthorised use of our patents and technology by third parties.
Opportunities	<ul style="list-style-type: none"> Transparency of business goals and objectives to stakeholders. Trusted and long-term partnerships with stakeholders. Foster and maintain employees' 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 and solutions to increase our market. Increase number of inventions and patents to disrupt market and improve the way people work.

Approach: We adopt open communication channels with our stakeholders to improve sustainability management.

Sustainable Operations	
Risks	<ul style="list-style-type: none"> Loss of key employees. Disruptions in success planning of key positions in the event of high employee turnover.
Opportunities	<ul style="list-style-type: none"> Retain and develop good employees. Promote employees' loyalty and commitment to 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 career development. We also create a conducive and safe workplace where we respect employees and, continue to have a zero-accident and COVID-19 Safe Management Measures in the workplace.

SUSTAINABILITY REPORT 2022

Sustainable Products	
Risks	<ul style="list-style-type: none"> • Product and technology obsolescence. • High product liability resulting from defective products. • Counterfeiting and intellectual property theft of our products and solutions. • Disruptions in business transactions due to the loss of key personnel.
Opportunities	<ul style="list-style-type: none"> • Ongoing innovation in technologies to deliver affordable products and solutions. • Value customer satisfaction and consumer's confidence in our products and solutions. • Better deployment of surplus funds. • Enhance the value of our company to shareholders. • New products and solutions to launch the company to the next stage of growth.

Approach: We aim to continuously develop new products and solutions. We innovate and come up with new or substitute products that disrupt technology and ease/improve the way people work.

Sustainable World	
Risks	<ul style="list-style-type: none"> • Non-compliance to regulatory requirements resulting in fines or penalties/ business disruptions.
Opportunities	<ul style="list-style-type: none"> • Develop eco-friendly products. • Use of more energy saving equipment. • Supporting charities by giving donations. • 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 on environmental awareness and initiatives. We will continue to support and make a positive difference to society with our contributions.

SUSTAINABILITY REPORT 2022

3. SUSTAINABLE MANAGEMENT

The Group takes an active approach to manage our business sustainability and to seek opportunities to invest and diversify to new businesses.

3.1 CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance and transparency, and to meet the requirements of SGX-ST's Listing Manual, Companies Act and other legislations. Adopting good corporate governance and transparency helps to ensure that the Group operates ethically and protects the interests of stakeholders.

In line with this commitment, the Group adopts good internal control and corporate governance. Policies and procedures, and internal control measures are reviewed and strengthened on regular basis. The Group continues to file and renew patents for its products and solutions, and boosts our library of patents granted worldwide.

Our seven categories of patented core technology solutions registered 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

Compliance with Laws and Regulations

We recognise the importance of maintaining high standards of integrity, corporate governance and transparency including meeting the requirements of the relevant environmental laws and regulations. We implement measures to ensure that our employees comply with Group's policies and procedures. We also put in place stringent monitoring and enforcement mechanisms to manage our economic, social and environmental performance. Furthermore, with the aim to increase our stakeholders' confidence in the accuracy and reliability of the sustainability information disclosed in the Sustainability Report, we have included sustainability reporting as part of our internal audit cycle and have engaged an external independent CPA firm to perform an internal audit review.

Anti-corruption

As a corporation that upholds business ethics and integrity, we have zero-tolerance towards bribery and corruption. The Group establishes good corporate governance, transparency and relevant policies and procedures to ensure that the Group conducts business legally and ethically.

The Group has written Staff's Rules and Regulations, which guides staff on their work conduct such as gifts, favours, benefits and mitigation of risks for conflict-of-interest situations. The Group has also established Policies and Procedures for Interested Party Transactions and Related Party Transactions to mitigate the risk that such practices have on the Group.

The Group has put in place Policies and Procedures for Whistle Blowing, whereby employees and stakeholders may in confidence, raise concerns of improprieties to members of the Audit and Risk Committee. The objective of this policy is to deter wrongdoing in the Group and promote the conduct of business with integrity and good governance. In addition, these policies and procedures are designed to offer protection to those who report such matters and to ensure that investigations into the complaints are appropriately carried out.

SUSTAINABILITY REPORT 2022

The Group's corporate governance practices are elaborated in the "Corporate Governance Report" section of the Group's Annual Report 2022.

Board Diversity

The Group 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 Group 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 support the business and strategy of the Group. 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 Group does not discriminate gender, age, ethnicity and nationality as Board member or employees and does not set any specific target in terms of gender, age, ethnicity and nationality for Board membership. 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.

More details of the Group's board diversity policy can be found in the "Corporate Governance" section of the Group's Annual Report 2022.

3.2 GOVERNANCE STRUCTURE

The Board has oversight of the Group's sustainability strategy. The Board's responsibilities include providing guidance on the material ESG factors that affect the Group's sustainability.

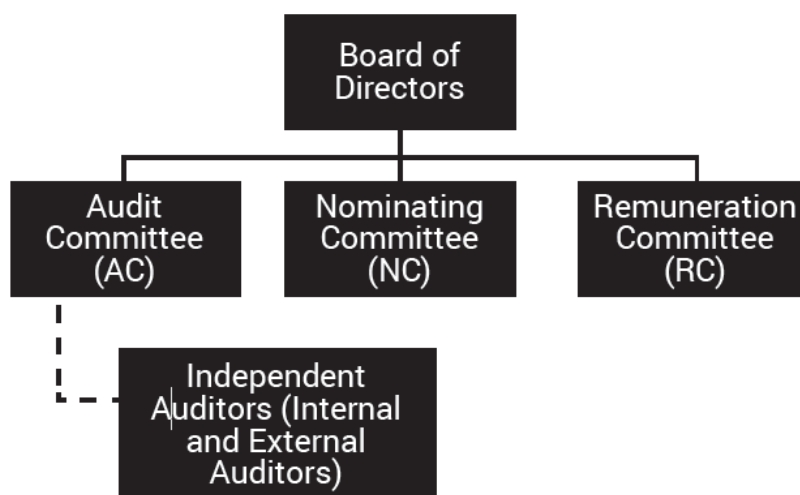
The Board meets with the management on regular basis and understands the affairs of the Group, and guides the management towards the Group's sustainability strategy. The management works with the Board and its committees to achieve this objective. With the aim to become familiarise with basic knowledge on sustainability matters and to meet the SGX guidelines, all members of the Board have attended sustainability training conducted by institutions in Singapore.

The Board comprises of 1 Executive Director and 3 Non-Executive Directors from diverse business and professional background. The diversity of the Board membership helps to maintain an effective Board. The Group will continue to renew membership of the Board, if necessary, to improve the strategic direction of the Group.

As three out of four Directors are Independent Directors, this is in accordance with Provision 2.2 and 2.3 of the CCG2018 that stipulates that Independent Directors should make up a majority of the Board where the Chairman of the Board is not an Independent Director.

SUSTAINABILITY REPORT 2022

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



The Group has also set up SWG to assist the Group to fulfil the responsibilities relating to promotion, development and implementation of policies, targets and strategies relating to sustainability. The responsibilities of the SWG include, but are not limited to, identifying, evaluating, prioritising and managing the material ESG topics, reviewing the disclosures of the sustainability report, setting targets, and reporting on the progress and effectiveness of the development and implementation of strategies to achieve the sustainability-related goals.

4. SUSTAINABLE OPERATIONS

Retaining key personnel is important to the Group's competitive advantage. The Group emphasizes internal promotions and develops long-term career growth of good and loyal staff.

4.1 WORKPLACE SAFETY

The Group is committed to offering a safe and secure environment for its employees, customers, service providers and other stakeholders when they are at the Company's premises. Health and safety are the top priority of our staff and we strive to achieve zero-accident in the workplace. The Group has established the Health and Safety Policies and Procedures to stipulate health and safety guidelines for its employees. Measures taken to enhance employees' health and safety awareness include fire safety, hygiene, proper elimination of occupational hazards and prevention of injuries.

We practise and promote safe working environment in our workplace. During FY2022, there were neither recorded cases of work-related injuries nor fatalities.

To promote safety, we comply to the requirements of the Ministry of Manpower ("MOM") and other regulatory authorities. This includes MOM's risk assessment and management, and safe management measures for COVID-19 Pandemic. In addition, the Group provides sufficient employees' insurance policies in compliance with local government authorities.

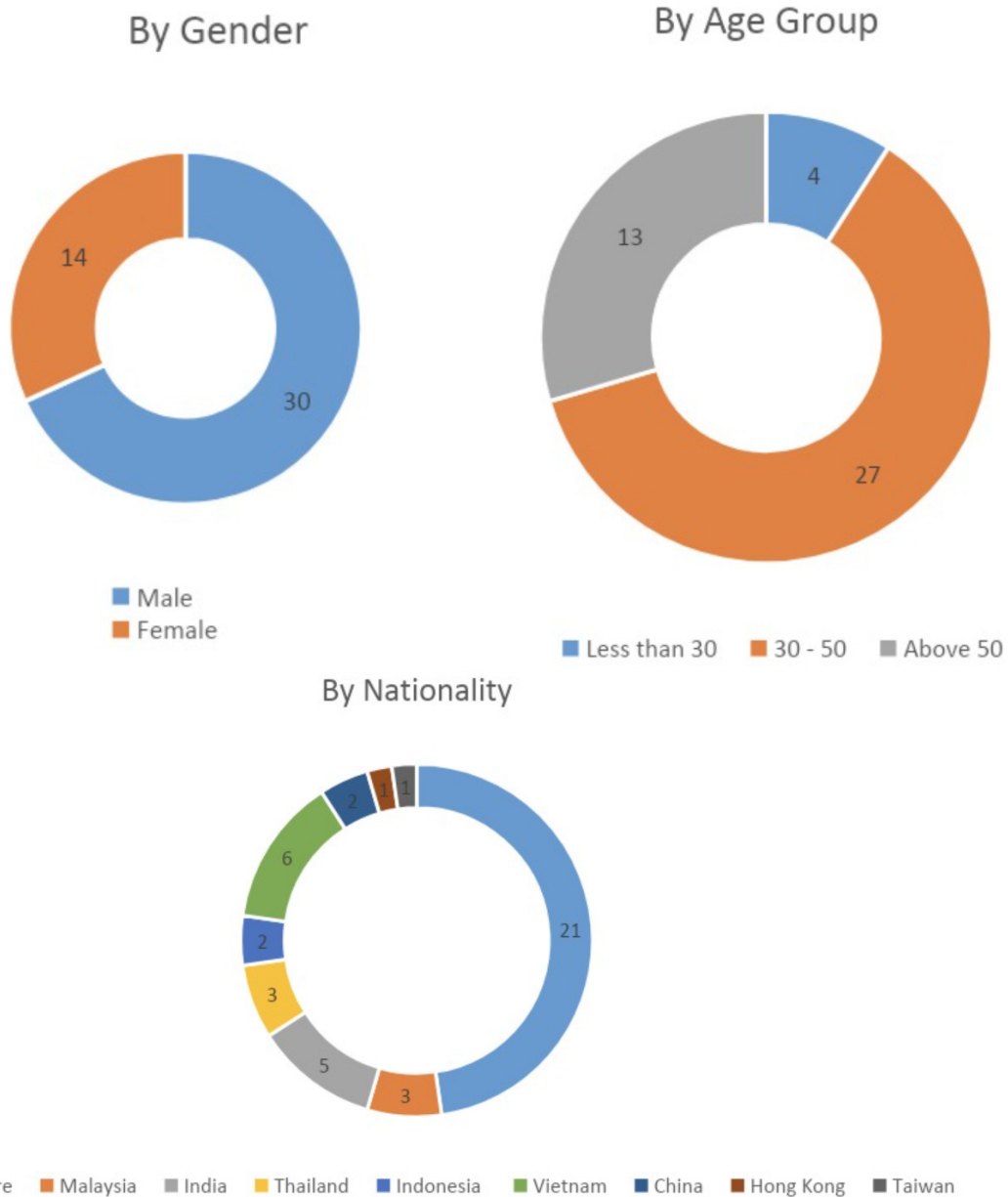
SUSTAINABILITY REPORT 2022

4.2 CARING FOR EMPLOYEES

The Group adopts a people-oriented management approach that motivates staff to achieve their full potential on the job. The Group reviews its employment policies and practices regularly to ensure its employment policies and practices are up-to-date, and to comply with updated employment laws and regulations.

The Board has also established a remuneration committee to review and recommend to the Board the general framework of remuneration policies of Executive and Non-executive Directors, and key management personnel. The terms of reference of the remuneration committee are further elaborated in the Group's Annual Report 2022.

As at 31 December 2022, there were 44 employees at the Group in respect to the reporting scope, of which all of them are full-time employees. The following graphs show the gender and workplace diversity of employees of the Group.



SUSTAINABILITY REPORT 2022

During FY2022, out of the 8 new employees hired by the Group, 4 were male and 4 were female; 4 employees were under the age of 30, 3 employees were between the age of 30-50 and 1 employee was above the age of 50. In addition, out of the 8 new employees hired by the Group, 2 of these new employees left the Group within the same year of which 1 was male and 1 was female; 1 employee was under the age of 30, and 1 employee was between the age of 30-50.

Recruitment and Remuneration

The Group adopts a transparent process for recruitment of employees based on relevant skills, knowledge and experience of candidates.

The Group believes good talent retention is necessary to have a positive work environment and foster employees' commitment and loyalty. Our employees enjoy benefits that are in line with the requirements of the Employment Act.

Diversity, Equal Opportunity and Non-Discrimination

The Group promotes diversity and inclusion by providing equal employment opportunities for all applicants regardless of different gender, age, ethnicity and nationality, and promote fair employment in the countries that we have offices. This practice ensures a diverse field of skills and experience in our operations. In addition, the diversity promotes diverse ideas and solutions to better meet the needs of our business and promote innovations in our product development.

To fully explore talents in the region, the Group sets up R&D centres in various countries in the region to house talented R&D staff in these countries. R&D projects are assigned to these R&D centres based on the skills, knowledge, specialties and competency of the R&D staff in these centres.

To ensure a diverse working environment that is free from any form of discrimination, employees have the avenue to report to members of the Audit and Risk Committee without fear of reprisals under the Group's Policies and Procedures for Whistle Blowing if they feel discriminated. This policy enables the Group to better protect our employees from unfair discrimination in the Group. During FY2022, the Group was not aware of any material incidents of discrimination.

Career Development

The Group is committed to providing opportunity for career development to our employees. The Group believes in inculcating a motivated, skilful and progressive work culture.

For R&D personnel, internal and external trainings are provided to keep them updated on new project and technology. In addition, we emphasise critical and innovative approach in our R&D effort, and remain focused on the innovations of our R&D effort.

The Group also sets Key Performance Index ("KPI") for employees. Performance assessment of employees is conducted regularly. Employees' performance is discussed and made known to employees in person during this assessment. Employees are guided on their work on daily basis and, feedbacks and improvements required are highlighted to them regularly.

SUSTAINABILITY REPORT 2022

4.3 SUPPLY CHAIN MANAGEMENT

We value our relationship with our suppliers and regard them as our key business partners. The Group has put in place Purchasing Policies and Procedures to provide guidelines to staff on the procurement and acquisition processes of the Group. Our Purchasing Department is responsible to evaluate suppliers based on a number of key factors, including the suppliers' key competence, environmentally-friendly practices, technical capability, financial position and, past product quality and service performances.

Suppliers are assessed annually based on 5 level of ratings using criteria such as the Group's annual spending, business volume, importance to our supply chain and operational risk. For suppliers with ratings of level 3 and above, they will be monitored closely to ensure that the suppliers remain qualified.

In line with our commitment of business integrity, hawse have also established an open and fair procurement processes. Purchasing officers are required to act in the Group's best interest and adhere to the ethical standards to ensure the integrity, fairness and transparency of the purchasing process.

5. SUSTAINABLE PRODUCTS

Customer satisfaction is an important priority of the Group. The Group is focused on enhancing customer value and providing good user experience of our products and solutions. In addition, we provide technical support and, look into customer feedbacks and complaints. This is part of our initiatives to improve our products and solutions, and increase the trust and loyalty of our customers.

5.1 PRODUCT INNOVATION

The foundations of our product excellence lie in our product innovations. The Group makes product innovation and excellence as its top priority with product and solutions that improve daily lives of consumers. The Group creates innovative products and solutions, and stays ahead of the current technology curve. Many of our products set the standards in the industry.

Our sustainability-driven innovation includes:

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

In an era of advanced technology, people are more connected globally and share information online. Online feedback and information help businesses capture customer's data. One area of products and solutions that the Group is focusing on is those relating to privacy protection and data security.

As a pioneer in the area of digital data storage and security, we have developed our digital security products and solutions for mobile and PC storage, and ensure our products meet the needs of our consumers. Example of this is our Encrypted Thumb drives – Thumb drive Crypto.

SUSTAINABILITY REPORT 2022

Convenience and ease of use of our products also increase the acceptance of our products and solutions globally. Examples of this are our Smart Diapers, Smart Socks, Ai-Ball and iSSD. The Group also incorporates Artificial Intelligence (A.I.) technology in our products. In recent years, the Group ventures into the Renewable Energy industry, a growing industry, and is currently developing smart meter to help companies and their customers in this industry to better manage its resources and optimise their energy usage respectively.

In summary, being a global industry innovator, the focus of the Group lies with its Research and Development capabilities to relentlessly innovate and stay ahead of the technology curve. Our latest innovation initiatives include the application of A.I. and, other innovative products and solutions in the IoT and Renewable Energy industries.

5.2 DATA PROTECTION

The Group has implemented Policies and Procedures for Management of Confidential Information and Dealings in Securities to provide guidelines to its employees on the protection of our confidential information. Access to confidential information is restricted to the appropriate level of management. Confidentiality of data and personal information of our stakeholders are also securely maintained at all times. In addition, we adopt stringent measures such as setting appropriate password protection on documents and electronic equipment, and the use of group email address to secure and protect data.

The Group has also established Policies and Procedures for Information Risk Management, covering areas that are deemed necessary for the Group's information security management. These areas include the following:

- (a) Implementing defence solutions in our IT systems.
- (b) Implementing backup procedures of our data files regularly.
- (c) Performing regular review of our IT system.

This policy identifies the details of IT defence solutions and implementation, and provides guidelines to employees to protect our network, servers, and desktop and laptop PCs.

For information, in FY2022, we did not receive any complaints of customer privacy and losses of data.

5.3 INTELLECTUAL PROPERTY PROTECTION

Intellectual property ("IP") is one of our most valuable assets. Trek relies on its IP (trademarks, patents, copyrights, trade secrets, domain names and design rights) for its success and competitive advantage. We protect our IPs from infringements by third parties. We have established Policies and Procedures for Intellectual Property ("IP Policy") covering guidelines on the ownership of our IPs, duties of employees, disclosure of work/inventions, non-disclosure of confidential information and appropriate enforcement steps to handle IP related disputes. This policy helps us to identify steps to administer and protect our intangible assets, and to take appropriate actions in the event of infringements by third parties.

6. SUSTAINABLE WORLD

The Group believes that other than business efficiency, sustainable business development and corporate social responsibility are also important in our operations. The Group is committed to fulfilling its corporate social responsibility and integrating social and environmental concerns in our business.

SUSTAINABILITY REPORT 2022

6.1 CLIMATE CHANGE MITIGATION AND ADAPTATION

The Group recognizes the importance of developing strategy and risk management framework that help enhance its climate resilience. We acknowledge the importance of adopting the recommendations of Task Force on Climate-Related Financial Disclosure (“TCFD”) and the disclosure of climate-related financial information. The Group adopts TCFD’s recommendations, and will continue to strengthen its disclosure relating to TCFD.

Governance

We have established a good governance structure. The Board oversees the Group’s sustainability strategy and approves the Sustainability Reporting disclosures and initiatives to enhance climate resilience. The management of the Group implements and integrates sustainability as part of the Group’s operations and strategies. With the aim to facilitate the Board’s oversight of sustainability-related issues, we have formed the SWG and delegated one management staff as the chairman of SWG. The SWG’s responsibilities include, but are not limited to, identify, evaluate, prioritize and manage sustainability-related issues, set and monitor sustainability-related goals and targets, and develop and implement sustainability-related strategies, frameworks, policies and procedures. In addition, the SWG shall hold meeting once a year, and the chairman of SWG shall make a report to the management or the Board, detailing matters and issues considered and discussed.

Strategy

We acknowledge that climate change brings risks as well as opportunities to our Group. To strengthen our understanding of the climate-related issues, the Group has taken climate risks into consideration and strives to keep abreast of the latest trends in climate adaptation and mitigation through stakeholder engagement. The Group actively takes measures to mitigate the potential risks and enhance opportunities that TCFD’s recommendations bring to the Group. We are committed to maximising our shareholders’ wealth without compensating on the environment and our sustainability. With the aim of achieving our commitment and upholding our tagline, “Innovation: Inside out”, we have established relevant strategies to ensure our relentless innovation and to change peoples’ lives for the better. More details of the Group’s strategies can be found in the “Strategies and Targets” section of this Sustainability Report.

Risk Management

The Group recognises the potential impact of climate change, and therefore the Group has actively included climate-related risks into its risk management processes to monitor climate-related risks and develops response plans accordingly. With reference to recommendation of TCFD and industrial benchmarking, the Group has identified a list of potential climate risk factors and compiled a Climate Risk Register in order to assess the materiality of risk factors. The Group’s identified material factors are summarised below.

Physical Risks

Our physical risks result primarily from the increasing frequency and severity of extreme weather conditions such as extreme heat and heavy rainfall. These events may increase operating costs and, repair and replacement expenses globally. Extreme weather conditions may also cause injuries and casualties, and the Group may need to bear the increasing corresponding legal and financial responsibilities affecting the industry and the global market as a whole. As a countermeasure, the Group will make arrangements for staff to work from home if the extreme weather events are expected to cause an impact on the workforce, so that business operation may resume in a timely manner. The Group will identify the potential physical risks and prioritize those that may have a significant impact to take precautionary measures in the first place.

Transition Risks

The development of international policies and regulations on climate change may pose potential risks to the Group. The Singapore government has accelerated the transition to a low-carbon economy and imposing strict emission reduction requirements. Therefore, the Group may be exposed to transition risks and may have to incur higher operating costs to comply with these regulatory changes. Failure to meet the requirements may expose the Group to potential risks of claims and litigations, and tarnish the Group’s image. As a remedy, the Group will closely monitor the changes in the business environment and policy, and capitalize on the opportunities arose from the increase in demand for environmentally friendly products,

SUSTAINABILITY REPORT 2022

by reviewing the business process on a regular basis to identify any potential room for improvements on the Group's sustainability performance. With the aim to pursuing a sustainable business model, the Group will also adjust and formulate appropriate business strategies as well as diversifying the Group's business operations where appropriate.

Further to the abovementioned measures, with the aim to mitigate the above risks, the Group puts in place the relevant policies and regulations to address this risk. The Group also monitors existing and emerging climate-related trends and maintains high transparency in sustainability reporting to garner the trust and confidence of our stakeholders.

Metrics and Targets

We have measured and disclosed our Scope 1 and Scope 2 GHG emissions in this Sustainability Report and are committed to reduce our GHG emissions, energy consumption and wastes. In FY2022, we have set a target of maintaining or reducing the Group's GHG emissions intensity, energy consumption intensity and wastes intensities for FY2023, using FY2022 as the baseline year.

6.2 CONTRIBUTING TO GREENER WORLD

The Group believes that environmentally friendly practices help complement our business efficiency. The Group advocates good social responsibility and complies to the relevant environmental regulations. We adopt the relevant environmental measures and procedures in our daily operations as a good corporate citizen.

In addition, it is our goals to contribute to a greener world and make our products environmentally friendly. To help the market reduce dependence on fossil fuel, the Group ventures into the Renewable Energy industry and helps its customers with its innovative A.I. solutions to better manage the customers' business in this market. The Group is also looking to play its part in environmental sustainability by reducing paper usage and moving to digital platform for data collection and storage. Other measures adopted include the use of eco-saver office equipment to reduce energy consumption and carbon footprints.

Emission Control

The Group recognises that reduction of emission in the environment is essential to achieving a sustainable world. As such, the Group aim to reduce emissions, with a view to increasing our business efficiency and lowering our operating costs.

Air Emissions

Fuel consumption by vehicles is one of the main sources of the Group's air emissions. As the Group's daily operations are mainly operated in an office setting, the Group does not generate significant amount of air emissions during its operations. Nonetheless, the Group strives to reduce its fuel consumption by promoting the utilisation of public transport, eliminating excessive fuel consumption, and carrying out regular vehicle inspection and maintenance.

SUSTAINABILITY REPORT 2022

Summary of the Group's air emissions during FY2022 is as follows:

Indicators	Unit	FY2022
Nitrogen oxide (NOx)	kg	30.99
Sulphur oxide (SOx)	kg	0.14
Particulate matter (PM)	kg	2.86

GHG Emissions

The Group's major sources of GHG emissions were from fuel consumed by vehicles (Scope 1) and electricity utilised by our offices (Scope 2). Summary of the Group's GHG emissions during FY2022 is as follows:

Indicators ¹	Unit	FY2022
Direct (Scope 1) GHG emissions • Fuel consumed by the Company's Vehicles	tCO ₂ e	25.52
Energy indirect (Scope 2) GHG emissions • Purchased electricity	tCO ₂ e	58.75
Total GHG emissions	tCO₂e	84.27
Total GHG emissions intensity²	tCO₂e/employee	1.92

Note (s)

1: GHG emissions data is calculated based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, emission factor published by the Energy Market Authority in 2021 and emission factor published by the Energy Policy and Planning Office of Ministry of Energy in 2022.

2: During FY2022, the Group has a total of 44 employees. The data is used for calculating the intensity of GHG emissions.

Waste Management

Due to the Group's business nature, it did not generate material hazardous waste during FY2022. Nonetheless, the Group will engage qualified subcontractors to collect, manage and dispose of the hazardous wastes if hazardous wastes are generated from the Group's operation, in compliance with local law and regulations.

The Group generates mainly non-hazardous wastes from the daily operation, comprising of paper and general wastes. The Group is committed to handling and disposing all waste generated from our business operations in a proper manner, and to minimise the potential environmental impact of waste disposals. General waste is centrally collected and disposed on daily basis. We regularly monitor our waste collection to ensure proper waste disposals and management.

Summary of the Group's waste disposal performance during FY2022 is as follows:

Indicators	Unit	FY2022
Total non-hazardous waste	kg	526.25
Total non-hazardous waste intensity	Kg/employee	11.96

SUSTAINABILITY REPORT 2022

Energy Efficiency

The Group is committed to achieving energy efficiency and reducing energy consumption. Usage of electricity and fuel is regularly monitored. Unexpected high consumption of energy is investigated to determine its root cause and corresponding corrective measures taken.

Given the nature of our business, the energy consumption is mainly attributed to the consumption of fuels for vehicles and electricity for our offices. The Group adopts the following measures and initiatives in its operations:

- Switching off lights, air-conditioners and equipment that are not in used;
- Utilizing energy saving equipment; and
- Conducting regular checks on our vehicles to ensure that they comply with environmental regulations and monitoring fuel consumption.

Summary of the Group's energy consumption performance during FY2022 is summarised as follows:

Indicators ¹	Unit	FY2022
Direct energy consumption ³ • Fuel consumed by the Company's Vehicles	MWh	92.91
Indirect energy consumption • Purchased electricity	MWh	143.04
Total energy consumption	MWh	235.95
Total energy consumption intensity	MWh /employee	5.36

Note (s)

3: Calculation method of energy consumption data is based on the "Energy Statistics Manual" issued by the International Energy Agency.

Water Management

The Group recognises the importance of natural resources conservation, and thus is committed to continuously improving its water consumption efficiency and reducing water consumption. With the aim to identify unexpected high consumption of water in a timely manner, the Group monitors its consumption and usage of water on a regular basis. If any cases of abnormal fluctuation in water consumption and usage is identified, investigation and corresponding rectify measures will be conducted.

Summary of the Group's water consumption performance during FY2022 is as follows:

Indicators	Unit	FY2022
Total water consumption	cubic meter	352.64
Total water consumption intensity	cubic meter / employee	8.01

SUSTAINABILITY REPORT 2022

6.3 SUPPORTING LOCAL COMMUNITIES

The Group recognises the importance of harmonious society on its sustainable development, and thus strives to continue to give back to society in a positive and meaningful way. The Group considers ways of supporting communities in which it operates through charitable activities and contributions.

With the aim to demonstrate the Group's commitment to giving back to society, in October 2022, the Group has donated SGD\$ 25,000 to Prison Fellowship Singapore Limited to support their Seventy Times Seven (70x7) initiatives, with the aim to support inmates, ex-offenders and their families in their journey of rehabilitation, reconciliation and reintegration.

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

SGX CONTENT INDEX

Primary Component	Section Reference
Material environmental, social and governance factors	Materiality Assessment
Climate-related disclosures	Climate Change Mitigation and Adaptation
Policies, Practices and Performance	Sustainable Management
	Sustainable Operation
	Sustainable Products
	Sustainable World
Targets	Strategies and Targets
Sustainability Reporting Framework	About the Sustainability Report
Board Statement and Associated Governance Structure for Sustainability Practices	Board Statement

GRI CONTENT INDEX

Statement of Use	TREK 2000 International Ltd has reported the information cited in this GRI content index for the financial year ended 31 December 2022 with reference to the GRI Standards.	
GRI 1 Used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Location/Statement(s)
GRI 2: General Disclosures 2021	2-1 Organizational details	<ul style="list-style-type: none"> Legal name: Trek 2000 International Limited Nature of ownership: publicly owned Legal form: incorporated entity Location of the Group's headquarters: Singapore The Group's countries of operation: Singapore
	2-2 Entities included in the organization's sustainability reporting	Reporting Scope
	2-3 Reporting period, frequency and contact point	About the Sustainability Report Reporting frequency: once a year
	2-4 Restatements of information	Nil

SUSTAINABILITY REPORT 2022

Statement of Use	TREK 2000 International Ltd has reported the information cited in this GRI content index for the financial year ended 31 December 2022 with reference to the GRI Standards.	
GRI 1 Used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Location/Statement(s)
	2-6 Activities, value chain and other business relationships	2022 Annual Report - Intellectual Property, Trek Eco-Landscape-Cloud Era, Trek's Patented Solutions and Pillars of Innovation Sections
	2-7 Employees	Caring for Employees
	2-8 Workers who are not employees	Other than services outsourced to Consultants and external parties, the Group did not have workers who are not employees during FY2022
	2-9 Governance structure and composition	Governance Structure
	2-10 Nomination and selection of the highest governance body	2022 Annual Report – Report on Corporate Governance - Board Matters Section
	2-11 Chair of the highest governance body	2022 Annual Report – Report on Corporate Governance - Board Matters Section
	2-12 Role of the highest governance body in overseeing the management of impacts	2022 Annual Report – Report on Corporate Governance - Board Matters Section
	2-13 Delegation of responsibility for managing impacts	2022 Annual Report – Report on Corporate Governance - Board Matters Section
	2-14 Role of the highest governance body in sustainability reporting	Governance Structure
	2-15 Conflicts of interest	2022 Annual Report – Report on Corporate Governance - Board Matters Section
	2-16 Communication of critical concerns	2022 Annual Report – Report on Corporate Governance - Board Matters and Shareholder Rights and Responsibilities Sections
	2-17 Collective knowledge of the highest governance body	2022 Annual Report – Report on Corporate Governance - Board Matters Section
	2-18 Evaluation of the performance of the highest governance body	2022 Annual Report – Report on Corporate Governance - Board Matters Section
	2-19 Remuneration policies	2022 Annual Report – Report on Corporate Governance – Remuneration Matters Section
	2-20 Process to determine remuneration	2022 Annual Report – Report on Corporate Governance – Remuneration Matters Section
	2-21 Annual total compensation ratio	2022 Annual Report – Report on Corporate Governance – Remuneration Matters Section
	2-22 Statement on sustainable development strategy	Board Statement
	2-29 Approach to stakeholder engagement	Stakeholder Engagement

SUSTAINABILITY REPORT 2022

Statement of Use	TREK 2000 International Ltd has reported the information cited in this GRI content index for the financial year ended 31 December 2022 with reference to the GRI Standards.	
GRI 1 Used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Location/Statement(s)
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Stakeholder Engagement and Materiality Assessment
	3-2 List of material topics	Stakeholder Engagement and Materiality Assessment
	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2022 Annual Report – Operations and Financial Review, and Financial Statements
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-corruption
	205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Efficiency
	302-3 Energy intensity	Energy Efficiency
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	GHG Emissions
	305-4 GHG emissions intensity	GHG Emissions
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Emissions
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Caring for Employees
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Board Diversity and Caring for Employees
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Diversity, Equal Opportunity and Non-Discrimination
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	During FY2022, the Group was not aware of any material written complaints in relation to data breaches or customers' data loss.

DIRECTORS' STATEMENT

for the financial year ended 31 December 2022

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 2022.

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 2022 and of 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 Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, as disclosed in Note 2(a) to the financial statements, 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:

Tan Joon Yong, Wayne (Executive Chairman, Executive Director and Group President)
Lun Chee Leong (Lead Independent Non-Executive Director) (Appointed on 2 May 2023)
Kwek Swee Heng (Independent Non-Executive Director)
Christopher Wong Siang Yew (Independent Non-Executive Director) (Appointed on 2 May 2023)

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' STATEMENT

for the financial year ended 31 December 2022

Directors' interests in shares, debentures or options

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act 1967, 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 name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2022	As at 31.12.2022 and 21.1.2023 #	As at 1.1.2022	As at 31.12.2022 and 21.1.2023 #
<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 (resigned on 28 April 2023)	998,000	998,000	625,000	625,000
Kwek Swee Heng	-	-	745,800	745,800

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2023.

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:

Kwek Swee Heng (Chairman)
Lun Chee Leong
Christopher Wong Siang Yew

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 2022, 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 2022 are found in Note 25 to the financial statements.

There were no share options granted to the directors of the Company or their associates as at the end of the financial year under the ESOS.

DIRECTORS' STATEMENT

for the financial year ended 31 December 2022

Audit and Risk Committee

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967, including the following:

- (a) 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;
- (b) 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;
- (c) 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;
- (d) 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;
- (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 Rule 712 and Rule 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.

DIRECTORS' STATEMENT

for the financial year ended 31 December 2022

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

.....
LUN CHEE LEONG
Lead Independent Non-Executive Director

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

Dated: 13 June 2023

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 2022, 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 1967 (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 2022 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.

INDEPENDENT AUDITOR'S REPORT

to the members of Trek 2000 International Ltd

Key Audit Matters (Cont'd)

Fair value of unquoted investment (refer to Note 8 and Note 32 to the financial statements)

As at 31 December 2022, the Group and the Company have an unquoted investment of US\$1,886,000. Management has engaged an independent professional valuer ("management's expert") to determine the fair value of the unquoted investment. The fair value of the unquoted investment 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 value of the investment, and the significance of the fair value changes of the investment in the Group's profit or loss and other comprehensive income.

As part of our audit of the fair value of unquoted investment, we assessed the appropriateness of the methodologies and key assumptions used by the management's expert and any changes thereon. We gained an 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.

Net realisable value of inventories (refer to Note 10 to the financial statements)

As at 31 December 2022, the Group has gross inventories of US\$4,688,351, with allowance for slow-moving and obsolete inventories of US\$2,281,332. Inventories comprise materials and products for sale. 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 values of the inventories. We tested the net realisable values of the inventories on a sample basis by comparing the carrying amounts 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.

INDEPENDENT AUDITOR'S REPORT

to the members of Trek 2000 International Ltd

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 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.

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.

INDEPENDENT AUDITOR'S REPORT

to the members of Trek 2000 International Ltd

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

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, actions taken to eliminate threats or safeguards applied.

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 auditors 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 Cheong Wenjie.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

13 June 2023

STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Note	The Group		The Company	
		2022 US\$	2021 US\$	2022 US\$	2021 US\$
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	1,153,729	1,184,022	-	-
Right-of-use assets	4	278,846	318,182	-	-
Intangible assets	5	-	-	-	-
Subsidiaries	6	-	-	1,583,733	1,583,733
Associates	7	-	-	5,407	5,407
Other investments	8	1,886,000	1,764,306	1,886,000	1,764,306
Loan receivable	9	-	1,466,000	-	1,466,000
		3,318,575	4,732,510	3,475,140	4,819,446
Current Assets					
Other investments	8	17,694,589	28,770,300	17,694,589	28,770,300
Trade and other receivables	9	4,943,992	4,187,284	2,097,236	56,540
Inventories	10	2,407,019	1,297,412	-	-
Prepayments		58,820	14,821	5,055	5,186
Cash and bank deposits	11	2,553,874	6,381,098	620,429	14,991
		27,658,294	40,650,915	20,417,309	28,847,017
Total assets		30,976,869	45,383,425	23,892,449	33,666,463
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	37,828,941	37,828,941	37,828,941	37,828,941
Treasury shares	12	(995,787)	(995,787)	(995,787)	(995,787)
Reserves	13	(10,721,810)	965,124	(13,148,443)	(6,769,139)
Equity attributable to owners of the Company		26,111,344	37,798,278	23,684,711	30,064,015
Non-controlling interests		848,367	923,726	-	-
Total equity		26,959,711	38,722,004	23,684,711	30,064,015
Non-Current Liabilities					
Lease liabilities	14	121,601	118,013	-	-
Deferred tax liabilities	15	105,210	87,488	-	-
		226,811	205,501	-	-
Current Liabilities					
Lease liabilities	14	82,203	105,648	-	-
Trade and other payables	16	2,433,876	4,799,652	207,738	3,602,448
Provisions	17	245,000	95,000	-	-
Current tax payable		1,029,268	1,455,620	-	-
		3,790,347	6,455,920	207,738	3,602,448
Total liabilities		4,017,158	6,661,421	207,738	3,602,448
Total equity and liabilities		30,976,869	45,383,425	23,892,449	33,666,463

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 2022

	Note	2022 US\$	2021 US\$
Revenue	18	16,617,866	37,335,826
Cost of sales		(19,012,701)	(35,440,828)
Gross (loss)/profit		(2,394,835)	1,894,998
Other income	19	462,884	1,794,129
Research and development expenses		(816,102)	(1,458,913)
Marketing and distribution expenses		(1,531,135)	(1,550,614)
Impairment losses on other receivables	9	(65,431)	(50,328)
Administrative expenses		(1,051,416)	(1,073,474)
Other operating expenses	20	(7,883,015)	(711,489)
Finance costs	21	(30,741)	(28,097)
Loss before taxation	22	(13,309,791)	(1,183,788)
Taxation	23	(88)	(145)
Loss for the year		(13,309,879)	(1,183,933)
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of freehold and leasehold properties		103,329	2,187
Related tax		(17,566)	(372)
		85,763	1,815
Equity investment at FVOCI - net change in fair value		1,332,693	78,243
		1,418,456	80,058
Items that are or may be reclassified subsequently to profit or loss			
Debt investments at FVOCI - net change in fair value		-	39,055
Debt investments at FVOCI - reclassified to profit or loss		-	(354,946)
Foreign currency translation differences on consolidation		184,407	(63,084)
		184,407	(378,975)
Other comprehensive income/(loss) for the year, net of tax		1,602,863	(298,917)
Total comprehensive loss for the year		(11,707,016)	(1,482,850)
(Loss)/Profit attributable to:			
Owners of the Company		(13,299,989)	(1,208,442)
Non-controlling interests		(9,890)	24,509
		(13,309,879)	(1,183,933)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(11,697,126)	(1,507,359)
Non-controlling interests		(9,890)	24,509
		(11,707,016)	(1,482,850)
Loss per share (US cents)			
- Basic and diluted	24	(4.25)	(0.39)

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 2022

	Share capital	Treasury shares	Accumulated profits/(losses)	Capital reserve	Revaluation reserve	Fair value reserve	Share option reserve	Foreign currency translation reserve	Other reserve	Total attributable to owners of the Company	Non-controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2021	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
Loss for the year	-	-	(1,208,442)	-	-	-	-	-	-	(1,208,442)	24,509	(1,183,933)
Other comprehensive income/(loss) for the year	-	-	-	-	1,815	(237,648)	-	(63,084)	-	(298,917)	-	(298,917)
Total comprehensive (loss)/ income for the year	-	-	(1,208,442)	-	1,815	(237,648)	-	(63,084)	-	(1,507,359)	24,509	(1,482,850)
Contributions by and distributions to owners												
Purchase of treasury shares (Note 12)	-	(263,564)	-	-	-	-	-	-	-	(263,564)	-	(263,564)
Expiry of share options	-	-	86,855	-	-	-	(86,855)	-	-	-	-	-
Transactions with owners in their capacity as owners	-	(263,564)	86,855	-	-	-	(86,855)	-	-	(263,564)	-	(263,564)
Balance at 31 December 2021	37,828,941	(995,787)	(1,039,556)	2,716,551	1,266,392	(2,446,696)	501,707	(40,032)	6,758	37,798,278	923,726	38,722,004

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 2022

	Share capital US\$	Treasury shares US\$	Accumulated losses 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 2022	37,828,941	(995,787)	(1,039,556)	2,716,551	1,266,392	(2,446,696)	501,707	(40,032)	6,758	37,798,278	923,726	38,722,004
Loss for the year	-	-	(13,299,989)	-	-	-	-	-	-	(13,299,989)	(9,890)	(13,309,879)
Other comprehensive income for the year	-	-	-	-	85,763	1,332,693	-	184,407	-	1,602,863	-	1,602,863
Total comprehensive (loss)/ income for the year	-	-	(13,299,989)	-	85,763	1,332,693	-	184,407	-	(11,697,126)	(9,890)	(11,707,016)
Contributions by and distributions to owners												
Dividends paid by a subsidiary to non- controlling interests (Note 6)	-	-	-	-	-	-	-	-	-	-	(12,162)	(12,162)
Forfeiture of share options	-	-	94,070	-	-	-	(94,070)	-	-	-	-	-
Changes in ownership interests in subsidiaries												
Acquisition of non- controlling interest in a subsidiary without a change in control (Note 6)	-	-	-	-	-	-	-	-	10,192	10,192	(53,307)	(43,115)
Transactions with owners in their capacity as owners	-	-	94,070	-	-	-	(94,070)	-	10,192	10,192	(65,469)	(55,277)
Balance at 31 December 2022	37,828,941	(995,787)	(14,245,475)	2,716,551	1,352,155	(1,114,003)	407,637	144,375	16,950	26,111,344	848,367	26,959,711

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 2022

	Note	2022 US\$	2021 US\$
Cash Flows from Operating Activities			
Loss before taxation		(13,309,791)	(1,183,788)
Adjustments for:			
Amortisation of intangible assets	5	-	57,932
Bad debt	20	10,183	-
Depreciation of property, plant and equipment	3	152,693	194,283
Depreciation of right-of-use assets	4	143,482	150,153
Dividend income	19	(16,533)	(49,679)
Gain on lease termination	19	-	(9,919)
Impairment losses on other receivables	9	65,431	50,328
Intangible assets written off	5	-	218,804
Interest expense	21	30,741	28,097
Interest income	19	(312,016)	(325,577)
Net change in fair value of investments at FVTPL	20	7,607,653	677,222
Net gain on disposal of debt investments at FVOCI	19	-	(354,946)
Provisions made/(reversed)	17	161,745	(955,000)
Write-down on inventories made/(reversed)	10	2,030,027	(146,703)
Operating loss before working capital changes		(3,436,385)	(1,648,793)
Changes in inventories		(3,085,336)	337,167
Changes in trade and other receivables		772,478	(749,601)
Changes in prepayments		(43,999)	(268)
Changes in trade and other payables		(2,311,890)	2,612,306
Changes in provisions		(11,745)	-
Cash (used in)/generated from operations		(8,116,877)	550,811
Income taxes (paid)/refunded		(426,284)	2,017
Interest received from short-term and fixed deposits		38,826	34
Net cash (used in)/generated from operating activities		(8,504,335)	552,862
Cash Flows from Investing Activities			
Advances made to an associate		(65,431)	(50,328)
Dividends received from other investments		16,533	49,679
Interest received from loan to an investee company		87,110	62,157
Interest received from other investments		190,028	260,901
Loan to an investee company		-	(1,486,000)
Payments for intangible assets	5	-	(21,471)
Payments for right-of-use assets	4	-	(110,089)
Proceeds from disposal of other investments		8,354,070	17,228,683
Proceeds from lease termination		-	36,793
Purchase of other investments		(3,675,013)	(17,585,176)
Purchase of property, plant and equipment	3	(19,147)	(44,125)
Net cash generated from/(used in) investing activities		4,888,150	(1,658,976)

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 2022

	Note	2022 US\$	2021 US\$
Cash Flows from Financing Activities			
Acquisition of non-controlling interest in a subsidiary	6	(43,115)	-
Dividends paid by a subsidiary to non-controlling interests	6	(12,162)	-
Interest paid		(30,741)	(28,097)
Payment of lease liabilities		(124,003)	(134,067)
Proceeds from bank loans		1,485,243	3,749,460
Purchase of treasury shares	12	-	(263,564)
Repayment of bank loans		(1,485,243)	(3,749,460)
Net cash used in financing activities		(210,021)	(425,728)
Net decrease in cash and cash equivalents		(3,826,206)	(1,531,842)
Exchange differences on translation of cash and cash equivalents		(1,018)	(30,858)
Cash and cash equivalents at beginning of the year		5,881,098	7,443,798
Cash and cash equivalents at end of the year	11	2,053,874	5,881,098

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

The Group	Note	At 1	Cash	Cash	New	Lease	Interest	At 31
		January	inflows	outflows	leases	termination	expense	December
		US\$	US\$	US\$	US\$	US\$	US\$	US\$
2022								
<i>Liabilities</i>								
Bank loan		-	1,485,243	(1,507,722)	-	-	22,479	-
Lease liabilities	14	223,661	-	(132,265)	104,146	-	8,262	203,804
		223,661	1,485,243	(1,639,987)	104,146	-	30,741	203,804
2021								
<i>Liabilities</i>								
Bank loan		-	3,749,460	(3,763,750)	-	-	14,290	-
Lease liabilities	14	241,521	-	(147,874)	176,453	(60,246)	13,807	223,661
		241,521	3,749,460	(3,911,624)	176,453	(60,246)	28,097	223,661

The bank loan relates to a short-term rolling credit facility with a bank and interest is charged at 1% (2021: 1%) per annum.

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 2022

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 2022 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 Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I)s”). 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 (US\$) 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)s 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 period. 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 2022

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

Significant judgements in applying accounting policies

Going concern

The Group incurred net loss and net operating cash outflows of US\$13,309,879 (2021: US\$1,183,933) and US\$8,504,335 (2021: US\$552,862), respectively, for the financial year ended 31 December 2022.

Notwithstanding this, as at 31 December 2022, the Group had net current assets and net assets of US\$23,867,947 (2021: US\$34,194,995) and US\$26,959,711 (2021: US\$38,722,004), comprising current investments and cash and bank deposits of US\$17,694,589 (2021: US\$28,770,300) and US\$2,553,874 (2021: US\$6,381,098), respectively, while the Company had net current assets and net assets of US\$20,209,571 (2021: US\$25,244,569) and US\$23,684,711 (2021: US\$30,064,015), comprising current investments and cash and bank deposits of US\$17,694,589 (2021: US\$28,770,300) and US\$620,429 (2021: US\$14,991), respectively. The Group and the Company continue to tighten controls over expenses.

Based on the above, the directors believe that the Group and the Company have sufficient working capital and financial resources to enable them to meet their liabilities as and when they fall due and continue as going concern for 12 months from the end of the reporting period. Accordingly, the directors are of the view that the going concern assumption is appropriate for the preparation of the financial statements, and there is no material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of reported asset amounts or the amounts and classification of liabilities that would be required if the going concern basis is found to be inappropriate.

Determination of functional currencies

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. Research costs and development expenditures that do not meet the recognition criteria as intangible assets are expensed as incurred. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Significant judgements in applying accounting policies (cont'd)

Impairment of investments in subsidiaries and associates

The Company assesses at the end of each reporting period whether there is any indication that its investments in subsidiaries and associates may be impaired. If any indication exists, the investments in subsidiaries and associates are 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. The carrying amount of the Company's investments in subsidiaries and associates at the end of the reporting period is disclosed in Note 6 and Note 7, respectively, 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 current tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's deferred tax liabilities at the end of the reporting period and the Group's income taxes for the year are disclosed in Note 15 and Note 23, respectively, to the financial statements.

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 32, respectively, to the financial statements. If the fair value of the Group's freehold and leasehold properties increases/decreases by 5%, the Group's other comprehensive income for the year and equity will increase/decrease by US\$54,023 (2021: US\$54,975).

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, respectively, to the financial statements. 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\$15,269 (2021: US\$19,428) and US\$14,348 (2021: US\$15,015), respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

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

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

Property, plant and equipment and right-of-use assets are assessed at the end of each reporting period whether there is any indication of impairment or that an impairment loss recognised in prior periods no longer exists or has decreased. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Such impairment loss is recognised in profit or loss.

Significant judgement and estimates by management are required in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based on the continued use of the asset in the business; and (iii) the appropriate valuation techniques and inputs used in fair value measurement and the key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment could materially affect the recoverable amount determined in the impairment test and as a result may potentially affect the Group's results. The carrying amount of the Group'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, respectively, to the financial statements.

Fair value of unquoted investment

Unquoted investment is 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 option pricing model or 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 pricing multiples derived from companies and transactions comparable to the investee. Considerable subjective judgement is required in selecting the suitable valuation techniques and methodologies, determining the volatility, choosing the appropriate comparables, and estimating the discount rate. The carrying amount of the Group's and the Company's unquoted investment at the end of the reporting period, and the basis and assumptions used to measure fair value, are disclosed in Note 8 and Note 32, respectively, to the financial statements. If the fair value of the Group's and the Company's unquoted investments increases/decreases by 5%, the Group's and the Company's other comprehensive income for the year and equity will increase/decrease by US\$119,750 (2021: US\$88,215).

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 inventories 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 be adversely affected. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 10 to the financial statements. A 5% decrease/increase in the net realisable values of inventories will decrease/increase the Group's results for the year by US\$120,351 (2021: US\$64,871).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

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

Allowance 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 risk characteristics. 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 12 months after the reporting date.

The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of 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 29.1. If the loss rates increase by 5% from management's estimates, the Group's and the Company's allowance for impairment of trade and other receivables will increase by US\$244,845 (2021: US\$275,116) and US\$104,859 (2021: US\$76,126), respectively.

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 claim rates increase/decrease by 10% from management's estimates, the Group's provision for warranty will increase/decrease and results for the year will decrease/increase by US\$24,500 (2021: US\$9,500).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

2(b) Adoption of new or amended SFRS(I)s effective in 2022

On 1 January 2022, the Group adopted the following new or amended SFRS(I)s 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)s.

Reference	Description
Amendment to SFRS(I) 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to SFRS(I) 1-16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to SFRS(I) 1-37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to SFRS(I) 3	Reference to the Conceptual Framework
Annual Improvements to SFRS(I)s 2018 - 2020	
- Amendment to SFRS(I) 1-41	Taxation in Fair Value Measurements
- Amendment to SFRS(I) 1	Subsidiary as a First-time Adopter
- Amendment to SFRS(I) 9	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- Amendment to Illustrative Examples accompanying SFRS(I) 16	Lease Incentives

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

Amendment to SFRS(I) 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The amendment provides relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change under SFRS(I) 16 if the change were not a lease modification. The amendment is applicable on a modified retrospective basis for annual reporting periods beginning on or after 1 April 2021. Early application is permitted.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

2(c) New or amended SFRS(I)s not yet adopted

The following are the new or amended SFRS(I)s 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)s 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) 1-1	Classification of Liabilities as Current or Non-current	1 January 2024
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) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 4	Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8	Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 17	Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
Amendments to SFRS(I) 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1	Non-current Liabilities with Covenants	1 January 2024

Management does not anticipate that the adoption of the above new or amended SFRS(I)s 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.

Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, a reporting entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The amendments shall be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, deferred tax asset and deferred tax liability shall be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Company's and the Group's financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

2(c) New or amended SFRS(I)s not yet adopted (cont'd)

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

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

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 losses are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Consolidation (cont'd)

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 the applicable SFRS(I)s).

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 amounts over their estimated useful lives, as follows:

Freehold property	50 years
Leasehold properties	30 years
Plant and machinery	5 years
Renovations	5 years
Furniture and fittings	5 years
Office equipment	5 years
Computers	3 years
Motor vehicles	5 years

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 period in which it is incurred.

For acquisitions and disposals during the period, 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 accounts until they are no longer in use.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Property, plant and equipment (cont'd)

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 recognised as an expense in the period 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 assets 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.

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 projects 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.

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 tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the period.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Intangible assets (cont'd)

Patents and trademarks

The costs of patents and trademarks 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.

Subsidiaries

In the Company's separate statement of financial position, subsidiaries are stated at cost less 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.

In the Company's separate statement of financial position, associates are stated at cost less allowance for any impairment losses on an individual associate 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 associates' most recent available financial statements after any adjustments to align the accounting policies with those of the Group, is included in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. Unrealised gain on transactions between the Group and its associates is 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.

When the Group's share of losses of an associate equals or exceeds the carrying amount of the 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 form of loans. When the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not 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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes party to the contractual provisions of the instruments. Financial assets are classified at initial recognition as 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.

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 SPPI 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 taxes) and cash and bank deposits.

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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at FVOCI (debt instruments)

Financial assets that are held for collection of contractual 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 instrument 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.

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 from these financial assets is recognised as income in profit or loss.

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 when the contractual rights to receive cash flows from the asset expire. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Financial assets (cont'd)

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. 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.

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, 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 businesses and financial conditions.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

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 minus, 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 taxes).

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.

Borrowing costs are recognised in profit or loss using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the contract 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.

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.

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 and fixed 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

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.

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 12 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Leases (cont'd)

The Group as a lessee (cont'd)

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.

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. It is subsequently measured at cost less accumulated depreciation and impairment loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Leases (cont'd)

The Group as a lessee (cont'd)

Right-of-use asset (cont'd)

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	Over the lease term of 2 to 3 years
Office equipment	5 years
Motor vehicles	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.

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 assets and liabilities, 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Valued-added taxes

Revenues, expenses and assets are recognised net of the amount of value-added tax ("VAT"), except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and except that trade receivables and trade payables are recorded with the amount of VAT included. The net amount of VAT recoverable from or payable to the taxation authorities are included as part of other receivables or other payables in the statements of financial position.

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.

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 or forfeiture of the related vested options.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

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.

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, other than inventories, 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, the recoverable amount of the cash-generating unit to which the asset belongs 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 an 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 or may have decreased.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

Impairment of non-financial assets (cont'd)

An impairment loss is reversed if there is an indication that the impairment loss previously recognised for an asset may no longer exist or may have decreased, and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that an 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 the sale of goods and rendering of 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.

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 the 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.

Rendering of services

Revenue from the rendering of services is recognised at a point in time when the services have been rendered.

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 as a receivable at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Government grants received are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

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. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

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 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 28 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 Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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 period 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 2022

3 Property, plant and equipment

	At valuation		At cost						Total US\$
	Freehold property US\$	Leasehold properties US\$	Plant and machinery US\$	Renovations US\$	Furniture and fittings US\$	Office equipment US\$	Computers US\$	Motor vehicles US\$	
The Group									
<i>Cost or valuation</i>									
At 1 January 2021	624,579	598,402	405,044	257,576	201,049	198,434	945,043	245,856	3,475,983
Additions	-	-	-	11,856	437	27,142	4,690	-	44,125
Revaluation surplus	24,404	(22,217)	-	-	-	-	-	-	2,187
Elimination of accumulated depreciation on revaluation	(25,934)	(99,733)	-	-	-	-	-	-	(125,667)
Exchange difference on translation	-	-	-	184	(102)	(765)	170	-	(513)
At 31 December 2021	623,049	476,452	405,044	269,616	201,384	224,811	949,903	245,856	3,396,115
Additions	-	-	-	3,703	882	1,804	12,758	-	19,147
Revaluation surplus	6,739	96,590	-	-	-	-	-	-	103,329
Elimination of accumulated depreciation on revaluation	(27,089)	(95,290)	-	-	-	-	-	-	(122,379)
Exchange difference on translation	-	-	-	(1,168)	(624)	(1,988)	(1,166)	-	(4,946)
At 31 December 2022	602,699	477,752	405,044	272,151	201,642	224,627	961,495	245,856	3,391,266

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

3 Property, plant and equipment (cont'd)

	At valuation		At cost						Total US\$
	Freehold property US\$	Leasehold properties US\$	Plant and machinery US\$	Renovations US\$	Furniture and fittings US\$	Office equipment US\$	Computers US\$	Motor vehicles US\$	
<u>Accumulated depreciation</u>									
At 1 January 2021	-	-	405,044	251,762	197,215	193,280	938,446	158,254	2,144,001
Depreciation (Note 22)	25,934	99,733	-	17,670	1,254	20,538	2,666	26,488	194,283
Elimination of accumulated depreciation on revaluation	(25,934)	(99,733)	-	-	-	-	-	-	(125,667)
Exchange difference on translation	-	-	-	184	(97)	(771)	160	-	(524)
At 31 December 2021	-	-	405,044	269,616	198,372	213,047	941,272	184,742	2,212,093
Depreciation (Note 22)	27,089	95,290	-	432	1,127	3,227	3,263	22,265	152,693
Elimination of accumulated depreciation on revaluation	(27,089)	(95,290)	-	-	-	-	-	-	(122,379)
Exchange difference on translation	-	-	-	(1,168)	(624)	(1,988)	(1,090)	-	(4,870)
At 31 December 2022	-	-	405,044	268,880	198,875	214,286	943,445	207,007	2,237,537
<u>Carrying amount</u>									
At 31 December 2022	602,699	477,752	-	3,271	2,767	10,341	18,050	38,849	1,153,729
At 31 December 2021	623,049	476,452	-	-	3,012	11,764	8,631	61,114	1,184,022

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

3 Property, plant and equipment (cont'd)

	Computers US\$
The Company	
<u>Cost</u>	
At 1 January 2021, 31 December 2021 and 31 December 2022	141,563
<u>Accumulated depreciation</u>	
At 1 January 2021, 31 December 2021 and 31 December 2022	141,563
<u>Carrying amount</u>	
At 31 December 2022	-
At 31 December 2021	-

The freehold and leasehold properties are as follows:

Freehold property	A shop unit at 10 Jalan Besar, #03-46, Sim Lim Tower
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\$1,080,451 (2021: US\$1,099,501) as at 31 December 2022. The net revaluation gain of US\$85,763 (2021: US\$1,815) (after the related tax of US\$17,566 (2021: US\$372) (Note 15)) was recognised in other comprehensive income.

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:

	2022 US\$	2021 US\$
The Group		
Freehold property	160,905	167,901
Leasehold properties	116,823	146,029

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

4 Right-of-use assets

The Group	Properties	Office equipment	Motor vehicles	Total
	US\$	US\$	US\$	US\$
Cost				
At 1 January 2021	277,420	26,218	141,276	444,914
Additions	45,041	-	241,501	286,542
Derecognition	(81,452)	-	(141,276)	(222,728)
At 31 December 2021	241,009	26,218	241,501	508,728
Additions	104,146	-	-	104,146
Derecognition	(112,175)	(9,043)	-	(121,218)
At 31 December 2022	232,980	17,175	241,501	491,656
Accumulated depreciation				
At 1 January 2021	129,449	15,942	30,610	176,001
Depreciation (Note 22)	100,974	5,244	43,935	150,153
Derecognition	(81,452)	-	(54,156)	(135,608)
At 31 December 2021	148,971	21,186	20,389	190,546
Depreciation (Note 22)	95,730	3,887	43,865	143,482
Derecognition	(112,175)	(9,043)	-	(121,218)
At 31 December 2022	132,526	16,030	64,254	212,810
Carrying amount				
At 31 December 2022	100,454	1,145	177,247	278,846
At 31 December 2021	92,038	5,032	221,112	318,182

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

For the financial year ended 31 December 2022, additions to right-of-use assets amounted to US\$104,146 (2021: US\$286,542), of which US\$104,146 (2021: US\$176,453) were acquired under leasing or hire purchase arrangements. Cash payments of US\$nil (2021: US\$110,089) were made for right-of-use assets.

Right-of-use assets include leasehold properties with carrying amount of US\$477,752 (2021: US\$476,452) (Note 3). Right-of-use assets amount to US\$756,598 (2021: US\$794,634) in aggregate.

5 Intangible assets

The Group	Patents	Trademarks	Development costs	Total
	US\$	US\$	US\$	US\$
Cost				
At 1 January 2021	3,689,178	415,094	5,822,234	9,926,506
Additions	3,040	-	18,431	21,471
Write-offs	(270,506)	(7,021)	(225,515)	(503,042)
At 31 December 2021 and 31 December 2022	3,421,712	408,073	5,615,150	9,444,935
Accumulated amortisation				
At 1 January 2021	3,631,517	410,278	5,629,446	9,671,241
Amortisation (Note 22)	21,085	-	36,847	57,932
Write-offs	(230,890)	(2,205)	(51,143)	(284,238)
At 31 December 2021 and 31 December 2022	3,421,712	408,073	5,615,150	9,444,935
Carrying amount				
At 31 December 2022	-	-	-	-
At 31 December 2021	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

5 Intangible assets (cont'd)

The Company	Patents	Trademarks	Total
	US\$	US\$	US\$
<u>Cost</u>			
At 1 January 2021	3,145,294	357,785	3,503,079
Additions	701	-	701
Write-offs	(263,306)	(7,021)	(270,327)
At 31 December 2021 and 31 December 2022	2,882,689	350,764	3,223,453
<u>Accumulated amortisation</u>			
At 1 January 2021	3,093,854	352,969	3,446,823
Amortisation	19,725	-	19,725
Write-offs	(230,890)	(2,205)	(233,095)
At 31 December 2021 and 31 December 2022	2,882,689	350,764	3,223,453
<u>Carrying amount</u>			
At 31 December 2022	-	-	-
At 31 December 2021	-	-	-

Patents and trademarks

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

Development costs

During the financial year ended 31 December 2021, the Group wrote off development costs on certain projects by US\$174,372, as no further future economic benefits are expected to arise from these projects.

6 Subsidiaries

The Company	2022	2021
	US\$	US\$
<u>Unquoted equity investments, at cost</u>		
At 1 January	3,558,812	3,558,813
Write-off	(18,843)	(1)
At 31 December	3,539,969	3,558,812
<u>Less: Allowance for impairment losses</u>		
At 1 January	(1,975,079)	(1,975,079)
Allowance utilised	18,843	-
At 31 December	(1,956,236)	(1,975,079)
Carrying amount	1,583,733	1,583,733

During the financial year ended 31 December 2022, the Company's wholly-owned subsidiaries, Trekstor USA Inc and Trek Technology Europe B.V., were struck off, and accordingly, the cost of investment of US\$1,030 and US\$17,813, respectively, was written off against the allowance for impairment losses previously recognised in respect of the two subsidiaries.

During the financial year ended 31 December 2021, the Company's wholly-owned subsidiary, Trek Connect Sdn Bhd, was struck off, and accordingly, the cost of investment of US\$1 was written off.

The allowance for impairment losses relates to those inactive or dormant subsidiaries which had been fully impaired. As there are no indications of reversal of impairment, the impairment losses previously recognised are not reversed.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

6 Subsidiaries (cont'd)

On 6 September 2022, the Group, through the Company's wholly-owned subsidiary, Trek Technology (Singapore) Pte Ltd, acquired an additional 2% equity interest in Unimemory Technology (S) Pte. Ltd. ("Unimemory"), thereby increasing its ownership from 75.7% to 77.7%. The carrying amount of Unimemory's net assets in the consolidated financial statements on the date of acquisition was US\$2,665,350.

	2022 US\$
Carrying amount of non-controlling interest acquired (US\$2,665,350 x 2%)	53,307
Cash consideration paid to non-controlling interest	<u>(43,115)</u>
Increase in equity attributable to owners of the Company	<u>10,192</u>

Details of the subsidiaries are:

Name	Country of incorporation/ Principal place of business	Percentage of equity interest		Principal activities
		2022 %	2021 %	
<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 other related products
S-Com System (S) Pte Ltd ⁽ⁱ⁾	Singapore	100	100	Research, design, development and dealing in computer hardware, software, electronic components other related products
Trek Systems (M) Sdn Bhd ⁽ⁱⁱ⁾	Malaysia	100	100	Research, design, development and dealing in computer hardware, software, electronic components other related products
Trek Technology (HK) Co. Limited ⁽ⁱⁱⁱ⁾	Hong Kong	100	100	Marketing and distribution
Trekstor USA Inc [#]	United States of America	-	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	Marketing and distribution (dormant)
Trek Renewable Energy Solutions Pte. Ltd. (formerly known as Japan-Singapore Future Technology Lab Pte. Ltd.) ⁽ⁱ⁾	Singapore	100	100	Research and experimental development on medical technologies (inactive)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

6 Subsidiaries (cont'd)

Name	Country of incorporation/ Principal place of business	Percentage of equity interest		Principal activities
		2022 %	2021 %	
<u>Held by 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	77.7	75.7	Research, design, development and distribution of memory modules and other related products and solutions
<u>Held by Trek Technology (HK) Co. Ltd</u>				
Trek Systems (Shanghai) Co Ltd (v)	People's Republic of China	100	100	Marketing and distribution (inactive)
<u>Held by 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 other related products (inactive)
(i)	Audited by Foo Kon Tan LLP			
(ii)	Audited Crowe Malaysia PLT			
(iii)	Audited by Philip Lee & Co., Certified Public Accountants, Hong Kong			
(iv)	Audited by T.D. Jagadeesha & Co., Chartered Accountants, India			
(v)	Audited by Shenzhen Tianxinda 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% (2021: 15.3%) in Cloud Stringers (S) Pte. Ltd. and 22.3% (2021: 24.3%) in Unimemory Technology (S) Pte. Ltd., based on their respective financial statements prepared in accordance with SFRS(I)s. The information is before inter-group eliminations.

Cloud Stringers (S) Pte. Ltd. Summarised statement of financial position

	2022 US\$	2021 US\$
Current assets	1,727,651	1,858,483
Current liabilities	(75,522)	(110,058)
	1,652,129	1,748,425
Equity attributable to owners of the Company	1,399,353	1,480,916
Equity attributable to non-controlling interests	252,776	267,509
	1,652,129	1,748,425

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

6 Subsidiaries (cont'd)

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

Summarised statement of profit or loss and other comprehensive income

	2022	2021
	US\$	US\$
Revenue	3,769,184	2,811,279
Expenses	(3,865,480)	(2,827,859)
Loss for the year	(96,296)	(16,580)

Loss and total comprehensive loss attributable to:

- owners of the Company	(81,563)	(14,043)
- non-controlling interests	(14,733)	(2,537)
	(96,296)	(16,580)

Other summarised information

	2022	2021
	US\$	US\$
Cash flows from:		
- operating activities	(105,422)	(9,034)
- financing activities	(1,153,582)	(543,874)
	(1,259,004)	(552,908)

Unimemory Technology (S) Pte. Ltd.

Summarised statement of financial position

	2022	2021
	US\$	US\$
Current assets	2,681,780	2,710,158
Current liabilities	(10,969)	(9,673)
	2,670,811	2,700,485
Equity attributable to owners of the Company	2,075,220	2,044,268
Equity attributable to non-controlling interests	595,591	656,217
	2,670,811	2,700,485

Summarised statement of profit or loss and other comprehensive income

	2022	2021
	US\$	US\$
Revenue	308,022	6,055,263
Expenses	(287,696)	(5,943,962)
Profit for the year	20,326	111,301

Profit and total comprehensive income attributable to:

- owners of the Company	15,483	84,255
- non-controlling interests	4,843	27,046
	20,326	111,301

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

6 Subsidiaries (cont'd)

Unimemory Technology (S) Pte. Ltd. (cont'd)

Other summarised information

	2022	2021
	US\$	US\$
Cash flows from:		
- operating activities	23,036	(585,479)
- financing activities	(1,099,059)	(1,624,091)
	<u>(1,076,023)</u>	<u>(2,209,570)</u>

Interim dividend of US\$0.01658 per share in respect of the financial year ended 31 December 2022, amounting to US\$12,162 (2021: US\$nil), was paid to non-controlling interests for the financial year ended 31 December 2022.

7 Associates

	The Group		The Company	
	2022	2021	2022	2021
	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)	-	-
<u>Carrying amount</u>	<u>-</u>	<u>-</u>	<u>5,407</u>	<u>5,407</u>

The impairment loss recognised relates to an associate which is dormant and has been fully impaired. As there are no indications of reversal of impairment, the impairment loss previously recognised is not reversed.

Details of the associates are:

Name	Country of incorporation	Percentage of equity interest		Principal activities
		2022	2021	
		%	%	
<u>Held by the Company</u>				
Trek Technology (Thailand) Company Ltd #	Thailand	39	39	Marketing of computer, hardware, software, electronic components and other related products
STrek International Company Limited #	Hong Kong	45	45	Dormant

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\$464,247 (2021: US\$421,392) of which US\$42,855 (2021: US\$31,585) 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.

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:

	2022	2021
	US\$	US\$
The Group		
<u>Loss and total comprehensive loss for the year</u>	<u>(109,885)</u>	<u>(80,988)</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

8 Other investments

	2022	2021
The Group and the Company	US\$	US\$
<u>Non-current investments</u>		
Unquoted investments (i)	1,886,000	1,764,306
<u>Current investments</u>		
Other investments (ii)	1,993,292	5,213,570
Funds managed by a fund manager (iii)	13,904,904	23,045,542
Investments in funds (iv)	1,796,393	511,188
	17,694,589	28,770,300
	19,580,589	30,534,606

- (i) Unquoted investments comprise equity and compound investments of US\$1,886,000 (2021: US\$553,306) and US\$nil (2021: US\$1,211,000), respectively. The equity investment is not held for trading and is irrevocably elected at initial recognition to be measured at FVOCI. The compound instrument did not meet the criteria for amortised cost or FVOCI and was therefore measured at FVTPL. The fair values of unquoted investments are determined by an independent professional valuer which has the appropriate recognised professional qualifications.
- (ii) 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.
- (iii) Funds managed by a fund manager under discretionary mandate comprise quoted equity, debt and other investments. As they are acquired principally for the purpose of selling in the near term, they are measured at FVTPL.
- (iv) The funds invest mainly in quoted equity investments. The investments in funds are mandatorily measured at FVTPL.

Other investments are denominated in the following currencies:

	2022	2021
The Group and the Company	US\$	US\$
United States dollar	14,597,267	21,717,730
British pound sterling	205,448	579,743
Euro	342,009	1,213,221
Hong Kong dollar	75,700	1,691,585
Indonesian rupiah	321,135	94,969
Japanese yen	207,723	264,405
New Taiwan dollar	-	944,542
Philippine peso	-	40,920
Renminbi	1,672,157	1,492,372
Singapore dollar	1,886,000	1,573,484
Swiss franc	273,150	812,846
Thai baht	-	108,789
	19,580,589	30,534,606

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

9 Trade and other receivables

	The Group		The Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Trade receivables				
- Third parties	3,306,738	3,939,953	-	-
- Associate	1,372	5,097	-	-
	3,308,110	3,945,050	-	-
Amounts due from subsidiaries (non-trade)	-	-	12,492,891	11,863,538
Amount due from an associate (non-trade)	212,892	147,461	212,892	147,461
Less: Allowance for impairment losses	(212,892)	(147,461)	(12,125,408)	(12,010,999)
	-	-	580,375	-
Deposits	26,690	32,453	-	-
Interest receivable	46,508	50,456	46,508	50,456
Loan receivable	1,470,000	1,466,000	1,470,000	1,466,000
Other receivables	45,593	8,359	305	6,057
Financial assets at amortised cost	4,896,901	5,502,318	2,097,188	1,522,513
Net input taxes	47,091	150,966	48	27
Total trade and other receivables	4,943,992	5,653,284	2,097,236	1,522,540
Comprising:				
Non-current	-	1,466,000	-	1,466,000
Current	4,943,992	4,187,284	2,097,236	56,540
	4,943,992	5,653,284	2,097,236	1,522,540

Trade receivables are unsecured and non-interest bearing and have a credit term of 30 to 180 days (2021: 30 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The ageing analysis of trade receivables is as follows:

The Group	2022	2021
	US\$	US\$
Not past due	3,271,054	3,915,776
Past due 1 to 30 days	36,359	26,786
Past due 31 to 60 days	-	2,366
Past due more than 60 days	697	122
	3,308,110	3,945,050

Based on historical default rates, the Group believes that no 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

9 Trade and other receivables (cont'd)

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

	The Group		The Company	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
At 1 January	147,461	97,133	12,010,999	11,508,389
Allowance made	65,431	50,328	114,409	502,610
At 31 December	212,892	147,461	12,125,408	12,010,999

Loan of S\$2,000,000 (US\$1,470,000) (2021: S\$2,000,000 (US\$1,466,000)) was made to an investee company in which the Company holds 11.2% (2021: 7.5%) equity interest. The loan bears interest at 6% (2021: 6%) per annum. The loan is secured by a corporate guarantee from the major shareholder of the investee company. The loan is for a period of 24 months and is repayable through 24 equal monthly interest repayments, followed by a single repayment of the principal amount on maturity. The loan matures on 11 April 2023 and has been repaid in full.

The fair value of the loan receivable approximates its carrying amount.

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

	The Group		The Company	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
United States dollar	3,208,186	3,252,046	626,883	50,456
Indian rupee	5,200	5,633	-	-
Malaysian ringgit	47,183	17,861	-	-
Singapore dollar	1,624,732	2,219,557	1,470,305	1,472,057
Others	11,600	7,221	-	-
	4,896,901	5,502,318	2,097,188	1,522,513

10 Inventories

The Group	2022	2021
	US\$	US\$
Materials for sale, at net realisable value	2,179,290	1,117,408
Products for sale, at net realisable value	227,729	180,004
	2,407,019	1,297,412

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

The Group	2022	2021
	US\$	US\$
At 1 January	251,305	398,008
Allowance made/(reversed) (Note 22)	2,030,027	(146,703)
At 31 December	2,281,332	251,305

For the financial year ended 31 December 2022, due to the decline in selling prices and the obsolescence of certain inventories, the Group wrote down US\$2,030,027 of the inventories to their net realisable values.

For the financial year ended 31 December 2021, reversal of write-down on inventories of US\$146,703 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 2022

11 Cash and bank deposits

	The Group		The Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Cash and bank balances	1,536,831	5,880,490	105,429	14,991
Short-term deposits	515,000	-	515,000	-
Fixed deposit	502,043	500,608	-	-
	2,553,874	6,381,098	620,429	14,991

Cash at banks is held in current accounts and is non-interest bearing. Short-term deposits were made for a period of one month, depending on the immediate cash requirements of the Group and the Company.

As at 31 December 2022, fixed deposit of US\$500,000 (2021: 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	2022	2021
	US\$	US\$
Cash and bank balances	1,536,831	5,880,490
Short-term deposits	515,000	-
Fixed deposit	502,043	500,608
	2,553,874	6,381,098
Less: Fixed deposit pledged	(500,000)	(500,000)
	2,053,874	5,881,098

Cash and bank deposits are denominated in the following currencies:

	The Group		The Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
<u>Cash and bank balances</u>				
United States dollar	1,312,116	2,469,090	86,700	7,073
Singapore dollar	159,522	3,329,234	16,393	7,918
Malaysia ringgit	46,657	69,132	-	-
India rupee	7,864	4,507	-	-
Renminbi	7,218	5,202	2,336	-
Others	3,454	3,325	-	-
	1,536,831	5,880,490	105,429	14,991
<u>Short-term deposits</u>				
United States dollar	515,000	-	515,000	-
<u>Fixed deposit</u>				
United States dollar	502,043	500,608	-	-
	2,553,874	6,381,098	620,429	14,991

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

12 Share capital and treasury shares

Share capital

	2022	2021	2022	2021
The Group and the Company	Number of ordinary shares	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

Share capital amounted to S\$61,713,650 (US\$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.

Treasury shares

	2022	2021	2022	2021
The Group and the Company	Number of ordinary shares	Number of ordinary shares	US\$	US\$
At 1 January	11,025,000	8,114,700	995,787	732,223
Purchase of treasury shares	-	2,910,300	-	263,564
At 31 December	11,025,000	11,025,000	995,787	995,787

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

The Company had acquired 2,910,300 of its own shares through purchase on the SGX-ST during the financial year ended 31 December 2021. The total amount paid to acquire the shares was S\$352,214 (US\$263,564) and was deducted from shareholders' equity. The shares are held as treasury shares.

13 Reserves

	The Group		The Company	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Accumulated losses	(14,245,475)	(1,039,556)	(12,537,449)	(4,919,522)
Capital reserve	2,716,551	2,716,551	-	-
Revaluation reserve	1,352,155	1,266,392	-	-
Fair value reserve	(1,114,003)	(2,446,696)	(1,114,003)	(2,446,696)
Share option reserve	407,637	501,707	407,637	501,707
Foreign currency translation reserve	144,375	(40,032)	-	-
Other reserve	16,950	6,758	95,372	95,372
	(10,721,810)	965,124	(13,148,443)	(6,769,139)

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 increase in fair values of the properties, net of tax, and decrease to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income. The revaluation reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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. and Unimemory Technology (S) Pte. Ltd. from non-controlling interests, which are accounted for as equity transactions with shareholders.

14 Lease liabilities

	2022	2021
The Group	US\$	US\$
Undiscounted lease payments due:		
- Year 1	88,537	112,024
- Year 2	56,897	43,981
- Year 3	41,325	26,023
- Year 4	22,400	26,023
- Year 5	6,698	22,400
- Year 6	-	6,698
	215,857	237,149
Less: Unearned interest cost	(12,053)	(13,488)
	203,804	223,661
Represented by:		
- Non-current	121,601	118,013
- Current	82,203	105,648
	203,804	223,661

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

Interest expense on lease liabilities of US\$8,262 (2021: US\$13,807) (Note 21) is recognised in profit or loss for the financial year ended 31 December 2022 under finance costs.

Total cash outflow for leases amounted to US\$132,265 (2021: US\$147,874) for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

14 Lease liabilities (cont'd)

Lease liabilities are denominated in the following currencies:

	2022	2021
The Group	US\$	US\$
United States dollar	278	1,901
Hong Kong dollar	-	15,878
Indian rupee	5,345	5,586
Malaysian ringgit	19,660	6,906
Renminbi	25,901	10,820
Singapore dollar	117,737	175,702
Vietnamese dong	33,484	6,868
Others	1,399	-
	203,804	223,661

15 Deferred tax liabilities

	2022	2021
The Group	US\$	US\$
At 1 January	87,488	87,122
Recognised in profit or loss (Note 23)	156	(6)
Recognised in other comprehensive income (Note 3)	17,566	372
At 31 December	105,210	87,488

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

As at 31 December 2022 and 31 December 2021, there were no temporary differences arising from undistributed earnings of subsidiaries.

16 Trade and other payables

	The Group		The Company	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Trade payables	710,217	3,201,224	615	294
Accrued expenses	1,149,745	1,021,463	193,240	222,146
Amount due to a subsidiary (non-trade)	-	-	-	3,361,364
Non-trade creditors	58,844	59,737	12,118	16,879
Other creditors	513,292	517,228	1,765	1,765
Financial liabilities at amortised cost	2,432,098	4,799,652	207,738	3,602,448
Net output taxes	1,778	-	-	-
Total trade and other payables	2,433,876	4,799,652	207,738	3,602,448

Trade and other payables are non-interest bearing and have a credit term of 30 days (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

16 Trade and other payables (cont'd)

Other creditors comprise an amount of US\$509,634 (2021: 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 taxes) are denominated in the following currencies:

	The Group		The Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
United States dollar	2,287,914	4,675,198	193,240	3,583,510
India rupee	34,609	26,017	-	-
Malaysia ringgit	14,439	12,012	-	-
Singapore dollar	60,783	55,956	14,498	18,938
Others	34,353	30,469	-	-
	2,432,098	4,799,652	207,738	3,602,448

17 Provisions

The Group	Provision for compensation US\$	Provision for warranty US\$	Total US\$
At 1 January 2021	900,000	150,000	1,050,000
Provision reversed (Note 19/22)	(900,000)	(55,000)	(955,000)
At 31 December 2021	-	95,000	95,000
Provision made (Note 22)	-	161,745	161,745
Provision utilised	-	(11,745)	(11,745)
At 31 December 2022	-	245,000	245,000

Provision for compensation relates to compensation sought by a customer for damages arising from defective products assembled by the Group in 2015. During the financial year ended 31 December 2021, the provision was reversed.

Provision for warranty relates to warranty on products that the Group provides customers with assurance that the products comply with agreed-upon specifications and that the Group undertakes to replace for the 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 replacement cost at the end of the reporting period.

18 Revenue

The Group	2022 US\$	2021 US\$
Sale of goods, recognised at a point in time	14,785,641	37,335,579
Rendering of services, recognised at a point in time	1,832,225	-
Licensing income, recognised over time	-	247
	16,617,866	37,335,826

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

19 Other income

	2022	2021
The Group	US\$	US\$
Dividend income	16,533	49,679
Freight income	1,560	2,558
Gain on lease termination	-	9,919
Government grants	55,302	80,814
Interest income from:		
- loan receivable	87,110	62,157
- other investments	186,080	263,386
- short-term and fixed deposits	38,826	34
	312,016	325,577
Marketing income	74,508	53,540
Net gain on disposal of debt investments at FVOCI	-	354,946
Reversal of provision for compensation (Note 17)	-	900,000
Others	2,965	17,096
	462,884	1,794,129

20 Other operating expenses

	2022	2021
The Group	US\$	US\$
Bad debt	10,183	-
Foreign exchange loss, net	265,179	34,267
Net fair value loss on investments at FVTPL	7,607,653	677,222
	7,883,015	711,489

21 Finance costs

	2022	2021
The Group	US\$	US\$
Interest expense on:		
- bank loan	22,479	14,290
- lease liabilities (Note 14)	8,262	13,807
	30,741	28,097

22 Loss before taxation

	Note	2022	2021
The Group		US\$	US\$
Loss before taxation has been arrived at after charging/(crediting):			
Amortisation of intangible assets	5	-	57,932
Consultancy fees		235,927	318,011
Cost of inventories recognised in cost of sales		16,982,674	35,587,531
Depreciation of property, plant and equipment	3	152,693	194,283
Depreciation of right-of-use assets	4	143,482	150,153
Intangible assets written off	5	-	218,804
Provision for warranty made/(reversed)	17	161,745	(55,000)
Write-down on inventories made/(reversed)	10	2,030,027	(146,703)
Audit fees			
- Auditor of the Company		95,550	96,954
- Other auditors		10,924	10,970

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

22 Loss before taxation (cont'd)

	2022	2021
The Group	US\$	US\$
Staff costs		
Directors:		
Directors' fees	64,224	125,743
Directors' remuneration other than fees:		
- salaries and other related costs	229,869	148,787
- contributions to defined contribution plans	25,911	19,278
Total directors' remuneration	320,004	293,808
Key management personnel (other than directors):		
- salaries and other related costs	526,290	468,359
- contributions to defined contribution plans	41,627	40,561
	567,917	508,920
Total key management personnel compensation	887,921	802,728
Other than key management personnel:		
- salaries and other related costs	659,168	717,135
- contributions to defined contribution plans	87,338	93,998
	746,506	811,133
Total staff costs	1,634,427	1,613,861

Staff costs comprise US\$288,860 (2021: US\$234,294), US\$998,874 (2021: US\$1,066,029) and US\$346,693 (2021: US\$313,538) which are classified under research and development expenses, marketing and distribution expenses and administrative expenses, respectively.

23 Taxation

	2022	2021
The Group	US\$	US\$
Current taxation		
- current year	(68)	151
Deferred taxation (Note 15)		
- origination and reversal of temporary differences	156	(6)
	88	145

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore tax rate on loss before taxation as a result of the following:

	2022	2021
The Group	US\$	US\$
Loss before taxation	(13,309,791)	(1,183,788)
Tax at Singapore tax rate of 17% (2021: 17%)	(2,262,664)	(201,244)
Effect of different tax rates in foreign jurisdictions	(46,976)	(11,620)
Tax effect of non-deductible expenses	1,446,646	224,034
Tax effect of non-taxable income	-	(95,820)
Deferred tax assets on temporary differences not recognised	838,727	273,535
Utilisation of deferred tax assets previously not recognised	(3,455)	(208,493)
Others	27,810	19,753
	88	145

Non-deductible expenses mainly relate to depreciation of non-qualifying property, plant and equipment, depreciation of right-of-use assets, intangible assets written off and fair value losses on investments. Non-taxable income mainly relates to government grants, fair value gains on investments, gains on disposal of investments and provisions reversed.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

23 Taxation (cont'd)

At the end of reporting period, the Group has unused tax losses of approximately US\$28,361,000 (2021: US\$23,562,000), 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.

24 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\$13,299,989 (2021: US\$1,208,442) and a weighted average number of ordinary shares outstanding of 313,091,925 (2021: 313,826,024), calculated as follows:

Weighted average number of ordinary shares

	2022	2021
Issued ordinary shares at beginning of the year (excluding treasury shares)	313,091,925	316,002,225
Effect of treasury shares acquired during the year	-	(2,176,201)
<u>Weighted average number of ordinary shares during the year</u>	<u>313,091,925</u>	<u>313,826,024</u>

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

At the end of the reporting period, 2,600,000 (2021: 3,200,000) 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.

25 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, there were no outstanding share options granted by the Company to current directors and key management personnel.

As at 31 December 2022, the total number of outstanding share options granted by the Company is 2,600,000 (2021: 3,200,000), comprising 2,600,000 (2021: 3,200,000) ordinary shares at a price of S\$0.247 each, exercisable between 10 February 2016 and 10 February 2025.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

25 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:

	2022		2021	
	Number	WAEP S\$	Number	WAEP S\$
Outstanding at 1 January	3,200,000	0.247	3,700,000	0.262
Forfeited/Expired	<u>(600,000)</u>	0.247	<u>(500,000)</u>	0.356
Outstanding at 31 December *	<u>2,600,000</u>	0.247	<u>3,200,000</u>	0.247
Exercisable at 31 December	<u>2,600,000</u>	0.247	<u>3,200,000</u>	0.247

* The exercise price for options outstanding at the end of the financial year is S\$0.247 (2021: S\$0.247). The remaining contractual life for these options is 2.1 years (2021: 3.1 years).

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	10 February 2015	10 February 2015	Total
Grant option number	19	19	
Option exercise period			
From	10 February 2016	10 February 2017	
To	10 February 2025	10 February 2025	
Number of holders as at 31 December 2022	2	2	
Exercise price per option	S\$0.247	S\$0.247	
Number of options outstanding			
At 1 January 2022	1,600,000	1,600,000	3,200,000
Forfeited	<u>(300,000)</u>	<u>(300,000)</u>	<u>(600,000)</u>
At 31 December 2022	<u>1,300,000</u>	<u>1,300,000</u>	<u>2,600,000</u>

Date of options granted	11 July 2011	11 July 2011	10 February 2015	10 February 2015	Total
Grant option number	16	16	19	19	
Option exercise period					
From	11 July 2012	11 July 2013	10 February 2016	10 February 2017	
To	11 July 2021	11 July 2021	10 February 2025	10 February 2025	
Number of holders as at 31 December 2021	-	-	3	3	
Exercise price per option	S\$0.356	S\$0.356	S\$0.247	S\$0.247	
Number of options outstanding					
At 1 January 2021	225,000	275,000	1,600,000	1,600,000	3,700,000
Expired	<u>(225,000)</u>	<u>(275,000)</u>	-	-	<u>(500,000)</u>
At 31 December 2021	<u>-</u>	<u>-</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>3,200,000</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

26 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:

	2022	2021
The Group	US\$	US\$
Sale of goods to a related company	6,458	5,097
Reimbursement of expenses to a related company	(103,463)	(86,328)
Management fees to a related company	(36,000)	(36,000)
Consultancy fees paid to controlling shareholder and former director of the Company	(131,914)	(224,836)

The related company is a subsidiary of an 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.

27 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 option to renew the leases 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 term of one to five years. In addition, the Group leases motor vehicles under hire purchase arrangement with 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 (Note 3).

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:

	2022	2021
The Group	US\$	US\$
Interest expense on lease liabilities (Note 21)	8,262	13,807

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

28 Operating segments

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

- Customised solutions
- Interactive consumer solutions
- Renewable energy solutions
- Corporate

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

The customised solutions segment is driven by customers' specification, needs and requirements. The Group provides expertise in the area of design solutions that incorporate its software, hardware and firmware. The design solutions are developed specific to customers' requirements, the customers have the flexibility to purchase either the complete design-in module or sub-modules in semi-customised or customised forms.

The interactive consumer solutions segment is driven by the creativity, innovativeness and ingenuity from the Group's core research and development division. Serving as the mainstay growth driver for the Group, it offers patented products and solutions. As a leading external storage solutions provider with a portfolio of innovative and patented products and solutions, the Group continues to leverage on its specialisation in external storage and security solutions to reinvent and develop new product offerings.

The renewable energy solutions segment is driven by customers' specification, needs and requirements. The Group provides expertise in the area of design solutions that incorporate its software, hardware and firmware. The design solutions are specific to the renewable energy industry and the Group provides innovative artificial intelligence solutions to help customers better manage their renewable energy activities.

The corporate segment comprises the corporate office in Singapore which undertakes investment activities and incurs general corporate expenses.

The reporting segment results exclude income taxes 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.

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 2022

28 Operating segments (cont'd)

	Customised solutions		Interactive consumer solutions		Renewable energy solutions		Corporate		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Segment revenue										
Sales to external customers	2,135,858	7,485,470	9,629,526	22,052,871	4,852,482	7,797,485	-	-	16,617,866	37,335,826
Results										
Amortisation of intangible assets	-	-	-	(57,932)	-	-	-	-	-	(57,932)
Bad debt	-	-	(10,183)	-	-	-	-	-	(10,183)	-
Depreciation of property, plant and equipment	(19,625)	(38,952)	(88,481)	(114,756)	(44,587)	(40,575)	-	-	(152,693)	(194,283)
Depreciation of right-of-use assets	(18,441)	(30,104)	(83,144)	(88,690)	(41,897)	(31,359)	-	-	(143,482)	(150,153)
Impairment losses on other receivables	(27,516)	(10,090)	(37,915)	(40,238)	-	-	-	-	(65,431)	(50,328)
Intangible assets written off	-	(43,868)	-	(174,936)	-	-	-	-	-	(218,804)
Provisions (made)/reversed	(68,019)	11,027	(93,726)	943,973	-	-	-	-	(161,745)	955,000
Write-down on inventories (made)/reversed	-	29,413	(2,030,027)	117,290	-	-	-	-	(2,030,027)	146,703
Segment (loss)/gain	(771,160)	(238,315)	(3,476,778)	(702,105)	(1,752,008)	(268,251)	(7,309,845)	24,883	(13,309,791)	(1,183,788)
Assets and liabilities										
Additions to non-current assets	15,847	66,296	71,444	216,784	36,002	69,058	-	-	123,293	352,138
Segment assets	1,270,006	2,683,124	5,770,931	7,904,730	4,355,343	4,260,965	19,580,589	30,534,606	30,976,869	45,383,425
Segment liabilities	364,629	1,026,172	1,689,478	3,023,196	828,573	1,068,945	1,134,478	1,543,108	4,017,158	6,661,421

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

28 Operating segments (cont'd)

Additions to non-current assets, excluding financial instruments, consist of the following:

	2022	2021
The Group	US\$	US\$
Additions to:		
- property, plant and equipment	19,147	44,125
- right-of-use assets	104,146	286,542
- intangible assets	-	21,471
	123,293	352,138

Geographical information

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

	Revenue		Non-current assets	
	2022	2021	2022	2021
The Group	US\$	US\$	US\$	US\$
China/Hong Kong	4,660,050	22,045,598	25,797	25,705
India	1,799,169	1,016,088	6,687	6,831
Indonesia	362,751	490,323	-	-
Malaysia	496,377	515,743	21,522	7,866
Philippines	103,109	35,387	-	-
Singapore	5,833,564	8,481,179	1,378,569	1,461,802
Taiwan	3,141,610	4,202,456	-	-
Thailand	192,791	547,841	-	-
United States of America	16,040	247	-	-
Others	12,405	964	-	-
	16,617,866	37,335,826	1,432,575	1,502,204

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 three customers (2021: three customers) which individually contributed ten percent or more of the Group's revenue amounted to US\$7,214,165 (2021: US\$19,648,854), as follows:

	2022	2021
The Group	US\$	US\$
Customer A (renewable energy solutions segment)	3,020,258	-
Customer B (interactive consumer solutions segment)	2,361,683	*
Customer C (renewable energy solutions segment)	1,832,224	7,797,485
Customer D (interactive consumer solutions segment)	-	6,359,351
Customer E (interactive consumer solutions segment)	-	5,492,018
Total	7,214,165	19,648,854

* Below ten percent

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

29 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 29.3) and foreign currency risk (Note 29.4).

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.

29.1 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. 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 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 ongoing 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's trade receivables comprise one major debtor (2021: three major debtors) that represented 98% (2021: 97%) of trade receivables.

The Group and the Company have trade and other receivables and cash and bank deposits that are subject to impairment under the expected credit loss ("ECL") model. While cash and bank deposits are subject to the impairment requirements of SFRS(I) 9, the identified impairment loss is insignificant.

Trade receivables

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

29.1 Credit risk (cont'd)

Trade receivables (cont'd)

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 gross domestic product 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.

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 businesses 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 is required.

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

The Company has control over the operating, investing and financing activities of its subsidiaries. The use of advances to assist with the subsidiaries' cash flow management is in line with the Group's capital management. In determining the ECLs, management has taken into account the financial position of the subsidiaries and a forward-looking analysis of the financial performance of operations of the subsidiaries. In respect of the non-trade amounts due from subsidiaries which are repayable on demand, management has considered the availability of accessible and highly liquid assets of the subsidiaries for repayment if they are demanded at the end of the reporting period. Management has assessed that the Company is not exposed to significant credit loss in respect of the non-trade amount due from the subsidiary.

Non-trade amounts due from other subsidiaries and an associate have been fully impaired taking into account the financial position of the subsidiaries and associate, and a forward-looking analysis of the financial performance of operations of the subsidiaries and associate. At the end of the reporting period, loss allowance of US\$12,125,408 (2021: US\$12,010,999) is required for the non-trade amounts due from subsidiaries and associate, which are credit-impaired.

Cash and bank deposits

Bank deposits are held with banks which are regulated. Impairment on cash and bank deposits has been measured on the 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its bank deposits have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank deposits is negligible.

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 trade and other receivables and cash and bank deposits. Bank deposits are held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

29.2 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.

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

	Carrying amount US\$	Contractual undiscounted cash flows US\$	Less than 1 year US\$	Between 1 and 5 years US\$	More than 5 years US\$
The Group					
2022					
<u>Non-derivative financial liabilities</u>					
Lease liabilities (Note 14)	203,804	215,857	88,537	127,320	-
Trade and other payables * (Note 16)	2,432,098	2,432,098	2,432,098	-	-
	2,635,902	2,647,955	2,520,635	127,320	-

2021

Non-derivative financial liabilities

Lease liabilities (Note 14)	223,661	237,149	112,024	118,427	6,698
Trade and other payables (Note 16)	4,799,652	4,799,652	4,799,652	-	-
	5,023,313	5,036,801	4,911,676	118,427	6,698

The Company

2022

Trade and other payables (Note 16)	207,738	207,738	207,738	-	-
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2021

Trade and other payables (Note 16)	3,602,448	3,602,448	3,602,448	-	-
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* Excluding net output taxes

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

29.3 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.

Loan receivable, short-term deposits, fixed deposit 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	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Fixed rate instruments				
<u>Financial assets</u>				
- loan receivable	1,470,000	1,466,000	1,470,000	1,466,000
- short-term deposits	515,000	-	515,000	-
- fixed deposit	502,043	500,608	-	-
	2,487,043	1,966,608	1,985,000	1,466,000
<u>Financial liabilities</u>				
- lease liabilities	(203,804)	(223,661)	-	-
	2,283,239	1,742,947	1,985,000	1,466,000

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 FVTPL. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

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

29.4 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 other investments and cash and bank deposits 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 do not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

29.4 Foreign currency risk (cont'd)

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

	Singapore dollar US\$	Renminbi US\$
The Group		
2022		
Other investments (Note 8)	1,886,000	1,672,157
Trade and other receivables (Note 9)	1,624,732	-
Cash and bank deposits (Note 11)	159,522	7,218
Lease liabilities (Note 14)	(117,737)	(25,901)
Trade and other payables (Note 16)	(60,783)	-
Net exposure	3,491,734	1,653,474
2021		
Other investments (Note 8)	1,573,484	1,492,372
Trade and other receivables (Note 9)	2,219,557	-
Cash and bank deposits (Note 11)	3,329,234	5,202
Lease liabilities (Note 14)	(175,702)	(10,820)
Trade and other payables (Note 16)	(55,956)	-
Net exposure	6,890,617	1,486,754
The Company		
2022		
Other investments (Note 8)	1,886,000	1,672,157
Trade and other receivables (Note 9)	1,470,305	-
Cash and bank deposits (Note 11)	16,393	2,336
Trade and other payables (Note 16)	(14,498)	-
Net exposure	3,358,200	1,674,493
2021		
Other investments (Note 8)	1,573,484	1,492,372
Trade and other receivables (Note 9)	1,472,057	-
Cash and bank deposits (Note 11)	7,918	-
Trade and other payables (Note 16)	(18,938)	-
Net exposure	3,034,521	1,492,372

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Singapore dollar ("SGD") and Renminbi ("RMB") 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.

		2022 US\$	2021 US\$
The Group			
SGD	- strengthened 5% (2021: 5%)	174,587	344,531
	- weakened 5% (2021: 5%)	(174,587)	(344,531)
RMB	- strengthened 5% (2021: 5%)	82,674	74,338
	- weakened 5% (2021: 5%)	(82,674)	(74,338)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

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

29.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

		2022	2021
The Company		US\$	US\$
SGD	- strengthened 5% (2021: 5%)	167,910	151,726
	- weakened 5% (2021: 5%)	(167,910)	(151,726)
RMB	- strengthened 5% (2021: 5%)	83,725	74,619
	- weakened 5% (2021: 5%)	(83,725)	(74,619)

This analysis is based on foreign currency exchange rate variances that the Group and the Company consider 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.

29.5 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 quoted equity, debt and other investments, and the underlying quoted investments in funds managed by a fund manager and investments in funds.

Market price sensitivity

At the end of the reporting period, if the market prices had been 5% (2021: 5%) higher/lower with all other variables held constant, and the Group's and the Company's results net of tax and equity would have been US\$884,729 (2021: US\$1,499,065) higher/lower, arising as a result of an increase/decrease in the fair value of other investments at FVTPL.

30 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:

The Group	Amortised cost US\$	FVOCI – equity instrument US\$	Mandatorily at FVTPL US\$	Other financial liabilities at amortised cost US\$	Total US\$
2022					
Financial assets					
Other investments (Note 8)	-	1,886,000	17,694,589	-	19,580,589
Trade and other receivables * (Note 9)	4,896,901	-	-	-	4,896,901
Cash and bank deposits (Note 11)	2,553,874	-	-	-	2,553,874
	7,450,775	1,886,000	17,694,589	-	27,031,364
Financial liabilities					
Lease liabilities (Note 14)	-	-	-	203,804	203,804
Trade and other payables # (Note 16)	-	-	-	2,432,098	2,432,098
	-	-	-	2,635,902	2,635,902

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

30 Financial instruments (cont'd)

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

	Amortised cost	FVOCI – equity instrument	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Total
The Group	US\$	US\$	US\$	US\$	US\$
2021					
Financial assets					
Other investments (Note 8)	-	553,306	29,981,300	-	30,534,606
Trade and other receivables * (Note 9)	5,502,318	-	-	-	5,502,318
Cash and bank deposits (Note 11)	6,381,098	-	-	-	6,381,098
	<u>11,883,416</u>	<u>553,306</u>	<u>29,981,300</u>	<u>-</u>	<u>42,418,022</u>
Financial liabilities					
Lease liabilities (Note 14)	-	-	-	223,661	223,661
Trade and other payables (Note 16)	-	-	-	4,799,652	4,799,652
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,023,313</u>	<u>5,023,313</u>
The Company					
2022					
Financial assets					
Other investments (Note 8)	-	1,886,000	17,694,589	-	19,580,589
Trade and other receivables * (Note 9)	2,097,188	-	-	-	2,097,188
Cash and bank deposits (Note 11)	620,429	-	-	-	620,429
	<u>2,717,617</u>	<u>1,886,000</u>	<u>17,694,589</u>	<u>-</u>	<u>22,298,206</u>
Financial liabilities					
Trade and other payables (Note 16)	-	-	-	207,738	207,738
2021					
Financial assets					
Other investments (Note 8)	-	553,306	29,981,300	-	30,534,606
Trade and other receivables * (Note 9)	1,522,513	-	-	-	1,522,513
Cash and bank deposits (Note 11)	14,991	-	-	-	14,991
	<u>1,537,504</u>	<u>553,306</u>	<u>29,981,300</u>	<u>-</u>	<u>32,072,110</u>
Financial liabilities					
Trade and other payables (Note 16)	-	-	-	3,602,448	3,602,448

* Excluding net input taxes

Excluding net output taxes

31 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 their 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

31 Capital management (cont'd)

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 bank deposits. Total capital represents equity attributable to owners of the Company.

	The Group		The Company	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Lease liabilities (Note 14)	203,804	223,661	-	-
Trade and other payables (Note 16)	2,433,876	4,799,652	207,738	3,602,448
Total debt	2,637,680	5,023,313	207,738	3,602,448
Less: Cash and bank deposits (Note 11)	(2,553,874)	(6,381,098)	(620,429)	(14,991)
Net debt/(cash)	83,806	(1,357,785)	(412,691)	3,587,457
Equity attributable to the owners of the Company	26,111,344	37,798,278	23,684,711	30,064,015
Total capital	26,111,344	37,798,278	23,684,711	30,064,015
Total capital and net debt	26,195,150	36,440,493	23,272,020	33,651,472
Gearing ratio	0%	N.M.	N.M.	11%

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

32 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 statements 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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

32 Fair value measurement (cont'd)

Fair value hierarchy (cont'd)

The carrying amounts of financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables (excluding net input taxes), cash and bank deposits, and trade and other payables (excluding net output taxes) 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 and the Company for similar financial instruments.

Fair values of financial instruments

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
The Group and the Company				
2022				
<u>Financial assets</u>				
Unquoted investment	-	-	1,886,000	1,886,000
Other investments	1,993,292	-	-	1,993,292
Funds managed by a fund manager	10,440,565	3,464,339	-	13,904,904
Investments in funds	-	-	1,796,393	1,796,393
	12,433,857	3,464,339	3,682,393	19,580,589
2021				
<u>Financial assets</u>				
Unquoted investments	-	-	1,764,306	1,764,306
Other investments	5,213,570	-	-	5,213,570
Funds managed by a fund manager	21,606,449	1,439,093	-	23,045,542
Investment in a fund	-	-	511,188	511,188
	26,820,019	1,439,093	2,275,494	30,534,606

The following table presents the changes in Level 3 items during the financial year for recurring fair value measurements:

	2022 US\$	2021 US\$
The Group and the Company		
At 1 January	2,275,494	2,112,691
Additions	2,000,001	-
Disposals	(407,117)	-
Transfer to Level 1	(1,464,294)	-
Gains recognised in other comprehensive income	1,841,693	78,243
(Losses)/Gains recognised in profit or loss	(54,384)	84,560
At 31 December	4,191,393	2,275,494

An unquoted investment was transferred from Level 3 to Level 1 during the financial year ended 31 December 2022 as the investment became quoted arising from the public listing of the investee company.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

32 Fair value measurement (cont'd)

Fair values of financial instruments (cont'd)

Investment funds managed by a fund manager, unquoted equity investments and investments in funds

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Investment funds managed by a fund manager at FVTPL (Level 2)</i>		
The fair values of the investment funds are based on the quoted market prices of the underlying quoted investments.	Not applicable	Not applicable
<i>Unquoted equity investments at FVOCI and FVTPL (Level 3)</i>		
The valuations are based on:		
<u>2022</u>		
(i) market approach, using the option pricing model on the investee entity;	Volatility of comparable companies	The estimated fair value would increase/decrease if volatility of comparable companies was higher/lower.
<u>2021</u>		
(ii) market approach, using the median price-to-book ratio of companies comparable to the investee entity, applied to the net asset value of the investee entity, 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.
(iii) market approach, using the guideline transaction method, based on pricing multiples derived from companies and transactions comparable to the investee entity.	Pricing multiples derived from comparable companies and transactions	The estimated fair value would increase/decrease if pricing multiples were higher/lower.
<i>Investments in funds at FVTPL (Level 3)</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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

32 Fair value measurement (cont'd)

Fair values of non-financial assets

The Group	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2022				
<u>Non-financial assets</u>				
Freehold property (Note 3)	-	-	602,699	602,699
Leasehold properties (Note 3)	-	-	477,752	477,752
	-	-	1,080,451	1,080,451

2021

Non-financial assets

Freehold property (Note 3)	-	-	623,049	623,049
Leasehold properties (Note 3)	-	-	476,452	476,452
	-	-	1,099,501	1,099,501

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 their fair values.

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 of US\$19,442 (2021: US\$20,098) and US\$608 (2021: US\$606) for freehold property and leasehold properties, respectively. - Adjustments for size and location (for freehold property) and tenure (for leasehold properties) 	<p>The estimated fair value would increase/decrease by US\$54,023 (2021: US\$54,975) if:</p> <ul style="list-style-type: none"> - Price per square metre was higher/lower by 5%; or - Adjustments for size, location and tenure were higher/lower by 5%.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2022

33 Events after the reporting period

On 5 June 2023, the SGX-ST notified the Company that it would be placed on the Watch-List due to the pre-tax losses incurred for the three most recently consecutive financial years and an average daily market capitalisation of less than S\$40 million over the last six months.

The Company will have to meet the requirements of Rule 1314 of the Listing Manual within 36 months from 5 June 2023, failing which the SGX-ST would delist the Company or suspend trading in the Company's shares with a view to delisting the Company. In this regard, Listing Rule 1314 states that the issuer may apply to SGX-ST to be removed from the Watch-List if it records consolidated pre-tax profit for the most recently completed financial year and has an average daily market capitalisation of S\$40 million or more over the last six months.

Following the Company's inclusion in the Watch-List, the Company is required to provide a quarterly update on its efforts and the progress made in meeting the exit criteria of the Watch-List.

STATISTICS OF SHAREHOLDINGS

as at 5 June 2023

TREK 2000 INTERNATIONAL LTD

STATISTICS OF SHAREHOLDINGS AS AT 5 JUNE 2023

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)	:	313,091,925 shares
No. of treasury shares	:	11,025,000 shares
No. of subsidiary holdings held	:	Nil

Distribution of Shareholdings as at 5 June 2023 (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	24	1.46	845	0.00
100 – 1,000	132	8.03	64,474	0.02
1,001 – 10,000	700	42.61	3,821,720	1.22
10,001 – 1,000,000	764	46.50	61,111,412	19.52
1,000,001 and above	23	1.40	248,093,474	79.24
Total	1,643	100.00	313,091,925	100.00

Substantial Shareholders as at 5 June 2023

<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	32.49	770,000 ¹	0.25
Kioxia Corporation	44,212,359 ^{3,4}	14.12	8,500,000 ^{2,3,4}	2.71
CTI II Limited	27,500,000	8.78	-	-
Creative Technology Ltd	-	-	27,500,000 ⁵	8.78
Ron Sim Chye Hock	28,374,600	9.06	-	-

Notes :-

1. Tan Henry @ Henn Tan is deemed to be interested in 770,000 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

STATISTICS OF SHAREHOLDINGS

as at 5 June 2023

Twenty Largest Shareholders as at 5 June 2023

No.	Name of Shareholders	No. of shares	%
1	TAN HENRY @ HENN TAN	100,937,491	32.24
2	DAIWA CAPITAL MARKETS SINGAPORE LIMITED	37,912,359	12.11
3	DB NOMINEES (SINGAPORE) PTE LTD	28,387,100	9.07
4	CTI II LIMITED	27,500,000	8.78
5	DBS NOMINEES (PRIVATE) LIMITED	9,257,400	2.96
6	KIOXIA SINGAPORE PTE. LTD.	8,500,000	2.71
7	YU HEA RYEONG	5,196,900	1.66
8	TAN BOON SIONG	3,586,648	1.15
9	OH CHEE ENG	3,402,300	1.09
10	PHILLIP SECURITIES PTE LTD	3,180,600	1.02
11	TAN JOON YONG WAYNE (CHEN JUNRONG)	2,371,176	0.76
12	NEO AH SENG (LIANG YACHENG)	2,000,000	0.64
13	WINMARK INVESTMENTS PTE. LTD.	1,902,000	0.61
14	MAYBANK SECURITIES PTE. LTD.	1,872,900	0.60
15	SOH MEIQI PETRINA	1,839,250	0.59
16	ANG HAO YAO (HONG HAOYAO)	1,695,700	0.54
17	CHEW GHIM BOK	1,497,000	0.48
18	CITIBANK NOMINEES SINGAPORE PTE. LTD.	1,270,000	0.41
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,195,350	0.38
20	RAFFLES NOMINEES (PTE.) LIMITED	1,177,300	0.38
	Total:	244,681,474	78.15

Based on Shareholders' Information as at 5 June 2023 approximately 31.0% 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 FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fourth Annual General Meeting (the “AGM” or the “Meeting”) of the Company will be held by way of electronic means on Wednesday, 28 June 2023, at 9.00 a.m., to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors’ Report thereon. **Resolution 1**
2. To re-elect Mr. Kwek Swee Heng, a Director of the Company retiring by rotation pursuant to Regulation 103 of the Company’s Constitution. **Resolution 2**
[See Explanatory Note (i)]
3. To re-elect Mr. Lun Chee Leong as a Director of the Company pursuant to Regulation 108 of the Company’s Constitution. **Resolution 3**
[See Explanatory Note (ii)]
4. To re-elect Mr. Christopher Wong Siang Yew as a Director of the Company pursuant to Regulation 108 of the Company’s Constitution. **Resolution 4**
[See Explanatory Note (iii)]
5. To approve the payment of the Directors’ fees of S\$125,000 for the financial year ended 31 December 2022 (FY2021: S\$140,000). **Resolution 5**
6. To re-appoint Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**
7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

8. Authority to allot and issue new shares

Resolution 7

THAT pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**"), and Rule 806 of the Listing Manual 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) Allot and issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
- (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; and/or
- (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;
 - (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) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, the Company's Constitution and the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST); and

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

- (c) 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 (iii)]

9. Proposed Renewal of Share Buy-Back Mandate

Resolution 8

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;
 - (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.

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

(d) in this Resolution:

"Maximum Limit" means ten per centum (10%) of the issued shares as at the date of the passing of this 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, five per centum (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, twenty per centum (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 (iv)]

By Order of the Board

Tan Joon Yong, Wayne
Executive Chairman, Executive Director and Group President
13 June 2023

IMPORTANT: Please read Explanatory Notes overleaf

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

Explanatory Notes:

- i. Key information on Mr. Kwek Swee Heng can be found on page 15 of the 2022 Annual Report. Mr. Kwek will, upon re-election as Director of the Company, remain as the Chairman of Audit and Risk Committee, Chairman of Remuneration Committee and a member of Nominating Committee. Mr. Kwek is considered to be independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.
- ii. Key information on Mr. Lun Chee Leong can be found on page 15 of the 2022 Annual Report. Mr. Lun will, upon re-election as Director of the Company, remain as the Lead Independent Director, Chairman of Nominating Committee and a member of Remuneration Committee and Audit and Risk Committee. Mr. Lun is considered to be independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.
- iii. Key information on Mr. Christopher Wong Siang Yew can be found on page 15 of the 2022 Annual Report. Mr. Wong will, upon re-election as Director of the Company, remain as a member of Remuneration Committee, and Audit and Risk Committee. Mr. Wong is considered to be independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.
- iv. Ordinary Resolution 7, if passed, will empower the Directors from the date of the passing of Ordinary Resolution 7 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 fifty per centum (50%) of the issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, with a sub-limit of twenty per centum (20%) of the issued shares (excluding treasury shares and subsidiary holdings, if any) for issues other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Ordinary Resolution 7 is passed after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution 7 is passed; and (ii) any subsequent bonus issue, consolidation or subdivision of shares.

- v. Ordinary Resolution 8, 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 June 2023.

General

1. Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the AGM is being convened, and will be held, by electronic means.
2. Printed copies of this Notice will not be sent to shareholders. Instead, this Notice will be made available at the SGXNET at URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements are put in place to allow shareholders to participate in the AGM by:
 - (a) attending, asking questions and communicating via a Live Webcast (as defined below). Shareholders who wish to participate will have to pre-register in the manner outlined in Note 4 below;

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

- (b) submitting of questions in advance or “live” at the AGM. Please refer to Notes 8 to 10 below for further details; and
- (c) “live” voting or appointing proxy(ies) or the Chairman of the AGM as proxy to attend and vote on their behalf by electronic means. Please refer to Notes 11 to 19 below for further details.

Participation in the AGM via live webcast or live audio feed

- 4. A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a “live” webcast via mobile phone, tablet or computer (“**Live Webcast**”). Shareholders will also be able to text questions and communicate ‘live’. In order to do so, the member shall pre-register by 9.00 a.m. on 25 June 2023 (“**Registration Deadline**”), at the following URL: <https://conveneagm.com/sg/trek2000-FY2022agm> to create an account.
- 5. Following authentication of his/her/its status as a shareholder of the Company, such shareholder shall receive an email on their authentication status and will be able to access the Live Webcast using the account as advised.
- 6. Shareholders who have registered by the Registration Deadline in accordance with Note 4 above but do not receive an email response by 9.00 a.m. on 26 June 2023 may contact the Company for assistance at the following email address: fy2022agm@trek2000.com.sg, with the following details:
 - (a) the member’s full name; and
 - (b) his/her/its identification/ registration number.
- 7. Non-Supplementary Retirement Scheme holders whose shares are registered under their Depository Agent (“**DA**”) shall contact their respective DA to indicate their interest for their DA to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceeding.

Submission of questions in advance of or “live” at the AGM

- 8. Shareholders may also submit questions relating to (i) the resolutions to be tabled for approval at the AGM, or (ii) the Company’s businesses and operations, in advance or “live” at the AGM. The Company shall only address relevant and substantial questions (as determined by the Company) received no later than 9.00 a.m. on 25 June 2023, by posting its responses via SGXNET by 9.00 a.m. on 26 June 2023 or “live” at the AGM for the relevant questions received during the AGM. The Company will publish the minutes of the AGM on SGXNET within one (1) month after the date of AGM and the minutes will include the responses to the questions referred to above.
- 9. To do so, all questions must be submitted no later than 9.00 a.m. on 25 June 2023 through any one of the following means:
 - (a) via URL: <https://conveneagm.com/sg/trek2000-fy2022agm>; or
 - (b) via email to fy2022agm@trek2000.com.sg.

How to submit questions “live” at the AGM

- 10. Shareholders and Investors may submit textual questions “live” at the AGM in the following manner:
 - (a) Shareholders or where applicable, their appointed proxy(ies) and Investors who have pre-registered and are verified to attend the AGM can text questions relating to the resolutions tabled for approval at the AGM “live” at the AGM, by typing in and submitting their questions through the “live” ask-a-question function via the audio-visual webcast platform during the AGM within the prescribed time limit.

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

- (b) Shareholders who wish to appoint proxy(ies) (other than the Chairman of the AGM) to text questions “live” at the AGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), ensure that their proxy(ies) pre-register separately via the registration link upon verification of the Proxy Form(s).
- (c) Shareholders (including investors who hold shares under the Supplementary Retirement Scheme (“**SRS Investors**”)) or, where applicable, their appointed proxy(ies) shall access the AGM proceedings via the “live” audio-visual webcast in order to text questions “live” at the AGM, and will not be able to do so via the audio-only stream of the AGM proceedings.
- (d) The Company will, during the AGM itself, address as many substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as well as those received “live” at the AGM as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions. As a result, not all questions may be individually addressed.

Live Voting

- 11. Shareholders or their duly appointed proxy(ies) (other than the Chairman of the Meeting) attending the AGM by electronic means will be able to participate by voting “live” at the AGM.

Submission of Instrument appointing a proxy(ies) to vote, or vote “live”, at the AGM

- 12. Shareholders who wish to exercise their voting rights at the AGM may:
 - (a) (where such shareholders are individuals) vote “live” via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint proxy(ies) (other than the Chairman of the AGM)[#] to vote “live” via electronic means at the AGM on their behalf.
 - # For avoidance of doubt, SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote “live” at the AGM on their behalf.
 - (b) (where such shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.
 - Shareholders (including SRS investors) and, where applicable, appointed proxy(ies), who wish to vote “live” at the AGM must first pre-register at the website via URL: <https://conveneagm.com/sg/trek2000-fy2022agm>
 - Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its votes, or abstentions from voting, in the proxy form, failing which the appointment of proxy will be treated as invalid.
- 13. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to participate at the AGM of the Company. Where a member appoints more than one (1) proxy, he/she/it shall specify the proportion of his/her/its shareholding to be represented by each proxy in the Proxy Form. A proxy need not be a member of the Company. The accompanying proxy form for the AGM can be obtained at the SGXNET, URL <https://www.sgx.com/securities/company-announcements>.
- 14. A member who is a relevant intermediary may appoint one or more proxies to participate at the AGM, but each proxy must be appointed to exercise the rights attached to the shareholdings of the member.

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

15. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:
- (a) via URL: <https://conveneagm.com/sg/trek2000-fy2022agm>;
 - (b) via email to fy2022agm@trek2000.com.sg; or
 - (c) via post or lodged at the Company's address at 30 Loyang Way #07-13/14/15 Loyang Industrial Estate Singapore 508769,

no later than the Registration Deadline.

In the case of submission of the Proxy Form other than by URL (15(b) and (c)), members shall download, complete and sign the proxy form, before submitting them to the Company.

Members are strongly encouraged to submit completed proxy forms electronically.

16. In the case of submission of the Proxy Form other than via the URL, the instrument appointing a proxy or proxies must be under the hand of the appointor or his/her/its attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation; failing which, the instrument of proxy may be treated as invalid.
17. SRS Investors who hold shares under the Supplementary Retirement Scheme shall approach their respective SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy by 9.00 a.m. on 20 June 2023.
18. Members must appear on the Depository Register maintained by The Central Depositor (Pte) Limited at least seventy-two (72) hours before AGM to be entitled to participate at the AGM.
19. **"relevant intermediary"** means
- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary.

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

Personal Data Privacy:

20. By pre-registering for the Live Webcast, submitting a Proxy Form appointing the proxy(ies) and/or representative(s) to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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 (iii) 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.

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TREK 2000 INTERNATIONAL LTD
(Company Registration No. 199905744N)
(Incorporated in the Republic of Singapore)

**TWENTY FOURTH ANNUAL GENERAL MEETING
PROXY FORM**

Important:

1. The Annual General Meeting ("Meeting" or "AGM") is being convened 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 Order 2020).
2. A member will not be able to attend the AGM in person. Alternative arrangements relating to the attendance of the Meeting through electronic means, as well as conduct of the Meeting and relevant guidance with full details are set out in the accompanying Company's Notice of AGM dated 13 June 2023, which can be accessed via the SGXNET website at: <https://www.sgx.com/securities/company-announcements>. **Printed copies of the proxy form will NOT be despatched to members.**
3. investors who hold shares under the Supplementary Retirement Scheme ("SRS Investors") and wishes to vote shall approach their respective SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, by 9.00 a.m. on 20 June 2023.
4. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. Please read the notes overleaf which contain instruction on appointment of proxy/proxies to vote on his/her/its behalf at the AGM.

*I / We, _____ (Name) _____ (NRIC/Passport no.)
of _____ (Address)

being *a member/members of Trek 2000 International Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding(s) to be presented by Proxy	
Email Address		No. of Shares	%

*and/or

Name	NRIC/Passport No.	Proportion of Shareholding(s) to be presented by Proxy	
Email Address		No. of Shares	%

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM of the Company to be held by electronic means on Wednesday, 28 June 2023, at 9.00 a.m., and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

**Delete where inapplicable*

Resolution No.	Ordinary Resolutions	For	Against	Abstain
1.	Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon			
2.	Re-election of Mr. Kwek Swee Heng as a Director of the Company pursuant to Regulation 103 of the Company's Constitution			
3.	Re-election of Mr. Lun Chee Leong as a Director of the Company pursuant to Regulation 108 of the Company's Constitution			
4.	Re-election of Mr. Christopher Wong Siang Yew as a Director of the Company pursuant to Regulation 108 of the Company's Constitution			
5.	Payment of the Directors' fees of S\$125,000 for the financial year ended 31 December 2022			
6.	Re-appointment of Messrs. Foo Kon Tan LLP as Auditors			
7.	Authority to allot and issue new shares			
8.	Proposed Renewal of Share Buy-Back Mandate			

Note: Voting will be conducted by poll. If you wish to use all your votes "For", "Against" or "Abstain", please indicate with an "X" within the box provided. Otherwise, please indicate the number of votes "For", "Against" or "Abstain" for each resolution within the box provided. **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.**

Dated this _____ day of _____ 2022

Total number of Shares in:	No. of Shares held
(a) CDP Register	
(b) Register of Members	

.....
Signature(s) of Member(s) or,
Common Seal of Corporate Shareholder

IMPORTANT: Please read notes overleaf

Notes:

1. If the member has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. A member will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:
 - (a) (where the member is an individual) vote "live" via electronic means at the AGM or (where the member is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the AGM)[#] to vote "live" via electronic means at the AGM on his/her/its behalf; or
 - # For avoidance of doubt, SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.
 - (b) (where the member is an individual or corporate) appoint the Chairman of the AGM as his/her/its proxy to attend and vote on his/her/its behalf at the AGM.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to his/her/its votes, or abstentions from voting, in respect of resolutions in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy will be treated as invalid.

3. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to participate at the AGM. Where a member appoints more than one (1) proxy, the proportion of the shareholdings for each proxy shall be specified in the Proxy Form.
4. A member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different shareholding held by such member. Where such member's proxy form appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

"relevant intermediary" shall have the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
5. A proxy need not be a member of the Company.
6. Subject to paragraph (7) below, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**") of the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
7. SRS investors who wish to vote by appointing the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 9.00 a.m. on 20 June 2023.
8. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:
 - (a) via URL: <https://conveneagm.com/sg/trek2000-fy2022agm>;
 - (b) via email to fy2022agm@trek2000.com.sg; or
 - (c) via post or lodged at the Company's address at 30 Loyang Way #07-13/14/15 Loyang Industrial Estate Singapore 508769,

no later than the Registration Deadline.

In the case of submission of the Proxy Form other than by URL (8(b) and (c)), members shall download, complete and sign the proxy form before submitting to the Company.

Members are strongly encouraged to submit completed proxy forms electronically.

9. The instrument appointing proxy(ies) must be made under the hand of the appointer or his/her/its attorney duly authorized in writing. Where the instrument appointing proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of its authorized officer(s) or its attorney duly authorized. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
10. Where an instrument appointing proxy(ies) is submitted by email, it must be authorized in the following manners:
 - (a) By way of the affixation of an electronic signature by the appointor or his/her/its duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his/her/its duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
11. The Company shall be entitled to reject the Proxy Form if it is incomplete or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register at least seventy-two (72) hours before the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

12. By pre-registering for the Live Webcast, submitting a Proxy Form appointing the proxy(ies) and/or representative(s) to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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 (iii) 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.



INNOVATION: INSIDE OUT

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