



TREK 2000 INTERNATIONAL LTD  
(Registration Number 199905744N)

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## RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020

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The Board of Directors (the “**Board**”) of Trek 2000 International Ltd (the “**Group**” or “**Company**”) wishes to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) dated 28 April 2021 to the Company’s Annual Report for Financial Year ended 31 December 2020.

### Query by SGX-ST:

1. Listing Rule 715(2) provides that an issuer must engage a suitable auditing firm for its significant subsidiaries and significant associated companies. In that regard, please disclose if the subsidiaries and associated companies that were audited by Crowe Malaysia PLT, Artwell CPA Limited, Hong Kong, T.D. Jagadeesha & Co., Chartered Accountants, India, and Shanghai Shenya Certified Public Accountants Co., Ltd, People’s Republic of China are significant subsidiaries and associated companies.

### Company’s Response:

- (a) As disclosed under Principle 10 (page 34), the list of overseas subsidiaries and associates which engage other auditing firms are not significant to the Group.

### Query by SGX-ST:

2. Listing Rule 704(5) states that an issuer must immediately announce if there is any material adjustments to the full year audited results and to disclose and explain the material adjustments via an SGXNET announcement. We note that it was stated in the release of full year financial results that the net cash used in financing activities was (\$391,000) while the audited results state that the net cash used in financial activities was (\$890,668). Cash and cash equivalents at the end of the year was \$7,944,000 for full year financial results while it was \$7,443,798 for audited results. Given that no announcement was released on SGXNet for the above material adjustments, please explain these discrepancies as well as how the company is in compliance with Listing Rule 704(5).

### Company’s Response:

- (a) The cash and cash equivalents as at 31 December 2020 in both the Annual Report 2020 and the release of full year financial results remained unchanged as \$7,943,798. However, for the purpose of audited financial cash flow statement, there was a fixed deposit amount of US\$500,000, which was pledged as security, shown in financing activities of the audited cash flow flow statement in Annual Report 2020. This difference was explained in Note 11 on page 121 of the Annual report 2020, whereby a reconciliation was tabulated for the purpose of showing the difference between the cash and cash equivalent in the Balance Sheet and Cash flow Statement, and the amount of fixed deposit pledged (\$500,000) was highlighted to arrive at the amount of \$7,443,798 in the consolidated cash flow statement.



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- (b) To summarise, the difference of \$500,000 was a disclosure matter in the consolidated cash flow statement of the Annual Report that was already explained in Note 11 on page 121 of the Annual Report and, was not an adjustment and did not have any effect on the cash and cash equivalent of the Company as at 31 December 2020.

**Query by SGX-ST:**

3. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 2 requires an issuer to state that the Company’s board diversity policy and progress made towards implementing the board diversity policy, including objectives. Please state if the Company has a formal board diversity policy and please confirm if the Company’s practices are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

**Company’s Response:**

- (a) The Company has a formal board diversity policy and its practices are consistent with the Principle 2 of the Code.

As presented on page 24 and 25, the Board comprises of members with extensive years of experience and with diverse background. The brief description of their experience and background were presented on page 12 and 13 of the Annual Report.

- (b) Besides the diversity of background, the Board also assesses the independence of its members and ensure that guidelines are set to ensure the directors are able to exercise their independence of mind and judgment to act honestly and in the best interests of the Company. The extract of the statement is as follows:

“The Board, through the NC, reviews the independence of each Independent Director, board structure, size and composition annually. No individual or group of individuals was able to dominate the Board’s decision-making process. The Board consists of credible 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.”

Further disclosures on this matter were made on page 28 of the Annual Report as follows:



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#### **“Board Performance (Principle 5)**

The NC undertakes an annual evaluation of the overall effectiveness of the Board. Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and the effectiveness of the individual Directors. The performance criteria for the Board evaluation includes the size and composition of the Board, the Board’s access to information, Board proceedings, the discharge of the Board’s functions and the communications and guidance given by the Board to the Management.

Each Director also undertakes a self-assessment to evaluate their contribution to the Board. This self-assessment process takes into account, among other things, the commitment, value of the contribution to the development of strategy, availability at board 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, which will then make recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively.

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

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

#### **Query by SGX-ST:**

4. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidenace 8 of the Code states that appropriate remuneration disclosures for individual directors, CEO and KMP should be made to provide sufficient transparency and information to shareholders regarding remuneration matters. The remuneration disclosures for individual directors and the CEO should specify the names, amounts and breakdown of remuneration. We note that the Company declined to disclose each individual director and CEO’s exact remuneration. Instead, the Company disclosed the remunerations in bands of S\$250,000. Please clarify if this disclosure provides sufficient transparency and information to shareholders and it is consistent with the intent of Principle 8 of the Code.



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**Company's Response:**

- (a) The Company disclosed the name and salary of Directors in Remuneration Band instead of aggregate total remuneration. This was done in the interests of the Company to maintain the confidentiality of the individual's remuneration and to prevent poaching of key executives by competitors in a highly competitive industry. The Company believes that there is sufficient transparency in its disclosure of remuneration which is consistent with the intent of Principle 8 of the Code.

**Query by SGX-ST:**

- 5. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidenace 8 of the Code states that remuneration disclosures of at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000, in aggregate the total remuneration paid to these key management personnel, as well as disclose remuneration on named basis. We note that the Company declined to disclose the breakdown of remuneration of its top five (5) KMP. Please clarify if this disclosure provides sufficient transparency and information to shareholders and it is consistent with the intent of Principle 8 of the Code.

**Company's Response:**

- (a) Similarly to our explanation in #4((a), the Company disclosed the name and salary of Key Executives in Remuneration Band instead of aggregate total remuneration. This was done in the interests of the Company to maintain the confidentiality of the individual's remuneration and to prevent poaching of key executives by competitors in a highly competitive industry. As explained above, the Company believes that there is sufficient transparency in its disclosure of remuneration which is consistent with the intent of Principle 8 of the Code.

BY ORDER OF THE BOARD

Khor Peng Soon  
Non-Executive Chairman

29 April 2021