

CIRCULAR DATED 8 JUNE 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the issued share capital of Trek 2000 International Ltd (the "**Company**"), you should immediately forward this Circular and the enclosed Notice of Annual General Meeting and the Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.



TREK 2000 INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Reg. No. 199905744N)

ADDENDUM TO ANNUAL REPORT

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 26 June 2020 at 10.00 a.m.

Date and time of Annual General Meeting : 29 June 2020 at 10.00 a.m.

(The AGM will be held by Electronic Means)

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DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout unless the context requires otherwise:

"2017 Circular"	:	The Company's Circular to Shareholders dated 14 June 2017, issued in connection with the 2017 EGM
"2017 EGM"	:	The Extraordinary General Meeting of the Company convened on 29 June 2017
"2020 AGM"	:	The Annual General Meeting of the Company to be held on 29 June 2020
"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	The Annual General Meeting of the Company
"Approval Date"	:	The date of the forthcoming AGM at which the proposed renewal of the Share Buy-Back Mandate is approved
"Associate"	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Board" or "Board of Directors"	:	The board of Directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 1 June 2020
"Code"	:	The Singapore Code on Take-overs and Mergers
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore as amended, modified or supplemented from time to time
"Company"	:	Trek 2000 International Ltd

DEFINITIONS

"Constitution"	:	The constitution of the Company, as amended, modified or supplemented from time to time
"Controlling Shareholder"	:	A person who holds directly or indirectly 15% or more of the total voting rights in the Company Shares excluding Treasury Shares and subsidiary holdings in the Company (unless otherwise determined by the SGX-ST) or who in fact exercises control over the Company
"CPF"	:	Central Provident Fund
"Directors"	:	The directors of the Company as at the date of this Circular
"EPS"	:	Earnings per Share
"FY"	:	Financial year ended or, as the case may be, ending 31 December
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	21 May 2020, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	The listing manual of the SGX-ST, as amended, modified, or supplemented from time to time
"Market Day"	:	A day on which the SGX-ST is open for securities trading
"NTA"	:	Net tangible assets
"Options"	:	Options to subscribe for Shares to be granted pursuant to the Trek 2000 International Ltd Share Option Scheme 2011 adopted by the Company on 21 April 2011, as modified or altered from time to time
"Ordinary Resolution"	:	The ordinary resolution as set out in the Notice of AGM
"Proxy Form"	:	The proxy form in respect of the AGM as set out in this Circular
"S\$" and "cents"	:	Singapore dollars and cents, respectively
"Securities and Futures Act"	:	The Securities and Futures Act, Chapter 289 of Singapore as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Buy-Back"	:	The buy-back of Shares by the Company in accordance with the terms set out in this Circular as well as the relevant provisions of the Companies Act and the Listing Manual

DEFINITIONS

"Share Buy-Back Mandate"	:	The general mandate to be given by Shareholders to authorise the Directors to effect Share Buy-Backs
"Shareholders"	:	Persons who are registered as holders of the Shares in the register of members of the Company, or where CDP is the registered holder, the term " Shareholders " shall, in relation to such Shares, mean the Depositors who have Shares entered against their names in the Depository Register
"Shares"	:	Ordinary shares in the capital of the Company
"SIC"	:	Securities Industry Council
"Subsidiary Holdings"	:	Shares held by subsidiaries of the Company in accordance with the Companies Act
"Substantial Shareholder"	:	A person who holds directly or indirectly 5% or more of the issued share capital in the Company
"Treasury Shares"	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances in which Section 76H of the Companies Act applies and have been held by the Company continuously since such Shares were so purchased
"US\$" and "cents"	:	United States dollars and cents, respectively
"%" or "per cent"	:	Percentage or per centum

Unless otherwise specifically provided, the following exchange rate is used throughout this Circular:

USD 1.00 : SGD 1.3966

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

LETTER TO SHAREHOLDERS

TREK 2000 INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905744N)

Directors:

Khor Peng Soon (*Non-Executive Chairman and Non-Independent Director*)

Chay Yee Meng (*Independent, Non-Executive Director*)

Kwek Swee Heng (*Independent, Non-Executive Director*)

Tan Joon Yong, Wayne (*Group President and Executive Director*)

Kuan Mun Kwong (*Executive Director*)

Registered Office:

30 Loyang Way

#07-13/14/15

Loyang Industrial Estate

Singapore 508769

8 June 2020

To: The Shareholders of the Company

Dear Sir/Madam

1. INTRODUCTION

1.1 AGM

The Directors wish to refer to (i) the Notice of AGM dated 8 June 2020, accompanying the Annual Report 2019 to convene the AGM to be held on 29 June 2020; and (ii) the ordinary resolution to seek Shareholders' approval for the proposed renewal of the Share Buy-Back Mandate.

1.2 Circular

The purpose of this Circular is to provide Shareholders with information relating to the proposed renewal of the Share Buy-Back Mandate.

2. PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

At the forthcoming AGM of the Company to be held on 29 June 2020, the Directors are seeking the approval of the Shareholders for the proposed renewal of Share Buy-Back Mandate (“**Proposal**”).

The Share Buy-Back Mandate was first approved by Shareholders at the 2017 EGM. The authority conferred pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time during the period commencing from the 2017 EGM and expiring on the date when the next AGM is held, or the date by which the next AGM is required by law to be held, or when the authority conferred is revoked or varied in any general meeting of the Company, whichever is earlier.

The existing Share Buy-Back Mandate will expire on the date of the Company's 2020 AGM. Accordingly, the Directors of the Company are seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate at the 2020 AGM.

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by the Companies Act, the Listing Manual, the Company's Constitution and such other laws and regulations as may for the time being be applicable.

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2.2 Rationale

The renewal of the Share Buy-Back Mandate authorising the Company to purchase its Shares would give the Company the flexibility to undertake Share Buy-Backs up to the 10% limit described in Section 2.3 below at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force.

The rationale for the Company to undertake Share Buy-Backs is as follows:

- (a) a Share Buy-Back is one of the ways in which the return on equity of the Company may be improved, thereby enhancing Shareholders' value. Depending on market conditions, the Share Buy-Back Mandate may lead to an enhancement of the EPS and the NTA per Share of the Company;
- (b) the Share Buy-Back Mandate will facilitate the Company's return to Shareholders of surplus cash (if any) which is in excess of the financial needs of the Group in an expedient and cost-effective manner. This will enable the Company to have greater flexibility over its share capital structure and dividend policy;
- (c) the Directors are of the view that Share Buy-Backs by the Company may help to mitigate short-term market volatility in the price of the Shares, off-set the effects of short-term speculation and bolster the confidence of investors and Shareholders in the Company; and
- (d) a share repurchase programme will allow management to effectively manage and minimise the dilution impact (if any) associated with employee share schemes.

The Directors will only engage in Share Buy-Backs when they believe that it would benefit the Company and Shareholders, taking into consideration factors such as the amount of surplus cash available and the prevailing market conditions. In addition, the Directors do not intend to engage in Share Buy-Backs to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, the orderly trading of the Shares, or result in the Company being delisted from the SGX-ST.

2.3 Authority and Limits

The authority and limitations placed on Share Buy-Backs by the Company pursuant to the Share Buy-Back Mandate, if renewed at the forthcoming 2020 AGM, are the same as previously approved by Shareholders at the 2019 AGM and are summarised below:

- (a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company.

The total number of Shares that may be purchased by the Company pursuant to the renewed Share Buy-Back Mandate is limited to that number of Shares representing not more than **10%** of the total number of issued Shares as at the Approval Date (excluding Treasury Shares and Subsidiary Holdings).

As at the Latest Practicable Date, the Company does not have any Subsidiary Holdings and holds 4,663,500 Treasury Shares.

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For illustrative purposes only, on the basis of 319,453,425 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued and disregarding 4,663,500 Treasury Shares and Subsidiary Holdings on or prior to the 2020 AGM, not more than 31,945,342 Shares (representing 10% of the Shares in issue as at that date) may be purchased by the Company pursuant to the renewed Share Buy-Back Mandate.

In the event that any of the Options that have vested are exercised during the period between the Latest Practicable Date and the date of the 2020 AGM, only those new Shares that are allotted and issued by the Approval Date pursuant to the exercise of such vested Options will be taken into account for the purposes of determining the total number of Shares as at the Approval Date.

(b) Duration of authority

Share Buy-Backs may be made, at any time and from time to time, by the Company on and from the Approval Date, up to the earliest of:

- (i) the date on which the next AGM is held or required by law to be held;
- (ii) the date on which the authority conferred by the renewed Share Buy-Back Mandate is revoked or varied by Shareholders in general meeting; or
- (iii) the date on which Share Buy-Backs pursuant to the renewed Share Buy-Back Mandate are carried out to the full extent mandated.

(c) Manner of Share Buy-Backs

Share Buy-Backs may be made by way of:

- (i) an on-market purchase ("**On-Market Purchase**") transacted by the Company through the trading system of the SGX-ST or on another securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (ii) an off-market purchase (otherwise than on a securities exchange), effected in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act ("**Off-Market Purchase**").

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual, the Companies Act and/or other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, an Off-Market Purchase effected in accordance with an equal access scheme must satisfy all of the following conditions:

- (i) offers for the purchase of Shares shall be made to every person who holds Shares, to purchase the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:

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- (aa) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
- (bb) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
- (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase, it is required to issue an offer document to all Shareholders containing at least the following information:

- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed Share Buy-Back;
 - (iv) the consequences, if any, of Share Buy-Backs by the Company that will arise under the Code or other applicable takeover rules;
 - (v) whether the Share Buy-Back, if made, could affect the listing of the Shares on the SGX-ST;
 - (vi) details of any Share Buy-Backs made by the Company in the previous 12 months (whether On-Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.
- (d) Maximum purchase price

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for a Share in the event of any Share Buy-Back shall be determined by the Directors. However, the purchase price to be paid for the Shares must not exceed:

- (i) in the case of an On-Market Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined below),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Purchase or, as the case may

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be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period.

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

Shares which are purchased by the Company shall, unless held as Treasury Shares in accordance with the Companies Act, be deemed to be cancelled immediately on purchase, and all rights and privileges attached to those Shares will expire on cancellation. The total number of issued Shares will be diminished by the number of Shares purchased by the Company and which are not held as Treasury Shares.

2.5 Treasury Shares

Under the Companies Act, Shares purchased by the Company may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Companies Act are summarised below:

(a) Maximum holdings

The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares (excluding Treasury Shares).

(b) Voting and other rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made, to the Company in respect of Treasury Shares. However, an allotment of shares as fully paid bonus shares in respect of the Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share into Treasury Shares of a greater or smaller amount is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares are held as Treasury Shares, the Company may at any time (but subject always to the Code):

- (i) sell the Treasury Shares for cash;
- (ii) transfer the Treasury Shares for the purposes of, or pursuant to, any share scheme (whether for employees, directors or otherwise);

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- (iii) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares; or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of Treasury Shares comprised in the usage, the number of Treasury Shares before and after the usage, the percentage of the number of Treasury Shares comprised in the usage against the total number of issued Shares (of the same class as the Treasury Shares) which are listed on the SGX-ST before and after the usage and the value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds

The Company may only apply funds for the Share Buy-Backs as provided in the Constitution and in accordance with the applicable laws in Singapore.

Under the Companies Act, any purchase of the Shares may be made out of the Company's capital and/or distributable profits which are available for payment as dividends, so long as the Company is solvent.

The Company may use internal sources of funds and/or external borrowings to finance any Share Buy-Back pursuant to the Share Buy-Back Mandate. The Directors do not propose to exercise the renewed Share Buy-Back Mandate in a manner and to such an extent that it would have a material adverse effect on the working capital requirements of the Group.

2.7 Financial Effects

The financial effects of a Share Buy-Back on the Group and the Company will depend on, *inter alia*, whether the Shares are purchased out of profits and/or capital of the Company, the number of Shares purchased, the price paid for such Shares and whether the Shares purchased are held in treasury or cancelled.

The financial effects on the audited financial statements of the Group and the Company for the financial year ended 31 December 2019 are based on the assumptions set out below:

- (a) Purchase out of profits and/or capital

Under the Companies Act, Share Buy-Backs by the Company may be made out of the Company's profits and/or capital, so long as the Company is solvent.

Where the consideration paid by the Company for the Share Buy-Back is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax, stamp duty and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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Where the consideration paid by the Company for the Share Buy-Back is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased.

Where the Share Buy-Back is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased and the prices at which the Shares are purchased.

(b) Number of Shares purchased

For illustrative purposes only, on the basis of 319,453,425 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued and disregarding 4,663,500 Treasury Shares and Subsidiary Holdings on or prior to the 2020 AGM, the purchase by the Company of up to the maximum limit of 10% of its issued Shares (excluding 4,663,500 Treasury Shares) would result in the purchase of 31,945,342 Shares.

(c) Maximum price to be paid for Shares purchased

On-Market Purchase

For illustrative purposes only, in the case of an On-Market Purchase by the Company and assuming that the Company purchases 31,945,342 Shares at the Maximum Price of S\$0.056 per Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of the 31,945,342 Shares (excluding related expenses) is approximately S\$1,788,939 (US\$1,280,924).

Off-Market Purchase

For illustrative purposes only, in the case of an Off-Market Purchase by the Company and assuming that the Company purchases 31,945,342 Shares at the Maximum Price of S\$0.064 per Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of the 31,945,342 Shares (excluding related expenses) is approximately S\$2,044,502 (US\$1,463,914).

(d) Illustrative Financial Effects

For illustrative purposes only, and based on the assumptions set out above, the financial effects of the Share Buy-Backs pursuant to the renewed Share Buy-Back Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2019 as if the renewed Share Buy-Back Mandate had been effective on 1 January 2019 are as follows:

LETTER TO SHAREHOLDERS

(i) Scenario A: Purchases made entirely out of capital and cancelled

(US\$'000)	<u>Group</u>			<u>Company</u>		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Market Purchase	Off-Market Purchase		Market Purchase	Off-Market Purchase
As at 31 December 2019						
(Loss)/profit attributable to shareholders of the Company	(1,358)	(1,358)	(1,358)	1,805	1,805	1,805
Share capital	37,829	35,848	35,665	37,829	35,848	35,665
Capital reserve	2,028	2,028	2,028	(1,656)	(1,656)	(1,656)
Translation reserve	110	110	110	-	-	-
Retained earnings	1,336	1,336	1,336	(5,066)	(5,066)	(5,066)
Treasury Shares	(507)	-	-	(507)	-	-
Non-controlling interest	862	862	862	-	-	-
Equity attributable to owners of the Company	41,658	40,184	40,001	30,600	29,126	28,943
NTA	41,025	39,551	39,368	30,427	28,953	28,770
Current assets	38,867	37,586	37,403	28,884	27,603	27,420
Current liabilities	8,450	8,450	8,450	9,312	9,312	9,312
Working capital	30,417	29,136	28,953	19,572	18,291	18,108
Total borrowings	-	-	-	-	-	-
Number of Shares excluding Treasury Shares ('000)	319,453	287,508	287,508	319,453	287,508	287,508
Number of Treasury Shares ('000)	4,664	-	-	4,664	-	-
<u>Financial Ratios</u>						
NTA per Share (cents) ⁽¹⁾	12.84	13.76	13.69	9.52	10.07	10.01
Gearing (times) ⁽²⁾	-	-	-	-	-	-
Current ratio (times)	4.60	4.45	4.43	3.10	2.96	2.94
EPS (cents) ⁽³⁾	(0.42)	(0.47)	(0.47)	0.57	0.63	0.63
ROE (%) ⁽⁴⁾	(3.26)	(3.38)	(3.39)	5.90	6.20	6.24

Notes:

- ⁽¹⁾ NTA per Share equals NTA divided by number of Shares.
- ⁽²⁾ Gearing equals total borrowings divided by Shareholders' equity.
- ⁽³⁾ For illustrative purposes, EPS is calculated based on the number of Shares as at Latest Practicable Date excluding Treasury Shares.
- ⁽⁴⁾ ROE equals profit attributable to Shareholders of the Company divided by Shareholders' equity.

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(ii) Scenario B: Purchases made entirely out of capital and held as Treasury Shares

(US\$'000)	<u>Group</u>			<u>Company</u>		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Market Purchase	Off-Market Purchase		Market Purchase	Off-Market Purchase
As at 31 December 2019						
(Loss)/profit attributable to shareholders of the Company	(1,358)	(1,358)	(1,358)	1,805	1,805	1,805
Share capital	37,829	37,829	37,829	37,829	37,829	37,829
Capital reserve	2,028	2,028	2,028	(1,656)	(1,656)	(1,656)
Translation reserve	110	110	110	-	-	-
Retained earnings	1,336	1,336	1,336	(5,066)		(5,066)
Treasury Shares	(507)	(1,981)	(2,164)	(507)	(1,981)	(2,164)
Non-controlling interest	862	862	862	-	-	-
Equity attributable to owners of the Company	41,658	40,184	40,001	30,600	29,126	28,943
NTA	41,025	39,551	39,368	30,427	28,953	28,770
Current assets	38,867	37,586	37,403	28,884	27,603	27,420
Current liabilities	8,450	8,450	8,450	9,312	9,312	9,312
Working capital	30,417	29,136	28,953	19,572	18,291	18,108
Total borrowings	-	-	-	-	-	-
Number of Shares excluding Treasury Shares ('000)	319,453	287,508	287,508	319,453	287,508	287,508
Number of Treasury Shares ('000)	4,664	36,609	36,609	4,664	36,609	36,609
<u>Financial Ratios</u>						
NTA per Share (cents) ⁽¹⁾	12.84	13.76	13.69	9.52	10.07	10.01
Gearing (times) ⁽²⁾	-	-	-	-	-	-
Current ratio (times)	4.60	4.45	4.43	3.10	2.96	2.94
EPS (cents) ⁽³⁾	(0.42)	(0.47)	(0.47)	0.57	0.63	0.63
ROE (%) ⁽⁴⁾	(3.26)	(3.38)	(3.39)	5.90	6.20	6.24

Notes:

- (1) NTA per Share equals NTA divided by number of Shares.
- (2) Gearing equals total borrowings divided by Shareholders' equity.
- (3) For illustrative purposes, EPS is calculated based on the number of Shares as at Latest Practicable Date excluding Treasury Shares.
- (4) ROE equals profit attributable to Shareholders of the Company divided by Shareholders' equity.

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited FY2019 numbers and is not necessarily representative of the future financial performance of the Group or the Company.

Although the renewed Share Buy-Back Mandate would authorise the Company to buy back up to 10% of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings), the Company may not necessarily buy back or be able to buy back the entire 10% of the total number of its issued Shares (excluding Treasury Shares and Subsidiary Holdings), or buy back or be able to buy back up to the maximum number of its issued Shares that it can hold in treasury as illustrated above. The Company may, subject to the

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requirements of the Companies Act, cancel all or part of the Shares repurchased and/or hold all or part of the Shares repurchased as Treasury Shares, at its discretion.

The Directors will be prudent in exercising the renewed Share Buy-Back Mandate in the best interests of the Company and Shareholders and do not propose to exercise the mandate to such an extent that it will have a material adverse impact on the financial position of the Group or the Company. Share Buy-Backs will only be effected after assessing the relative impact of a Share Buy-Back taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and the performance of the Shares).

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or tax implications arising from a Share Buy-Back by the Company, or who may be subject to tax in their respective jurisdictions, should consult their own professional advisers.

2.9 Reporting Requirements

(a) Notification to ACRA

Within 30 days of the passing of a Shareholders' resolution to approve any Share Buy-Back, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within 30 days of a Share Buy-Back on the SGX-ST or otherwise. Such notification in the form as may be prescribed by ACRA shall include details of the date of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled or held as Treasury Shares, the Company's issued share capital before and after the Share Buy-Back, the amount of consideration paid by the Company for the Share Buy-Back, whether the Shares were purchased out of profits or the capital of the Company, and such other information as may be prescribed from time to time.

(b) Notification to the SGX-ST

The Listing Manual specifies that a listed company shall report all Share Buy-Backs to the SGX-ST no later than 9.00 a.m. (i) in the case of an On-Market Purchase, on the Market Day following the day of purchase of any of its shares, and (ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer.

Such an announcement (which must be in the form prescribed in the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as Treasury Shares, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the Shares, the number of Shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding Treasury Shares and Subsidiary Holdings after the purchase, and the number of Treasury Shares held and the number of Subsidiary Holdings after the purchase.

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2.10 No Share Buy-Backs during Price Sensitive Developments

The Listing Manual does not expressly prohibit any purchase of its own shares by a listed company during any particular time(s). However, as the Company would be regarded as an "insider" in relation to any proposed purchase of its Shares, the Company will not engage in any Share Buy-Backs pursuant to the renewed Share Buy-Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Directors until such time as the price-sensitive information has been publicly announced. In particular, in line with the best practices on securities dealings in the Listing Manual, the Company will not engage in any Share Buy-Backs pursuant to the renewed Share Buy-Back Mandate during the period of one (1) month immediately before the announcement of the Company's full-year results and the period of two (2) weeks immediately before the announcement of the Company's results for each of the first three quarters of the financial year, as the case may be, and ending on the date of announcement of the relevant results.

2.11 Listing status of the Company's securities

The Listing Manual requires a listed company to ensure that at least 10% of the equity securities (excluding Treasury Shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

The "public", as defined in the Listing Manual, are persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, 102,263,049 Shares, representing approximately 32.01% of the total number of issued Shares (excluding Treasury Shares, preference shares & convertible equity securities), are in the hands of the public.

Assuming that the Company purchases its Shares up to the maximum 10% limit pursuant to the renewed Share Buy-Back Mandate from the public and the Shares bought back are cancelled, the resultant percentage of Shares held in the hands of the public would be reduced to approximately 24.46%. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held by the public which would permit the Company to undertake Share Buy-Backs up to the full 10% limit pursuant to the renewed Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading of the Shares.

In undertaking any Share Buy-Backs, the Directors will use their best efforts to ensure that the Company does not effect a Share Buy-Back which would result in the number of Shares remaining in the hands of the public falling to such a level as to (i) cause market illiquidity, (ii) adversely affect the orderly trading of the Shares, or (iii) adversely affect the listing status of the Shares on the SGX-ST.

2.12 Previous Share Buy-Backs

In the last 12 months preceding the Latest Practicable Date, the Company acquired 566,600 Shares through Market Purchases pursuant to the share purchase mandate renewed at the 2019 AGM. The lowest and highest price paid per share were S\$0.085 (US\$0.06) and S\$0.101 (US\$0.07) respectively, and the total consideration paid was S\$52,588 (US\$38,847). The Shares purchased are kept as Treasury Shares.

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3. TAKEOVER IMPLICATIONS UNDER THE CODE

3.1 Provisions under the Code

(a) Obligation to Make a Take-over Offer

Under Appendix 2 of the Code, any increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him as a result of any Share Buy-Back will be treated as an acquisition for the purposes of Rule 14 of the Code.

Pursuant to Rule 14 of the Code, a Shareholder and persons acting in concert with him will incur an obligation to make a mandatory take-over offer for the Company if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

Consequently, depending on the number of Shares purchased by the Company and the Company's total number of issued Shares at that time, a Shareholder or a group of Shareholders acting in concert could, in certain circumstances, obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14 of the Code.

(b) Persons Acting In Concert

Under the Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert with each other under the Code:

- (i) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, companies of which such companies are associated companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first mentioned company;
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (iii) the following persons and entities:
 - (1) an individual;
 - (2) the close relatives of (1);
 - (3) the related trusts of (1);
 - (4) any person who is accustomed to act in accordance with the instructions of (1);
 - (5) any companies controlled by any of (1), (2), (3) or (4); and

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- (6) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Code after a Share Buy-Back by the Company are set out in Appendix 2 of the Code.

(c) Effect of Rule 14 and Appendix 2 of the Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 ("**Take-over Obligation**") if, as a result of the Company purchasing Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or, if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares shall be excluded.

Under Appendix 2, a Shareholder who is not acting in concert with the Directors, will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such a Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

As at the Latest Practicable Date, based on the substantial shareholding notifications received by the Company and save as set out in Section 3.2 below, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Code in the event that the Company purchases the maximum number of Shares permissible under the Share Buy-Back Mandate.

The directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the directors exercise the power to repurchase Shares pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of Share Purchase by the Company are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.

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4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, based on the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders respectively, are as follows:

	Direct Interest		Deemed Interest		Number of Shares comprised in outstanding Options
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	
Directors					
Khor Peng Soon	-	-	-	-	-
Chay Yee Meng ⁽²⁾	998,000	0.31	625,000	0.20	-
Kwek Swee Heng ⁽³⁾	-	-	551,300	0.17	-
Tan Joon Yong, Wayne ⁽⁴⁾	2,371,176	0.74	1,839,250	0.58	-
Kuan Mun Kwong	-	-	-	-	-
Substantial Shareholders					
Tan Henry @ Henn Tan ⁽⁵⁾	101,498,691	31.77	720,000	0.23	2,000,000
Kioxia Corporation ⁽⁶⁾⁽⁷⁾⁽⁸⁾	44,212,359	13.84	8,500,000	2.66	-
CTI II Limited	27,500,000	8.61	-	-	-
Creative Technology Ltd ⁽⁹⁾	-	-	27,500,000	8.61	-
Sim Wong Hoo ⁽¹⁰⁾	-	-	27,500,000	8.61	-
Ron Sim Chye Hock	28,374,600	8.88	-	-	-

Notes:

- (1) Based on a total issued share capital of 319,453,425 Shares (excluding 4,663,500 Treasury Shares) as at the Latest Practicable Date.
- (2) Chay Yee Meng is deemed interested in the 625,000 Shares held by his wife, Leong Wan Sing, by virtue of Section 7 of the Companies Act.
- (3) Kwek Swee Heng is deemed interested in the 551,300 Shares held by his wife, Lim Siew Kwan, by virtue of Section 7 of the Companies Act.
- (4) Tan Joon Yong, Wayne is deemed interested in the 1,839,250 Shares held by his wife, Soh MeiQi Petrina, by virtue of Section 7 of the Companies Act.
- (5) Tan Henry @ Henn Tan is deemed interested in the 720,000 Shares held by his wife, Ang Poh Tee, by virtue of Section 7 of the Companies Act.
- (6) Kioxia Corporation is deemed interested in the 8,500,000 Shares held by its wholly-owned subsidiary, Kioxia Singapore Pte. Ltd.
- (7) Toshiba Corporation holds approximately 40.2% of the voting rights in Kioxia Corporation and, is deemed to be interested in the 44,212,359 Shares held by Kioxia Corporation and 8,500,000 Shares held by Kioxia Singapore Pte. Ltd.
- (8) BEPC Pangea Cayman, LLP holds approximately 49.90% of the voting rights in Kioxia Corporation and, is deemed to be interested in 44,212,359 Shares held by Kioxia Corporation and 8,500,000 Shares held by Kioxia Singapore Pte. Ltd.
- (9) Creative Technology Ltd ("**CTL**") is deemed interested in the 27,500,000 Shares held by its wholly-owned subsidiary, CTI II Limited, by virtue of Section 7 of the Companies Act.
- (10) Sim Wong Hoo owns more than 20% of the issued share capital of CTL and is deemed interested in the 27,500,000 Shares held by CTI II Limited by virtue of Section 7 of the Companies Act.

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5. DIRECTORS' RECOMMENDATIONS

The Directors, having fully considered the rationale for the Share Purchase Mandate, are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2020 AGM.

6. ANNUAL GENERAL MEETING

The 2020 AGM, notice of which is enclosed with the Annual Report will be held on Monday, 29 June 2020 at 10.00 a.m., for the purpose of considering and, if thought fit, passing the resolutions set out in the Notice of the AGM.

7. APPROVALS AND RESOLUTIONS

Shareholders' approval for the proposed renewal of the Share Buy-Back Mandate is sought at the 2020 AGM. The respective resolutions relating to each of the proposed renewal of the Share Purchase Mandate is contained in the Notice of AGM as Ordinary Resolution 9 respectively.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the 2020 AGM will be held by electronic means. Shareholders will not be able to attend the 2020 AGM in person.

Instead, alternative arrangements have been put in place to allow Shareholders to participate in the 2020 AGM by (a) observing the 2020 AGM proceedings via live audio webcast, (b) submitting questions in advance of the 2020 AGM, and/or (c) voting by proxy at the 2020 AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769 during normal office hours from the date of this Circular up to and including the date of the 2020 AGM:

- (a) the Constitution; and
- (b) the annual report of the Company for the financial year ended 31 December 2019.

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Yours faithfully
For and on behalf of the Board of Directors of
TREK 2000 INTERNATIONAL LTD

Khor Peng Soon
Non-Executive Chairman