



# CONNECTING PEOPLE THROUGH SMART AND RENEWABLE SOLUTIONS

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

Listed on the Singapore Stock Exchange (SGX:5AB) in 2000, we offer state-of-the-art design solutions ranging from Interactive Consumer Solutions, Wireless 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 together with its subsidiaries, the "Group"), I am pleased to present our annual report for the financial year ended 31 December 2023 ("FY2023").

## Turning Point Amidst the Challenging Environment

In 2023, the world economy remained volatile and challenging. Trade tensions between the United States and China remained high with no signs of abating in the near future. Back home in Singapore, our economy grew a modest 1.1% in 2023 as compared to the 3.8% expansion witnessed in 2022 as slower manufacturing activities dragged growth.<sup>1</sup>

Despite the soft macroeconomic backdrop, demand for digital technologies grew with the growing need for data storage and high-speed transmissions. In particular, we saw wide adoption of Internet of Things ("IoT") solutions in both public and private sectors with the shift to Artificial Intelligence and data-driven decision-making.

The ongoing digital transformations have benefited the Group in FY2023, particularly for our digital storage solutions. With our consistent investments into research and development ("R&D") and our innovative solutions developed over the years, we are able to ride on the growing trend in this segment.

In FY2023, we continued to streamline our operations and exercised financial prudence to meet the challenges. Sales revenue in FY2023 amounted to US\$ 16.8 million, marginally higher than US\$ 16.6 million a year ago due to stronger sales demand from our Interactive Consumer Solution ("ICS") segment. The higher sales revenue was attributed to the selective projects we undertook during this recovery phase. The Company prioritized quality projects that offered us better profitability and returns. As a result of this, we reported a turnaround in our net profit from a net loss of US\$13.3 million in FY2022 to a net profit of US\$2.7 million in FY2023.

As at 31 December 2023, Group Net Tangible Assets were US\$ 29.3 million, and this was 99% backed by our cash deposits and short-term investments (collectively US\$ 29.0 million). The Group had no borrowings and remained relatively

financially prudent and healthy. This enables the Group to continue to invest in R&D, focus on our core business and strengths, and be selective on projects that are financially viable.

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<sup>1</sup><https://www.straitstimes.com/business/economy/singapore-economy-grew-22-in-q4-mti-keeps-2024-growth-forecast-at-1-to-3>

## The Next Phase of Growth

Looking ahead, we are focused on building our core strengths, as we predict a multi-decade growth trend in the digital solutions and IoT segments. Given the fast-evolving nature of the industry, staying at the forefront of the technology curve is important for the sustainability of our business. The Group will continue to invest in R&D and, continue with our vision to develop new products and solutions that disrupt the existing technology and improve the way people work.

In the area of Renewable Energy, the Group will continue to develop innovative solutions that add value in this industry. In 2023, the Group developed our proprietary TRE-Solutions (Smart Meter, Datalogger, Dashboards, Mobile Apps and IoT), which helps Solar Farms to significantly improve their efficiency and energy yield. In 2024, the Group will be adding on these achievements to continue to develop solutions to bring our next-generation technology to this business segment, providing efficient solutions to operators of Solar Farm and helping them to optimize energy sources.

As part of our value proposition in the Renewable Energy industry, the Group is also working to help clients set up Solar Energy plants and supporting them in the plant maintenance in the region.

Going forward, we would be exploring more opportunities in the region and believe there is great potential for growth in the Renewable Energy business.



## Appreciation

In closing, I would like to extend my appreciation to the staff for their loyalty, dedication and valuable contributions during these trying times.

I would also like to thank our shareholders for the unwavering faith and confidence in us through the years.

To our customers, business associates, and vendors, we would like to thank you for your

continuous support and helping us on our journey.

Last but not least, I would also like to thank my fellow Board members for the advice and guidance provided to us in FY2023.

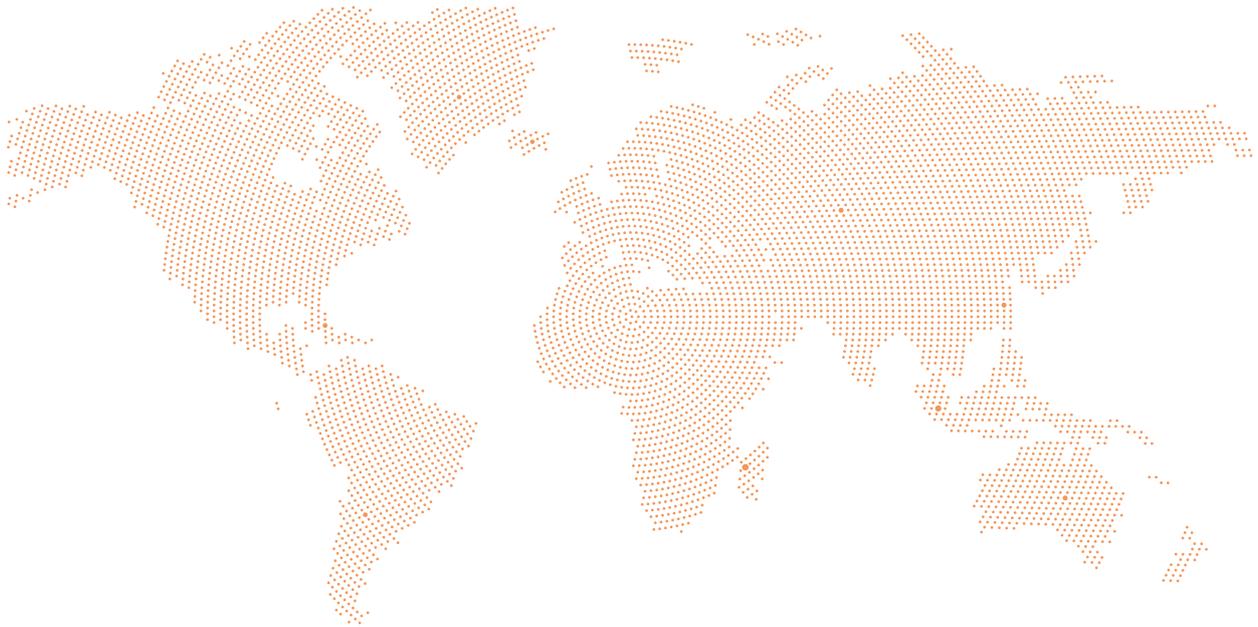
We look forward to your continuous support and believe that together, we can build on the positives of FY2023 and push for a better FY2024.

**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



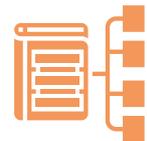
Wireless



USB



Security/Encryption



Centralised Management System (CMS)



Portable Storage Solutions encompassing Flash Memory



Power Management



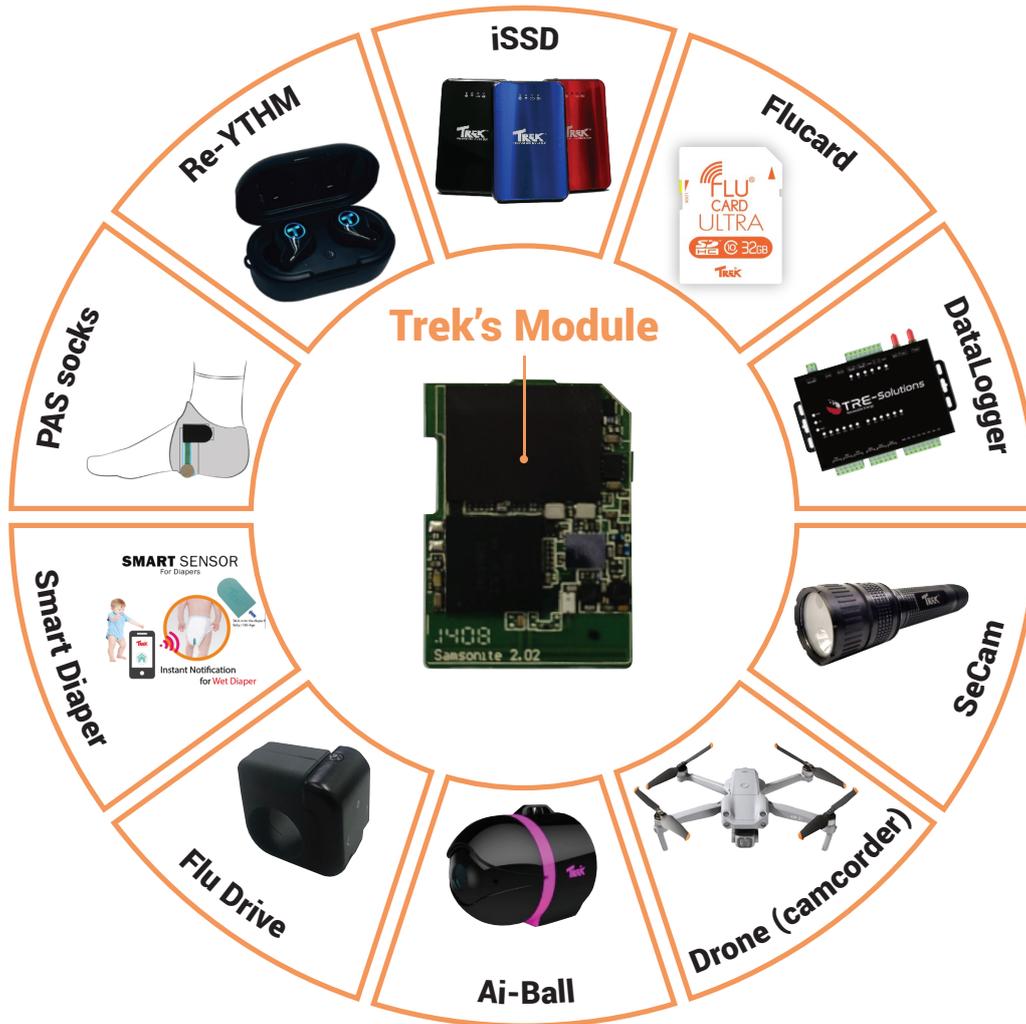
Renewable Energy



PC and Mobile Apps



# TREK'S PATENTED SOLUTIONS



## 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

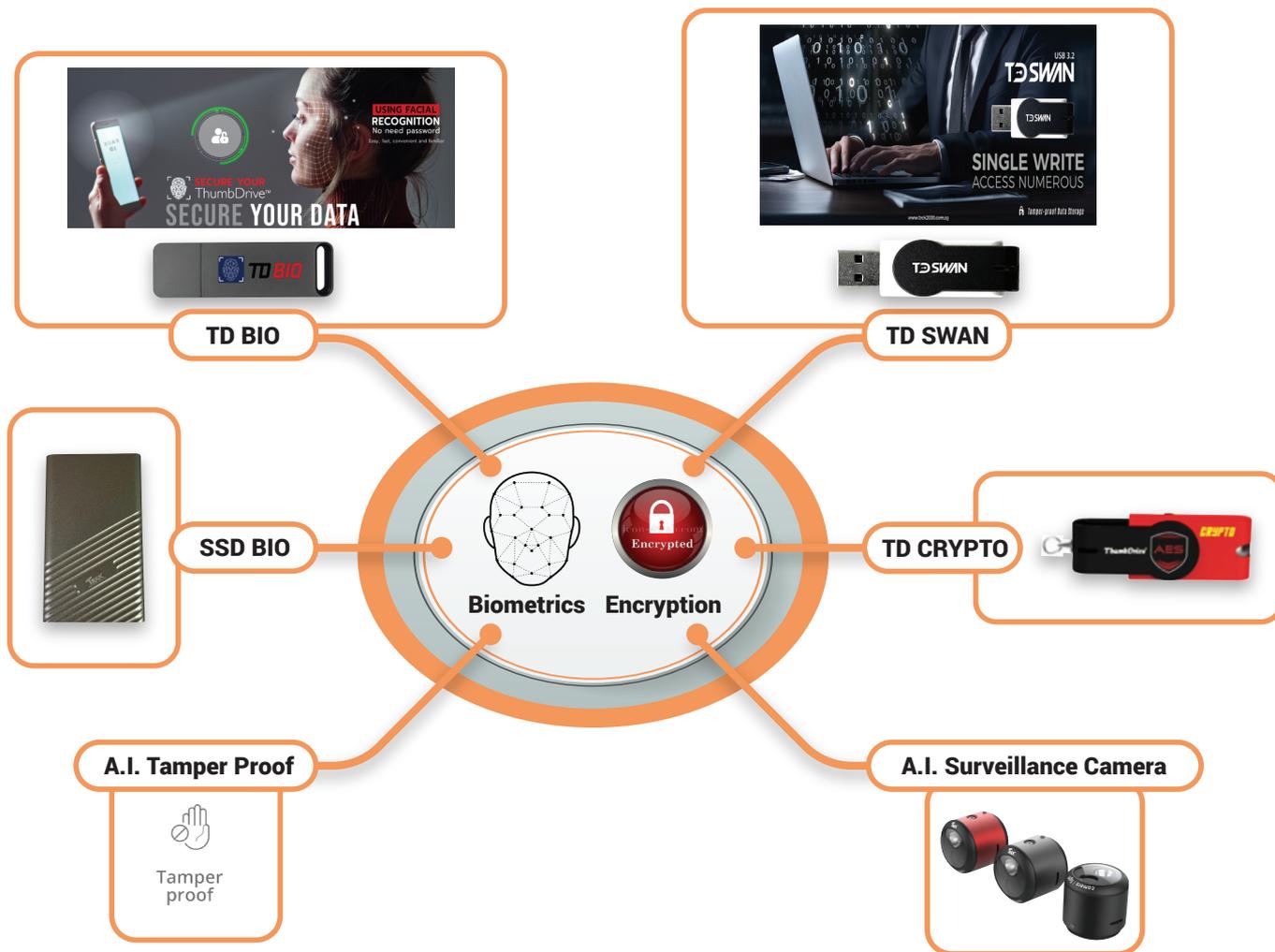
and controls. The modular platform is scalable to different performance parameters including night vision and AI/ML and can easily adapt to different products forms and applications.

### 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.



## 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

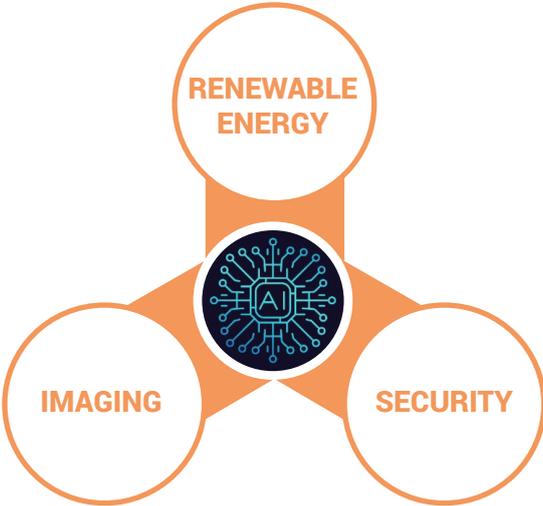
ThumbDrive® SWAN (or TD SWAN) drive has the unique Single-Write Access-Numerous (SWAN) feature on the USB flash drive. Files could only be written once to the drive and will stay intact and pristine. It is well suited for secure storage and archives of important data files.

### 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.



**Dashboard / Mobile App**  
A.I. Predictive Analysis for optimal output and performance



**Bodycam**  
A.I. Identification, Risk aversion, Search



**A.I. Tamper-proof**  
Deletion triggered by A.I. that senses tampering, hacking and any cyber threats.

|                      |   |
|----------------------|---|
| Instant Destruction  | Destroys the AES Key  |
| Fast Destruction     | Erases all the user content                                       |
| Complete Destruction | Erases all data in the flash including user content and firmware. |
| Physical Destruction | Flash memory physically damaged                                   |

### 3. RENEWABLE ENERGY SOLUTIONS

**a. Solar Panel & Solar Inverter**  
Trek collaborates with leading PV makers for all PPA projects. 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.

**c. Trek's Data Logger**  
TRE-Solutions Data Logger is a Smart A.I.@Edge industrial communication gateway to connect edge hardware such as Inverters, Power Meter and IOT-Sensors with the A.I. based Dashboard to provide complete real-time monitoring and control, and A.I. based predictive and optimization functions.

**d. Trek's Dashboard**  
TRE-Solutions Dashboard is an A.I. based energy management platform that provides data visualization, comprehensive real-time monitoring and control as well as A.I. driven predictive and optimization services to drive efficiency in power generation and cost savings.

**e. Trek's Mobile Apps (IOS, Android)**  
Trek's mobile apps enables customers remote access to the Dashboards for latest data.

**f. Trek's IoT**  
TRE-Solutions IoT-Sensor is an A.I. based electronic device equipped with sensors and communication capabilities that gather and transmit real-time data to Trek's Data Logger and energy monitoring platform for real-time monitoring, data analytic and predictive purposes.

# FINANCIAL REVIEW

For the full year ended 31 December 2023 (“FY2023”), the Group reported a 0.9% year-on-year (“yoy”) increase in revenue from US\$16.6 million in FY2022 to US\$16.8 million in FY2023. Gross profit in FY2023 was US\$1.5 million (FY2022: gross loss of US\$2.4 million) and the Group reported a net profit after tax attributable to owners of the Company of US\$2.7 million in FY2023 (FY2022: net loss of US\$13.3 million).

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

## Revenue

The increase in revenue of 0.9% in FY2023 was mainly due to increase in the sales for the Group’s ICS business. The Group’s Interactive Consumer Solution (“ICS”) division continues to be a key revenue generator, accounting for 89.4% of the sales revenue in FY2023.

## Profitability

Gross profit was US\$1.5 million in FY2023 as compared to a gross loss of US\$2.4 million in FY2022. The gross profit position in FY2023 was mainly due to the higher profit margin of our ICS products.

## Other Income

- Interest income increased by 123.8% yoy in FY2023 mainly due to the higher short-term deposit and the higher deposit interest rate in FY2023.
- Other income increased from US\$151,000 in FY2022 to US\$4.3 million in FY2023 mainly due to the gain on disposal of investment (US\$3.1 million) and net gain on fair value of investments (US\$542,000) in FY2023.

## Expenses

The Group’s total expenses amounted to US\$3.8 million in FY2023 (FY2022: US\$11.4 million) representing a decrease of 66.6% yoy. The factors contributing to the decrease were as follow:

- Research and development (“R&D”) expenses reported an increase of 32.9% yoy to US\$1.1 million in FY2023 (FY2022: US\$816,000). The increase was mainly due to higher staff costs incurred in FY2023 as the Group intensified its R&D and continue to innovate and make improvements to its core storage and IoT products and solutions.
- Marketing and distribution expenses

decreased marginally by 1.1% yoy to US\$1.5 million in FY2023 (FY2022: US\$1.5 million). The decrease was mainly due to lower freight and shipment expenses incurred in FY2023.

- General administrative expenses increased marginally by 2.0% yoy to US\$1.1 million in FY2023 (FY2022: US\$1.1 million) mainly due to share option expenses incurred in FY2023.
- Finance expenses decreased from US\$31,000 in FY2022 to US\$8,000 in FY2023 as no term loan was utilized in FY2023.
- Other miscellaneous expenses of US\$1,000 were incurred in FY2023 and this was for the net foreign exchange loss incurred in FY2023 (FY2022: US\$265,000). The Group achieved a net gain on fair value of investments amounting to US\$542,000 (FY2022: a loss of US\$7.6 million) and this was recognized in other income.

## Net profit after tax attributable to owners of the Company

The Group reported a net profit attributable to owners of the Company of US\$2.7 million in FY2023 (FY2022: net loss of US\$13.3 million).

## Other Financial Highlights

- **Property, plant and equipment** – The increase in the Group’s property, plant and equipment was mainly due to the capital gain on revaluation of the Group’s properties amounting to US\$121,000 and purchases of fixed assets amounting to US\$244,000. This was partly offset by the depreciation expenses of US\$183,000 incurred in FY2023.
- **Right-of-use assets** – The increase in right-of-use assets in FY2023 was mainly due to the additional right-of-use assts recognized amounting to US\$158,000. This was partly offset by the depreciation expenses of US\$123,000 incurred in FY2023.
- **Quoted investments** – The Group’s investment in quoted investments held for trading in current assets on 31 December 2023 was US\$17.1 million, an increase of US\$1.2 million from 31 December 2022 (US\$15.9 million). This increase was due to additional investments,



- net gain on fair value of investments and investment income re-invested into the investments.
- **Unquoted investment** – The Group’s investment in unquoted investment decreased by US\$1.5 million in FY2023 mainly due to disposal and decrease in the fair value of the unquoted investment in FY2023.
- **Inventories** – The Group’s inventories amounted to US\$3.0 million as at 31 December 2023, an increase of US\$603,000 from US\$2.4 million in 31 December 2022. Inventory turnover days in FY2023 were 76 days (FY2022: 89 days).
- **Trade and other receivables** – The Group’s trade and other receivables amounted to US\$595,000 as at 31 December 2023 as compared to US\$4.9 million as at 31 December 2022. The decrease was mainly due to the higher collections from our customers in FY2023 and the decrease of credit terms to customers during the year. Trade receivable turnover days were 3 days in FY2023 (FY2022: 84 days).
- **Trade and other payables** – The Group’s trade and other payables increased from US\$2.4 million as at 31 December 2022 to US\$4.5 million as at 31 December 2023. This increase was mainly due to the higher credit purchases in December 2023. Trade payable turnover days were 34 days in FY2023 (FY2022: 31 days).

### Cashflow

The Group’s cash and cash equivalents as at 31 December 2023 amounted to US\$10.4 million as compared to US\$2.6 million as at 31 December 2022, an increase of US\$7.8 million. The increase in the cash position in FY2023 was mainly due to the sales proceed from disposal of investment (US\$3.9 million), loan repayment from an investee company (US\$1.5 million) and cash inflow from operating activities (US\$3.1 million).

The cash inflow from operating activities of US\$3.1 million in FY2023 arose mainly from the cash inflow from improvement of working capital (US\$6.5 million) and interest income from deposit (US\$367,000). This was partly offset by the cash outflow from operations (US\$3.2 million) and tax payment of US\$561,000 in FY2023.

### Segmental Analysis – by Business Segments

The Group’s Interactive Consumer Solutions (“ICS”) division continued to be the key revenue generator accounting for 89.4% 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.

Customised Solutions (“CS”) and Renewable Energy Solutions (“RE”) division contributed to the balance of 9.2% and 1.4% of the revenue respectively.

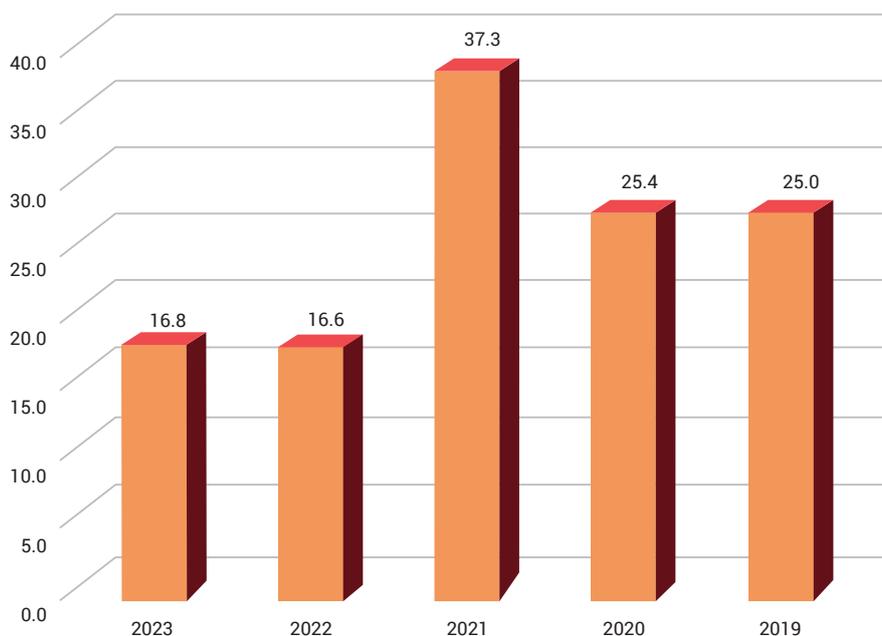
### Segmental Analysis – by Geography

In FY2023, the Group focused on key markets like China/Hong Kong, Taiwan, India and Singapore. Malaysia, Indonesia, Thailand and Philippines continued to be our secondary markets as we generate profit in these markets.

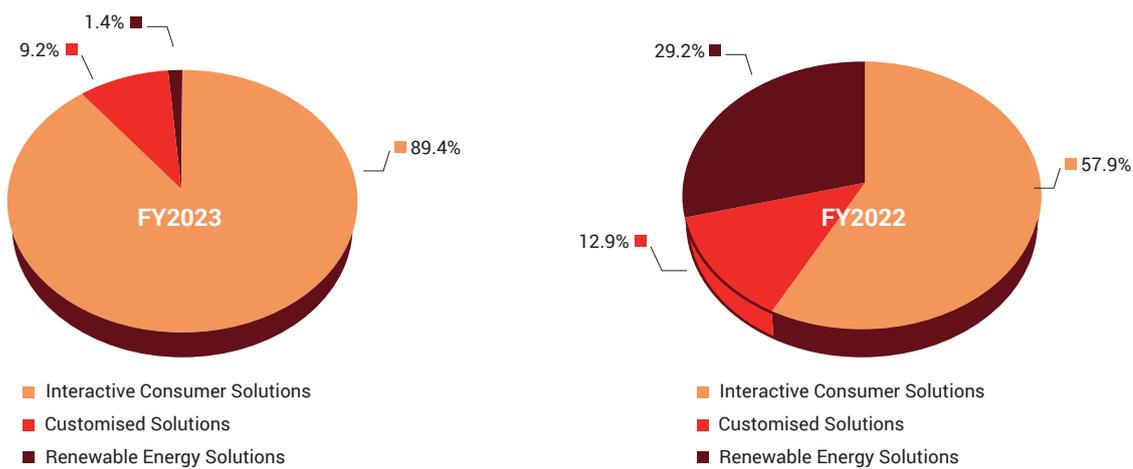
China/Hong Kong accounted for 56.9% of the total revenue, followed by Taiwan (26.4%), India (7.2%), Singapore (5.0%), Malaysia (3.1%) and Indonesia (1.0%).

## 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

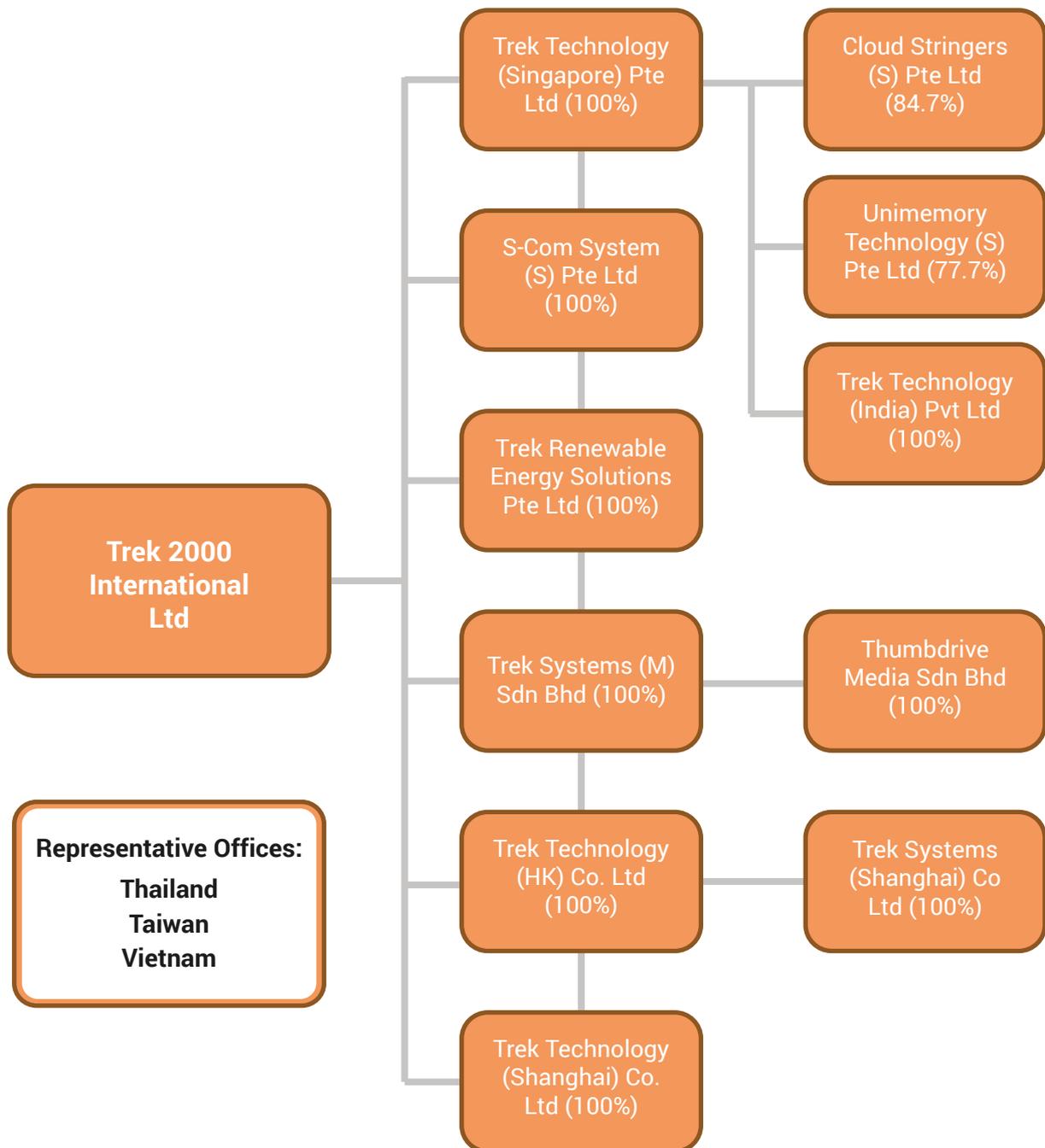
*Independent, Non-Executive Director*

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 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.

## 8 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.

# MANAGEMENT PROFILE

## 9 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.

## 12 MR. CHONG WEI BIN *Assistant Accounts Manager – Singapore*

Mr. Chong is the Assistant Accounts Manager. He has more than 10 years' experience and is responsible for the preparation of the Group's management accounts. Mr. Chong holds a Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology, Australia.

## 10 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.

## 13 MR. DUAN LIAN *Software Manager - Singapore*

Mr. Duan is the Software Manager. He has more than 15 years' experience in software development. Mr. Duan holds a Master of Business Administration and Master of Information Technology degree from Murdoch University, Australia, and a Bachelor of Business and Management degree from Edge Hill University, England.

## 11 MR. NIE HAO *Vice President of Operations, Solar Business Unit – Singapore*

Mr Nie is the Vice President of Operations for the Solar Business unit. He has more than 6 years' experience in solar field. Mr Nie holds a Master of Science (Energy & Power Engineering) from the University of Warwick, the United Kingdom.



# 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)

### *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**

## 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](http://www.trek2000.com.sg)

[www.thumbdrive.com](http://www.thumbdrive.com)

[www.flu-card.com](http://www.flu-card.com)

[www.ai-ball.com](http://www.ai-ball.com)

[www.cloudstringers.com](http://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

Overseas-Chinese Banking Corporation Ltd

United Oversea Bank Limited

UBS 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: With Effect From the  
Financial Year Ended 31 December 2021

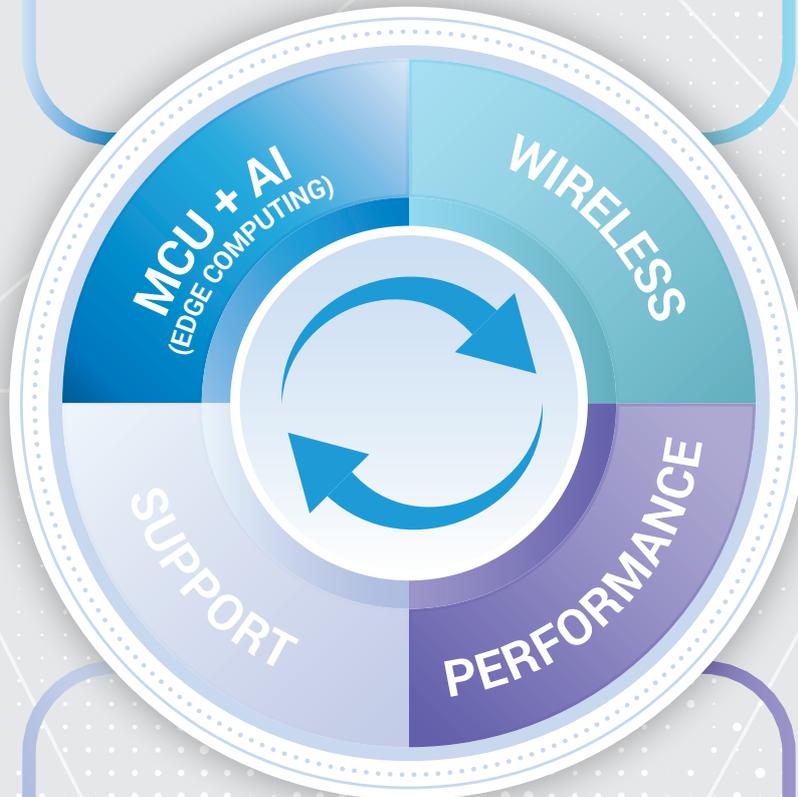
# TREK ENGINEERING STRENGTH

## PORTABILITY

- Memory
- Flash
- Modular

## WIRELESS + SECURITY

- End2End Encryption
- Protocol
- Antennae



- System Integration
- Semi-Customization
- Modules
- Full Turnkey (EPC,PPA)

## POWER MANAGEMENT

- RF performance
- Efficiency ( EPU, rapid Charger)

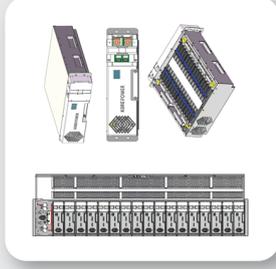
# TREK's Smart Meter, Data Logger, Dashboard, Mobile Apps



**Mobile App,  
Customers remote  
access to Data**

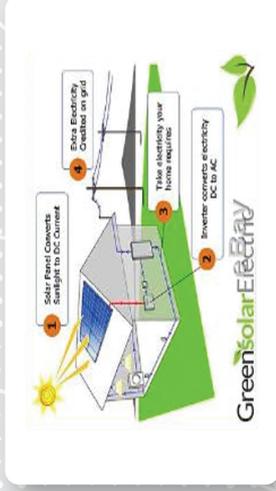


**ESS**



**Trek's Data Logger**

**Solar Farm**



**Data of each  
house Compiled**



**Trek's Smart  
Meter**

**Data batching to  
prevent flooding**

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# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

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 listing rules (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). 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 provisions of the Code of Corporate Governance 2018 (the “**CCG2018**”) and accompanying practice guidance (the “**Practice Guidance**”). This report outlines the Company’s corporate governance processes, practices and activities that were in place for the financial year ended 31 December 2023 (“**FY2023**”), with specific references to the Practice Guidance 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 the Listing Manual of the SGX-ST on sustainability reporting.

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

To facilitate effective management of the Board, certain functions have been delegated to three Board Committees namely Audit and Risk Committee (“**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:

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

- a) Approval of half yearly 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 2023 and the attendance of each Board member at these meetings are disclosed below:

|   | Board of Directors              | Audit and Risk Committee | Remuneration Committee | Nominating Committee |
|---|---------------------------------|--------------------------|------------------------|----------------------|
| <b>Number of Meetings</b>                   | 2                               | 3                        | 3                      | 1                    |
| <b>Name of Director</b>                     | <b>No. of meetings attended</b> |                          |                        |                      |
| Mr. Tan Joon Yong, Wayne <sup>1</sup>       | 1                               | 2*                       | 2*                     | 1                    |
| Mr. Lun Chee Leong <sup>2</sup>             | 1                               | 2                        | 2                      | N.A.                 |
| Mr. Kwek Swee Heng                          | 2                               | 3                        | 3                      | 1                    |
| Mr. Christopher Wong Siang Yew <sup>3</sup> | 1                               | 2                        | 2                      | N.A.                 |

\* Attendance by invitation of the relevant Board Committees

**Note:**

- <sup>1</sup> Mr. Tan Joon Yong, Wayne was re-designated as Executive Chairman and Group President of the Company on 2 May 2023.
- <sup>2</sup> Mr. Lun Chee Leong was appointed as Lead Independent Director of the Company on 2 May 2023.
- <sup>3</sup> Mr. Christopher Wong Siang Yew was appointed as Independent Director of the Company on 2 May 2023.

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.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

All the newly appointed Directors were given an orientation to familiarize themselves with the Group's business and governance practices. In addition, upon their appointment, they were each furnished with a formal letter of appointment explaining among other matters, their roles, obligations, duties and responsibilities as a director of a listed company.

Directors are also encouraged to attend seminars and training courses to assist them in executing their obligations and responsibilities to the Company. Details of relevant seminars and courses held by the Singapore Accounting and Corporate Regulatory Authority ("**ACRA**"), Singapore Exchange Securities Trading Limited ("**SGX-ST**"), Singapore Institute of Directors ("**SID**") and Institute of Singapore Chartered Accountants ("**ISCA**") are sent to the Directors via email for their consideration from time to time. In view of the changes to the Board's composition since 2 May 2023 and the date of this report, the newly appointed Directors have attended and completed the "Sustainability E-Training for Directors" conducted jointly by ISCA and SAC Capital Private Ltd, and the relevant first-time Director has registered for the "Board of Directors (BOD) Masterclass Programme" course conducted jointly by ISCA and SAC Capital Private Ltd.

Further to the above, the Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings or via email. The Directors also have the opportunities to visit the Group's operational facilities and meet with the Management to gain a better understanding of business operations.

New releases issued by ACRA and SGX-ST, which are relevant to the Directors are circulated to the Board. The Company Secretary informed the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group. Pursuant to Rule 720(7) of the Listing Manual, all Directors have attended the training on sustainability matters, as prescribed by the SGX-ST, at the date of the Annual Report.

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.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

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

The Board, through the NC, reviews the independence of each Independent Director, board structure 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 of the SGX-ST as a result of its review.

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 FY2023. 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.

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.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

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 63, 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 Listing Manual of the SGX-ST.

## ***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.

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 Joon 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 him 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.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

As the Executive Chairman and Group President, 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 Executive Chairman and Group President 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 Executive Chairman and Group President 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:

- 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.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

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.

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. Lun Chee Leong will retire pursuant to Regulation 103 of the Company's Constitution; and
- b) Mr. Tan Joon Yong, Wayne will retire pursuant to Regulation 103 of the Company's Constitution.

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 Listing Manual of the SGX-ST.

The NC has recommended and the Board has agreed the aforesaid Directors who are due for retirement pursuant to Regulation 103 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 40 to 47.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

## **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:

- 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.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

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 FY2023.

## ***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.

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 KMPs' remuneration, like annual salary review and company-wide bonus payment, which will be reviewed and authorised by the senior management of the Company. The RC also ensures that the remuneration is appropriate to attract, retain and motivate the Directors and KMP to provide good stewardship of the Company for the long term.

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

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

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

# REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2023

## 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.

A breakdown, showing the level and mix of each individual director's remuneration for FY2023 are as follows:

| Directors' Remuneration Band             | Annual Remuneration (S\$) | Fees % | Salary % | Bonus % | Share Options (*) % | Benefits % | Total % |
|--|---------------------------|--------|----------|---------|---------------------|------------|---------|
| <b>Between S\$250,001 and S\$500,000</b> |                           |        |          |         |                     |            |         |
| Mr. Tan Joon Yong, Wayne                 | 430,187                   | -      | 92       | -       | 8                   | -          | 100     |
|  |                           |        |          |         |                     |            |         |
| <b>S\$250,000 and Below</b>              |                           |        |          |         |                     |            |         |
| Mr. Lun Chee Leong                       | 20,055                    | 100    | -        | -       | -                   | -          | 100     |
| Mr. Kwek Swee Heng                       | 25,028                    | 100    | -        | -       | -                   | -          | 100     |
| Mr. Christopher Wong Siang Yew           | 13,370                    | 100    | -        | -       | -                   | -          | 100     |

(\*) Includes the fair value of Share Options granted under the Trek 2000 International Ltd ESOS 2023

## Key Management Personnel

The Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each 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.

The remuneration of the top five (5) KMP of the Group (who are not Directors of the Company) for FY2023 is shown in the following bands:

| Remuneration Band           | Name of Executives |
|-----------------------------|--------------------|
| <b>S\$250,000 and Below</b> | Johnny Yeo         |
|                             | Kuan Mun Kwong     |
|                             | Chen Wei Xing      |
|                             | Chang Chia Jung    |
|                             | Chong Wei Bin      |

In aggregate, the total remuneration paid to the top five (5) KMP in FY2023 was S\$562,319.

Details relating to the Trek 2000 International Ltd Employee Share Option Scheme 2011 and Trek 2000 International Ltd Employee Share Option Scheme 2023 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 whose remuneration exceeds S\$100,000 during FY2023, except for Mr. Tan Henry @ Henn Tan, who is the father of Mr. Tan Joon Yong, Wayne, whose remuneration is in the band range of S\$200,000 to S\$300,000.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

## 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 FY2023. The ARC has also met with the internal and external auditors, without the presence of the Company's management, at least once a year. Details of members and their attendance at meetings are provided in page 23.

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

- (i) Reviews the audit plans of the internal and external auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;
- (ii) Reviews significant financial reporting issues so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance before submission to the Board of Directors;
- (iii) Reviews the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems via reviews carried out by the internal auditors;
- (iv) Meets with the internal and external auditors, without the presence of 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 Listing Manual of the SGX-ST.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

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

As at the Report date, the ARC has:

- (i) reviewed the scope of work of the external auditors;
- (ii) reviewed the scope of work of the internal auditors;
- (iii) reviewed audit plans and discussed the results of the respective findings and 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 FY2023, S\$130,000 (US\$96,688) was paid and payable to the external auditors for audit services. There were no fees paid to the external auditors for non-audit services as there was no 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, Listing Rules of the SGX-ST 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 the Singapore-incorporated subsidiaries that are not exempted from audit under the Companies Act. The subsidiaries incorporated in countries outside Singapore that require an audit in their local jurisdictions are audited by other audit firms. The overseas subsidiaries which engage other audit firms are not significant to the Group. The names of the audit firms of the subsidiaries are disclosed on page 121 of this Annual Report.

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

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

## **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 FY2023 and up to the date of this Report.

## **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 FY2023, 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 auditors and Management.

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

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

The Board has also received assurance from the Executive Chairman and Group President 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.

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)***

#### **AGM for FY2023**

The AGM will be held physically at the Company's registered office at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769 and shareholders will be allowed to attend the AGM in person. Shareholders will be able to raise questions and vote in person at the AGM. There will be no option for shareholders to participate virtually.

In addition, the Company is not required to distribute physical copies of the Annual Report for FY2023, the Notice of the forthcoming AGM and related meeting documents pursuant to the Constitution of the Company. Shareholders may receive the physical copies of the Annual Report for FY2023, the Notice of the forthcoming AGM and related meeting documents upon their written request. Such documents are also available for download from the SGXNET.

### **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.

Other than the routine announcements made in accordance with the requirements of the Listing Manual of the SGX-ST, 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 Independent Auditor's Report. Shareholders are also informed of the rules and voting procedures governing such meetings.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

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 FY2023 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.

## **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.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

## INTERESTED PERSON TRANSACTIONS (“IPT”)

The Board and the ARC had reviewed all IPTs entered in FY2023 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.

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 of the SGX-ST.

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:

- (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 FY2023. 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.

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

## **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.

### ***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.

# REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2023

## 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.

# REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2023

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Lun Chee Leong and Mr. Tan Joon Yong, Wayne are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 April 2024 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

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

| MR. LUN CHEE LEONG   |  |
|--|--|
| Date of Appointment  | 2 May 2023   |
| Date of last re-appointment  | 28 June 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. 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  |
| 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.   |

# REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2023

| MR. LUN CHEE LEONG   |  |
|--|--|
| 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  | <ul style="list-style-type: none"> <li>Sabana Investment Partners Pte. Ltd.</li> </ul> |
| <b>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.</b>   |  |
| a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?   | No   |
| b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No   |
| c) Whether there is any unsatisfied judgment against him?  | No   |
| d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?  | No   |

# REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2023

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

# REPORT ON CORPORATE GOVERNANCE

*Financial year ended 31 December 2023*

| MR. LUN CHEE LEONG   |    |
|--|----|
| <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust.</p> | No |
| <p>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 |

# REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2023

| MR. TAN JOON YONG, WAYNE   |  |
|--|--|
| Date of Appointment  | 24 May 2018  |
| Date of last re-appointment  | 26 April 2022  |
| Age  | 36   |
| Country of principal residence   | Singapore  |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)  | The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered qualification, work experience, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr. Tan Joon Yong, Wayne for re-appointment as Executive Chairman and Group President of the Company. The Board have reviewed and concluded that Mr. Tan Joon Yong, Wayne possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. |
| Whether appointment is executive, and if so, the area of responsibility  | Executive<br><br>Mr. Tan Joon Yong, Wayne is responsible for the running and overall operations of the Group including to maintain and sustain key vendors and customers. He is also responsible for the development of the key strategic accounts and optimise financial performance of the Group.  |
| Job Title (e.g. Lead ID, ARC Chairman, ARC Member etc.)  | Executive Chairman, Group President, and member of the Nominating Committee (NC).  |
| Professional qualifications  | Bachelor of Marketing & International Business from The University of Buffalo, State University of New York.   |
| Working experience and occupation(s) during the past 10 years  | Mr. Tan Joon Yong, Wayne is the founder, a shareholder and a director of Cloud Stringers (S) Pte Ltd, a subsidiary of the Company, since 2012 and was responsible for the overall Marketing and Sales, Planning and Strategy. Mr. Tan led the online/web-based Cloud Stringers product and functional and User specification definitions, construction of technological and feature roadmap.   |
| Shareholding interest in the listed issuer and its subsidiaries  | Direct interest: 63,160,750 ordinary shares<br>Deemed Interest: 44,314,267 ordinary shares   |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | No   |

# REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2023

| MR. TAN JOON YONG, WAYNE   |   |
|--|---|
| 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  | Thumbdrive Plus (Thailand) Company Ltd. |
| <b>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.</b>   |   |
| a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?   | No                                      |
| b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No                                      |
| c) Whether there is any unsatisfied judgment against him?  | No                                      |
| d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?  | No                                      |

# REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2023

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

# REPORT ON CORPORATE GOVERNANCE

Financial year ended 31 December 2023

| MR. TAN JOON YONG, WAYNE  |    |
|---|----|
| <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"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>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</li> <li>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</li> <li>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</li> </ul> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> | No |
| <p>k). Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>  | No |

# SUSTAINABILITY REPORT 2023

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# SUSTAINABILITY REPORT 2023

## 1. INTRODUCTION

### 1.1 ABOUT THE SUSTAINABILITY REPORT

This sustainability report (“Sustainability Report”) summarises 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 2023 (“FY2023”). The Sustainability Report outlines the work done in the area of key sustainability topics relevant to our business.

#### Reporting Scope

The Sustainability Report covers the Group’s policies and practices based on the relevant ESG factors that are significant to our operating sites in Singapore, China, Hong Kong, Taiwan, India, Vietnam, Thailand and Malaysia.

#### 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”) using the Global Reporting Initiative Standards (“GRI Standards”), a standard issued by the GRI Global Sustainability Standards Board. The GRI Standards set out generic sustainability factors including the general principles and indicators to report on sustainability policies, practices, performances and targets that are in line with the global best practices on economic, environmental and social sustainability reporting topics.

#### Feedback

Please feel free to email to us any feedback on this Sustainability Report at [fy2023agm@trek2000.com.sg](mailto:fy2023agm@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 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, Taiwan, India, Vietnam, Thailand, Hong Kong and Malaysia to serve our rapidly expanding regional markets.

Guided by our Group’s ethos “Innovation: Inside Out”, we work 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 2023

## 2.1 ABOUT TREK

### 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 are guided by 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 with our innovative products and solutions.

## 2.2 BOARD STATEMENT

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present our Sustainability Report for FY2023. The Sustainability Report summarises our ongoing commitment to sustainable development, and outlines our environmental, social and governance (“ESG”) initiatives, plans and performances. The Group believes that the Sustainability Report serves as a good platform to communicate to our stakeholders on the Group’s sustainability performance.

As 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. The sustainability factors are being managed and monitored through the joint actions of the Board, management and SWG.

To achieve the sustainability goals as highlighted, the Group adopts the appropriate sustainable practices that are relevant in our industry.

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

### **Wayne Tan**

Executive Chairman and Executive Director  
Trek 2000 International Ltd

# SUSTAINABILITY REPORT 2023

## 2.3 STAKEHOLDER ENGAGEMENT

We engage with our stakeholders closely on our ESG initiatives through different communication channels and take into account their expectations when formulating our operational strategies and ESG measures. The Group believes in building mutually beneficial relationships and creating greater value for our society.

The following table identifies our key stakeholders, their issues of concern and the communication channels:

| Key Stakeholder                    | Issues of concern   | Communication channels  |
|------------------------------------|---|---|
| 1. Suppliers                       | <ul style="list-style-type: none"> <li>Fair and open tendering process</li> <li>Competitive pricing</li> <li>Payment timeliness</li> </ul>  | <ul style="list-style-type: none"> <li>Regular meetings with key suppliers</li> <li>Performance evaluations</li> <li>Procurement processes</li> </ul>                               |
| 2. Customers                       | <ul style="list-style-type: none"> <li>Product and service quality</li> <li>Competitive pricing</li> <li>Product safety</li> <li>Customer data protection</li> </ul>  | <ul style="list-style-type: none"> <li>Customer feedback management</li> <li>Social media (e.g., Facebook, online purchase platform or YouTube)</li> <li>Client feedback</li> </ul> |
| 3. Shareholders and investors      | <ul style="list-style-type: none"> <li>Business ethics and reputation</li> <li>Corporate governance, transparency and internal control system</li> <li>Business strategies and performance</li> <li>Investment returns</li> </ul> | <ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Extraordinary General Meeting (EGM)</li> <li>SGX Announcements</li> </ul>                              |
| 4. Employees                       | <ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Career development</li> <li>Working environment</li> </ul>   | <ul style="list-style-type: none"> <li>Employee appraisals</li> <li>Regular meetings and briefings</li> </ul>   |
| 5. Communities                     | <ul style="list-style-type: none"> <li>Employment and community development</li> <li>Social welfare</li> </ul>  | <ul style="list-style-type: none"> <li>Face-to-face meetings</li> <li>Informal dialogues</li> </ul>   |
| 6. Government or regulatory bodies | <ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Contribution to society</li> </ul>   | <ul style="list-style-type: none"> <li>Compliance advisor</li> <li>Regular meetings</li> </ul>  |
| 7. Education Institutions          | <ul style="list-style-type: none"> <li>Training of local workforce</li> <li>Upgrading of industry skills</li> <li>Opportunities for students</li> </ul>   | <ul style="list-style-type: none"> <li>Internships</li> <li>Trainings</li> <li>Workshops</li> </ul>   |

# SUSTAINABILITY REPORT 2023

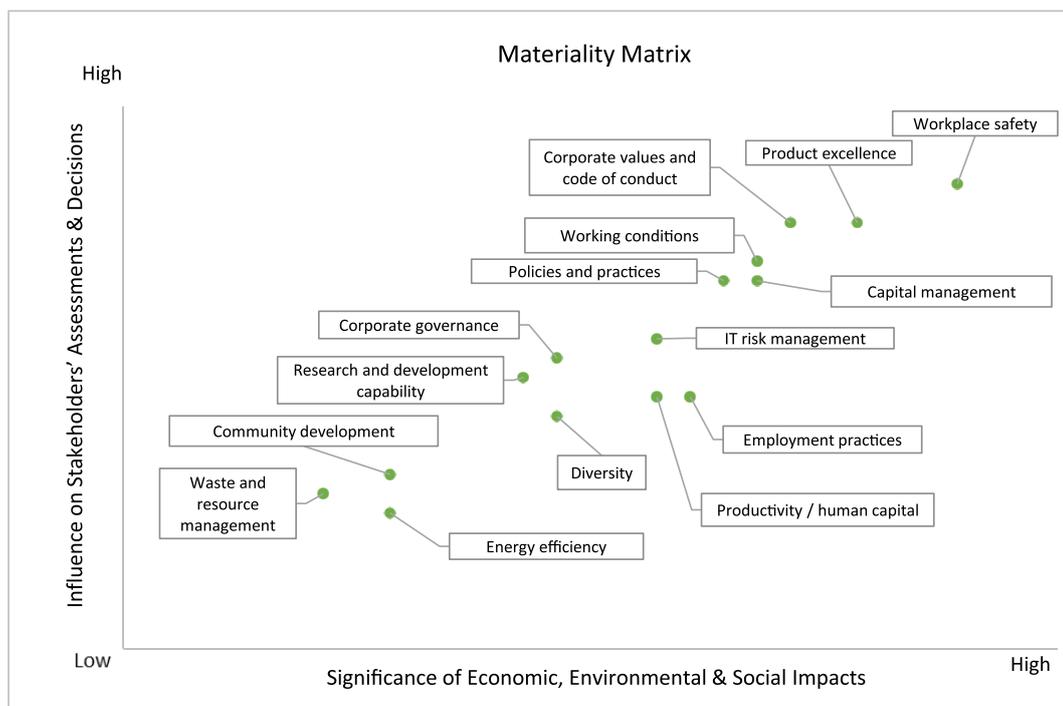
## 2.4 MATERIALITY ASSESSMENT

As part of this Sustainability Report, a materiality assessment survey was carried out with our stakeholders.

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

1. Identifying a list of key ESG topics relevant in our industry and adopting the appropriate best practices and sustainability reporting frameworks.
2. Prioritising the list of key ESG topics based on the results of the surveys.
3. 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 some of the results from this survey as part of our inputs to develop our sustainability strategies.

# SUSTAINABILITY REPORT 2023

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

# SUSTAINABILITY REPORT 2023

## 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 FY2023.

| ESG Factors                   | FY2023 Targets   | Status      | FY2024 Targets   |
|-------------------------------|--|-------------|--|
| <b>Sustainable Management</b> |  |             |  |
| 1. Corporate Governance       | <ul style="list-style-type: none"> <li>Continuous compliance to the requirements of SGX and legislative regulations, and strengthen the corporate governance of the Group.</li> </ul>  | Met Target  | <ul style="list-style-type: none"> <li>Continuous compliance to the requirements of SGX and legislative regulations, and strengthen the corporate governance of the Group.</li> </ul>  |
|                               | <ul style="list-style-type: none"> <li>Timely SGX announcements at SGXNET on matters affecting the Group.</li> <li>Communications with shareholders in AGM and EGM.</li> </ul>   | Met Targets | <ul style="list-style-type: none"> <li>Timely SGX announcements at SGXNET on matters affecting the Group.</li> <li>Communications with shareholders in AGM and EGM.</li> </ul>   |
|                               | <ul style="list-style-type: none"> <li>Working closely with the internal auditors and Audit Committee on disclosure and internal control matters.</li> <li>Communicating with the Board and its committees on regular basis.</li> <li>Implementing systems that strengthen the internal control of the Group.</li> </ul> | Met Targets | <ul style="list-style-type: none"> <li>Working closely with the internal auditors and Audit Committee on disclosure and internal control matters.</li> <li>Communicating with the Board and its committees on regular basis.</li> <li>Implementing systems that strengthen the internal control of the Group.</li> </ul> |
|                               | <ul style="list-style-type: none"> <li>Adopt ethical practices in our business.</li> </ul>   | Met Targets | <ul style="list-style-type: none"> <li>Adopt ethical practices in our business.</li> </ul>   |

# SUSTAINABILITY REPORT 2023

| ESG Factors                             | FY2023 Targets  | Status      | FY2024 Targets  |
|---|---|-------------|---|
| <b>Sustainable Management</b>           |   |             |   |
| 2. Corporate Values and Code of Conduct | <ul style="list-style-type: none"> <li>Put in place the relevant policies and procedures of the Group.</li> <li>Put in place rules and regulations to ensure staff is guided and acts in the best interest of the Group.</li> <li>Operate within legal framework and adopt good corporate governance and transparency to safeguard the interest of stakeholders.</li> </ul> | Met Targets | <ul style="list-style-type: none"> <li>Put in place relevant policies and procedures of the Group.</li> <li>Put in place rules and regulations to ensure staff is guided and acts in the best interest of the Group.</li> <li>Operate within legal framework and adopt good corporate governance and transparency to safeguard the interest of stakeholders.</li> </ul> |
| 3. Policies and Practices               | <ul style="list-style-type: none"> <li>Review of standard operating procedures of key processes on regular basis to ensure relevance and effectiveness.</li> <li>Improve the policies and procedures of the Group.</li> <li>Compliance to rules and regulations set by authorities.</li> <li>Shorten processes to achieve efficiency and effectiveness.</li> </ul>          | Met Targets | <ul style="list-style-type: none"> <li>Review standard operating procedures of key processes on regular basis to ensure relevance and effectiveness.</li> <li>Improve policies and procedures of the Group.</li> <li>Compliance to rules and regulations set by authorities.</li> <li>Shorten processes to achieve efficiency and effectiveness.</li> </ul>             |
|   | <ul style="list-style-type: none"> <li>Continue filing of patents for R&amp;D developments as determined by the management.</li> <li>Proactive approach to safeguard our IPs and take appropriate enforcement action on external parties for patent infringements.</li> </ul>   | Met Targets | <ul style="list-style-type: none"> <li>Continue filing patents for R&amp;D developments as determined by the management.</li> <li>Proactive approach to safeguard our IPs and take appropriate enforcement action on external parties for patent infringements.</li> </ul>  |

# SUSTAINABILITY REPORT 2023

| ESG Factors                   | FY2023 Targets   | Status      | FY2024 Targets   |
|-------------------------------|--|-------------|--|
| <b>Sustainable Management</b> |  |             |  |
| 4. IT Risk Management         | <ul style="list-style-type: none"> <li>• Periodic review of IT security against threats to our following IT systems:               <ul style="list-style-type: none"> <li>o Network</li> <li>o Servers</li> <li>o Desktop/laptop PCs</li> </ul> </li> <li>• Installing Anti-Virus software to safeguard data and, preventing virus and hackers from infiltrating our IT systems.</li> <li>• Rules and regulations relating to intellectual properties and compliances made to staff.</li> <li>• Installing CCTV in our offices for security measures.</li> </ul> | Met Targets | <ul style="list-style-type: none"> <li>• Periodic review of IT security against threats to our following IT systems:               <ul style="list-style-type: none"> <li>o Network</li> <li>o Servers</li> <li>o Desktop/laptop PCs</li> </ul> </li> <li>• Installing Anti-Virus software to safeguard data and, preventing virus and hackers from infiltrating our IT systems.</li> <li>• Rules and regulations relating to intellectual properties and compliances made to staff.</li> <li>• Installing CCTV in our offices for security measures.</li> </ul> |

| ESG Factors                   | FY2023 Targets  | Status      | FY2024 Targets  |
|-------------------------------|---|-------------|---|
| <b>Sustainable Operations</b> |   |             |   |
| 1. Working conditions         | <ul style="list-style-type: none"> <li>• Ensure employees are provided with sufficient and comfortable physical space to maintain a good working environment.</li> <li>• Provide re-employment contracts to eligible staff that is able to work beyond retirement age, and supporting other government initiatives.</li> <li>• Respect employees and make the workplace as conducive as possible for increased productivity.</li> </ul> | Met Targets | <ul style="list-style-type: none"> <li>• Ensure employees are provided with sufficient and comfortable physical space to have a good working environment.</li> <li>• Provide re-employment contracts to eligible staff that is able to work beyond retirement age, and supporting other government initiatives.</li> <li>• Respect employees and make the workplace as conducive as possible for increased productivity.</li> </ul> |

# SUSTAINABILITY REPORT 2023

| ESG Factors                   | FY2023 Targets  | Status      | FY2024 Targets  |
|-------------------------------|---|-------------|---|
| <b>Sustainable Operations</b> |   |             |   |
| 2. Workplace safety           | <ul style="list-style-type: none"> <li>Compliance to Ministry of Manpower (“MOM”) annual workplace safety and health check, and COVID-19 Safe Management Measures.</li> <li>Maintain zero workplace accident.</li> <li>Provide sufficient insurance coverage and staff welfare for staff’s benefits.</li> </ul> | Met Targets | <ul style="list-style-type: none"> <li>Compliance to Ministry of Manpower (“MOM”) annual workplace safety and health check, and COVID-19 Safe Management Measures.</li> <li>Maintain zero workplace accident.</li> <li>Provide sufficient insurance coverage and staff welfare for staff’s benefits.</li> </ul> |
| 3. Employment practices       | <ul style="list-style-type: none"> <li>Encourage staff to upgrade their skills.</li> </ul>  | Met Target  | <ul style="list-style-type: none"> <li>Encourage staff to upgrade their skills.</li> </ul>  |
|                               | <ul style="list-style-type: none"> <li>Provide staff with option for self-development.</li> </ul>   | Met Target  | <ul style="list-style-type: none"> <li>Provide staff with option for self-development.</li> </ul>   |
|                               | <ul style="list-style-type: none"> <li>Performance based assessments on employees on an annual basis.</li> <li>Guiding staff and monitoring their performance on daily basis.</li> <li>Budgeting system to monitor target and achievements.</li> <li>Increasing staff’s productivity.</li> </ul>                | Met Targets | <ul style="list-style-type: none"> <li>Performance based assessments on employees on an annual basis.</li> <li>Guiding staff and monitoring their performance on daily basis.</li> <li>Budgeting system to monitor target and achievements.</li> <li>Increasing staff’s productivity.</li> </ul>                |

# SUSTAINABILITY REPORT 2023

| ESG Factors                   | FY2023 Targets   | Status      | FY2024 Targets   |
|-------------------------------|--|-------------|--|
| <b>Sustainable Operations</b> |  |             |  |
| 4. Diversity                  | <ul style="list-style-type: none"> <li>Provide equal opportunities to staff for career enhancement.</li> </ul>   | Met Target  | <ul style="list-style-type: none"> <li>Provide equal opportunities to staff for career development.</li> </ul>   |
|                               | <ul style="list-style-type: none"> <li>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.</li> </ul> | Met Target  | <ul style="list-style-type: none"> <li>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.</li> </ul> |
| <b>Sustainable Products</b>   |  |             |  |
| 1. Product excellence         | <ul style="list-style-type: none"> <li>Product updates to customer on regular basis.</li> </ul>  | Met Targets | <ul style="list-style-type: none"> <li>Product updates to customer on regular basis.</li> </ul>  |
|                               | <ul style="list-style-type: none"> <li>Innovate new products and solutions.</li> <li>Venture into consumer wearables, medical, cloud technologies, A.I. products and other products and solutions.</li> <li>Stay ahead of the technology curve.</li> </ul>                                     | Met Targets | <ul style="list-style-type: none"> <li>Innovate new products and solutions.</li> <li>Venture into consumer wearables, medical, cloud technologies, A.I. products and other products and solutions.</li> <li>Stay ahead of the technology curve.</li> </ul>                                     |

# SUSTAINABILITY REPORT 2023

| ESG Factors                          | FY2023 Targets  | Status      | FY2024 Targets   |
|--------------------------------------|---|-------------|--|
| <b>Sustainable Products</b>          |   |             |  |
| 2. Capital management                | <ul style="list-style-type: none"> <li>Maintain good relationship with investment community for opportunities to invest in good business and ventures.</li> <li>Invest in good financial assets to generate good returns on surplus funds.</li> </ul> | Met Targets | <ul style="list-style-type: none"> <li>Maintain good relationship with investment community for investment opportunities in good business and ventures.</li> <li>Invest in good financial assets to generate good returns on surplus funds.</li> </ul> |
| 3. Productivity                      | <ul style="list-style-type: none"> <li>Guide and monitor staff on their work performances on daily basis.</li> </ul>  | Met Targets | <ul style="list-style-type: none"> <li>Guide and monitor staff on their work performances on daily basis.</li> </ul>   |
| 4. Research & Development capability | <ul style="list-style-type: none"> <li>Improve our existing products, solutions and technologies.</li> <li>Innovate and create new products and solutions that improve the way that people work.</li> </ul>   | Met Targets | <ul style="list-style-type: none"> <li>Improve our existing products, solutions and technologies.</li> <li>Innovate and create new products and solutions that improve the way people work.</li> </ul>   |

# SUSTAINABILITY REPORT 2023

| ESG Factors                         | FY2023 Targets  | Status      | FY2024 Targets  |
|-------------------------------------|---|-------------|---|
| <b>Sustainable World</b>            |   |             |   |
| 1. Waste and resource management    | <ul style="list-style-type: none"> <li>• Reduce paper usage and move towards digital platforms to store and share data and information.</li> <li>• Use more paperless transactions.</li> <li>• Minimise paper waste by encouraging staff to print on recycled papers or on both sides of papers.</li> <li>• Maintain or reduce wastes intensity.</li> </ul> | Met Targets | <ul style="list-style-type: none"> <li>• Reduce paper usage and move towards digital platforms to store and share data and information.</li> <li>• Use more paperless transactions.</li> <li>• Minimise paper waste by encouraging staff to print on recycled papers or on both sides of papers.</li> <li>• Maintain or reduce wastes intensity.</li> </ul> |
| 2. Greenhouse gas ("GHG") emissions | <ul style="list-style-type: none"> <li>• Maintain or reduce GHG emissions intensity.</li> </ul>   | Met Targets | <ul style="list-style-type: none"> <li>• Maintain or reduce GHG emissions intensity.</li> </ul>   |
| 3. Energy efficiencies              | <ul style="list-style-type: none"> <li>• Utilise eco-saver office equipment.</li> <li>• Switching off lights and electricity when not in use.</li> <li>• Maintain or reduce energy consumption intensity.</li> </ul>  | Met Targets | <ul style="list-style-type: none"> <li>• Utilise eco-saver office equipment.</li> <li>• Switch off lights, air-conditioners and other electrical equipment when not in use.</li> <li>• Maintain or reduce energy consumption intensity.</li> </ul>  |

# SUSTAINABILITY REPORT 2023

| ESG Factors              | FY2023 Targets   | Status      | FY2024 Targets  |
|--------------------------|--|-------------|---|
| <b>Sustainable World</b> |  |             |   |
| 4 Community development  | <ul style="list-style-type: none"> <li>• Donate to charities to help society.</li> <li>• Take part in charity drive to promote social interest.</li> <li>• Adopt good corporate governance to safeguard interest of stakeholders.</li> </ul> | Met Targets | <ul style="list-style-type: none"> <li>• Work closely with charities and non-profit organisation to contribute to society.</li> <li>• Adopt good corporate governance to safeguard interest of stakeholders.</li> </ul> |
|                          | <ul style="list-style-type: none"> <li>• Conducts due diligence checking on approved or potential customers on a regular basis.</li> </ul>   | Met Targets | <ul style="list-style-type: none"> <li>• Conducts due diligence checking on approved or potential customers on a regular basis.</li> </ul>  |

# SUSTAINABILITY REPORT 2023

## 2.6 RISKS AND OPPORTUNITIES

We provide 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"> <li>• Financial losses as a result of business disruptions, loss of key customers and suppliers, and external environment factors beyond our control.</li> <li>• Business loss as a result of unauthorised use of our patents and technology by third parties.</li> </ul>  |
| Opportunities | <ul style="list-style-type: none"> <li>• Transparency of business goals and objectives to stakeholders.</li> <li>• Trusted and long-term partnerships with stakeholders.</li> <li>• Foster and maintain employees' trust and integrity by ensuring that all employees adhere to appropriate standards of conduct.</li> <li>• Achieve efficiency and quality output, and reducing miscommunication and failure to comply with industry regulations.</li> <li>• New and innovative products and solutions to increase our market.</li> <li>• Increase the number of inventions and patents .</li> </ul> |

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

### Sustainable Operations

|               |   |
|---------------|---|
| Risks         | <ul style="list-style-type: none"> <li>• Loss of key employees.</li> <li>• Vacancy in key positions in the event of high employee turnover.</li> </ul>  |
| Opportunities | <ul style="list-style-type: none"> <li>• Retain and develop good employees.</li> <li>• Promote employees' loyalty and commitment to the business.</li> <li>• Value and care for employees' well-being.</li> <li>• Promote healthy lifestyle and work-life integration.</li> </ul> |

**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 in the workplace.

### Sustainable Products

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

**Approach:** We aim to continuously develop innovative products and solutions. We innovate and develop new or substitute products that disrupt technology and improve the way people work.

# SUSTAINABILITY REPORT 2023

| Sustainable World |  |
|-------------------|--|
| Risks             | <ul style="list-style-type: none"> <li>• Non-compliance to regulatory requirements resulting in fines or penalties/ business disruptions.</li> </ul>   |
| Opportunities     | <ul style="list-style-type: none"> <li>• Develop eco-friendly products.</li> <li>• Use of more energy saving equipment.</li> <li>• Engage closely with charities and non-profit organisations.</li> <li>• Improve society at large through our efforts.</li> <li>• Increase in IP development and ownership.</li> <li>• Increase in innovative products and solutions that disrupt global market.</li> </ul> |

**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.

## 3. SUSTAINABLE MANAGEMENT

The Group takes an active approach to manage our business sustainability and 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. Adopting good corporate governance and transparency helps the Group to operate ethically and protect the interests of stakeholders.

To do that, 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 our Group's policies and procedures. We put in place stringent monitoring and enforcement mechanisms to manage our economic, social and environmental performance. In addition, with the aim of increasing the accuracy of our 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 it conducts its business legally and ethically.

# SUSTAINABILITY REPORT 2023

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

The Group has also 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.

The Group's corporate governance practices are elaborated in the "Corporate Governance Report" section of the Group's Annual Report 2023.

## 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 knowledge and competency 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 and employees. This is in line with its commitment to maintain an environment of respect for people regardless of their gender, age, ethnicity and nationality, and to 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 2023.

# SUSTAINABILITY REPORT 2023

## 3.2 GOVERNANCE STRUCTURE

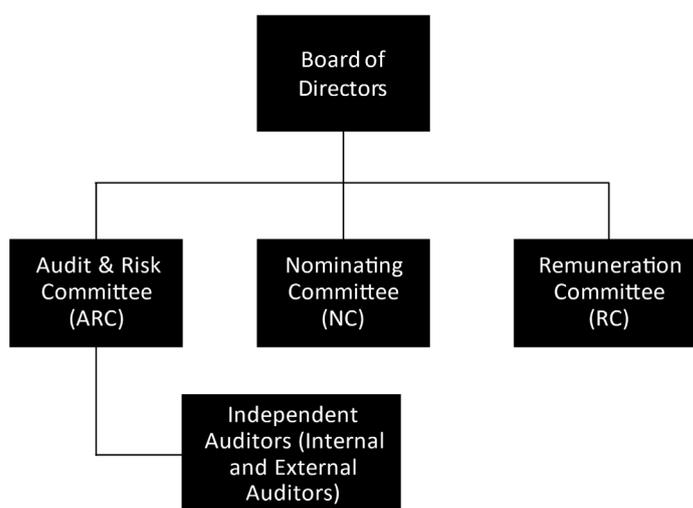
The Board has oversight of the Group's sustainability strategies. The Board's responsibilities include providing guidance on the material ESG factors that affect the Group's sustainability.

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 strategies. The management works with the Board and its committees to achieve this objective. With the aim to become familiarise with 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 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.

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:

- (i) identifying, evaluating, prioritising and managing the material ESG topics;
- (ii) reviewing the disclosures of the sustainability report;
- (iii) setting targets and reporting on the progress and effectiveness of the development; and
- (iv) implementation of strategies to achieve the sustainability-related goals.

# SUSTAINABILITY REPORT 2023

## 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 for our staff and we strive to achieve zero-accident in the workplace. The Group has implemented the Health and Safety Policies and Procedures to ensure health and safety guidelines for our 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 FY2023, there was no work-related injury in our workplace.

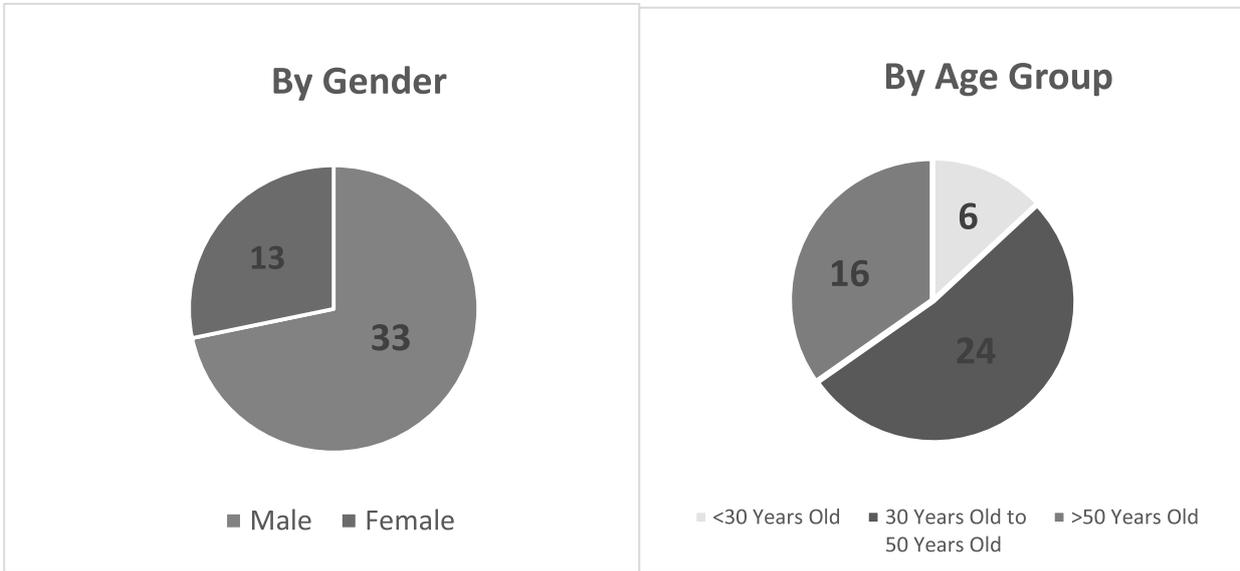
To promote safety, we comply to the requirements of the Ministry of Manpower (“MOM”) and other regulatory authorities. This includes MOM’s risk assessment. In addition, the Group provides sufficient employees’ insurance policies in compliance with the local government requirements.

### 4.2 CARING FOR EMPLOYEES

The Group adopts a people-oriented management approach that motivates staff to achieve their full potential. 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.

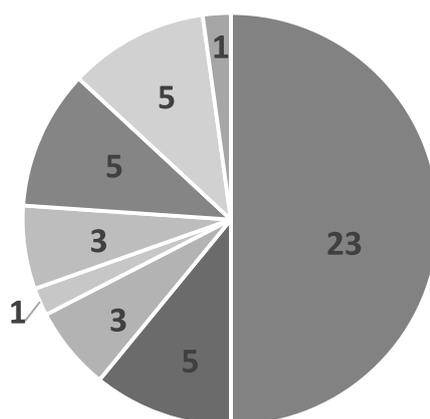
The Board has also established a remuneration committee to review and recommend to the Board the general framework of remuneration policies of Executive and Non-executive Directors. The terms of reference of the remuneration committee are further elaborated in the Group’s Annual Report 2023.

As at 31 December 2023, there were 46 employees at the Group, of which 44 were full-time employees and 2 were part-time employee. The following graphs show the gender and workplace diversity of employees of the Group.



# SUSTAINABILITY REPORT 2023

By Nationalities



■ Singaporean ■ Malaysian ■ Chinese National ■ Taiwanese ■ Thais ■ Indian ■ Vietnamese ■ Others

During FY2023, out of the 15 new employees hired by the Group, 13 were male and 2 were female; 6 employees were under the age of 30, 6 employees were between the age of 30-50 and 3 employees were above the age of 50. In addition, out of the 15 new employees hired by the Group, 6 of these new employees left the Group within the same year of which all were male; 3 employees were under the age of 30, 2 employees were between the age of 30-50 and 1 employee was above the age of 50.

## Recruitment and Remuneration

The Group adopts a transparent system for recruitment of employees based on the skills, knowledge and experience of candidates that matches the job requirements.

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 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 FY2023, the Group was not aware of any material incidents of discrimination.

# SUSTAINABILITY REPORT 2023

## Career Development

The Group is committed to providing opportunity for career development of 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 projects and technology. In addition, we emphasise critical and innovative approach to our product developments, and remain focused on the innovations of our product developments.

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.

## 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, we 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 ongoing 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 innovations 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 technology curve. Many of our products set the standards in the industry.

Our sustainability-driven innovations include:

- (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 key area of our innovative products and solutions is those relating to privacy protection and data security.

# SUSTAINABILITY REPORT 2023

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.

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 currently develops solutions in this industry to help companies and customers better manage its resources and optimise their energy usage efficiently.

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 implements Policies and Procedures for Management of Confidential Information and Dealings in Securities to provide guidelines to its employees on the protection of 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 implemented 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 addresses the issues of IT defence solutions and implementation, and provides guidelines to employees to protect our network, servers, and desktop and laptop PCs.

For information, in FY2023, we did not receive any complaints of customer privacy and losses of data.

## 5.3 INTELLECTUAL PROPERTY PROTECTION

Intellectual property ("IP") is one of the most important areas. 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 implemented 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.

# SUSTAINABILITY REPORT 2023

## 6. SUSTAINABLE WORLD

The Group views sustainable business development and corporate social responsibility as equally important in our operations. The Group is committed to its corporate social responsibility and integrating social and environmental initiatives in our business.

### 6.1 CLIMATE CHANGE MITIGATION AND ADAPTATION

The Group recognizes the importance of developing strategies 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 disclosures of climate-related financial information. The Group adopts TCFD’s recommendations, and will continue to strengthen this disclosure.

#### Governance

We have established a good governance structure. The Board oversees the Group’s sustainability strategies 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 holds meeting once a year, and the chairman of SWG makes 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 takes climate risks into consideration in its sustainability strategies 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 relentless innovate and with our products and solutions, change peoples’ lives for the better. More details of our 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 includes climate-related risks into our risk management processes, and develops response plans accordingly. With reference to the recommendations of TCFD and industrial benchmarking, the Group identifies a list of potential climate risk factors and compiled a Climate Risk Register in order to assess the materiality of the risk factors. The Group identifies the following material risk factors:

#### *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 makes arrangements for staff to work from home if the extreme weather events cause an impact to our workforce and minimise the adverse effect to our business operations. The Group identifies the potential physical risks and prioritize those that may have a significant impact, and to take precautionary measures to deal with these risks.

# SUSTAINABILITY REPORT 2023

## *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 imposed strict emission reduction regulations. As a result, 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 monitors closely the changes in the business environment and policy, and capitalizes on the opportunities that arise from the increase in demand for environmentally friendly products, reviewing the business process on regular basis and identifying any potential room for improvements on the Group's sustainability performance. With the aim to pursue a sustainable business model, the Group will adjust and formulate appropriate business strategies, and make changes to the business operations if appropriate.

In addition, the Group puts in place the relevant policies and regulations to address this risk. The Group 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. For FY2024, we have set a target of maintaining or reducing the Group's GHG emissions intensity, energy consumption intensity and wastes intensities, using the results of FY2023 as reference.

## **6.2 CONTRIBUTING TO GREENER WORLD**

The Group believes environmentally friendly practices help complement our business efficiency. The Group advocates good social responsibility and complies to the relevant environmental regulations. We adopt the necessary environmental measures and procedures 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. This will also help to increase our business efficiency and lower our operating costs in the long run.

## *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 in 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 2023

Summary of the Group's air emissions during FY2023 is as follows:

| Indicators              | Unit | FY2023 |
|-------------------------|------|--------|
| Nitrogen oxide (NOx)    | kg   | 31.29  |
| Sulphur oxide (SOx)     | kg   | 0.16   |
| 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 FY2023 is as follows:

| Indicators <sup>1</sup>   | Unit                             | FY2023       |
|---|----------------------------------|--------------|
| Direct (Scope 1) GHG emissions<br>• Fuel consumed by the Company's Vehicles | tCO <sub>2</sub> e               | 29.08        |
| Energy indirect (Scope 2) GHG emissions<br>• Purchased electricity          | tCO <sub>2</sub> e               | 54.52        |
| <b>Total GHG emissions</b>  | <b>tCO<sub>2</sub>e</b>          | <b>83.60</b> |
| <b>Total GHG emissions intensity<sup>2</sup></b>                            | <b>tCO<sub>2</sub>e/employee</b> | <b>1.82</b>  |

## 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 FY2023, the Group has a total of 46 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 FY2023. 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 FY2023 is as follows:

| Indicators                                 | Unit               | FY2023        |
|--|--------------------|---------------|
| <b>Total non-hazardous waste</b>           | <b>kg</b>          | <b>994.58</b> |
| <b>Total non-hazardous waste intensity</b> | <b>kg/employee</b> | <b>21.62</b>  |

# SUSTAINABILITY REPORT 2023

## 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 vehicles to ensure that they comply with environmental regulations and monitoring fuel consumption.

Summary of the Group's energy consumption performance during FY2023 is summarised as follows:

| Indicators <sup>1</sup>   | Unit                 | FY2023        |
|---|----------------------|---------------|
| Direct energy consumption <sup>3</sup><br>• Fuel consumed by the Company's Vehicles | MWh                  | 105.87        |
| Indirect energy consumption<br>• Purchased electricity                              | MWh                  | 133.27        |
| <b>Total energy consumption</b>   | <b>MWh</b>           | <b>239.14</b> |
| <b>Total energy consumption intensity</b>   | <b>MWh /employee</b> | <b>5.20</b>   |

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 reducing its water consumption. The Group monitors its consumption and usage of water on a regular basis. In the event of drastic increase in water consumption, investigation and corresponding rectification measures will be made.

Summary of the Group's water consumption performance during FY2023 is as follows:

| Indicators                               | Unit                          | FY2023        |
|--|-------------------------------|---------------|
| <b>Total water consumption</b>           | <b>cubic meter</b>            | <b>267.87</b> |
| <b>Total water consumption intensity</b> | <b>cubic meter / employee</b> | <b>5.82</b>   |

## 6.3 SUPPORTING LOCAL COMMUNITIES

The Group recognises the importance of helping local communities and giving back to society in a positive and meaningful way. This involves supporting various charities, social or non-profit organisation with donations and participating in their projects.

One of the activities in FY2023 was supporting Yellow Ribbon Singapore, an organisation that helps ex-Prison inmates to secure full time employment. The Group participates in the mission of Yellow Ribbon Singapore and offers full-time employment to a selected group of employees shortlisted by this social organisation. Besides providing employment opportunities, the Group provides job training and career development to this group of employees.

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

# SUSTAINABILITY REPORT 2023

## 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 2023 with reference to the GRI Standards. |   |
|--|---|---|
| GRI 1 Used                             | GRI 1: Foundation 2021  |   |
| GRI Standard                           | Disclosure  | Location/Statement(s)   |
| <b>GRI 2: General Disclosures 2021</b> | 2-1 Organizational details  | <ul style="list-style-type: none"> <li>Legal name: Trek 2000 International Limited</li> <li>Nature of ownership: publicly owned</li> <li>Legal form: incorporated entity</li> <li>Location of the Group's headquarters: Singapore</li> <li>The Group's countries of operation: Singapore</li> </ul> |
|  | 2-2 Entities included in the organization's sustainability reporting  | Reporting Scope   |
|  | 2-3 Reporting period, frequency and contact point   | About the Sustainability Report<br>Reporting frequency: once a year   |
|  | 2-4 Restatements of information   | Nil   |
|  | 2-6 Activities, value chain and other business relationships  | 2023 Annual Report - Intellectual Property and Trek's Patented Solutions Sections   |

# SUSTAINABILITY REPORT 2023

| GRI Standard | Disclosure   | Location/Statement(s)  |
|--------------|--|--|
|              | 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 FY2023 |
|              | 2-9 Governance structure and composition   | Governance Structure   |
|              | 2-10 Nomination and selection of the highest governance body                     | 2023 Annual Report – Report on Corporate Governance - Board Matters Section  |
|              | 2-11 Chair of the highest governance body  | 2023 Annual Report – Report on Corporate Governance - Board Matters Section  |
|              | 2-12 Role of the highest governance body in overseeing the management of impacts | 2023 Annual Report – Report on Corporate Governance - Board Matters Section  |
|              | 2-13 Delegation of responsibility for managing impacts                           | 2023 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   | 2023 Annual Report – Report on Corporate Governance - Board Matters Section  |
|              | 2-16 Communication of critical concerns  | 2023 Annual Report – Report on Corporate Governance - Board Matters and Shareholder Rights and Responsibilities Sections               |
|              | 2-17 Collective knowledge of the highest governance body                         | 2023 Annual Report – Report on Corporate Governance - Board Matters Section  |
|              | 2-18 Evaluation of the performance of the highest governance body                | 2023 Annual Report – Report on Corporate Governance - Board Matters Section  |
|              | 2-19 Remuneration policies   | 2023 Annual Report – Report on Corporate Governance – Remuneration Matters Section   |
|              | 2-20 Process to determine remuneration   | 2023 Annual Report – Report on Corporate Governance – Remuneration Matters Section   |

# SUSTAINABILITY REPORT 2023

| GRI Standard   | Disclosure   | Location/Statement(s)   |
|--|--|---|
|  | 2-21 Annual total compensation ratio   | 2023 Annual Report – Report on Corporate Governance – Remuneration Matters Section  |
|  | 2-22 Statement on sustainable development strategy   | Board Statement   |
| <b>GRI 3: Material Topics 2021</b>                   | 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   |
| <b>GRI 201: Economic Performance 2016</b>            | 201-1 Direct economic value generated and distributed  | 2023 Annual Report – Operations and Financial Review, and Financial Statements  |
| <b>GRI 205: Anti-corruption 2016</b>                 | 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   |
| <b>GRI 302: Energy 2016</b>                          | 302-1 Energy consumption within the organization   | Energy Efficiency   |
|  | 302-3 Energy intensity   | Energy Efficiency   |
| <b>GRI 305: Emissions 2016</b>                       | 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   |
| <b>GRI 306: Waste 2020</b>                           | 306-1 Waste generation and significant waste-related impacts                                       | Waste Management  |
| <b>GRI 401: Employment 2016</b>                      | 401-1 New employee hires and employee turnover   | Caring for Employees  |
| <b>GRI 405: Diversity and Equal Opportunity 2016</b> | 405-1 Diversity of governance bodies and employees   | Board Diversity and Caring for Employees  |
| <b>GRI 406: Non-discrimination 2016</b>              | 406-1 Incidents of discrimination and corrective actions taken                                     | Diversity, Equal Opportunity and Non-Discrimination   |
| <b>GRI 418: Customer Privacy 2016</b>                | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | During FY2023, 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 2023

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 2023.

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 2023 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' 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<br>the name of director |   | Holdings in which director is<br>deemed to have an interest |   |
|--|--|---|---|---|
|  | As at<br>1.1.2023                              | As at<br>31.12.2023<br>and<br>21.1.2024 # | As at<br>1.1.2023   | As at<br>31.12.2023<br>and<br>21.1.2024 # |
| The Company -<br>Trek 2000 International Ltd |  |   |   |   |
|  |  |   |   | <u>Number of ordinary shares</u>          |
| Tan Joon Yong Wayne                          | 2,371,176                                      | 63,160,750                                | 1,839,250   | 44,314,267                                |
| 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 2024.

# DIRECTORS' STATEMENT

*for the financial year ended 31 December 2023*

## Share options

The Trek 2000 International Ltd Share Option Scheme 2023 (the "ESOS 2023") was approved by the Company's shareholders at the Extraordinary General Meeting on 28 June 2023. The Trek 2000 International Ltd Share Option Scheme 2011 (the "ESOS 2011") that was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 April 2011 had expired on 7 November 2021. Such expiry shall not affect the share options that had been granted under the ESOS 2011.

The ESOS 2023 caters to participants who are selected full-time employees of the Group. The ESOS 2011 catered to participants who are selected full-time employees, executive directors and non-executive directors of the Group.

Under the ESOS 2023 and the ESOS 2011, all share 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 share options issued will have a term no longer than five years from the date of grant.

The ESOS 2023 and the ESOS 2011 are administered by the Remuneration Committee which comprises the following directors:

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

The share options granted by the Company do not entitle the holders of the share 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 2023, 10,250,000 share options in total were granted under the ESOS 2023, and no share options were exercised. 1,000,000 share options were granted to the Executive Director of the Company under the ESOS 2023 during and at the end of the financial year ended 31 December 2023.

Details of outstanding share options as at 31 December 2023 are shown in Note 25 to the financial statements.

## 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 half-yearly 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;

# DIRECTORS' STATEMENT

*for the financial year ended 31 December 2023*

## **Audit and Risk Committee (cont'd)**

- (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 auditor.

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 Listing Manual of the Singapore Exchange Securities Trading Limited have been complied with.

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

## **Independent auditor**

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

On behalf of the Directors

LUN CHEE LEONG  
Lead Independent Non-Executive Director

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

Dated: 11 April 2024

# 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 2023, and 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 material accounting policy information.

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 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

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

### **Fair value of non-current other investment (refer to Note 8 and Note 32 to the financial statements)**

As at 31 December 2023, the Group and the Company have a non-current other investment of US\$600,000. Management has engaged a firm of independent professional valuers ("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.

# INDEPENDENT AUDITOR'S REPORT

*to the members of Trek 2000 International Ltd*

## Key Audit Matters (Cont'd)

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

As at 31 December 2023, the Group has gross inventories of US\$3,204,755, with allowance for slow-moving and obsolete inventories of US\$194,772. 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 tested the ageing of inventories based on purchase dates. We attended and observed management's physical stock count process, including identification of slow-moving and obsolete inventories. We also inquired management to obtain an understanding of the terms of the price protection arrangement that the Group has entered with its suppliers. In addition, we assessed the adequacy of disclosures in the financial statements.

### **Other Information**

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

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

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

### **Responsibilities of Management and Directors for the Financial Statements**

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

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

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

# INDEPENDENT AUDITOR'S REPORT

*to the members of Trek 2000 International Ltd*

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

11 April 2024

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023

|   | Note | The Group         |                   | The Company       |                   |
|---|------|-------------------|-------------------|-------------------|-------------------|
|   |      | 2023              | 2022              | 2023              | 2022              |
|   |      | US\$              | US\$              | US\$              | US\$              |
| <b>ASSETS</b>                                       |      |                   |                   |                   |                   |
| <b>Non-Current Assets</b>                           |      |                   |                   |                   |                   |
| Property, plant and equipment                       | 3    | 1,335,458         | 1,153,729         | -                 | -                 |
| Right-of-use assets                                 | 4    | 314,171           | 278,846           | -                 | -                 |
| Intangible assets                                   | 5    | -                 | -                 | -                 | -                 |
| Subsidiaries  | 6    | -                 | -                 | 880,915           | 1,583,733         |
| Associates  | 7    | -                 | -                 | 5,407             | 5,407             |
| Other investment                                    | 8    | 600,000           | 1,886,000         | 600,000           | 1,886,000         |
|   |      | <b>2,249,629</b>  | <b>3,318,575</b>  | <b>1,486,322</b>  | <b>3,475,140</b>  |
| <b>Current Assets</b>                               |      |                   |                   |                   |                   |
| Other investments                                   | 8    | 18,657,793        | 17,694,589        | 18,657,793        | 17,694,589        |
| Inventories   | 9    | 3,009,983         | 2,407,019         | -                 | -                 |
| Trade and other receivables                         | 10   | 595,036           | 4,943,992         | 119,860           | 2,097,236         |
| Prepayments   |      | 8,279             | 58,820            | 2,406             | 5,055             |
| Cash and bank deposits                              | 11   | 10,392,188        | 2,553,874         | 9,866,779         | 620,429           |
|   |      | <b>32,663,279</b> | <b>27,658,294</b> | <b>28,646,838</b> | <b>20,417,309</b> |
| <b>Total assets</b>                                 |      | <b>34,912,908</b> | <b>30,976,869</b> | <b>30,133,160</b> | <b>23,892,449</b> |
| <b>EQUITY AND LIABILITIES</b>                       |      |                   |                   |                   |                   |
| <b>Capital and Reserves</b>                         |      |                   |                   |                   |                   |
| 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   | (8,398,088)       | (10,721,810)      | (9,538,236)       | (13,148,443)      |
| <b>Equity attributable to owners of the Company</b> |      | <b>28,435,066</b> | <b>26,111,344</b> | <b>27,294,918</b> | <b>23,684,711</b> |
| Non-controlling interests                           |      | 855,324           | 848,367           | -                 | -                 |
| <b>Total equity</b>                                 |      | <b>29,290,390</b> | <b>26,959,711</b> | <b>27,294,918</b> | <b>23,684,711</b> |
| <b>Non-Current Liabilities</b>                      |      |                   |                   |                   |                   |
| Lease liabilities                                   | 14   | 165,406           | 121,601           | -                 | -                 |
| Deferred tax liabilities                            | 15   | 125,835           | 105,210           | -                 | -                 |
|   |      | <b>291,241</b>    | <b>226,811</b>    | <b>-</b>          | <b>-</b>          |

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

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

as at 31 December 2023

|                                     | Note | The Group         |                   | The Company       |                   |
|-------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                                     |      | 2023              | 2022              | 2023              | 2022              |
|                                     |      | US\$              | US\$              | US\$              | US\$              |
| <b>Current Liabilities</b>          |      |                   |                   |                   |                   |
| Lease liabilities                   | 14   | 93,655            | 82,203            | -                 | -                 |
| Trade and other payables            | 16   | 4,536,617         | 2,433,876         | 2,838,242         | 207,738           |
| Provision                           | 17   | 218,000           | 245,000           | -                 | -                 |
| Current tax payable                 |      | 483,005           | 1,029,268         | -                 | -                 |
|                                     |      | <b>5,331,277</b>  | <b>3,790,347</b>  | <b>2,838,242</b>  | <b>207,738</b>    |
| <b>Total liabilities</b>            |      | <b>5,622,518</b>  | <b>4,017,158</b>  | <b>2,838,242</b>  | <b>207,738</b>    |
| <b>Total equity and liabilities</b> |      | <b>34,912,908</b> | <b>30,976,869</b> | <b>30,133,160</b> | <b>23,892,449</b> |

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 2023

|   | Note | 2023<br>US\$     | 2022<br>US\$        |
|---|------|------------------|---------------------|
| Revenue   | 18   | 16,763,291       | 16,617,866          |
| Cost of sales   |      | (15,246,992)     | (19,012,701)        |
| Gross profit/(loss)   |      | 1,516,299        | (2,394,835)         |
| Other income  | 19   | 4,996,006        | 462,884             |
| Research and development expenses   |      | (1,084,978)      | (816,102)           |
| Marketing and distribution expenses   |      | (1,514,545)      | (1,531,135)         |
| Impairment losses on trade receivables                                      | 10   | (21,751)         | -                   |
| Impairment losses on other receivables                                      | 10   | (98,817)         | (65,431)            |
| Administrative expenses   |      | (1,072,413)      | (1,051,416)         |
| Other operating expenses  | 20   | (657)            | (7,883,015)         |
| Finance costs   | 21   | (8,295)          | (30,741)            |
| Profit/(Loss) before taxation   | 22   | 2,710,849        | (13,309,791)        |
| Taxation  | 23   | (14,508)         | (88)                |
| <b>Profit/(Loss) for the year</b>   |      | <b>2,696,341</b> | <b>(13,309,879)</b> |
| <b>Other comprehensive income/(loss):</b>                                   |      |                  |                     |
| <b>Items that will not be reclassified subsequently to profit or loss</b>   |      |                  |                     |
| Revaluation of freehold and leasehold properties                            |      | 121,063          | 103,329             |
| Related tax   |      | (20,581)         | (17,566)            |
|   |      | 100,482          | 85,763              |
| Fair value (loss)/gain on equity investment at FVOCI                        |      | (560,997)        | 1,332,693           |
|   |      | (460,515)        | 1,418,456           |
| <b>Items that are or may be reclassified subsequently to profit or loss</b> |      |                  |                     |
| Foreign currency translation differences on consolidation                   |      | 19,562           | 184,407             |
| <b>Other comprehensive (loss)/income for the year, net of tax</b>           |      | <b>(440,953)</b> | <b>1,602,863</b>    |
| <b>Total comprehensive income/(loss) for the year</b>                       |      | <b>2,255,388</b> | <b>(11,707,016)</b> |
| <b>Profit/(Loss) attributable to:</b>                                       |      |                  |                     |
| Owners of the Company   |      | 2,689,384        | (13,299,989)        |
| Non-controlling interests   |      | 6,957            | (9,890)             |
|   |      | 2,696,341        | (13,309,879)        |
| <b>Total comprehensive income/(loss) attributable to:</b>                   |      |                  |                     |
| Owners of the Company   |      | 2,248,431        | (11,697,126)        |
| Non-controlling interests   |      | 6,957            | (9,890)             |
|   |      | 2,255,388        | (11,707,016)        |
| <b>Earnings/(Loss) per share (US cents)</b>                                 |      |                  |                     |
| - Basic   | 24   | 0.86             | (4.25)              |
| - Diluted   | 24   | 0.86             | (4.25)              |

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 2023

|  | Share capital<br>US\$ | Treasury shares<br>US\$ | Accumulated losses<br>US\$ | Capital reserve<br>US\$ | Revaluation reserve<br>US\$ | Fair value reserve<br>US\$ | Share option reserve<br>US\$ | Foreign currency translation reserve<br>US\$ | Other reserve<br>US\$ | Equity attributable to owners of the Company<br>US\$ | Non-controlling interests<br>US\$ | Total equity<br>US\$ |
|--|-----------------------|-------------------------|----------------------------|-------------------------|-----------------------------|----------------------------|------------------------------|--|-----------------------|--|-----------------------------------|----------------------|
| <b>Balance at 1 January 2022</b>   | 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            |
| <b>Total comprehensive (loss)/ income for the year</b>                                       | -                     | -                       | (13,299,989)               | -                       | 85,763                      | 1,332,693                  | -                            | 184,407                                      | -                     | (11,697,126)   | (9,890)                           | (11,707,016)         |
| <b>Contributions by and distributions to owners</b>  |                       |                         |                            |                         |                             |                            |                              |  |                       |  |                                   |                      |
| Dividends paid by a subsidiary to non-controlling interests (Note 6)                         | -                     | -                       | -                          | -                       | -                           | -                          | -                            | -  | -                     | -  | (12,162)                          | (12,162)             |
| Forfeiture of share options  | -                     | -                       | 94,070                     | -                       | -                           | -                          | (94,070)                     | -  | -                     | -  | -                                 | -                    |
|  | -                     | -                       | 94,070                     | -                       | -                           | -                          | (94,070)                     | -  | -                     | -  | (12,162)                          | (12,162)             |
| <b>Changes in ownership interests in subsidiaries</b>  |                       |                         |                            |                         |                             |                            |                              |  |                       |  |                                   |                      |
| Acquisition of non-controlling interest in a subsidiary without a change in control (Note 6) | -                     | -                       | -                          | -                       | -                           | -                          | -                            | -  | 10,192                | 10,192   | (53,307)                          | (43,115)             |
| <b>Transactions with owners in their capacity as owners</b>                                  | -                     | -                       | 94,070                     | -                       | -                           | -                          | (94,070)                     | -  | 10,192                | 10,192   | (65,469)                          | (55,277)             |
| <b>Balance at 31 December 2022</b>   | 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 CHANGES IN EQUITY (CONT'D)

for the financial year ended 31 December 2023

|   | Share capital<br>US\$ | Treasury shares<br>US\$ | Accumulated losses<br>US\$ | Capital reserve<br>US\$ | Revaluation reserve<br>US\$ | Fair value reserve<br>US\$ | Share option reserve<br>US\$ | Foreign currency translation reserve<br>US\$ | Other reserve<br>US\$ | Equity attributable to owners of the Company<br>US\$ | Non-controlling interests<br>US\$ | Total equity<br>US\$ |
|---|-----------------------|-------------------------|----------------------------|-------------------------|-----------------------------|----------------------------|------------------------------|--|-----------------------|--|-----------------------------------|----------------------|
| <b>Balance at 1 January 2023</b>                            | 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           |
| Profit for the year   | -                     | -                       | <b>2,689,384</b>           | -                       | -                           | -                          | -                            | -  | -                     | <b>2,689,384</b>                                     | <b>6,957</b>                      | <b>2,696,341</b>     |
| Other comprehensive income/<br>(loss) for the year          | -                     | -                       | -                          | -                       | <b>100,482</b>              | <b>(560,997)</b>           | -                            | <b>19,562</b>                                | -                     | <b>(440,953)</b>                                     | -                                 | <b>(440,953)</b>     |
| Total comprehensive income/<br>(loss) for the year          | -                     | -                       | <b>2,689,384</b>           | -                       | <b>100,482</b>              | <b>(560,997)</b>           | -                            | <b>19,562</b>                                | -                     | <b>2,248,431</b>                                     | <b>6,957</b>                      | <b>2,255,388</b>     |
| <b>Contributions by and distributions to owners</b>         |                       |                         |                            |                         |                             |                            |                              |  |                       |  |                                   |                      |
| Grant of share options                                      | -                     | -                       | -                          | -                       | -                           | -                          | <b>75,291</b>                | -  | -                     | <b>75,291</b>  | -                                 | <b>75,291</b>        |
| Forfeiture of share options                                 | -                     | -                       | <b>94,070</b>              | -                       | -                           | -                          | <b>(94,070)</b>              | -  | -                     | -  | -                                 | -                    |
| <b>Transactions with owners in their capacity as owners</b> | -                     | -                       | <b>94,070</b>              | -                       | -                           | -                          | <b>(18,779)</b>              | -  | -                     | <b>75,291</b>  | -                                 | <b>75,291</b>        |
| Transfer upon disposal of equity investment at FVOCI        | -                     | -                       | <b>(775,000)</b>           | -                       | -                           | <b>775,000</b>             | -                            | -  | -                     | -  | -                                 | -                    |
| <b>Balance at 31 December 2023</b>                          | <b>37,828,941</b>     | <b>(995,787)</b>        | <b>(12,237,021)</b>        | <b>2,716,551</b>        | <b>1,452,637</b>            | <b>(900,000)</b>           | <b>388,858</b>               | <b>163,937</b>                               | <b>16,950</b>         | <b>28,435,066</b>                                    | <b>855,324</b>                    | <b>29,290,390</b>    |

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 2023

|   | Note  | 2023<br>US\$     | 2022<br>US\$       |
|---|-------|------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>                   |       |                  |                    |
| Profit/(Loss) before taxation                                 |       | 2,710,849        | (13,309,791)       |
| Adjustments for:  |       |                  |                    |
| Bad debt expense  | 20    | -                | 10,183             |
| Depreciation of property, plant and equipment                 | 3     | 182,964          | 152,693            |
| Depreciation of right-of-use assets                           | 4     | 122,922          | 143,482            |
| Dividend income   | 19    | (9,009)          | (16,533)           |
| Impairment losses on trade receivables                        | 10    | 21,751           | -                  |
| Impairment losses on other receivables                        | 10    | 98,817           | 65,431             |
| Interest expense  | 21    | 8,295            | 30,741             |
| Interest income   | 19    | (698,393)        | (312,016)          |
| Gain on disposal of other investment                          | 19    | (3,137,506)      | -                  |
| Net fair value (gain)/loss on other investments at FVTPL      | 19/20 | (542,434)        | 7,607,653          |
| Reversal of other payable                                     | 19    | (509,634)        | -                  |
| Provision for warranty  | 17    | 10,407           | 161,745            |
| Share option expense  |       | 75,291           | -                  |
| Write-down on inventories (reversed)/recognised               | 9     | (1,559,560)      | 2,030,027          |
| Operating loss before working capital changes                 |       | (3,225,240)      | (3,436,385)        |
| Changes in inventories  |       | 964,084          | (3,085,336)        |
| Changes in trade and other receivables                        |       | 2,930,693        | 772,478            |
| Changes in prepayments  |       | 50,541           | (43,999)           |
| Changes in trade and other payables                           |       | 2,623,661        | (2,311,890)        |
| Changes in provision  |       | (37,407)         | (11,745)           |
| Cash generated from/(used in) operations                      |       | 3,306,332        | (8,116,877)        |
| Income taxes paid   |       | (560,771)        | (426,284)          |
| Interest received short-term and fixed deposits               |       | 367,288          | 38,826             |
| <b>Net cash generated from/(used in) operating activities</b> |       | <b>3,112,849</b> | <b>(8,504,335)</b> |
| <b>Cash Flows from Investing Activities</b>                   |       |                  |                    |
| Advances made to an associate                                 |       | (98,817)         | (65,431)           |
| Dividends received from other investments                     |       | 9,009            | 16,533             |
| Interest received from loan to an investee company            |       | 27,165           | 87,110             |
| Interest received from other investments                      |       | 231,637          | 190,028            |
| Loan repayment from an investee company                       |       | 1,470,000        | -                  |
| Proceeds from disposal of other investments                   |       | 4,206,174        | 8,354,070          |
| Purchase of other investments                                 |       | (764,435)        | (3,675,013)        |
| Purchase of property, plant and equipment                     | 3     | (243,656)        | (19,147)           |
| <b>Net cash generated from investing activities</b>           |       | <b>4,837,077</b> | <b>4,888,150</b>   |

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 2023

|  | Note | 2023<br>US\$      | 2022<br>US\$ |
|--|------|-------------------|--------------|
| <b>Cash Flows from Financing Activities</b>                      |      |                   |              |
| Acquisition of non-controlling interest in a subsidiary          | 6    | -                 | (43,115)     |
| Dividends paid by a subsidiary to non-controlling interests      | 6    | -                 | (12,162)     |
| Fixed deposit pledged  |      | <b>250,000</b>    | -            |
| Interest paid  |      | <b>(8,295)</b>    | (30,741)     |
| Payment of lease liabilities                                     |      | <b>(102,990)</b>  | (124,003)    |
| Proceeds from bank loans   |      | -                 | 1,485,243    |
| Repayment of bank loans  |      | -                 | (1,485,243)  |
| <b>Net cash generated from/(used in) financing activities</b>    |      | <b>138,715</b>    | (210,021)    |
| Net increase/(decrease) in cash and cash equivalents             |      | <b>8,088,641</b>  | (3,826,206)  |
| Exchange differences on translation of cash and cash equivalents |      | <b>(327)</b>      | (1,018)      |
| Cash and cash equivalents at beginning of year                   |      | <b>2,053,874</b>  | 5,881,098    |
| Cash and cash equivalents at end of year                         | 11   | <b>10,142,188</b> | 2,053,874    |

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

|                   | Note | At 1<br>January<br>US\$ | Cash<br>inflows<br>US\$ | Cash<br>outflows<br>US\$ | New<br>leases<br>US\$ | Lease<br>termination<br>US\$ | Interest<br>expense<br>US\$ | At 31<br>December<br>US\$ |
|-------------------|------|-------------------------|-------------------------|--------------------------|-----------------------|------------------------------|-----------------------------|---------------------------|
| <b>2023</b>       |      |                         |                         |                          |                       |                              |                             |                           |
| Lease liabilities | 14   | 203,804                 | -                       | <b>(111,285)</b>         | <b>158,247</b>        | -                            | <b>8,295</b>                | <b>259,061</b>            |
| <b>2022</b>       |      |                         |                         |                          |                       |                              |                             |                           |
| 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                   |

The bank loan during the financial year ended 31 December 2022 related to a short-term rolling credit facility with a bank and interest was charged at 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 2023*

## 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 2023 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 2023

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

### Significant judgements in applying accounting policies

#### Going concern

The Group generated a net profit of US\$2,696,341 (2022: net loss of US\$13,309,879) for the financial year ended 31 December 2023. As disclosed in Note 19 to the financial statements, the Group's net profit for the financial year ended 31 December 2023 included a gain on disposal of other investment, net fair value gain on other investments and reversal of other payable of US\$3,137,506, US\$542,434 and US\$509,634, respectively. Excluding these items of other income, the Group would have incurred a net loss of US\$1,493,233 for the financial year ended 31 December 2023.

Notwithstanding this, the Group generated net operating cash inflows of US\$3,112,849 (2022: net operating cash outflows of US\$8,504,335) for the financial year ended 31 December 2023. In addition, as at 31 December 2023, the Group had net current assets and net assets of US\$27,332,002 (2022: US\$23,867,947) and US\$29,290,390 (2022: US\$26,959,711), comprising current investments and cash and bank deposits of US\$18,657,793 (2022: US\$17,694,589) and US\$10,392,188 (2022: US\$2,553,874), respectively, while the Company had net current assets and net assets of US\$25,808,596 (2022: US\$20,209,571) and US\$27,294,918 (2022: US\$23,684,711), comprising current investments and cash and bank deposits of US\$18,657,793 (2022: US\$17,694,589) and US\$9,866,779 (2022: US\$620,429), 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 at least 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

### Significant judgements in applying accounting policies (cont'd)

#### Capitalisation of development costs (cont'd)

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.

#### 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 measures 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 disclosed 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 10%, the Group's other comprehensive income for the year and equity will increase/decrease by US\$105,468 (2022: US\$108,045).

#### 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 or based on the shorter period of lease term and useful life of the right-of-use asset. Management estimates the useful lives of property, plant and equipment and right-of-use assets to be 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\$18,296 (2022: US\$15,269) and US\$12,292 (2022: US\$14,348), respectively.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

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

#### Impairment of plant and equipment and right-of-use assets

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 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.

#### Impairment of investments in subsidiaries and associates

Management assesses at the end of each reporting period whether there is any indication that the Company's investment in subsidiary or associate is impaired or that an impairment loss recognised in prior periods no longer exists or has decreased, or any objective evidence that the Group's investment in associate is impaired. If any indication exists, the investment in subsidiary or associate is tested for impairment. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The determination of the recoverable amount requires an estimation of the fair value less costs of disposal of the underlying assets or the value in use of the cash-generating units. Estimating the fair value less costs of disposal requires the Company and the Group to make an estimate of the expected selling prices or realisable amounts of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Company and the Group to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of the Company's investments in subsidiaries and the Company's and the Group's associates at the end of the reporting period and the basis used to determine fair value less costs of disposal as the recoverable amount are disclosed in Note 6 and Note 7, respectively, to the financial statements. If the recoverable amount of the investments in subsidiaries decreases/increases by 10% from management's estimates, the Company's allowance for impairment of investments in subsidiaries will increase/decrease by US\$88,092 (2022: S\$158,373).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

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

#### Fair value of unquoted investment

Unquoted investment is stated at fair value. Fair value is 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. 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 and adjusted for the effect of the lack of marketability and control of the investment and asset volatility derived from companies 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 investment increases/decreases by 10%, the Group's and the Company's other comprehensive income for the year and equity will increase/decrease by US\$60,000 (2022: US\$188,600).

#### 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 9 to the financial statements. A 10% decrease/increase in the net realisable values of inventories will decrease/increase the Group's results for the year by US\$300,998 (2022: US\$240,702).

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 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 (cont'd)

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 10% from management's estimates, the Group's and the Company's allowance for impairment of trade and other receivables will increase by US\$38,287 (2022: US\$489,690) and US\$11,912 (2022: US\$209,719), 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\$21,800 (2022: US\$24,500).

## 2(b) Adoption of new or amended SFRS(I)s effective in 2023

On 1 January 2023, 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  |
|--|--|
| SFRS(I) 17   | Insurance Contracts  |
| Amendments to SFRS(I) 17                                   | Insurance Contracts  |
| Amendments to SFRS(I) 4                                    | Extension of the Temporary Exemption from Applying SFRS(I) 9                     |
| Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 | Disclosure of Accounting Policies  |
| Amendments to SFRS(I) 1-8                                  | Definition of Accounting Estimates   |
| Amendments to SFRS(I) 1-12                                 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to SFRS(I) 17                                   | Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information        |
| Amendments to SFRS(I) 1-12                                 | International Tax Reform – Pillar Two Model Rules                                |

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(b) Adoption of new or amended SFRS(I)s effective in 2023 (cont'd)

### **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.

There is no material financial impact on the financial statements on adoption of the amendments.

## 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<br>(Annual periods<br>beginning on or<br>after) |
|---|---|--|
| 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) 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   |
| Amendments to SFRS(I) 1-7 and SFRS(I) 7   | Supplier Finance Arrangements   | 1 January 2024   |
| Amendments to SFRS(I) 1-21                | Lack of Exchangeability   | 1 January 2025   |

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) 1-1 *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.

# NOTES TO THE FINANCIAL STATEMENTS

*for the financial year ended 31 December 2023*

## 2(d) Material accounting policy information

### 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.

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).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### 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 to 10 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### Associates (cont'd)

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.

### 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".

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### Financial assets (cont'd)

#### Initial recognition and measurement (cont'd)

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).

#### *Financial assets at FVOCI (debt instruments)*

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### Financial assets (cont'd)

#### Subsequent measurement (cont'd)

##### *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 statements 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.

#### 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).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### Financial assets (cont'd)

#### Impairment of financial assets (cont'd)

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.

### 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).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### Financial liabilities (cont'd)

#### 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 deposits.

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

### Share capital

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

### Treasury shares

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### 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.

#### *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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### Leases (cont'd)

#### The Group as a lessee (cont'd)

#### Lease liability (cont'd)

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 date, less any lease incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and any 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 2023

## 2(d) Material accounting policy information (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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### Income taxes (cont'd)

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.

### Value-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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 2(d) Material accounting policy information (cont'd)

### Employee benefits (cont'd)

#### Employee share option scheme (cont'd)

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

*for the financial year ended 31 December 2023*

## 2(d) Material accounting policy information (cont'd)

### **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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

*for the financial year ended 31 December 2023*

## 2(d) Material accounting policy information (cont'd)

### Revenue from contracts with customers (cont'd)

#### 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.

### 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

*for the financial year ended 31 December 2023*

## 2(d) Material accounting policy information (cont'd)

### Conversion of foreign currencies (cont'd)

#### Group entities

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

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

### Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the 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 during the period 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 2023

## 3 Property, plant and equipment

|  | At valuation                 |                                 | At cost                        |                     |                                   |                             |                   |                           | Total<br>US\$    |
|--|------------------------------|---------------------------------|--------------------------------|---------------------|-----------------------------------|-----------------------------|-------------------|---------------------------|------------------|
|  | Freehold<br>property<br>US\$ | Leasehold<br>properties<br>US\$ | Plant and<br>machinery<br>US\$ | Renovations<br>US\$ | Furniture<br>and fittings<br>US\$ | Office<br>equipment<br>US\$ | Computers<br>US\$ | Motor<br>vehicles<br>US\$ |                  |
| <b>The Group</b>                                       |                              |                                 |                                |                     |                                   |                             |                   |                           |                  |
| <u>Cost or valuation</u>                               |                              |                                 |                                |                     |                                   |                             |                   |                           |                  |
| At 1 January 2022                                      | 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        |
| Additions  | -                            | -                               | <b>227,445</b>                 | <b>12,724</b>       | -                                 | <b>620</b>                  | <b>2,867</b>      | -                         | <b>243,656</b>   |
| Write-offs   | -                            | -                               | -                              | (40,968)            | (4,381)                           | (34,861)                    | (8,216)           | -                         | (88,426)         |
| Revaluation surplus                                    | <b>38,055</b>                | <b>83,008</b>                   | -                              | -                   | -                                 | -                           | -                 | -                         | <b>121,063</b>   |
| Elimination of accumulated depreciation on revaluation | (27,395)                     | (119,438)                       | -                              | -                   | -                                 | -                           | -                 | -                         | (146,833)        |
| Exchange difference on translation                     | -                            | -                               | -                              | (264)               | (113)                             | (1,955)                     | (344)             | -                         | (2,676)          |
| <b>At 31 December 2023</b>                             | <b>613,359</b>               | <b>441,322</b>                  | <b>632,489</b>                 | <b>243,643</b>      | <b>197,148</b>                    | <b>188,431</b>              | <b>955,802</b>    | <b>245,856</b>            | <b>3,518,050</b> |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 3 Property, plant and equipment (cont'd)

|  | At valuation      |                      | At cost             |                |                        |                  |                |                | Total            |
|--|-------------------|----------------------|---------------------|----------------|------------------------|------------------|----------------|----------------|------------------|
|  | Freehold property | Leasehold properties | Plant and machinery | Renovations    | Furniture and fittings | Office equipment | Computers      | Motor vehicles |                  |
| <u>Accumulated depreciation</u>                        |                   |                      |                     |                |                        |                  |                |                |                  |
| At 1 January 2022                                      | -                 | -                    | 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        |
| Depreciation (Note 22)                                 | <b>27,395</b>     | <b>119,438</b>       | <b>2,528</b>        | <b>1,310</b>   | <b>1,295</b>           | <b>3,432</b>     | <b>5,300</b>   | <b>22,266</b>  | <b>182,964</b>   |
| Write-offs   | -                 | -                    | -                   | (40,968)       | (4,381)                | (34,861)         | (8,216)        | -              | (88,426)         |
| Elimination of accumulated depreciation on revaluation | (27,395)          | (119,438)            | -                   | -              | -                      | -                | -              | -              | (146,833)        |
| Exchange difference on translation                     | -                 | -                    | -                   | (264)          | (113)                  | (1,955)          | (318)          | -              | (2,650)          |
| <b>At 31 December 2023</b>                             | -                 | -                    | <b>407,572</b>      | <b>228,958</b> | <b>195,676</b>         | <b>180,902</b>   | <b>940,211</b> | <b>229,273</b> | <b>2,182,592</b> |
| <u>Carrying amount</u>                                 |                   |                      |                     |                |                        |                  |                |                |                  |
| <b>At 31 December 2023</b>                             | <b>613,359</b>    | <b>441,322</b>       | <b>224,917</b>      | <b>14,685</b>  | <b>1,472</b>           | <b>7,529</b>     | <b>15,591</b>  | <b>16,583</b>  | <b>1,335,458</b> |
| At 31 December 2022                                    | 602,699           | 477,752              | -                   | 3,271          | 2,767                  | 10,341           | 18,050         | 38,849         | 1,153,729        |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 3 Property, plant and equipment (cont'd)

| The Company  | Computers<br>US\$ |
|--|-------------------|
| <u>Cost</u>  |                   |
| At 1 January 2022, 31 December 2022 and 31 December 2023 | <u>141,563</u>    |
| <u>Accumulated depreciation</u>                          |                   |
| At 1 January 2022, 31 December 2022 and 31 December 2023 | <u>141,563</u>    |
| <u>Carrying amount</u>                                   |                   |
| <b>At 31 December 2023</b>                               | <b>-</b>          |
| <b>At 31 December 2022</b>                               | <b>-</b>          |

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 qualifications and recent experiences in the location and category of the properties being valued. Based on the valuation reports, the fair values were determined to be US\$1,054,681 (2022: US\$1,080,451) as at 31 December 2023. The net revaluation gain of US\$100,482 (2022: US\$85,763) (after the related tax of US\$20,581 (2022: US\$17,566) (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:

| The Group            | 2023<br>US\$   | 2022<br>US\$ |
|----------------------|----------------|--------------|
| Freehold property    | <b>153,909</b> | 160,905      |
| Leasehold properties | <b>87,618</b>  | 116,823      |

### Impairment testing of plant and equipment and right-of-use assets

In view of the losses incurred by certain subsidiaries for the financial years ended 31 December 2023 and 31 December 2022, management has assessed that there are indications of impairment of the related plant and equipment and right-of-use assets. Accordingly, the assets are tested for impairment.

The recoverable amounts were determined based on fair value less costs of disposal. In determining the fair values of the plant and equipment and right-of-use assets, management used the market approach, using current market selling/purchase prices of comparable items of plant and equipment, and a market incremental borrowing rate for right-of-use assets.

Based on the above, management has determined that the recoverable amounts of the plant and equipment and right-of-use assets exceed their carrying amounts as at 31 December 2023 and 31 December 2022, and no impairment losses are required for the financial years ended 31 December 2023 and 31 December 2022.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 4 Right-of-use assets

| The Group                       | Properties       | Office          | Motor          | Total            |
|---------------------------------|------------------|-----------------|----------------|------------------|
|                                 | US\$             | equipment       | vehicles       |                  |
|                                 | US\$             | US\$            | US\$           | US\$             |
| <u>Cost</u>                     |                  |                 |                |                  |
| At 1 January 2022               | 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          |
| Additions                       | <b>149,645</b>   | <b>8,602</b>    | -              | <b>158,247</b>   |
| Derecognition                   | <b>(142,802)</b> | <b>(17,175)</b> | -              | <b>(159,977)</b> |
| <b>At 31 December 2023</b>      | <b>239,823</b>   | <b>8,602</b>    | <b>241,501</b> | <b>489,926</b>   |
| <u>Accumulated depreciation</u> |                  |                 |                |                  |
| At 1 January 2022               | 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          |
| Depreciation (Note 22)          | <b>77,871</b>    | <b>2,292</b>    | <b>42,759</b>  | <b>122,922</b>   |
| Derecognition                   | <b>(142,802)</b> | <b>(17,175)</b> | -              | <b>(159,977)</b> |
| <b>At 31 December 2023</b>      | <b>67,595</b>    | <b>1,147</b>    | <b>107,013</b> | <b>175,755</b>   |
| <u>Carrying amount</u>          |                  |                 |                |                  |
| <b>At 31 December 2023</b>      | <b>172,228</b>   | <b>7,455</b>    | <b>134,488</b> | <b>314,171</b>   |
| At 31 December 2022             | 100,454          | 1,145           | 177,247        | 278,846          |

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

For the financial year ended 31 December 2023, additions to right-of-use assets amounted to US\$158,247 (2022: US\$104,146), of which US\$158,247 (2022: US\$104,146) were acquired under leasing or hire purchase arrangements. No cash payments were made for right-of-use assets for the financial years ended 31 December 2023 and 31 December 2022.

Right-of-use assets include leasehold properties with carrying amount of US\$441,322 (2022: US\$477,752) (Note 3). Right-of-use assets amount to US\$755,493 (2022: US\$756,598) in aggregate.

Details of the impairment testing performed in respect of the Group's plant and equipment and right-of-use assets are disclosed in Note 3 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 5 Intangible assets

| The Group   | Patents          | Trademarks     | Development      | Total            |
|---|------------------|----------------|------------------|------------------|
|   | US\$             | US\$           | costs<br>US\$    | US\$             |
| <u>Cost</u>   |                  |                |                  |                  |
| At 1 January 2022, 31 December 2022<br>and 31 December 2023 | <b>3,421,712</b> | <b>408,073</b> | <b>5,615,150</b> | <b>9,444,935</b> |
| <u>Accumulated amortisation</u>                             |                  |                |                  |                  |
| At 1 January 2022, 31 December 2022<br>and 31 December 2023 | <b>3,421,712</b> | <b>408,073</b> | <b>5,615,150</b> | <b>9,444,935</b> |
| <u>Carrying amount</u>                                      |                  |                |                  |                  |
| <b>At 31 December 2023</b>                                  | -                | -              | -                | -                |
| At 31 December 2022   | -                | -              | -                | -                |

| The Company   | Patents          | Trademarks     | Total            |
|---|------------------|----------------|------------------|
|   | US\$             | US\$           | US\$             |
| <u>Cost</u>   |                  |                |                  |
| At 1 January 2022, 31 December 2022 and<br>31 December 2023 | <b>2,882,689</b> | <b>350,764</b> | <b>3,233,453</b> |
| <u>Accumulated amortisation</u>                             |                  |                |                  |
| At 1 January 2022, 31 December 2022 and<br>31 December 2023 | <b>2,882,689</b> | <b>350,764</b> | <b>3,233,453</b> |
| <u>Carrying amount</u>                                      |                  |                |                  |
| <b>At 31 December 2023</b>                                  | -                | -              | -                |
| At 31 December 2022   | -                | -              | -                |

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 6 Subsidiaries

|  | 2023               | 2022        |
|--|--------------------|-------------|
| The Company                                  | US\$               | US\$        |
| <u>Unquoted equity investments, at cost</u>  |                    |             |
| At 1 January                                 | 3,539,969          | 3,558,812   |
| Write-off                                    | -                  | (18,843)    |
| At 31 December                               | <b>3,539,969</b>   | 3,539,969   |
| <u>Less: Allowance for impairment losses</u> |                    |             |
| At 1 January                                 | (1,956,236)        | (1,975,079) |
| Allowance made                               | (702,818)          | -           |
| Allowance utilised                           | -                  | 18,843      |
| At 31 December                               | <b>(2,659,054)</b> | (1,956,236) |
| Carrying amount                              | <b>880,915</b>     | 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.

On 6 September 2022, the Group, through the Company's wholly-owned subsidiary, Trek Technology (Singapore) Pte Ltd, had 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                       | (43,115)      |
| <u>Increase in equity attributable to owners of the Company</u>           | <u>10,192</u> |

The allowance for impairment losses as at 31 December 2022 related 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 2023

## 6 Subsidiaries (cont'd)

### Impairment testing of investments in subsidiaries

In view of the losses incurred by certain subsidiaries for the financial years ended 31 December 2023 and 31 December 2022, management has assessed that there are indications of impairment of the Company's investments in subsidiaries. Accordingly, the investments are tested for impairment.

The recoverable amount was determined based on fair value less costs of disposal, which was based on the revalued net assets of the subsidiaries. In deriving the revalued net assets of the subsidiaries, the fair values of the underlying assets were estimated based on their expected selling prices or realisable amounts and the fair values of the underlying liabilities were based on the estimated cash outflows to settle the obligations, discounted for lack of marketability. The fair value hierarchy is Level 3.

Based on management's assessment, the Company recognised impairment losses of US\$702,818 (2022: US\$nil) for the financial year ended 31 December 2023.

Details of the subsidiaries are as follows:

| Name   | Country of incorporation/<br>Principal place of business | Percentage of equity interest |           | Principal activities   |
|--|--|-------------------------------|-----------|--|
|  |  | 2023<br>%                     | 2022<br>% |  |
| <u>Held by the Company</u>                         |  |                               |           |  |
| Trek Technology (Singapore) Pte Ltd <sup>(i)</sup> | Singapore  | 100                           | 100       | Research, design, development and dealing in computer hardware, software, electronic components and other related products |
| S-Com System (S) Pte Ltd <sup>(i)</sup>            | Singapore  | 100                           | 100       | Research, design, development and dealing in computer hardware, software, electronic components and other related products |
| Trek Systems (M) Sdn Bhd <sup>(ii)</sup>           | Malaysia   | 100                           | 100       | Research, design, development and dealing in computer hardware, software, electronic components and other related products |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 6 Subsidiaries (cont'd)

| <u>Name</u>  | Country of incorporation/<br>Principal place<br><u>of business</u> | <u>Percentage of equity interest</u> |                  | <u>Principal activities</u>  |
|--|--|--------------------------------------|------------------|--|
|  |  | <b>2023</b><br>%                     | <b>2022</b><br>% |  |
| <u>Held by the Company (cont'd)</u>                      |  |                                      |                  |  |
| Trek Technology (HK) Co. Limited <sup>(iii)</sup>        | Hong Kong  | <b>100</b>                           | 100              | Marketing and distribution   |
| Trek Technology (Shanghai) Co. Ltd #                     | People's Republic of China   | <b>100</b>                           | 100              | Marketing and distribution (dormant)   |
| Trek Renewable Energy Solutions Pte. Ltd. <sup>(i)</sup> | Singapore  | <b>100</b>                           | 100              | Research and experimental development on environment and clean technologies (excluding biotechnology)          |
| <u>Held by Trek Technology (Singapore) Pte Ltd</u>       |  |                                      |                  |  |
| Trek Technology (India) Private Limited <sup>(iv)</sup>  | India  | <b>100</b>                           | 100              | Research, development, marketing and distribution  |
| Cloud Stringers (S) Pte. Ltd. <sup>(i)</sup>             | Singapore  | <b>84.7</b>                          | 84.7             | Development and marketing of web portal services, including social networking sites                            |
| Unimemory Technology (S) Pte. Ltd. <sup>(i)</sup>        | Singapore  | <b>77.7</b>                          | 77.7             | 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 <sup>(v)</sup>           | People's Republic of China   | <b>100</b>                           | 100              | Marketing and distribution (inactive)  |
| <u>Held by Trek Systems (M) Sdn Bhd</u>                  |  |                                      |                  |  |
| Thumbdrive Media Sdn. Bhd. <sup>(ii)</sup>               | Malaysia   | <b>100</b>                           | 100              | Research, design, development and dealing in computer hardware, software and 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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 6 Subsidiaries (cont'd)

### **Non-controlling interests**

The following summarises the financial information of each of the Company's subsidiaries with material non-controlling interests, namely 15.3% (2022: 15.3%) in Cloud Stringers (S) Pte. Ltd. and 22.3% (2022: 22.3%) in Unimemory Technology (S) Pte. Ltd., based on their respective financial statements prepared in accordance with SFRS(I)s. The information is before intra-group eliminations.

*Cloud Stringers (S) Pte. Ltd.*

Summarised statement of financial position

|  | 2023             | 2022             |
|--|------------------|------------------|
|  | US\$             | US\$             |
| Current assets                                   | 1,656,232        | 1,727,651        |
| Current liabilities                              | (65,720)         | (75,522)         |
|  | <b>1,590,512</b> | <b>1,652,129</b> |
| Equity attributable to owners of the Company     | 1,347,164        | 1,399,353        |
| Equity attributable to non-controlling interests | 243,348          | 252,776          |
|  | <b>1,590,512</b> | <b>1,652,129</b> |

Summarised statement of profit or loss and other comprehensive income

|  | 2023            | 2022            |
|--|-----------------|-----------------|
|  | US\$            | US\$            |
| Revenue  | 3,604,801       | 3,769,184       |
| Expenses   | (3,666,418)     | (3,865,480)     |
| Loss for the year                                  | <b>(61,617)</b> | <b>(96,296)</b> |
| Loss and total comprehensive loss attributable to: |                 |                 |
| - owners of the Company                            | (52,189)        | (81,563)        |
| - non-controlling interests                        | (9,428)         | (14,733)        |
|  | <b>(61,617)</b> | <b>(96,296)</b> |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 6 Subsidiaries (cont'd)

### **Non-controlling interests (cont'd)**

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

Other summarised information

|                        | 2023           | 2022               |
|------------------------|----------------|--------------------|
|                        | US\$           | US\$               |
| Cash flows from:       |                |                    |
| - operating activities | (40,939)       | (105,422)          |
| - financing activities | 32,791         | (1,153,582)        |
|                        | <b>(8,148)</b> | <b>(1,259,004)</b> |

*Unimemory Technology (S) Pte. Ltd.*  
Summarised statement of financial position

|  | 2023             | 2022             |
|--|------------------|------------------|
|  | US\$             | US\$             |
| Current assets                                   | 2,751,141        | 2,681,780        |
| Current liabilities                              | (6,853)          | (10,969)         |
|  | <b>2,744,288</b> | <b>2,670,811</b> |
| Equity attributable to owners of the Company     | 2,132,312        | 2,075,220        |
| Equity attributable to non-controlling interests | 611,976          | 595,591          |
|  | <b>2,744,288</b> | <b>2,670,811</b> |

Summarised statement of profit or loss and other comprehensive income

|                     | 2023          | 2022          |
|---------------------|---------------|---------------|
|                     | US\$          | US\$          |
| Revenue             | 310,624       | 308,022       |
| Expenses            | (237,147)     | (287,696)     |
| Profit for the year | <b>73,477</b> | <b>20,326</b> |

Profit and total comprehensive income attributable to:

|                             |               |               |
|-----------------------------|---------------|---------------|
| - owners of the Company     | 57,092        | 15,483        |
| - non-controlling interests | 16,385        | 4,843         |
|                             | <b>73,477</b> | <b>20,326</b> |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 6 Subsidiaries (cont'd)

### Non-controlling interests (cont'd)

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

Other summarised information

|                        | 2023       | 2022               |
|------------------------|------------|--------------------|
|                        | US\$       | US\$               |
| Cash flows from:       |            |                    |
| - operating activities | 62,399     | 23,036             |
| - financing activities | (61,776)   | (1,099,059)        |
|                        | <b>623</b> | <b>(1,076,023)</b> |

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

There were no dividends paid to non-controlling interests for the financial year ended 31 December 2023.

## 7 Associates

|                                      | The Group   |             | The Company  |              |
|--------------------------------------|-------------|-------------|--------------|--------------|
|                                      | 2023        | 2022        | 2023         | 2022         |
|                                      | US\$        | US\$        | US\$         | US\$         |
| Unquoted equity investments, at cost | 2,902,384   | 2,902,384   | 2,902,384    | 2,902,384    |
| Impairment loss recognised           | (2,896,977) | (2,896,977) | (2,896,977)  | (2,896,977)  |
| Share of post-acquisition reserve    | (5,407)     | (5,407)     | -            | -            |
| Carrying amount                      | -           | -           | <b>5,407</b> | <b>5,407</b> |

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 7 Associates (cont'd)

Details of the associates are:

| Name                                     | Country of incorporation | Percentage of equity interest |           | Principal activities  |
|--|--------------------------|-------------------------------|-----------|---|
|  |                          | 2023<br>%                     | 2022<br>% |   |
| <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\$499,565 (2022: US\$464,247) of which US\$35,318 (2022: US\$42,855) 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 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:

|   | 2023<br>US\$    | 2022<br>US\$ |
|---|-----------------|--------------|
| <b>The Group</b>                                      |                 |              |
| <u>Loss and total comprehensive loss for the year</u> | <b>(90,559)</b> | (109,885)    |

No summarised financial information has been presented as the associates are not material to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 8 Other investments

|                                       | 2023              | 2022              |
|---------------------------------------|-------------------|-------------------|
| <b>The Group and the Company</b>      | US\$              | US\$              |
| <u>Non-current investment</u>         |                   |                   |
| Unquoted investment (i)               | 600,000           | 1,886,000         |
| <u>Current investments</u>            |                   |                   |
| Other investments (ii)                | 1,986,758         | 1,993,292         |
| Funds managed by a fund manager (iii) | 15,076,695        | 13,904,904        |
| Investment in fund (iv)               | 1,594,340         | 1,796,393         |
|                                       | <b>18,657,793</b> | <b>17,694,589</b> |
|                                       | <b>19,257,793</b> | <b>19,580,589</b> |

- (i) Unquoted investment comprises equity investment of US\$600,000 (2022: US\$1,886,000). The equity investment is not held for trading and is irrevocably elected at initial recognition to be measured at FVOCI. The fair value of the unquoted investment is determined by a firm of independent professional valuers who have the relevant recognised professional qualifications.
- (ii) Other investments comprise quoted equity 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 debt, equity and other investments. As they are acquired principally for the purpose of selling in the near term, they are measured at FVTPL.
- (iv) The fund invests mainly in quoted equity investments. The investment in fund is mandatorily measured at FVTPL.

Other investments are denominated in the following currencies:

|                                  | 2023              | 2022              |
|----------------------------------|-------------------|-------------------|
| <b>The Group and the Company</b> | US\$              | US\$              |
| United States dollar             | 15,509,246        | 14,597,267        |
| British pound sterling           | 63,226            | 205,448           |
| Euro                             | 526,032           | 342,009           |
| Hong Kong dollar                 | 95,491            | 75,700            |
| Indonesian rupiah                | 306,461           | 321,135           |
| Japanese yen                     | 248,496           | 207,723           |
| Renminbi                         | 1,680,297         | 1,672,157         |
| Singapore dollar                 | 600,000           | 1,886,000         |
| Swiss franc                      | 228,544           | 273,150           |
|                                  | <b>19,257,793</b> | <b>19,580,589</b> |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 9 Inventories

|   | 2023             | 2022             |
|---|------------------|------------------|
| The Group                                   | US\$             | US\$             |
| Materials for sale, at net realisable value | 2,928,483        | 2,179,290        |
| Products for sale, at net realisable value  | 81,500           | 227,729          |
|   | <b>3,009,983</b> | <b>2,407,019</b> |

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

|                                     | 2023           | 2022             |
|-------------------------------------|----------------|------------------|
| The Group                           | US\$           | US\$             |
| At 1 January                        | 2,281,332      | 251,305          |
| Allowance (reversed)/made (Note 22) | (1,559,560)    | 2,030,027        |
| Allowance utilised                  | (527,000)      | -                |
| At 31 December                      | <b>194,772</b> | <b>2,281,332</b> |

For the financial year ended 31 December 2023, reversal of write-down on inventories of US\$1,559,560 was made by the Group when the related inventories were sold above their carrying amounts.

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.

Allowance of US\$527,000 (2022: US\$nil) was utilised against the corresponding inventories when they were sold or written off during the financial year ended 31 December 2023..

## 10 Trade and other receivables

|                               | The Group       |                  | The Company |          |
|-------------------------------|-----------------|------------------|-------------|----------|
|                               | 2023            | 2022             | 2023        | 2022     |
|                               | US\$            | US\$             | US\$        | US\$     |
| Trade receivables             |                 |                  |             |          |
| - Third parties               | 205,301         | 3,306,738        | -           | -        |
| - Associate                   | 4,997           | 1,372            | -           | -        |
|                               | <b>210,298</b>  | <b>3,308,110</b> | <b>-</b>    | <b>-</b> |
| Allowance for impairment loss |                 |                  |             |          |
| - Third parties               | (18,522)        | -                | -           | -        |
| - Associate                   | (3,229)         | -                | -           | -        |
|                               | <b>(21,751)</b> | <b>-</b>         | <b>-</b>    | <b>-</b> |
|                               | <b>188,547</b>  | <b>3,308,110</b> | <b>-</b>    | <b>-</b> |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 10 Trade and other receivables (cont'd)

|   | The Group      |                  | The Company    |                  |
|---|----------------|------------------|----------------|------------------|
|   | 2023<br>US\$   | 2022<br>US\$     | 2023<br>US\$   | 2022<br>US\$     |
| Amounts due from subsidiaries (non-trade) | -              | -                | 10,918,060     | 12,492,891       |
| Amount due from an associate (non-trade)  | 311,709        | 212,892          | 311,709        | 212,892          |
| Less: Allowance for impairment losses     | (311,709)      | (212,892)        | (11,229,769)   | (12,125,408)     |
|   | -              | -                | -              | 580,375          |
| Deposits                                  | 35,551         | 26,690           | -              | -                |
| Interest receivable                       | 118,811        | 46,508           | 118,811        | 46,508           |
| Loan receivable                           | -              | 1,470,000        | -              | 1,470,000        |
| Other receivables                         | 39,957         | 45,593           | 305            | 305              |
|   | 194,319        | 1,588,791        | 119,116        | 2,097,188        |
| Financial assets at amortised cost        | 382,866        | 4,896,901        | 119,116        | 2,097,188        |
| Net input taxes                           | 212,170        | 47,091           | 744            | 48               |
| <b>Total trade and other receivables</b>  | <b>595,036</b> | <b>4,943,992</b> | <b>119,860</b> | <b>2,097,236</b> |

Trade receivables are unsecured and non-interest bearing and have a credit term of 30 to 180 days (2022: 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                  | 2023<br>US\$ | 2022<br>US\$ |
|----------------------------|--------------|--------------|
| Not past due               | 75,862       | 3,271,054    |
| Past due 1 to 30 days      | 75,724       | 36,359       |
| Past due 31 to 60 days     | 7,899        | -            |
| Past due more than 60 days | 29,062       | 697          |
|                            | 188,547      | 3,308,110    |

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

| The Group       | 2023<br>US\$ | 2022<br>US\$ |
|-----------------|--------------|--------------|
| At 1 January    | -            | -            |
| Allowance made  |              |              |
| - Third parties | 18,522       | -            |
| - Associate     | 3,229        | -            |
| At 31 December  | 21,751       | -            |
|                 | 21,751       | -            |

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 10 Trade and other receivables (cont'd)

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

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

|                           | The Group      |                | The Company       |                   |
|---------------------------|----------------|----------------|-------------------|-------------------|
|                           | 2023<br>US\$   | 2022<br>US\$   | 2023<br>US\$      | 2022<br>US\$      |
| At 1 January              | 212,892        | 147,461        | 12,125,408        | 12,010,999        |
| Allowance made/(reversed) | 98,817         | 65,431         | (895,639)         | 114,409           |
| At 31 December            | <b>311,709</b> | <b>212,892</b> | <b>11,229,769</b> | <b>12,125,408</b> |

Other receivables mainly relate to amounts due in relation to marketing support for products.

As at 31 December 2022, a loan of S\$2,000,000 (US\$1,470,000) was made to an investee company in which the Company held 11.2% equity interest. The loan bore interest at 6% per annum. The loan was secured by a corporate guarantee from the major shareholder of the investee company. The loan was for a period of 24 months and was repayable through 24 equal monthly interest repayments, followed by a single repayment of the principal amount on maturity. The loan matured on 11 April 2023 and was fully repaid during the financial year ended 31 December 2023.

The fair value of the loan receivable approximated its carrying amount as at 31 December 2022.

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

|                      | The Group      |                  | The Company    |                  |
|----------------------|----------------|------------------|----------------|------------------|
|                      | 2023<br>US\$   | 2022<br>US\$     | 2023<br>US\$   | 2022<br>US\$     |
| United States dollar | 255,585        | 3,208,186        | 118,811        | 626,883          |
| Indian rupee         | 4,858          | 5,200            | -              | -                |
| Malaysian ringgit    | 40,490         | 47,183           | -              | -                |
| Singapore dollar     | 77,896         | 1,624,732        | 305            | 1,470,305        |
| Others               | 4,037          | 11,600           | -              | -                |
|                      | <b>382,866</b> | <b>4,896,901</b> | <b>119,116</b> | <b>2,097,188</b> |

## 11 Cash and bank deposits

|                        | The Group         |                  | The Company      |                |
|------------------------|-------------------|------------------|------------------|----------------|
|                        | 2023<br>US\$      | 2022<br>US\$     | 2023<br>US\$     | 2022<br>US\$   |
| Cash and bank balances | 771,332           | 1,536,831        | 495,923          | 105,429        |
| Short-term deposits    | 9,370,856         | 515,000          | 9,370,856        | 515,000        |
| Fixed deposit          | 250,000           | 502,043          | -                | -              |
|                        | <b>10,392,188</b> | <b>2,553,874</b> | <b>9,866,779</b> | <b>620,429</b> |

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

As at 31 December 2023, a fixed deposit of US\$250,000 (2022: US\$500,000) was pledged by the Group to a bank to secure banker's guarantee.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 11 Cash and bank deposits (cont'd)

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

| The Group  | 2023<br>US\$      | 2022<br>US\$     |
|--|-------------------|------------------|
| Cash and bank balances   | 771,332           | 1,536,831        |
| Short-term deposits  | 9,370,856         | 515,000          |
| Fixed deposit  | 250,000           | 502,043          |
|  | <b>10,392,188</b> | 2,553,874        |
| Less: Fixed deposit pledged  | (250,000)         | (500,000)        |
| <b>Cash and cash equivalents as per consolidated statement of cash flows</b> | <b>10,142,188</b> | <b>2,053,874</b> |

Cash and bank deposits are denominated in the following currencies:

|                               | The Group         |              | The Company      |              |
|-------------------------------|-------------------|--------------|------------------|--------------|
|                               | 2023<br>US\$      | 2022<br>US\$ | 2023<br>US\$     | 2022<br>US\$ |
| <u>Cash and bank balances</u> |                   |              |                  |              |
| United States dollar          | 503,155           | 1,312,116    | 446,717          | 86,700       |
| Indian rupee                  | 9,405             | 7,864        | -                | -            |
| Malaysian ringgit             | 67,283            | 46,657       | -                | -            |
| Renminbi                      | 12,081            | 7,218        | 11,281           | 2,336        |
| Singapore dollar              | 177,898           | 159,522      | 37,925           | 16,393       |
| Others                        | 1,510             | 3,454        | -                | -            |
|                               | <b>771,332</b>    | 1,536,831    | <b>495,923</b>   | 105,429      |
| <u>Short-term deposits</u>    |                   |              |                  |              |
| United States dollar          | 9,221,256         | 515,000      | 9,221,256        | 515,000      |
| Singapore dollar              | 149,600           | -            | 149,600          | -            |
|                               | <b>9,370,856</b>  | 515,000      | <b>9,370,856</b> | 515,000      |
| <u>Fixed deposit</u>          |                   |              |                  |              |
| United States dollar          | 250,000           | 502,043      | -                | -            |
|                               | <b>10,392,188</b> | 2,553,874    | <b>9,866,779</b> | 620,429      |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 12 Share capital and treasury shares

### Share capital

|   | 2023                      | 2022        | 2023              | 2022       |
|---|---------------------------|-------------|-------------------|------------|
| The Group and the Company                       | Number of ordinary shares |             | US\$              | US\$       |
| <u>Issued and fully paid, with no par value</u> |                           |             |                   |            |
| At 1 January and 31 December                    | <b>324,116,925</b>        | 324,116,925 | <b>37,828,941</b> | 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

|                              | 2023                      | 2022       | 2023           | 2022    |
|------------------------------|---------------------------|------------|----------------|---------|
| The Group and the Company    | Number of ordinary shares |            | US\$           | US\$    |
| At 1 January and 31 December | <b>11,025,000</b>         | 11,025,000 | <b>995,787</b> | 995,787 |

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

## 13 Reserves

|                                      | The Group          |              | The Company        |              |
|--------------------------------------|--------------------|--------------|--------------------|--------------|
|                                      | 2023               | 2022         | 2023               | 2022         |
|                                      | US\$               | US\$         | US\$               | US\$         |
| Accumulated losses                   | (12,237,021)       | (14,245,475) | (9,122,466)        | (12,537,449) |
| Capital reserve                      | 2,716,551          | 2,716,551    | -                  | -            |
| Revaluation reserve                  | 1,452,637          | 1,352,155    | -                  | -            |
| Fair value reserve                   | (900,000)          | (1,114,003)  | (900,000)          | (1,114,003)  |
| Share option reserve                 | 388,858            | 407,637      | 388,858            | 407,637      |
| Foreign currency translation reserve | 163,937            | 144,375      | -                  | -            |
| Other reserve                        | 16,950             | 16,950       | 95,372             | 95,372       |
|                                      | <b>(8,398,088)</b> | (10,721,810) | <b>(9,538,236)</b> | (13,148,443) |

### 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 2023

## 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, forfeiture 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

|                                  | 2023            | 2022     |
|----------------------------------|-----------------|----------|
| The Group                        | US\$            | US\$     |
| Undiscounted lease payments due: |                 |          |
| - Year 1                         | 99,551          | 88,537   |
| - Year 2                         | 84,907          | 56,897   |
| - Year 3                         | 66,534          | 41,325   |
| - Year 4                         | 18,279          | 22,400   |
| - Year 5                         | 684             | 6,698    |
|                                  | <b>269,955</b>  | 215,857  |
| Less: Unearned interest cost     | <b>(10,894)</b> | (12,053) |
|                                  | <b>259,061</b>  | 203,804  |
| Represented by:                  |                 |          |
| - Non-current                    | 165,406         | 121,601  |
| - Current                        | 93,655          | 82,203   |
|                                  | <b>259,061</b>  | 203,804  |

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\$8,295 (2022: US\$8,262) (Note 21) is recognised in profit or loss for the financial year ended 31 December 2023 under finance costs.

Total cash outflow for leases amounted to US\$111,285 (2022: US\$132,265) for the financial year ended 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 14 Lease liabilities (cont'd)

Lease liabilities are denominated in the following currencies:

|                      | 2023           | 2022           |
|----------------------|----------------|----------------|
| The Group            | US\$           | US\$           |
| United States dollar | -              | 278            |
| Indian rupee         | 14,938         | 5,345          |
| Malaysian ringgit    | 6,714          | 19,660         |
| Renminbi             | 17,163         | 25,901         |
| Singapore dollar     | 199,668        | 117,737        |
| Vietnamese dong      | 20,578         | 33,484         |
| Others               | -              | 1,399          |
|                      | <b>259,061</b> | <b>203,804</b> |

## 15 Deferred tax liabilities

|   | 2023           | 2022           |
|---|----------------|----------------|
| The Group   | US\$           | US\$           |
| At 1 January                                      | 105,210        | 87,488         |
| Recognised in profit or loss (Note 23)            | 44             | 156            |
| Recognised in other comprehensive income (Note 3) | 20,581         | 17,566         |
| At 31 December                                    | <b>125,835</b> | <b>105,210</b> |

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 2023 and 31 December 2022, there were no temporary differences arising from undistributed earnings of subsidiaries.

## 16 Trade and other payables

|   | The Group        |                  | The Company      |                |
|---|------------------|------------------|------------------|----------------|
|   | 2023             | 2022             | 2023             | 2022           |
|   | US\$             | US\$             | US\$             | US\$           |
| Trade payables                          | 2,866,339        | 710,217          | 601              | 615            |
| Accrued expenses                        | 1,628,664        | 1,149,745        | 217,304          | 193,240        |
| Amount due to a subsidiary (non-trade)  | -                | -                | 2,603,079        | -              |
| Other payables                          | 38,144           | 572,136          | 17,258           | 13,883         |
| Financial liabilities at amortised cost | 4,533,147        | 2,432,098        | 2,838,242        | 207,738        |
| Net output taxes                        | 3,470            | 1,778            | -                | -              |
| Total trade and other payables          | <b>4,536,617</b> | <b>2,433,876</b> | <b>2,838,242</b> | <b>207,738</b> |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 16 Trade and other payables (cont'd)

Trade and other payables are non-interest bearing and have a credit term of 30 days (2022: 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.

As at 31 December 2023, other payables mainly relate to outstanding balances owing to vendors for professional fees which are non-trade in nature.

As at 31 December 2022, other payables comprised an amount of US\$509,634 which related to the remaining balance of advances received from a customer in prior years. The amount was reversed and recognised in other income (Note 19) after the limitation period during the financial year ended 31 December 2023.

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

|                      | The Group        |                  | The Company      |                |
|----------------------|------------------|------------------|------------------|----------------|
|                      | 2023<br>US\$     | 2022<br>US\$     | 2023<br>US\$     | 2022<br>US\$   |
| United States dollar | 4,313,824        | 2,287,914        | 2,820,383        | 193,240        |
| Indian rupee         | 35,486           | 34,609           | -                | -              |
| Malaysian ringgit    | 38,912           | 14,439           | -                | -              |
| Renminbi             | 35,993           | 34,353           | -                | -              |
| Singapore dollar     | 108,932          | 60,783           | 17,859           | 14,498         |
|                      | <b>4,533,147</b> | <b>2,432,098</b> | <b>2,838,242</b> | <b>207,738</b> |

## 17 Provision

Provision for warranty

| The Group                | 2023           | 2022           |
|--------------------------|----------------|----------------|
|                          | US\$           | US\$           |
| At 1 January             | 245,000        | 95,000         |
| Provision made (Note 22) | 10,407         | 161,745        |
| Provision utilised       | (37,407)       | (11,745)       |
| At 31 December           | <b>218,000</b> | <b>245,000</b> |

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 18 Revenue

|  | 2023              | 2022              |
|--|-------------------|-------------------|
| The Group  | US\$              | US\$              |
| Sale of goods, recognised at a point in time         | 16,763,291        | 14,785,641        |
| Rendering of services, recognised at a point in time | -                 | 1,832,225         |
|  | <b>16,763,291</b> | <b>16,617,866</b> |

## 19 Other income

|   | 2023             | 2022           |
|---|------------------|----------------|
| The Group   | US\$             | US\$           |
| Dividend income                                   | 9,009            | 16,533         |
| Freight income                                    | 174              | 1,560          |
| Government grants                                 | 22,608           | 55,302         |
| Interest income from:                             |                  |                |
| - loan receivable                                 | 27,165           | 87,110         |
| - other investments                               | 303,940          | 186,080        |
| - short-term and fixed deposits                   | 367,288          | 38,826         |
|   | <b>698,393</b>   | <b>312,016</b> |
| Marketing income                                  | 67,807           | 74,508         |
| Gain on disposal of other investment              | 3,137,506        | -              |
| Net fair value gain on other investments at FVTPL | 542,434          | -              |
| Reversal of other payable                         | 509,634          | -              |
| Sundry income                                     | 8,441            | 2,965          |
|   | <b>4,996,006</b> | <b>462,884</b> |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 20 Other operating expenses

|   | 2023       | 2022             |
|---|------------|------------------|
| The Group   | US\$       | US\$             |
| Bad debt expense                                  | -          | 10,183           |
| Foreign exchange loss, net                        | 657        | 265,179          |
| Net fair value loss on other investments at FVTPL | -          | 7,607,653        |
|   | <b>657</b> | <b>7,883,015</b> |

## 21 Finance costs

|                               | 2023         | 2022          |
|-------------------------------|--------------|---------------|
| The Group                     | US\$         | US\$          |
| Interest expense on:          |              |               |
| - bank loan                   | -            | 22,479        |
| - lease liabilities (Note 14) | 8,295        | 8,262         |
|                               | <b>8,295</b> | <b>30,741</b> |

## 22 Profit/(Loss) before taxation

|   |      | 2023               | 2022       |
|---|------|--------------------|------------|
| The Group   | Note | US\$               | US\$       |
| Profit/(Loss) before taxation has been arrived at after charging/<br>(crediting): |      |                    |            |
| Consultancy fees  |      | -                  | 235,927    |
| Cost of inventories recognised in cost of sales                                   |      | <b>15,236,586</b>  | 16,982,674 |
| Depreciation of property, plant and equipment                                     | 3    | <b>182,964</b>     | 152,693    |
| Depreciation of right-of-use assets   | 4    | <b>122,922</b>     | 143,482    |
| Provision for warranty  | 17   | <b>10,407</b>      | 161,745    |
| Write-down on inventories (reversed)/recognised                                   | 9    | <b>(1,559,560)</b> | 2,030,027  |
| Audit fees  |      |                    |            |
| - Auditor of the Company  |      | <b>96,688</b>      | 95,550     |
| - Other auditors  |      | <b>6,321</b>       | 10,924     |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 22 Profit/(Loss) before taxation (cont'd)

| The Group  | Note | 2023<br>US\$ | 2022<br>US\$ |
|--|------|--------------|--------------|
| <u>Staff costs</u>                                     |      |              |              |
| Directors' fees  |      | 75,285       | 64,224       |
| Directors' remuneration other than fees                |      |              |              |
| - salaries and other related costs                     |      | 267,750      | 229,869      |
| - contributions to defined contribution plan           |      | 27,766       | 25,911       |
| - share option expense                                 |      | 8,082        | -            |
| Total directors' remuneration                          |      | 378,883      | 320,004      |
| <u>Key management personnel (other than directors)</u> |      |              |              |
| - salaries and other related costs                     |      | 497,133      | 526,290      |
| - contributions to defined contribution plans          |      | 46,289       | 41,627       |
| - share option expense                                 |      | 25,791       | -            |
|  |      | 569,213      | 567,917      |
| Total key management personnel compensation            |      | 948,096      | 887,921      |
| <u>Other than key management personnel</u>             |      |              |              |
| - salaries and other related costs                     |      | 1,420,847    | 659,168      |
| - contributions to defined contribution plans          |      | 103,523      | 87,338       |
| - share option expense                                 |      | 41,418       | -            |
|  |      | 1,565,788    | 746,506      |
| Total staff costs                                      |      | 2,513,884    | 1,634,427    |

Staff costs comprise US\$790,115 (2022: US\$288,860), US\$1,176,861 (2022: US\$998,874) and US\$546,908 (2022: US\$346,693) which are classified under research and development expenses, marketing and distribution expenses and administrative expenses, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 23 Taxation

|   | 2023          | 2022      |
|---|---------------|-----------|
| The Group   | US\$          | US\$      |
| Current taxation                                    |               |           |
| - current year                                      | 14,464        | (68)      |
| Deferred taxation (Note 15)                         |               |           |
| - origination and reversal of temporary differences | 44            | 156       |
|   | <b>14,508</b> | <b>88</b> |

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

|  | 2023          | 2022         |
|--|---------------|--------------|
| The Group  | US\$          | US\$         |
| Profit/(Loss) before taxation                                | 2,710,849     | (13,309,791) |
| Tax at Singapore tax rate of 17% (2022: 17%)                 | 460,845       | (2,262,664)  |
| Effect of different tax rates in foreign jurisdictions       | (12,999)      | (46,976)     |
| Tax effect of non-deductible expenses                        | 108,251       | 1,446,646    |
| Tax effect of non-taxable income                             | (628,585)     | -            |
| Deferred tax assets on temporary differences not recognised  | 283,841       | 838,727      |
| Utilisation of deferred tax assets previously not recognised | (218,330)     | (3,455)      |
| Others   | 21,485        | 27,810       |
|  | <b>14,508</b> | <b>88</b>    |

Non-deductible expenses mainly relate to depreciation of non-qualifying property, plant and equipment and fair value loss on other investments.

Non-taxable income mainly relates to fair value gain on other investments and gain on disposal of other investment.

At the end of reporting period, the Group has unused tax losses of approximately US\$28,737,000 (2022: US\$28,459,000), which are allowed to be carried forward and used to offset against future taxable profits of the subsidiaries in which the tax losses arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in the respective countries in which the Company and its subsidiaries operate. Deferred tax assets have not been recognised due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits. The unused tax losses have no expiry date.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 24 Earnings/(Loss) per share

### **Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per share was based on the profit attributable to the ordinary shareholders of the Company of US\$2,689,384 (2022: loss of US\$13,299,989) and a weighted average number of ordinary shares outstanding of 313,091,925 (2022: 313,091,925), as follows:

#### Weighted average number of ordinary shares (basic)

|   | 2023                      | 2022               |
|---|---------------------------|--------------------|
| Issued ordinary shares at beginning of the year (excluding treasury shares) | <b>313,091,925</b>        | 313,091,925        |
| <u>Weighted average number of ordinary shares during the year</u>           | <u><b>313,091,925</b></u> | <u>313,091,925</u> |

### **Diluted earnings/(loss) per share**

The calculation of diluted earnings/(loss) per share was based on the profit attributable to the ordinary shareholders of the Company of US\$2,689,384 (2022: loss of US\$13,299,989) and a weighted average number of ordinary shares outstanding after adjustment for the effects of dilutive potential ordinary shares of 313,951,346 (2022: 313,091,925), as follows:

#### Weighted average number of ordinary shares (diluted)

|   | 2023                      | 2022               |
|---|---------------------------|--------------------|
| Weighted average number of ordinary shares (basic)                          | <b>313,091,925</b>        | 313,091,925        |
| Effect of share options   | <b>859,421</b>            | -                  |
| <u>Weighted average number of ordinary shares (diluted) during the year</u> | <u><b>313,951,346</b></u> | <u>313,091,925</u> |

As at 31 December 2022, the 2,600,000 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.

As at 31 December 2023, the weighted average number of shares on issue has been adjusted as if all dilutive share options are exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the average market value of the Company's shares) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options has been based on quoted market prices for the period during which the options are outstanding. No adjustment is made to the net profit.

## 25 Equity-settled share-based payment transactions

### **Trek 2000 International Ltd Share Option Scheme 2011**

The Trek 2000 International Ltd Share Option Scheme 2011 was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 April 2011 and had expired on 7 November 2021.

Group executives, including directors, were 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 share options will vest over a period of one year or two years. The share 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 share 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 share options are to be settled in equity.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

### Trek 2000 International Ltd Share Option Scheme 2011 (cont'd)

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 2023, the total number of outstanding share options granted by the Company is 2,000,000 (2022: 2,600,000), comprising 1,000,000 and 1,000,000 (2022: 1,300,000 and 1,300,000) ordinary shares at a price of S\$0.247 each, exercisable between 10 February 2016 and 10 February 2025 and 10 February 2017 and 10 February 2025, respectively.

### 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:

|                              | 2023             |             | 2022             |             |
|------------------------------|------------------|-------------|------------------|-------------|
|                              | Number           | WAEP<br>S\$ | Number           | WAEP<br>S\$ |
| Outstanding at 1 January     | 2,600,000        | 0.247       | 3,200,000        | 0.247       |
| Forfeited                    | <u>(600,000)</u> | 0.247       | <u>(600,000)</u> | 0.247       |
| Outstanding at 31 December * | <u>2,000,000</u> | 0.247       | <u>2,600,000</u> | 0.247       |
| Exercisable at 31 December   | <u>2,000,000</u> | 0.247       | <u>2,600,000</u> | 0.247       |

\* The exercise price for share options outstanding at the end of the financial year is S\$0.247 (2022: S\$0.247). The remaining contractual life for these share options is 1.1 years (2022: 2.1 years).

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

|   | 10 February<br>2015 | 10 February<br>2015 | Total            |
|---|---------------------|---------------------|------------------|
| Date of options granted                     |                     |                     |                  |
| Grant option number                         | 19                  | 19                  |                  |
| Option exercise period                      |                     |                     |                  |
| From  | 10 February<br>2016 | 10 February<br>2017 |                  |
| To  | 10 February<br>2025 | 10 February<br>2025 |                  |
| Number of holders as at<br>31 December 2023 | 1                   | 1                   |                  |
| Exercise price per option                   | S\$0.247            | S\$0.247            |                  |
| <u>Number of options outstanding</u>        |                     |                     |                  |
| 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                         | 1,300,000           | 1,300,000           | 2,600,000        |
| Forfeited                                   | <u>(300,000)</u>    | <u>(300,000)</u>    | <u>(600,000)</u> |
| <b>At 31 December 2023</b>                  | <u>1,000,000</u>    | <u>1,000,000</u>    | <u>2,000,000</u> |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

### Trek 2000 International Ltd Share Option Scheme 2023

The Trek 2000 International Ltd Share Option Scheme 2023 was approved by the Company's shareholders at the Extraordinary General Meeting held on 28 June 2023.

Group executives 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 share options will vest over a period of one year or three years after the date of grant for options with exercise price at market price and options with exercise price at a discount to market price, respectively. The share 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 share options have contractual lives of ten years. The share options are to be settled in equity.

As at 31 December 2023, the total number of outstanding share options granted by the Company is 10,250,000, comprising 8,800,000 and 1,450,000 ordinary shares at a price of S\$0.043 each, exercisable between 6 September 2024 and 6 September 2034 and 5 September 2023 and 5 September 2033, respectively.

### 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:

|                              | 2023              | WAEP  |
|------------------------------|-------------------|-------|
|                              | Number            | S\$   |
| Outstanding at 1 January     | -                 | -     |
| Options granted              | <u>10,250,000</u> | 0.043 |
| Outstanding at 31 December * | <u>10,250,000</u> | 0.043 |
| Exercisable at 31 December   | <u>10,250,000</u> | 0.043 |

\* The exercise price for share options outstanding at the end of the financial year is S\$0.043. The remaining contractual life for these share options is 9.7 years.

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

| Date of options granted                     | 5 September<br>2023 | 5 September<br>2023 | Total |
|---|---------------------|---------------------|-------|
| Grant option number                         | 1                   | 1                   |       |
| Option exercise period                      |                     |                     |       |
| From  | 6 September<br>2024 | 6 September<br>2026 |       |
| To  | 5 September<br>2033 | 5 September<br>2033 |       |
| Number of holders as at<br>31 December 2023 | 16                  | 7                   |       |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

### Trek 2000 International Ltd Share Option Scheme 2023 (cont'd)

|                                      | 5 September<br>2023 | 5 September<br>2023 | Total             |
|--------------------------------------|---------------------|---------------------|-------------------|
| Date of options granted              |                     |                     |                   |
| Exercise price per option            | S\$0.043            | S\$0.043            |                   |
| <u>Number of options outstanding</u> |                     |                     |                   |
| At 1 January 2023                    | -                   | -                   | -                 |
| Granted                              | <b>8,800,000</b>    | <b>1,450,000</b>    | <b>10,250,000</b> |
| <b>At 31 December 2023</b>           | <b>8,800,000</b>    | <b>1,450,000</b>    | <b>10,250,000</b> |

## 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:

|   | 2023<br>US\$            | 2022<br>US\$ |
|---|-------------------------|--------------|
| <b>The Group</b>  |                         |              |
| Sale of goods to a related company  | <b>3,625</b>            | 6,458        |
| Reimbursement of expenses to a related company  | <b>(129,449)</b>        | (103,463)    |
| Management fees to a related company  | <b>(30,000)</b>         | (36,000)     |
| Consultancy fees paid to former controlling shareholder and director of the Company   | -                       | (131,914)    |
| <u>Salaries paid to father of controlling shareholder and director of the Company</u> | <u><b>(192,686)</b></u> | -            |

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

The former controlling shareholder and director is the father of the Executive Chairman, Executive Director and Group President of the Company. With effect from 25 January 2023, he has been re-designated from a consultant to a product engineer employed by the Group.

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 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:

|   | 2023  | 2022  |
|---|-------|-------|
| The Group                                       | US\$  | US\$  |
| Interest expense on lease liabilities (Note 21) | 8,295 | 8,262 |

# NOTES TO THE FINANCIAL STATEMENTS

*for the financial year ended 31 December 2023*

## 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 2023

## 28 Operating segments (cont'd)

|  | Customised solutions |           | Interactive consumer solutions |             | Renewable energy solutions |             | Corporate         |             | Consolidated      |              |
|--|----------------------|-----------|--------------------------------|-------------|----------------------------|-------------|-------------------|-------------|-------------------|--------------|
|  | 2023                 | 2022      | 2023                           | 2022        | 2023                       | 2022        | 2023              | 2022        | 2023              | 2022         |
|  | US\$                 | US\$      | US\$                           | US\$        | US\$                       | US\$        | US\$              | US\$        | US\$              | US\$         |
| <b>Segment revenue</b>                           |                      |           |                                |             |                            |             |                   |             |                   |              |
| Sales to external customers                      | <b>1,545,656</b>     | 2,135,858 | <b>14,987,028</b>              | 9,629,526   | <b>230,607</b>             | 4,852,482   | -                 | -           | <b>16,763,291</b> | 16,617,866   |
| <b>Results</b>                                   |                      |           |                                |             |                            |             |                   |             |                   |              |
| Bad debt expense                                 | -                    | -         | -                              | (10,183)    | -                          | -           | -                 | -           | -                 | (10,183)     |
| Depreciation of property, plant and equipment    | <b>(16,870)</b>      | (19,625)  | <b>(163,577)</b>               | (88,481)    | <b>(2,517)</b>             | (44,587)    | -                 | -           | <b>(182,964)</b>  | (152,693)    |
| Depreciation of right-of-use assets              | <b>(11,334)</b>      | (18,441)  | <b>(109,897)</b>               | (83,144)    | <b>(1,691)</b>             | (41,897)    | -                 | -           | <b>(122,922)</b>  | (143,482)    |
| Impairment losses on trade receivables           | <b>(17,940)</b>      | -         | <b>(3,811)</b>                 | -           | -                          | -           | -                 | -           | <b>(21,751)</b>   | -            |
| Impairment losses on other receivables           | <b>(10,471)</b>      | (27,516)  | <b>(88,346)</b>                | (37,915)    | -                          | -           | -                 | -           | <b>(98,817)</b>   | (65,431)     |
| Provision for warranty                           | <b>(1,103)</b>       | (68,019)  | <b>(9,304)</b>                 | (93,726)    | -                          | -           | -                 | -           | <b>(10,407)</b>   | (161,745)    |
| Write-down on inventories reversed/ (recognised) | -                    | -         | <b>1,599,560</b>               | (2,030,027) | -                          | -           | -                 | -           | <b>1,599,560</b>  | (2,030,027)  |
| Segment (loss)/gain                              | <b>(153,816)</b>     | (771,160) | <b>(1,491,434)</b>             | (3,476,778) | <b>(22,949)</b>            | (1,752,008) | <b>4,379,048</b>  | (7,309,845) | <b>2,710,849</b>  | (13,309,791) |
| <b>Assets and liabilities</b>                    |                      |           |                                |             |                            |             |                   |             |                   |              |
| Additions to non-current assets                  | <b>16,086</b>        | 15,847    | <b>155,972</b>                 | 71,444      | <b>229,845</b>             | 36,002      | -                 | -           | <b>401,903</b>    | 123,293      |
| Segment assets                                   | <b>1,422,738</b>     | 1,270,006 | <b>13,795,192</b>              | 5,770,931   | <b>437,185</b>             | 4,355,343   | <b>19,257,793</b> | 19,580,589  | <b>34,912,908</b> | 30,976,869   |
| Segment liabilities                              | <b>462,286</b>       | 364,629   | <b>4,482,420</b>               | 1,689,478   | <b>68,972</b>              | 828,573     | <b>608,840</b>    | 1,134,478   | <b>5,622,518</b>  | 4,017,158    |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 28 Operating segments (cont'd)

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

|                                 | 2023           | 2022           |
|---------------------------------|----------------|----------------|
| The Group                       | US\$           | US\$           |
| Additions to:                   |                |                |
| - property, plant and equipment | 243,656        | 19,147         |
| - right-of-use assets           | 158,247        | 104,146        |
|                                 | <b>401,903</b> | <b>123,293</b> |

### Geographical information

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

|                          | <u>Revenue</u>    |                   | <u>Non-current assets</u> |                  |
|--------------------------|-------------------|-------------------|---------------------------|------------------|
|                          | 2023              | 2022              | 2023                      | 2022             |
| The Group                | US\$              | US\$              | US\$                      | US\$             |
| China/Hong Kong          | 9,482,110         | 4,660,050         | 16,692                    | 25,797           |
| India                    | 1,199,004         | 1,799,169         | 15,549                    | 6,687            |
| Indonesia                | 164,429           | 362,751           | -                         | -                |
| Malaysia                 | 518,799           | 496,377           | 7,882                     | 21,522           |
| Philippines              | 37,991            | 103,109           | -                         | -                |
| Singapore                | 841,569           | 5,833,564         | 1,609,506                 | 1,378,569        |
| Taiwan                   | 4,427,559         | 3,141,610         | -                         | -                |
| Thailand                 | 42,606            | 192,791           | -                         | -                |
| United States of America | -                 | 16,040            | -                         | -                |
| Others                   | 49,224            | 12,405            | -                         | -                |
|                          | <b>16,763,291</b> | <b>16,617,866</b> | <b>1,649,629</b>          | <b>1,432,575</b> |

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 28 Operating segments (cont'd)

### Information about major customers

Revenue from two customers (2022: three customers) which individually contributed ten percent or more of the Group's revenue amounted to US\$5,607,135 (2022: US\$7,214,165), as follows:

|   | 2023             | 2022             |
|---|------------------|------------------|
| The Group   | US\$             | US\$             |
| Customer A (renewable energy solutions segment)     | -                | 3,020,258        |
| Customer B (interactive consumer solutions segment) | 3,166,751        | 2,361,683        |
| Customer C (renewable energy solutions segment)     | -                | 1,832,224        |
| Customer D (interactive consumer solutions segment) | 2,440,384        | -                |
| <b>Total</b>  | <b>5,607,135</b> | <b>7,214,165</b> |

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

### 29.1 Credit risk (cont'd)

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 four major debtors (2022: one major debtor) that represented 58% (2022: 98%) 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.

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 associate and a forward-looking analysis of the financial performance of operations of the subsidiaries and associate. In respect of the non-trade amounts due from subsidiaries and an associate which are repayable on demand, management has considered the availability of accessible and highly liquid assets of the subsidiaries and associate for repayment if they are demanded at the end of the reporting period.

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\$311,709 (2022: US\$212,892) and US\$11,229,769 (2022: US\$12,125,408) is required for the Group's non-trade amount due from an associate and the Company's non-trade amounts due from subsidiaries and associate, respectively, which are credit-impaired.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

### 29.1 Credit risk (cont'd)

#### 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.

### 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  | Contractual undiscounted cash flows | Less than 1 year | Between 1 and 5 years |
|---|------------------|-------------------------------------|------------------|-----------------------|
| The Group                                   | US\$             | US\$                                | US\$             | US\$                  |
| <b>2023</b>                                 |                  |                                     |                  |                       |
| <u>Non-derivative financial liabilities</u> |                  |                                     |                  |                       |
| Lease liabilities (Note 14)                 | 259,061          | 269,955                             | 99,551           | 170,404               |
| Trade and other payables * (Note 16)        | 4,533,147        | 4,533,147                           | 4,533,147        | -                     |
|   | <b>4,792,208</b> | <b>4,803,102</b>                    | <b>4,632,698</b> | <b>170,404</b>        |
| <b>2022</b>                                 |                  |                                     |                  |                       |
| <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        | -                     |
|   | <b>2,635,902</b> | <b>2,647,955</b>                    | <b>2,520,635</b> | <b>127,320</b>        |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

### 29.2 Liquidity risk (cont'd)

|                                    | Carrying amount  | Contractual undiscounted cash flows | Less than 1 year | Between 1 and 5 years |
|------------------------------------|------------------|-------------------------------------|------------------|-----------------------|
|                                    | US\$             | US\$                                | US\$             | US\$                  |
| <b>The Company</b>                 |                  |                                     |                  |                       |
| <b>2023</b>                        |                  |                                     |                  |                       |
| Trade and other payables (Note 16) | <b>2,838,242</b> | <b>2,838,242</b>                    | <b>2,838,242</b> | -                     |
| <b>2022</b>                        |                  |                                     |                  |                       |
| Trade and other payables (Note 16) | 207,738          | 207,738                             | 207,738          | -                     |

\* 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.

### 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. Accordingly, the Group and the Company are not exposed to any significant interest rate risk.

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

|                               | The Group        |           | The Company      |           |
|-------------------------------|------------------|-----------|------------------|-----------|
|                               | 2023             | 2022      | 2023             | 2022      |
|                               | US\$             | US\$      | US\$             | US\$      |
| <b>Fixed rate instruments</b> |                  |           |                  |           |
| <u>Financial assets</u>       |                  |           |                  |           |
| - loan receivable             | -                | 1,470,000 | -                | 1,470,000 |
| - short-term deposits         | <b>9,370,856</b> | 515,000   | <b>9,370,856</b> | 515,000   |
| - fixed deposit               | <b>250,000</b>   | 502,043   | -                | -         |
|                               | <b>9,620,856</b> | 2,487,043 | <b>9,370,856</b> | 1,985,000 |
| <u>Financial liabilities</u>  |                  |           |                  |           |
| - lease liabilities           | <b>(259,061)</b> | (203,804) | -                | -         |
|                               | <b>9,361,795</b> | 2,283,239 | <b>9,370,856</b> | 1,985,000 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

### 29.3 Interest rate risk (cont'd)

#### 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 Euro, Renminbi and Singapore dollar, 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.

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:

|                                       | Euro<br>US\$   | Renminbi<br>US\$ | Singapore<br>dollar<br>US\$ |
|---------------------------------------|----------------|------------------|-----------------------------|
| <b>The Group</b>                      |                |                  |                             |
| <b>2023</b>                           |                |                  |                             |
| Other investments (Note 8)            | 526,032        | 1,680,297        | 600,000                     |
| Trade and other receivables (Note 10) | -              | -                | 77,896                      |
| Cash and bank deposits (Note 11)      | -              | 12,081           | 327,498                     |
| Lease liabilities (Note 14)           | -              | (17,163)         | (199,668)                   |
| Trade and other payables (Note 16)    | -              | -                | (108,932)                   |
| <b>Net exposure</b>                   | <b>526,032</b> | <b>1,675,215</b> | <b>696,794</b>              |
| <b>2022</b>                           |                |                  |                             |
| Other investments (Note 8)            | 342,009        | 1,672,157        | 1,886,000                   |
| Trade and other receivables (Note 10) | -              | -                | 1,624,732                   |
| Cash and bank deposits (Note 11)      | -              | 7,218            | 159,522                     |
| Lease liabilities (Note 14)           | -              | (25,901)         | (117,737)                   |
| Trade and other payables (Note 16)    | -              | -                | (60,783)                    |
| <b>Net exposure</b>                   | <b>342,009</b> | <b>1,653,474</b> | <b>3,491,734</b>            |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

### 29.4 Foreign currency risk (cont'd)

|                                       | Euro<br>US\$   | Renminbi<br>US\$ | Singapore<br>dollar<br>US\$ |
|---------------------------------------|----------------|------------------|-----------------------------|
| <b>The Company</b>                    |                |                  |                             |
| <b>2023</b>                           |                |                  |                             |
| Other investments (Note 8)            | 526,032        | 1,680,297        | 600,000                     |
| Trade and other receivables (Note 10) | -              | -                | 305                         |
| Cash and bank deposits (Note 11)      | -              | 11,281           | 187,525                     |
| Trade and other payables (Note 16)    | -              | -                | (17,859)                    |
| <b>Net exposure</b>                   | <b>526,032</b> | <b>1,691,578</b> | <b>769,971</b>              |
| <b>2022</b>                           |                |                  |                             |
| Other investments (Note 8)            | 342,009        | 1,672,157        | 1,886,000                   |
| Trade and other receivables (Note 10) | -              | -                | 1,470,305                   |
| Cash and bank deposits (Note 11)      | -              | 2,336            | 16,393                      |
| Trade and other payables (Note 16)    | -              | -                | (14,498)                    |
| <b>Net exposure</b>                   | <b>342,009</b> | <b>1,674,493</b> | <b>3,358,200</b>            |

#### Sensitivity analysis for foreign currency risk

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

|                                  | 2023<br>US\$ | 2022<br>US\$ |
|----------------------------------|--------------|--------------|
| <b>The Group</b>                 |              |              |
| EUR - strengthened 5% (2022: 5%) | 26,302       | 17,100       |
| - weakened 5% (2022: 5%)         | (26,302)     | (17,100)     |
| RMB - strengthened 5% (2022: 5%) | 83,761       | 82,674       |
| - weakened 5% (2022: 5%)         | (83,761)     | (82,674)     |
| SGD - strengthened 5% (2022: 5%) | 34,840       | 174,587      |
| - weakened 5% (2022: 5%)         | (34,840)     | (174,587)    |
| <b>The Company</b>               |              |              |
| EUR - strengthened 5% (2022: 5%) | 26,302       | 17,100       |
| - weakened 5% (2022: 5%)         | (26,302)     | (17,100)     |
| RMB - strengthened 5% (2022: 5%) | 84,579       | 83,725       |
| - weakened 5% (2022: 5%)         | (84,579)     | (83,725)     |
| SGD - strengthened 5% (2022: 5%) | 38,499       | 167,910      |
| - weakened 5% (2022: 5%)         | (38,499)     | (167,910)    |

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

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

### 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 investment in fund.

#### Market price sensitivity

At the end of the reporting period, if the market prices had been 5% (2022: 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\$932,890 (2022: US\$884,729) 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:

|  | Amortised<br>cost<br>US\$ | FVOCI equity<br>instrument<br>US\$ | Mandatorily<br>at FVTPL<br>US\$ | Other<br>financial<br>liabilities at<br>amortised<br>cost<br>US\$ | Total<br>US\$     |
|--|---------------------------|------------------------------------|---------------------------------|---|-------------------|
| <b>The Group</b>                           |                           |                                    |                                 |   |                   |
| <b>2023</b>                                |                           |                                    |                                 |   |                   |
| <u>Financial assets</u>                    |                           |                                    |                                 |   |                   |
| Other investments (Note 8)                 | -                         | 600,000                            | 18,657,793                      | -   | 19,257,793        |
| Trade and other receivables *<br>(Note 10) | 382,866                   | -                                  | -                               | -   | 382,866           |
| Cash and bank deposits (Note 11)           | 10,392,188                | -                                  | -                               | -   | 10,392,188        |
|  | <b>10,775,054</b>         | <b>600,000</b>                     | <b>18,657,793</b>               | <b>-</b>  | <b>30,032,847</b> |
| <u>Financial liabilities</u>               |                           |                                    |                                 |   |                   |
| Lease liabilities (Note 14)                | -                         | -                                  | -                               | 259,061   | 259,061           |
| Trade and other payables # (Note 16)       | -                         | -                                  | -                               | 4,533,147   | 4,533,147         |
|  | -                         | -                                  | -                               | <b>4,792,208</b>  | <b>4,792,208</b>  |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 30 Financial instruments (cont'd)

| The Group                               | Amortised cost<br>US\$ | FVOCI equity instrument<br>US\$ | Mandatorily at FVTPL<br>US\$ | Other financial liabilities at amortised cost<br>US\$ | Total<br>US\$     |
|---|------------------------|---------------------------------|------------------------------|---|-------------------|
| <b>2022</b>                             |                        |                                 |                              |   |                   |
| <u>Financial assets</u>                 |                        |                                 |                              |   |                   |
| Other investments (Note 8)              | -                      | 1,886,000                       | 17,694,589                   | -   | 19,580,589        |
| Trade and other receivables * (Note 10) | 4,896,901              | -                               | -                            | -   | 4,896,901         |
| Cash and bank deposits (Note 11)        | 2,553,874              | -                               | -                            | -   | 2,553,874         |
|   | <u>7,450,775</u>       | <u>1,886,000</u>                | <u>17,694,589</u>            | <u>-</u>  | <u>27,031,364</u> |

### Financial liabilities

|                                      |          |          |          |                  |                  |
|--------------------------------------|----------|----------|----------|------------------|------------------|
| Lease liabilities (Note 14)          | -        | -        | -        | 203,804          | 203,804          |
| Trade and other payables # (Note 16) | -        | -        | -        | 2,432,098        | 2,432,098        |
|                                      | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,635,902</u> | <u>2,635,902</u> |

## The Company

### **2023**

#### Financial assets

|   |                  |                |                   |          |                   |
|---|------------------|----------------|-------------------|----------|-------------------|
| Other investments (Note 8)              | -                | 600,000        | 18,657,793        | -        | 19,257,793        |
| Trade and other receivables * (Note 10) | 119,116          | -              | -                 | -        | 119,116           |
| Cash and bank deposits (Note 11)        | 9,866,779        | -              | -                 | -        | 9,866,779         |
|   | <u>9,985,895</u> | <u>600,000</u> | <u>18,657,793</u> | <u>-</u> | <u>29,243,688</u> |

#### Financial liabilities

|                                    |   |   |   |           |           |
|------------------------------------|---|---|---|-----------|-----------|
| Trade and other payables (Note 16) | - | - | - | 2,838,242 | 2,838,242 |
|------------------------------------|---|---|---|-----------|-----------|

### **2022**

#### Financial assets

|   |                  |                  |                   |          |                   |
|---|------------------|------------------|-------------------|----------|-------------------|
| Other investments (Note 8)              | -                | 1,886,000        | 17,694,589        | -        | 19,580,589        |
| Trade and other receivables * (Note 10) | 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 |
|------------------------------------|---|---|---|---------|---------|

\* Excluding net input taxes

# Excluding net output taxes

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 31 Capital management

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

- (a) To safeguard the Group's and the Company's ability to continue as going concern;
- (b) To support the Group's and the Company's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
- (d) 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.

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  |              |
|--|--------------|--------------|--------------|--------------|
|  | 2023<br>US\$ | 2022<br>US\$ | 2023<br>US\$ | 2022<br>US\$ |
| Lease liabilities (Note 14)                      | 259,061      | 203,804      | -            | -            |
| Trade and other payables (Note 16)               | 4,536,617    | 2,433,876    | 2,838,242    | 207,738      |
| Total debt                                       | 4,795,678    | 2,637,680    | 2,838,242    | 207,738      |
| Less: Cash and bank deposits (Note 11)           | (10,392,188) | (2,553,874)  | (9,866,779)  | (620,429)    |
| Net (cash)/debt                                  | (5,596,510)  | 83,806       | (7,028,537)  | (412,691)    |
| Equity attributable to the owners of the Company | 28,435,066   | 26,111,344   | 27,294,918   | 23,684,711   |
| Total capital                                    | 28,435,066   | 26,111,344   | 27,294,918   | 23,684,711   |
| Total capital and net debt                       | 22,838,556   | 26,195,150   | 20,266,381   | 23,272,020   |
| Gearing ratio                                    | N.M.         | 0%           | N.M.         | N.M.         |

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 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).

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 repriced 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           | Level 2          | Level 3          | Total             |
|----------------------------------|-------------------|------------------|------------------|-------------------|
| <b>The Group and the Company</b> | US\$              | US\$             | US\$             | US\$              |
| <b>2023</b>                      |                   |                  |                  |                   |
| <u>Financial assets</u>          |                   |                  |                  |                   |
| Unquoted investment              | -                 | -                | 600,000          | 600,000           |
| Other investments                | 1,986,758         | -                | -                | 1,986,758         |
| Funds managed by a fund manager  | 13,431,380        | 1,645,315        | -                | 15,076,695        |
| Investment in fund               | -                 | -                | 1,594,340        | 1,594,340         |
|                                  | <b>15,418,138</b> | <b>1,645,315</b> | <b>2,194,340</b> | <b>19,257,793</b> |
| <b>2022</b>                      |                   |                  |                  |                   |
| <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        |
| Investment in fund               | -                 | -                | 1,796,393        | 1,796,393         |
|                                  | <b>12,433,857</b> | <b>3,464,339</b> | <b>3,682,393</b> | <b>19,580,589</b> |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 32 Fair value measurement (cont'd)

### Fair values of financial instruments (cont'd)

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

| The Group and the Company                            | 2023             | 2022             |
|--|------------------|------------------|
|  | US\$             | US\$             |
| At 1 January   | 3,682,393        | 2,275,494        |
| Additions  | -                | 2,000,001        |
| Disposals  | (725,000)        | (407,117)        |
| Transfer to Level 1                                  | -                | (1,464,294)      |
| (Loss)/Gain recognised in other comprehensive income | (560,997)        | 1,332,693        |
| Loss recognised in profit or loss                    | (202,056)        | (54,384)         |
| <b>At 31 December</b>                                | <b>2,194,340</b> | <b>3,682,393</b> |

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.

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

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.

| <u>Valuation technique</u>  | <u>Significant unobservable inputs</u> | <u>Inter-relationship between key unobservable inputs and fair value measurement</u> |
|---|--|--|
| <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   |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 32 Fair value measurement (cont'd)

### Fair values of financial instruments (cont'd)

| <u>Valuation technique</u>  | <u>Significant unobservable inputs</u>   | <u>Inter-relationship between key unobservable inputs and fair value measurement</u>  |
|---|--|---|
| <i>Unquoted equity investments at FVOCI and FVTPL (Level 3)</i>   |  |   |
| The valuations are based on market approach, using the option pricing model on the investee entity.   | <ul style="list-style-type: none"> <li>- Discount for lack of marketability and control</li> <li>- Volatility of comparable companies</li> </ul> | The estimated fair value would increase/decrease if discount for lack of marketability and control was lower/higher or volatility of comparable companies was higher/lower. |
| <i>Investment in fund 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.   |

### Fair value of non-financial assets

|                               | Level 1 | Level 2 | Level 3          | Total            |
|-------------------------------|---------|---------|------------------|------------------|
| <b>The Group</b>              | US\$    | US\$    | US\$             | US\$             |
| <b>2023</b>                   |         |         |                  |                  |
| <u>Non-financial assets</u>   |         |         |                  |                  |
| Freehold property (Note 3)    | -       | -       | <b>613,359</b>   | <b>613,359</b>   |
| Leasehold properties (Note 3) | -       | -       | <b>441,322</b>   | <b>441,322</b>   |
|                               | -       | -       | <b>1,054,681</b> | <b>1,054,681</b> |
| <b>2022</b>                   |         |         |                  |                  |
| <u>Non-financial assets</u>   |         |         |                  |                  |
| Freehold property (Note 3)    | -       | -       | 602,699          | 602,699          |
| Leasehold properties (Note 3) | -       | -       | 477,752          | 477,752          |
|                               | -       | -       | <b>1,080,451</b> | <b>1,080,451</b> |

#### Freehold and leasehold properties

The fair values of the freehold and leasehold properties are determined by a firm of independent professional valuers who have the relevant recognised professional qualifications and recent experiences in the location and 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2023

## 32 Fair value measurement (cont'd)

### Fair values of non-financial assets (cont'd)

#### Freehold and leasehold properties (cont'd)

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"><li>- Price per square metre of - US\$19,786 (2022: US\$19,442) and US\$561 (2022: US\$608) for freehold property and leasehold properties, respectively</li><li>- Adjustments for size and location (for freehold property) and tenure (for leasehold properties)</li></ul> | <p>The estimated fair value would increase/decrease by US\$52,734 (2022: US\$54,023) if:</p> <ul style="list-style-type: none"><li>- Price per square metre was higher/lower by 5%; or</li><li>- Adjustments for size, location and tenure were higher/lower by 5%.</li></ul> |

## 33 Events after reporting period

On 12 March 2024 and 27 March 2024, the Company purchased 10,000 and 40,000 treasury shares, respectively, by way of market acquisition for a total consideration of S\$3,356 (US\$2,504).

# STATISTICS OF SHAREHOLDINGS

As at 28 March 2024

|  |                      |
|--|----------------------|
| 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) | : 313,041,925 shares |
| No. of treasury shares   | : 11,075,000 shares  |
| No. of subsidiary holdings held  | : Nil                |

## **Distribution of Shareholdings as at 28 March 2024 (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                       | 27                         | 1.68     | 995                  | 0.00     |
| 100 – 1,000                  | 132                        | 8.21     | 65,124               | 0.02     |
| 1,001 – 10,000               | 688                        | 42.79    | 3,734,270            | 1.19     |
| 10,001 – 1,000,000           | 734                        | 45.64    | 56,618,762           | 18.09    |
| 1,000,001 and above          | 27                         | 1.68     | 252,622,774          | 80.70    |
| Total                        | 1,608                      | 100.00   | 313,041,925          | 100.00   |

## **Substantial Shareholders as at 28 March 2024**

| <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 Joon Yong, Wayne                    | 63,160,750             | 20.18    | 44,314,2671              | 14.16    |
| Kioxia Corporation                      | 44,212,3593,4          | 14.12    | 8,500,0002,3,4           | 2.72     |
| CTI II Limited                          | 27,500,000             | 8.78     | -                        | -        |
| Creative Technology Ltd                 | -                      | -        | 27,500,0005              | 8.78     |
| Ron Sim Chye Hock                       | 28,374,600             | 9.06     | -                        | -        |

### Notes :-

1. Tan Joon Yong, Wayne is deemed to be interested in the shares held by his wife, Soh MeiQi Petrina (1,839,250 shares), mother, Ang Poh Tee (4,975,017 shares), and siblings, Tan Joon Wei, Winn (12,500,000 shares), Tan Li Ping, Lydia (12,500,000 shares) and Will Tan Joon Loong (12,500,000 shares) 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 28 March 2024

## Twenty Largest Shareholders as at 5 June 2023

| No. | Name of Shareholders                    | No. of shares      | %            |
|-----|---|--------------------|--------------|
| 1   | TAN JOON YONG, WAYNE (CHEN JUNRONG)     | 62,660,750         | 20.02        |
| 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   | TAN JOON WEI WINN (CHEN JUNWEI)         | 12,500,000         | 3.99         |
| 6   | TAN LI PING LYDIA (CHEN LIPING)         | 12,500,000         | 3.99         |
| 7   | WILL TAN JOON LOONG                     | 12,500,000         | 3.99         |
| 8   | DBS NOMINEES (PRIVATE) LIMITED          | 9,704,800          | 3.10         |
| 9   | KIOXIA SINGAPORE PTE. LTD.              | 8,500,000          | 2.72         |
| 10  | YU HEA RYEONG                           | 5,196,900          | 1.66         |
| 11  | ANG POH TEE                             | 4,975,017          | 1.59         |
| 12  | TAN BOON SIONG                          | 4,362,848          | 1.39         |
| 13  | OH CHEE ENG                             | 3,402,300          | 1.09         |
| 14  | PHILLIP SECURITIES PTE LTD              | 3,182,100          | 1.02         |
| 15  | NEO AH SENG (LIANG YACHENG)             | 2,000,000          | 0.64         |
| 16  | WINMARK INVESTMENTS PTE. LTD.           | 1,991,800          | 0.64         |
| 17  | MAYBANK SECURITIES PTE. LTD.            | 1,872,900          | 0.60         |
| 18  | SOH MEIQI PETRINA                       | 1,839,250          | 0.59         |
| 19  | TAN SIAK MENG                           | 1,500,000          | 0.48         |
| 20  | CHEW GHIM BOK                           | 1,497,000          | 0.48         |
|     | <b>Total:</b>                           | <b>243,985,124</b> | <b>77.95</b> |

Based on Shareholders' Information as at 28 March 2024, approximately 30.74% 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 FIFTH ANNUAL GENERAL MEETING

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

## NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty Fifth Annual General Meeting (the "AGM" or the "Meeting") of the Company will be held at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769 on Friday, 26 April 2024, at 9.00 a.m., to transact the following businesses:

### AS ORDINARY BUSINESS:

- To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditors' Report thereon (the "2023 Annual Report"). **Resolution 1**
- To re-elect Mr. Lun Chee Leong, a Director of the Company retiring by rotation pursuant to Regulation 103 of the Company's Constitution. **Resolution 2**  
*[See Explanatory Note (i)]*
- To re-elect Mr. Tan Joon Yong, Wayne as a Director of the Company pursuant to Regulation 103 of the Company's Constitution. **Resolution 3**
- To approve the payment of the Directors' fees of S\$60,000 for the financial year ended 31 December 2023 (FY2022: S\$125,000). **Resolution 4**
- To re-appoint Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**
- 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:

- Authority to allot and issue new shares** **Resolution 6**  
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:
  - Allot and issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

- (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
- (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 (ii)]*

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

**8. Authority to allot and issue shares under the Trek 2000 International Ltd Employee Share Option Scheme 2023**

**Resolution 7**

THAT pursuant to Section 161 of the Companies Act 1967 of Singapore (the "Companies Act"), the Directors be and are hereby authorised to:

- (i) grant options ("Options") in accordance with the rules of the Trek 2000 International Ltd Employee Share Option Scheme 2023 (Trek 2000 ESOS 2023); and
- (ii) allot and issue or deliver from time to time such number of shares as may be required pursuant to the exercise of Options under the Trek 2000 ESOS 2023,

provided that the aggregate number of shares to be issued pursuant to the Trek 2000 ESOS 2023 and all other share-based incentive schemes of the Company then in force shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

*[See Explanatory Note (iii)]*

**9. Proposed Grant of Option to Mr. Tan Joon Yong, Wayne, a Controlling Shareholder, under the Trek 2000 ESOS 2023**

**Resolution 8**

THAT the proposed offer and grant of an Option to Mr. Tan Joon Yong, Wayne, a Controlling Shareholder of the Company, pursuant to and in accordance with the rules of the Trek 2000 ESOS 2023, on the following terms be and is hereby approved, and the Directors be and are hereby authorised to allot and issue or deliver from time to time such number of Shares upon the exercise of such Option:

- (i) Proposed Date of Grant of Option : Anytime within three (3) months from the date of the AGM.
- (ii) Number of Shares comprised in the proposed Option : Up to 1,000,000 Shares (representing 0.32% of the total issued Shares, excluding Treasury Shares and Subsidiary Holdings, if any, as at the Latest Practicable Date.)
- (iii) Exercise Price per Share : Market Price or a price which is set at a discount to the Market Price, as in Paragraph 4.1.5.
- (iv) Exercise Period : For Shares issued at Market Price, the period from the day after the second anniversary of the Offer Date to the day falling before the tenth anniversary of the Offer Date.

For Shares issued at a discount to the Market Price, the period from the third anniversary of the Offer Date to the day falling before the tenth anniversary of the Offer Date.

*[See Explanatory Note (iv)]*

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

## 10. Proposed Renewal of Share Buy-Back Mandate

*Resolution 9*

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.
- (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:

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

- (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 (v)]*

By Order of the Board

Tan Joon Yong, Wayne

Executive Chairman, Executive Director and Group President

9 April 2024

## **Explanatory Notes:**

- i. Key information on Mr. Lun Chee Leong can be found on page 11 of the 2023 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.
- ii. Ordinary Resolution 6, if passed, will empower the Directors from the date of the passing of Ordinary Resolution 6 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.

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

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 6 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 6 is passed; and (ii) any subsequent bonus issue, consolidation or subdivision of shares.

- iii. Ordinary Resolution 7, if passed, will authorise the Directors to grant Options and allot and issue or deliver shares in the capital of the Company pursuant to the exercise of Options under the Trek 2000 ESOS 2023 provided that the aggregate number of shares to be issued pursuant to the Trek 2000 ESOS 2023 and all other share-based incentive schemes of the Company then in force shall not exceed 15% of the total number of shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.
- iv. Further details in relation to Ordinary Resolution 8 are set out in the Circular to Shareholders dated 9 April 2024.
- v. Ordinary Resolution 9, 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 9 April 2024.

## IMPORTANT NOTES

1. The members of the Company are invited to attend the AGM physically in person. There will be no option for members to participate at the AGM virtually. The 2023 Annual Report, Circular to Shareholders dated 9 April 2024, Notice of AGM and the accompanying Proxy Form will be sent to members by electronic means via SGX website at the URL <https://www.sgx.com/securities/company-announcements>. A member will need an internet browser and PDF reader to view these documents. Printed copies of this Notice of AGM and the accompanying Proxy Form will be sent to members via post. Printed copies of the 2023 Annual Report and Circular to Shareholders dated 9 April 2024 will NOT be sent to members. A member who wishes to obtain a printed copy of the 2023 Annual Report and Circular to Shareholders dated 9 April 2024 should request the same by post to the registered office of the Company at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769 or by email to [fy2023agm@trek2000.com.sg](mailto:fy2023agm@trek2000.com.sg) no later than at 9.00 a.m. on 19 April 2024. The printed copy will be mailed to you before the AGM upon receiving your request.
2. A member who is not a Relevant Intermediary (as defined at Section 181 of the Companies Act), is entitled to appoint one (1) or two (2) proxies to attend, speak and vote at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
3. Where such member appoints two (2) proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified. If no proportion is specified, the appointment will be considered as invalid.
4. Pursuant to Section 181 of the Companies Act 1967 of Singapore, any member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM but each proxy must be appointed to exercise the rights attached to different Shares held by such member.

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

“Relevant Intermediary” has the meaning prescribed to it in Section 181 of the Companies Act and 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 license 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 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 Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory. If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy is given, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
  6. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act 1967 of Singapore to attend and vote for and on behalf of such corporation.
  7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
  8. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  9. The instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:
    - (a) if submitted by post, be submitted to the Company’s address at 30 Loyang Way #07-13/14/15 Loyang Industrial Estate Singapore 508769; or
    - (b) if submitted electronically, be submitted via email to the Company at [fy2023agm@trek2000.com.sg](mailto:fy2023agm@trek2000.com.sg).
- in either case not less than seventy-two (72) hours before the time appointed for the AGM (i.e., by 9.00 a.m. on 23 April 2024) or any adjournment thereof.
10. A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited not less than 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.
  11. 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 18 April 2024.

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

12. A member may ask question relating to the item on the agenda of the AGM:–
- (a) at the AGM; or
  - (b) submitting question via mail to the Company's registered office at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769, or email to [fy2023agm@trek2000.com.sg](mailto:fy2023agm@trek2000.com.sg) in advance of the AGM by 22 April 2024.

When submitting the questions, please provide the Company with the following details, for verification purpose:–

- (i) Full name;
- (ii) NRIC number;
- (iii) Current address;
- (iv) Contact number; and
- (v) Number of shares held and the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

Shareholders are encouraged to submit their questions before 22 April 2024, as this will allow the Company sufficient time to address and respond to these questions on or before 23 April 2024 (seventy-two (72) hours prior to the closing date and time for the lodgement of the proxy forms). The responses will be published on (i) the SGX's website; and (ii) the Company's corporate website.

## **Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, 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 of the Company (or its agents or service providers) of proxies and/or representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (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)

**Important:**

1. For investors who have used their CPF monies ("CPF Investors") and/or SRS monies ("SRS Investors") to buy Trek 2000 International Ltd's shares, the 2023 Annual Report is forwarded to them at the request of the CPF and/or SRS Approved Nominees and is sent solely FOR INFORMATION ONLY.
  2. This Proxy Form is not valid for use by CPF Investors or SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
  3. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote. (Please see Note 4 for the definition of Relevant Intermediary)
- Please read the notes overleaf which contain instruction on appointment of proxy/proxies to vote on his/her/its behalf at the AGM.

**TWENTY FIFTH ANNUAL GENERAL MEETING  
PROXY FORM**

\*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 |   |
|---------|-------------------|--|---|
| Address |                   | No. of Shares  | % |
|         |                   |  |   |

\*and/or

| Name    | NRIC/Passport No. | Proportion of Shareholding(s) to be presented by Proxy |   |
|---------|-------------------|--|---|
| 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 Twenty Fifth Annual General Meeting ("**Meeting**" or "**AGM**") of the Company to be held at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769 on Friday, 26 April 2024, 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 2023 together with the Auditors' Report thereon |     |         |         |
| 2.             | Re-election of Mr. Lun Chee Leong as a Director of the Company pursuant to Regulation 103 of the Company's Constitution                                       |     |         |         |
| 3.             | Re-election of Mr. Tan Joon Yong, Wayne as a Director of the Company pursuant to Regulation 103 of the Company's Constitution                                 |     |         |         |
| 4.             | Payment of the Directors' fees of S\$60,000 for the financial year ended 31 December 2023   |     |         |         |
| 5.             | Re-appointment of Messrs. Foo Kon Tan LLP as Auditors   |     |         |         |
| 6.             | Authority to allot and issue new shares   |     |         |         |
| 7.             | Authority to allot and issue shares under the Trek 2000 International Ltd Employee Share Option Scheme 2023   |     |         |         |
| 8.             | Proposed Grant of Option to Mr. Tan Joon Yong, Wayne, a Controlling Shareholder, under the Trek 2000 ESOS 2023  |     |         |         |
| 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 \_\_\_\_\_ 2024

| 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. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her/its stead. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

### **“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 license 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 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 Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.
  6. The instrument appointing a proxy must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised in writing.
  7. Where the instrument appointing a proxy 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 of proxy, failing which the instrument may be treated as invalid.
  8. Completion and return of this instrument appointing a proxy shall not preclude a member from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends 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.
  9. The instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:
    - (a) if submitted by post, be submitted to the Company’s address at 30 Loyang Way #07-13/14/15 Loyang Industrial Estate Singapore 508769; or
    - (b) if submitted electronically, be submitted via email to the Company at [fy2023agm@trek2000.com.sg](mailto:fy2023agm@trek2000.com.sg).

in either case not less than seventy-two (72) hours before the time appointed for the AGM (i.e., by 9.00 a.m. on 23 April 2024) or any adjournment thereof.

*A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Members are strongly encouraged to submit completed proxy forms electronically.*

10. *An investor who buys shares using CPF monies (“CPF Investor”) and/or SRS monies (“SRS Investor”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.*

*General:*

*The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.*

*Personal Data Privacy*

*By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 April 2024.*





30 Loyang Way #07-13/14/15  
Loyang Industrial Estate  
Singapore 508769  
Telephone : (65) 6546 6088  
Fax : (65) 6546 6066  
[www.trek2000.com.sg](http://www.trek2000.com.sg)