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## Regulatory Action

30 June 2021

# SGX RegCo reprimands Trek 2000 International Ltd., former Executive Chairman and CEO Henn Tan and former Executive Director Poo Teng Pin

## Public reprimand: Breach of Listing Rules

1. Singapore Exchange Regulation (“**SGX RegCo**”) reprimands Trek 2000 International Ltd. (the “**Company**”), Mr Henn Tan (former Executive Chairman and Chief Executive Officer) and Mr Poo Teng Pin (former Executive Director) for breaches of the Listing Rules.
2. RSM Corporate Advisory Pte Ltd (“**RSM**”) was appointed by the Company’s Audit Committee (“**AC**”) to conduct an inquiry and review of past transactions entered into by the Company. The review concluded that agreements entered into by the Company with T-Data Systems (S) Pte. Ltd. (“**T-Data**”) and S-Com Solutions (Hong Kong) Co. Limited (“**S-Com HK**”) were interested person transactions (“**IPTs**”). The following instances of non-compliance with the Listing Rules were noted:

- (a) Listing Rules 905, 906 and 907 requiring issuers to make immediate announcements and seek prior approval from independent shareholders for IPTs and to disclose in annual reports details on IPTs.

The Company had failed to make the requisite disclosures on and to seek independent shareholders’ prior approval for the IPTs with T-Data and S-Com HK in each of FY2010 to FY2013.

SGX RegCo notes that Mr Henn Tan and Mr Poo Teng Pin have pleaded guilty to offences under the Securities and Futures Act in negligently failing to make immediate announcements on interested person transactions.

- (b) Listing Rule 719(1) requires an issuer to have a robust and effective system of internal controls, addressing financial, operational and compliance risks.

RSM noted that the Company’s management had not put in place guidelines, internal controls and review procedures for the identification of interested persons and IPTs, as well as the valuation, approval and reporting of IPTs.

### Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D  
(A wholly-owned subsidiary of Singapore Exchange Limited)

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3. Listing Rule 720(1) read with Listing Rule 210(5)(b) requires directors and management to demonstrate character and integrity expected of directors and management of listed issuers.

SGX RegCo is of the view that Mr Henn Tan (former Executive Chairman and Chief Executive Officer ) and Mr Poo Teng Pin (former Executive Director), who were implicated in the RSM report, have failed to act in the interest of shareholders as a whole by failing to safeguard the interest of the Company and shareholders. They have failed to demonstrate the character and integrity expected of directors and management of listed issuers, in breach of Listing Rule 720(1) read with Listing Rule 210(5)(b).

4. SGX-listed companies are advised to consult SGX RegCo before they appoint Mr Henn Tan and Mr Poo Teng Pin as their director and/or executive officer.

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## Background of events leading to the public reprimand

5. On 25 February 2016, the Company's Board of Directors announced on SGXNET that it had, through the AC, discovered that the Company had entered into certain IPTs, as defined under Chapter 9 of the Mainboard Rules, with T-Data from 27 November 2007 to 26 March 2014.
6. Following this discovery, the AC appointed TSMP Law Corporation ("**TSMP**") on 4 April 2016 to conduct an independent inquiry into these IPTs.
7. On 26 April 2016, the Company announced that it was informed by its auditors, Ernst & Young LLP ("**EY**"), that a report had been submitted by EY to the Accounting and Corporate Regulatory Authority ("**ACRA**") on matters that had come to EY's attention in the course of their audit of the financial statements of the Company and its subsidiaries for the year ended 31 December 2015.
8. Subsequently on 25 May 2016, the Company announced that it received a notice from the Commercial Affairs Department of the Singapore Police Force ("**CAD**") that the CAD was conducting an investigation into certain transactions undertaken by the Company and requested for certain information and documents to be provided.
9. On 8 June 2016, the Company commissioned RSM to conduct a review of the past transactions with those parties that were identified by TSMP as interested persons. Given the report by EY to ACRA and the ongoing investigations by the CAD, the AC also instructed RSM to expand the scope of work to include any suspicious transactions.
10. RSM's Executive Summary was released by the Company via SGXNET on 18 July 2017.

### RSM's findings on IPTs

11. RSM's findings reveal that between FY2008 and FY2015, the Company had entered into transactions with T-Data and another company, S-Com HK.
12. Based on RSM's review, T-Data and S-Com HK are associates of Mr Henn Tan and Mr Poo Teng Pin. The aggregate value of the IPTs for each financial year for FY2010 to FY2013 **exceeded 5%** of the Group's audited NTA for the respective preceding financial year. However, no announcements were made by the Company and no shareholders' approval was sought. Further, no disclosures were made in the Company's annual reports.
13. In light of the above, SGX RegCo is of the view that the Company had failed to make immediate announcements, seek independent shareholders' approval and disclose in the annual report details of the IPTs entered into with Mr Henn Tan in each of FY2010 to FY2013 and with associates of Mr Poo Teng Pin in FY2011 and FY2012, **in breach of Listing Rules 905, 906 and 907 of the Listing Manual.**

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Failure to put in place a robust and effective system of internal controls

14. Based on a review of minutes of Board meetings and AC meetings from FY2007 to FY2015, and from TSMP's interviews conducted with Mr Henn Tan and Mr Poo Teng Pin, RSM noted that the Company had not put in place guidelines, internal controls and review procedures for the identification of interested persons and interested person transactions, the valuation, approval and reporting of IPTs.
15. In light of the above, SGX RegCo is of the view that the Company has failed to put in place a robust and effective system of internal controls, **in breach of Listing Rule 719(1)**.

Failure to demonstrate character and integrity

16. Mr Henn Tan as the former Executive Chairman and Chief Executive Officer of the Company and Mr Poo Teng Pin as the former Executive Director have caused the Company to breach Listing Rules 719(1), 905, 906 and 907. SGX RegCo notes that Mr Henn Tan and Mr Poo Teng Pin have pleaded guilty to offences under the Securities and Futures Act in negligently failing to make immediate announcements on IPTs. As directors and/or executive officers, they have a duty to act in the interest of the Company and shareholders as a whole. They are required to ensure that the Company's system of internal controls is robust and effective in addressing the financial, operational and compliance risks of the Company, but they have failed to do so.
17. In light of the above, SGX RegCo is of the view that Mr Henn Tan and Mr Poo Teng Pin have failed to act in the interest of shareholders as a whole by failing to safeguard the interest of the Company and shareholders. They have failed to demonstrate the character and integrity expected of the directors and management of listed issuers, which is a **breach of Listing Rule 720(1) read with Listing Rule 210(5)(b)**.
18. SGX RegCo understands that there are other charges against Mr Henn Tan. Court proceedings against him are currently ongoing.
19. SGX-listed companies are advised to consult SGX RegCo before they appoint Mr Henn Tan and Mr Poo Teng Pin as their director and/or executive officer.

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