



TREK 2000 INTERNATIONAL LTD
(Registration Number 199905744N)

Proposed Disposal of Investment in Terrenus Energy Pte Ltd

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Trek 2000 International Ltd (the “**Company**” or together with its subsidiaries, the “**Group**”) wishes to announce that the Company would be entering into a Share Purchase Agreement (“**Share Purchase Agreement**”) with **Terrenus Energy Pte Ltd** (“**Terrenus Energy**”) to dispose 50% of the Company’s shareholdings in Terrenus Energy representing 5.6% interest or 5,600,000 ordinary shares back to Terrenus Energy, on the terms and conditions set out in the Share Purchase Agreement.

2. INFORMATION ON THE INVESTMENT

Terrenus Energy is incorporated in Singapore and is a renewable energy solutions company. The Group and Terrenus Energy are strategic partners, and both parties had worked closely on collaborations to leverage the Group’s extensive R&D and IoT capabilities, and developing and applying smart power system to support Terrenus Energy.

The Company currently has 11.2% investment in Terrenus Energy. This proposal is for the disposal of 5.6% of the current investment in Terrenus Energy.

3. SALE CONSIDERATION

The consideration for the Proposed Disposal is S\$0.933 (approximately US\$0.686) per Sale Share, amounting to S\$5.23 million (approximately US\$ 3.84 million) in aggregate (the “**Sale Consideration**”), is payable in cash. The Sale Consideration was agreed on a willing buyer and willing seller basis after negotiation between both parties based on the current and long-standing business relationship, and in considerations of future collaborations between both parties for the Group to continue to provide cutting edge technology to support Terrenus Energy in its business.

Terrenus Energy would make payment of the Sale Consideration in full on the date of completion of the Proposed Disposal (the “**Completion**”).

4. CONDITIONS PRECEDENT

The Completion is subject to customary regulatory approvals and consents. There are no other material conditions with Completion expected in August 2023.

5. RATIONALE FOR THE PROPOSED DISPOSAL

The Board is of the view that the Proposed Disposal is in the best interests of the Company and its shareholders as it will enable the Group to realise the value of the Sale Shares, which are

currently held as investment. The Board's assessment is based on the financial effects of the Proposed Disposal as illustrated in Paragraph 7 of this announcement.

For avoidance of doubt, the Proposed Disposal will result in a realized gain on disposal of investment and, increased in Shareholders' Fund and Net Tangible Assets by US\$ 2.90 million. This transaction will also result in a positive cash inflow of approximately S\$5.23 million (approximately US\$ 3.84 million), thereby improving the liquidity and working capital of the Company. The Proposed Disposal would allow the Company to reallocate its resources to improve and optimise the utilisation of its assets.

6. USE OF PROCEEDS

The estimated net proceeds from the Proposed Disposal would be approximately S\$5.23 million (approximately US\$ 3.84 million). The Group intends to apply such net proceeds towards the general working capital requirements.

7. FINANCIAL EFFECTS

The financial effects of the Proposed Disposal prepared on a proforma basis on the audited consolidated full year financial statements ended 31 December 2022 ("FY2022") and on the assumption that the Proposed Disposal will result in net proceeds of approximately S\$5.23 million (approximately US\$ 3.84 million) are set out below. The financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

7.1 Net Profit Attributable to the Sale Shares

Based on the audited consolidated full year financial statements ended 31 December 2022, the book value of the Sale Shares is US\$ 943,000. The Sale Shares are currently held as investment and did not generate any income or revenue for FY2022.

The Proposed Disposal would result in a gain on disposal of investment of approximately US\$ 2.90 million.

7.2 Excess of Sale Consideration over Book Value

Based on the book value of the Sale Shares as set out in section 7.1 above, there is an excess of approximately US\$ 2.90 million of the Sale Consideration over the said book value.

Based on the initial cost of investment of the Sale Shares of US\$ 1.50 million, there is an excess of approximately US\$2.34 million of the Sale Consideration over the said book value.

7.3 Loss Per Share (LPS)

The financial effect of the Proposed Disposal on the LPS of the Group for FY2022 assuming that the Proposed Disposal had been effected as at 31 December 2022 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Loss Attribution to Shareholders (US\$'000)	(13,300)	(10,400)
Number of issued ordinary shares, excluding treasury shares	313,091,925	313,091,925
LPS (US\$ cents)	(4.25)	(3.32)

7.4 Net Tangible Assets (NTA)

The financial effect of the Proposed Disposal on the NTA per share of the Group for FY2022 assuming that the Proposed Disposal had been effected as at 31 December 2022 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$'000)	26,111	29,011
Number of issued ordinary shares, excluding treasury shares	313,091,925	313,091,925
NTA per share (US\$ cents)	8.34	9.27

7.5 Working Capital as at 31 December 2022

The Proposed Disposal would result in a positive cash inflow of approximately US\$ 3.84 million (S\$ 5.23 million). For illustrative purpose, the effect on the Working Capital of the Group for FY2022 is shown as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Working Capital (US\$'000)	27,431	31,273

7.6 Gearing and Shareholders' Fund as at 31 December 2022

The Group did not have any borrowings. The Proposed Disposal would result in an increased in Shareholders' Fund by approximately US\$ 2.90 million. For illustrative purpose, the effect on the Shareholders' Fund of the Group for FY2022 is shown as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Total Borrowings (US\$'000) (A)	-	-
Shareholders' Equity (US\$'000) (B)	26,960	29,860
Gearing (A/B)	-	-

8. RELATIVE FIGURES UNDER RULE 1006 OF SGX-ST LISTING MANUAL-MAINBOARD RULES

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of amounted to US\$943,000, compared with the group's net asset value of US\$26.96 million. This basis is not applicable to an acquisition of assets	3.50%
(b)	Net profit ⁽ⁱ⁾ attributable to the assets acquired or disposed amounted to US\$2.90 million, compared with the Company's net loss of US\$13.31 million	(21.78%) ⁽ⁱⁱ⁾
(c)	Aggregate value of the Consideration of S\$ 5.23 million (approximately US\$ 3.84 million), compared with the Company's market capitalisation ⁽ⁱⁱⁱ⁾ of S\$ 12.84 million (approximately US\$ 9.44 million)	40.72%
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not Applicable

Notes:

- (i) Net profits/(loss) means the profit or loss before income tax, minority interests and extraordinary items. The expected net profit from the Disposal is computed as follows:

	<u>USD</u>
Sales Consideration	3,841,724
Book Value of investment	<u>(943,000)</u>
Profit on disposal	<u>2,898,724</u>

- (ii) The Company recorded a net loss of US\$13.31 million in FY2022. As such, the relative figure computed is negative due to the Company's net loss position.
- (iii) The Company's market capitalisation of S\$12.84 million (approximately US\$9.44 million) as at the date of this announcement was determined by multiplying the issued share capital of the Company of 313,091,925 shares (excluding treasury shares and subsidiary holdings) with the volume weighted average price of S\$0.041 (approximately US\$0.030) per share on 21 July 2023, being the last traded market day immediately preceding this announcement.

As the relative figure under Rule 1006 (b) is negative and pursuant to the requirements as set out under Rule 1007, Chapter 10 of the SGX-ST Listing Manual-Mainboard Rules may still be applicable at the discretion of SGX-ST. Furthermore, the relative figure under Rule 1006(c)

exceeds 20% and pursuant to the requirements as set out under Rule 1014(2), the Company would have been required to seek shareholders' approval in respect of the Proposed Disposal.

9. APPLICATION FOR WAIVER FROM COMPLIANCE WITH RULE 1014(2) AND REASONS FOR SEEKING THE WAIVER

Paragraph 7.3 (b) of Practice Note 10A of the Listing Manual states that SGX-ST may grant a Waiver from Rule 1014(2) (the "Waiver") if the proposed disposal involves a non-core asset and is not likely to affect the nature of the issuer's principal business.

On 17 July 2023, the Company had submitted an application to SGX-ST for the Waiver.

The reasons for seeking the Waiver are that the Proposed Disposal is not an interested person transaction and, the transaction involves a non-core asset and would not affect the nature of the Company's principal business based on the following:

- (i) the investment in Terrenus Energy is not critical to the Company's principal business activities;
- (ii) the investment in Terrenus Energy is ancillary to the Company's principal business activities; and
- (iii) the investment is not an existing principal business of the Company.

The Board is of the view that the Proposed Disposal would not materially change the risk profile of the Company, and is done in the best interests of the Company and its shareholders. This assessment is based on the financial effects of the Proposed Disposal as illustrated under Paragraph 7 of this announcement.

10. WAIVER BY SGX-ST

SGX-ST had, on 21 August 2023, granted the Waiver, subject to the following conditions:

- (i) the Company announcing the Waiver granted;
- (ii) the reasons for seeking the Waiver; and
- (iii) the Board of Directors' assessment as to whether the Proposed Disposal is in the best interests of the Company and the bases for such an assessment.

The Company considers the conditions described in paragraphs (i) to (iii) above complied by the making of this announcement.

The Company would like to confirm that the Waiver by SGX-ST does not contravene any laws and regulations governing the Company and its Articles of Association.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement and save for their respective interests arising by way of their shareholdings and/or directorships in the Company, none of the Directors, controlling shareholders of the Company or their associates have any interest, direct or indirect, in the Proposed Disposal.

12. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts on the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omissions of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

14. COMPLIANCE TO LAWS AND REGULATIONS

The Company would like to confirm that the terms of the Proposed Disposal does not contravene any laws and regulations governing the Company and/or its Articles of Association.

15. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Share Purchase Agreement is available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 30 Loyang Way #07-13/14/15 Loyang Industrial Estate Singapore 508769.

BY ORDER OF THE BOARD

Tan Joon Yong Wayne
Executive Chairman

22 August 2023