



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 2021

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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 11 April 2022 to the Company’s Annual Report for Financial Year ended 31 December 2021.

### Query by SGX-ST:

1. Listing Rule 604(6) provides that if an issuer has previously announced its preliminary full-year results, any material adjustments to its preliminary full-year results made subsequently by auditors must be announced. In this regard, please disclosure whether and how the Company has complied with Listing Rule 604(6) and in particular, material adjustments noted in the Company’s audited Statement of Comprehensive Income.

### Company’s Response:

- (a) There was no material adjustment in the Company’s audited Statement of Comprehensive Income as the net results of the Company for the unaudited and audited results remained unchanged. However, there were some reclassifications of income and expenses in the audited accounts. For avoidance of doubt, these reclassifications did not constitute material adjustment to the Statement of Comprehensive Income.

### Query by SGX-ST:

2. Listing Rule 716 provides that an issuer may appoint different auditing firms for its subsidiaries and significant associated companies provided that:
  - (1) The issuer’s board and audit committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the issuer; or
  - (2) The issuer’s subsidiary or associated company, is listed on a stock exchange.

In this regard, please clarify whether (i) Trek Technology (HK) Co. Limited, (ii) Trek Technology (Shanghai) Co. Ltd, (iii) Trek Technology (India) Private Limited, and (iv) Trek Systems (Shanghai) Co. Ltd are significant subsidiaries of the Group and how their auditors have complied with Listing Rule 716.

### Company’s Response:

- (a) Under Rule 718, the 4 overseas subsidiaries as mentioned above, which are not listed on any stock exchange, are not significant to the Group. The auditing firms appointed by these subsidiaries are listed on page 108 of the Annual Report. The auditing firms appointed are CPA or Chartered Accountant firms certified by the relevant authority in the various countries. To qualify for their certification, these firms are required to follow



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strictly to the regulated accounting and auditing standards in their countries. The Board and Audit and Risk Committee are satisfied that the appointment of these auditing firms would not compromise the standard and effectiveness of the Company's audit.

**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.

(1) We note that the Company has not complied with Provision 2.4 of the Code as the Company has not disclosed its board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your annual report on how it is consistent with the intention of Principle 2 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

(2) We note that the Company has not complied with Provision 8.1 and Provision 8.2 of the Code with regards to the exact amounts of remuneration and there was no disclosure provided in the names and remuneration of the employees who are substantial shareholders of the Company and whose remuneration exceeds S\$100,000 during the year. There were no explanations provided for in your annual report on how it is consistent with the intent of Principle 8 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

**Company's Response:**

(a) The Company has a formal board diversity policy and its practices are in compliance with Provision 2.4 and consistent with Principle 2 of the Code. The explanation and presentation of the practices are made in the Annual report as follows:

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

(ii) As stated on page 24 of the Annual Report, as 4 out of the 5 directors were non-executive directors, non-executive directors made up the majority of the Board. In



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addition, as 3 of the 5 directors were independent directors, independent directors made up the majority of the Board where the Chairman is not independent. These are consistent with Principle 2 of the Code. The extract of the statement is as follows:

“As three out of five 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 as a result of its review.”

- (iii) 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. These are consistent with Principle 2 of the Code. The extract of the statement on page 24 of the Annual Report is as follows:

“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.”

Additional disclosures on this matter were made on page 25 of the Annual Report as follows:



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“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 Committee meetings.”

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

**“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, *inter alia*, the commitment, value of 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 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.”

- (b) The Company adopts policies and practices that are consistent with the intent of Principle 8 of the Code and these are explained on page 30 of the Annual Report.
  - (i) The Company disclosed the remuneration of Directors and Key Executives in Remuneration Band instead of aggregate total remuneration. As explained on page 30 of the Annual Report, this is 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



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sufficient transparency in its disclosure of remuneration and this is consistent with the intent of Principle 8 of the Code.

- (ii) The substantial shareholder of the Company (Mr Henn Tan) was appointed as a Consultant with the Company since 25 May 2018 and his appointment was announced at SGXNET on 25 May 2018. Mr Tan's consultancy fee was disclosed on page 30 of the Annual Report and further disclosed under Interested Person Transaction on page 36 and 37 of the Annual Report.
- (iii) The Company's remuneration policies and practices are explained and summarised on page 29 of the Annual Report. The Company is transparent in its remuneration policies and practices, and these are consistently adopted throughout the Company and consistent with the intent of Principle 8 of the Code. The extract from page 29 of the Annual Report is as follows:

**“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.

At present, the Company does not have any employee share option scheme or a performance share plan.

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 KMP' 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.



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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.”

BY ORDER OF THE BOARD

Tan Joon Yong, Wayne  
Deputy Chairman and Executive Director

13 April 2022