



TREK 2000 INTERNATIONAL LTD
(Registration Number 199905744N)

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS") ON ANNUAL REPORT 2023

With regard to SIAS's questions in relation to the Company's Annual Report 2023, the Company's response to each of the specific question is set out below. For the avoidance of doubt, the Company does not respond to the commentaries made by SIAS since they merely set out the context of the questions raised.

SIAS Question 1

Q1. As noted in the message to shareholders, the chairman highlighted the Renewable energy segment as a key driver to the group's next phase of growth. In 2023, the group successfully launched its proprietary TRE-Solutions (namely Smart Meter, Datalogger, Dashboards, Mobile Apps and IoT), aimed at enhancing efficiency of solar farms.

As part of the group's value proposition in the Renewable Energy industry, it is also working to help clients set up Solar Energy plants and supporting them in the plant maintenance in the region. The group's Renewable energy offerings are highlighted on page 7 of the annual report. Revenue by segment is shown on page 10.

- (i) Why has there been a significant decline in revenue from the Renewable Energy Solutions segment?
- (ii) Can management clarify the group's value proposition, particularly since it does not seem to manufacture hardware like solar panels and inverters, nor does it have an extensive history of supporting and maintaining solar farms?
- (iii) How does the group plan to enter the solar energy ecosystem, given the presence of dominant and well-established market leaders?
- (iv) What is the revenue model or business model of the group in the Renewable Energy segment?
- (v) What are the opportunities identified by management in terms of clients and new solar farms to be established?

Separately, the group made a US\$3.0 million Series A investment in Terrenus Energy in 2019 and announced in 2022 that it will further increase its stake from 7.5% to 16%^{1,2} for a consideration of \$1. However, on 23 August 2023, the company announced that it will dispose 50% of its 11.2% investment in Terrenus Energy for \$5.23 million or US\$3.84 million.

- (vi) Could management provide clarity on the total investment made in Terrenus and the stakes held prior to the sale?
- (vii) What are the future plans for the remaining 5.6% stake?



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Company's response

- (i) The sales revenue for Renewable Energy Solutions decreased in FY2023 due to the decrease in the number of projects with our customers in the Renewable Energy segment in FY2023.
- (ii) For the avoidance of doubt, the Company outsource the manufacturing business. The Company provides hardware and software solutions to companies in the Renewable Energy segment by using our customise/semicustomise solutions.
- (iii) We do not compete with dominant players but provide a synergistic collaboration with our solutions. . For your information, our solutions incorporate features such as predictive features, and improve the efficiency of the ecosystem.
- (iv) The Company provides both hardware and software solutions to our customers in the Renewable Energy business.
- (v) Trek's formidable solutions is applicable across all target sectors.
- (vi) Please refer to our SGX announcements for our investments in Terrenus Energy Pte. Ltd. on 14 January 2019 and 14 March 2022. For the avoidance of doubt, our total investment in Terrenus Energy Pte. Ltd. was US\$3,000,001 for 11.2 million shares and was unchanged before the divestment of 50% of the investment on 22 August 2023.

However, our percentage of shareholdings in Terrenus Energy Pte. Ltd. has changed since our first investment due mainly to the additional investments in Terrenus Energy Pte. Ltd. by independent third parties.

Before our divestment on 22 August 2023, our total investments in Terrenus Energy Pte. Ltd. remained unchanged at US\$3,000,001 for 11.2 million shares and this was 8.71% of the total capital in Terrenus Energy Pte. Ltd.

- (v) For the avoidance of doubt, our investment in Terrenus Energy Pte. Ltd. is 4.69% at this point. Our investment in Terrenus Energy Pte. Ltd. was strategic in nature and allowed the Company to have a foothold in the Renewable Energy business. The Company reviews the performance of Terrenus Energy Pte. Ltd. on a periodic basis. If the Company needs additional cash for operational reasons, the Company may consider liquidating the investment.



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SIAS Question 2

Q2. The group has US\$19.3 million recognised as “Other investments” as at 31 December 2023, of which US\$15.1 million are funds managed by a fund manager. The footnote further states that:

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.

On 18 April 2024, the company also announced that it has sold down US\$10.8 million (at cost) of its quoted securities, equivalent to 36.9% of the latest audited consolidated net tangible assets of the group, over a period from 1 January 2024 to 5 April 2024.

- (i) Is the sale of two-thirds of the group’s holdings by market value, amounting to US\$11.4 million, indicative of management’s market outlook?
- (ii) Was the sale executed within a short timeframe and under urgent circumstances?

In addition, while the sale resulted in an estimated profit of US\$0.563 million or about 5.2%, the balance holdings had a cost of US\$9.25 million and a market value of US\$5.685 million. The “paper loss” on the remaining holdings amounts to US\$3.57 million or a 38.5% loss based on actual costs.

- (iii) Has the group sold its “winners” and held on to the “losers”?
- (iv) What are some of the securities that are still in the portfolio?
- (v) Can the board confirm whether short-term trading outcomes impact executive compensation, and if so, are there mechanisms such as high water marks integrated into the determination of executive remuneration and bonuses?

Rule 704(18)(b) states that the trigger for such announcements is at each multiple of 5% of the group’s net tangible assets. The company’s announcement spans a period from 1 January 2024 to 5 April 2024 for amounts that was equivalent to 36.9% of the NTA of the group.

- (vi) Can the board confirm whether the announcement is in line with SGX rules or if the group had sold the majority of the shares overnight prior to the announcement? For reference, the 65% mark of the group’s NTA corresponds to a holding of US\$19.04 million. Is the company required to make an announcement when the aggregate cost of quoted investments falls below that the 65% NTA level, or US\$19.04 million?

Company’s response

- (i) **Generally, the current financial market is plague with uncertainty as it is affected by the geo-political situations and trade war in the global market. The Company monitors the performance of the funds managed by our Fund Managers closely and takes the necessary action to divest some of the funds to place them into Fixed Income (Fixed Deposits) to safeguard the funds and increase the returns to Shareholders.**



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- (ii) As mentioned in #(i), the Company monitors the performance of the Fund Managers closely and took the necessary action to divest some of the funds to put them into Fixed Income. This is not an urgent circumstance but discretion based on our constant monitoring and market information from the Fund Managers. The Company will also be utilizing part of the funds for our operational needs.
- (iii) The Company monitors the performance of the Fund Managers closely and takes the necessary action if required. The loss, as mentioned, is unrealized in nature and the company will take the necessary action at an appropriate time when the investment returns improve.
- (iv) For confidentiality, the Company will not be able to disclose such information.
- (v) The Company does not speculate on short or long -term trading. The compensation of executives is reviewed and set to retain and motivate the executives to provide good stewardship of the Company for the long term. Please refer to Page 30 of our annual report for the remuneration policy of the Company.
- (vi) For the avoidance of doubt, the divestment of the investment was one transaction. The Board would like to confirm that with the announcement made under Rule 704(18) on 18 April 2024, the Company had complied with SGX Rules.

SIAS Question 3

Q3. On 5 June 2023, the company was notified by SGX-ST that it will be placed on the watch-list due to the financial entry criterion with effect from 6 June 2023⁴. The company must take active steps to restore its financial health and meet the requirements of Listing Rule 1314(1) within 36 months from 6 June 2023, failing which SGX-ST would delist the company or suspend trading in the Company's shares with a view to delisting the company.

The financial exit criteria require the issuer to achieve an audited full year consolidated pre-tax profit and an average daily market capitalisation of \$40 million or more over the last 6 months.

The company has a market capitalisation of approximately \$20 million in April 2024.

- (i) as the board assessed the implications and impact of being placed on the SGX Watch-list, particularly regarding important aspects like securing loans, entering into contracts with customers/suppliers, and negotiating credit terms?
- (ii) What is the board's strategy to meet the financial exit criteria?
- (iii) Will the board be committing itself to taking a proactive role in guiding the group towards continued profitability and ultimately exiting the SGX Watch-list?

Separately, at the EGM held last year, the resolutions related to the adoption of the ESOS and grant of options were passed with 28,374,600 shares voting for and 0 against. Presumably, the resolutions were supported by a single shareholder holding that exact number of shares. Two substantial corporate shareholders abstained.



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- (iv) Has the remuneration committee reviewed the EGM voting patterns and assessed the support for the proposed resolutions related to the ESOS?

Company's response

- (i) The Board would like to confirm that it has assessed the implications and the Company is taking the appropriate action to meet the exit criteria of Rule 1314 of the SGX-ST's Listing Manual.
- (ii) Please refer to our latest SGX Announcement on 29 February 2024.
- (iii) The Board is always playing an active role in the Company including taking action to emerge out of SGX Watch-list.
- (iv) The Remuneration Committee had reviewed the EGM voting patterns related to ESOS last year. Apart from shareholders that were obtained from votings at the EGM last year, all shareholders who voted in the EGM last year supported the resolutions.

BY ORDER OF THE BOARD

TAN JOON YONG, WAYNE
EXECUTIVE CHAIRMAN AND GROUP PRESIDENT

23 APRIL 2024