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UEN No: S99SS0111B  
GST Reg No: M90367530Y0Y

**Issuer:** Trek 2000 International Ltd

**Stock code:** 5AB

**Meeting details:**

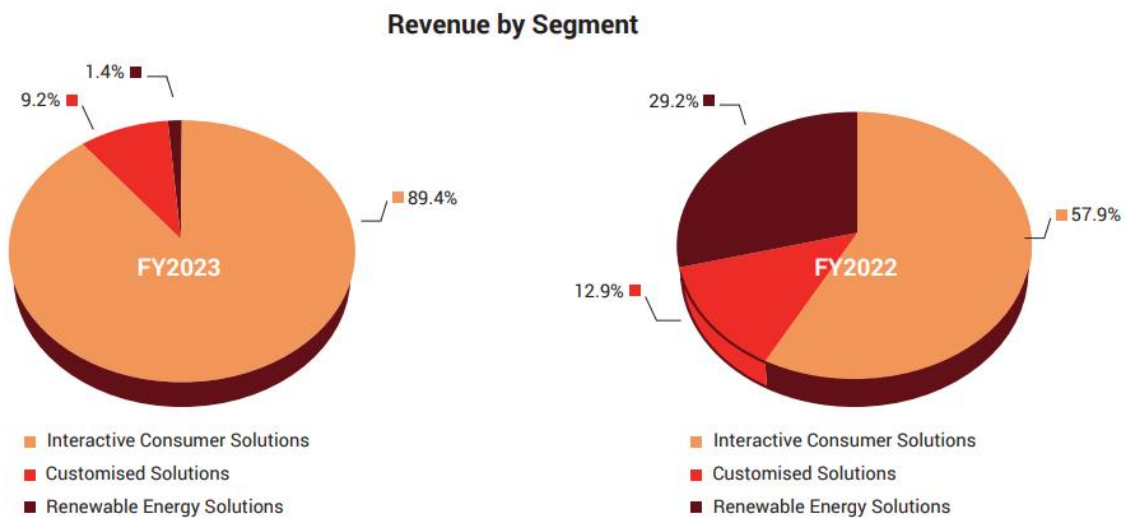
Date: 26 Apr 2024

Time: 9.00 a.m.

Venue: 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769

**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 and reproduced below:



(Source: company annual report)

- (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%<sup>1,2</sup> 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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<sup>1</sup>

<https://links.sgx.com/FileOpen/Trek%202000%20Press%20Release%20Terrenus%20Energy%20Additional%20Investment.ashx?App=Announcement&FileID=706939>

<sup>2</sup>

<https://links.sgx.com/FileOpen/SGX%20Announcement%20Additional%20Investment%20in%20Terrenus%20Energy.ashx?App=Announcement&FileID=706938>

**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.

Information in respect of such sales are as follows:

		Prior to Disposal (31 December 2023)	After the Disposal (5 April 2024)
(i)	Aggregate cost of the Group's quoted investments (US\$'000)	20,065	9,250
(ii)	Aggregate cost of the Group's quoted investments as a percentage of the latest audited consolidated net tangible assets of the Group as at 31 December 2023 (%)	68.5%	31.6%
(iii)	Total market value of the Group's quoted investments (US\$'000)	17,063	5,685
(iv)	Amount of any provision for diminution in value of investments (US\$'000)	Nil	Nil
	* Audited consolidated net tangible assets of the Group as at 31 December 2023 (US\$'000)	29,290	29,290

(Source: company announcement)

- (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<sup>3</sup>. 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?**

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<sup>3</sup> <https://rulebook.sgx.com/rulebook/704-0>

**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 2023<sup>4</sup>. 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) **Has 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.

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

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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<sup>4</sup> <https://regco.sgx.com/watch-list>