



TREK 2000 INTERNATIONAL LTD
(Registration Number 199905744N)

**VARIANCES BETWEEN THE PRELIMINARY UNAUDITED FULL YEAR RESULTS
ANNOUNCEMENTS AND AUDITED FINANCIAL STATEMENTS IN RESPECT OF THE
FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The Board of Directors (the “**Board**”) of Trek 2000 International Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its unaudited full year financial results announcements for the financial year ended 31 December 2019 (“**FY2019**”) released via SGXNET on 28 February 2020 (the “**Preliminary Unaudited FY2019 Financial Results**”).

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Board wishes to announce that, subsequent to the release of the Preliminary Unaudited FY2019 Financial Results, the external auditor has proposed certain adjustments and reclassifications which the management of the Company has adopted accordingly. These are material variances and the reasons for such material variances between the Preliminary Unaudited FY2019 Financial Results and the audited financial results of the Group for FY2019 are set out below:

**A. CONSOLIDATED STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	Preliminary Unaudited Results US\$'000	Variance US\$'000	Audited US\$'000
Revenue		25,045	–	25,045
Cost of sales		(24,381)	–	(24,381)
Gross profit		664	–	664
Other items of income:				
Interest income		997	–	997
Other income	1	1,690	(509)	1,181
Other items of expense				
Research and development		(1,412)	–	(1,412)
Marketing and distribution		(1,466)	–	(1,466)
General administration	2	(1,236)	(2)	(1,238)
Other expenses		–	–	–
Finance costs		(10)	–	(10)
Loss before income tax		(773)	(511)	(1,284)
Income tax expense	3	827	(899)	(72)
Profit/(loss) for the year		54	(1,410)	(1,356)
Profit/(loss) for the year attributable to:				
Owners of the Company		52	(1,410)	(1,358)
Non-controlling interests		2	–	2
		54	(1,410)	(1,356)
Earnings/(loss) per share attributable to owners of the Company (expressed in cents per share)				
- Basic	4	0.02	(0.44)	(0.42)
- Diluted	4	0.02	(0.44)	(0.42)



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A. CONSOLIDATED STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	Preliminary Unaudited Results	Variance	Audited
		US\$'000	US\$'000	US\$'000
Profit/(loss) for the year		54	(1,410)	(1,356)
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
Net fair value changes on investment securities	5	704	(2,682)	(1,978)
Foreign currency translation		40	–	40
Other comprehensive income for the year, net of tax		744	(2,682)	(1,938)
Total comprehensive income for the year		798	(4,092)	(3,294)
Total comprehensive income for the year Attributable to:				
Owners of the Company		796	(4,092)	(3,296)
Non-controlling interests		2	–	2
		798	(4,092)	(3,294)

Note: Explanation for the variances

1. The revision to audited “Other Income” by US\$509,000 was due to the reversal of the non-refundable deposit received by the Group in previous financial year. The customer had earlier given a formal confirmation that the deposit received was not refundable and no outstanding matter arose from the transaction. The non-refundable deposit was recognised in Other Income in the preliminary unaudited results as the non-refundable deposit was received in FY2016 and the Group did not recognise this in the past pending the completion and outcome of the CAD investigation.

The outcome of the investigation was known in FY2019. The Group agreed with the auditors during the audit to take a conservative approach to defer the recognition of the income to future financial period in FY2022, pending the expiry of the statutory time-barred period, and reversing this back to Other Payables in the Balance Sheet. For avoidance of doubt, there is no negative impact to the financial performance of the Group in future period as the non-refundable deposit was received in full.

2. The revision to audited “General expenses” by US\$2,000 was due to the additional depreciation of assets under hire purchase amounting to US\$141,000 that was reclassified from property, plant and equipment to right-of-use assets. Based on FRS 16, hire purchase assets are required to be taken as right-of-use assets and depreciation of such asset shall be made based on the period of the lease. As such, additional depreciation is required due to the reclassification of the asset.
3. The revision to audited “Income tax expenses” by US\$899,000 was due to additional provision for tax liability relating to previous financial years. Based on the tax review and assessments by the authority on the Group, it is prudent for the Group to make additional tax liability of this sum in FY2019.



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A. CONSOLIDATED STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Note: Explanation for the variances (Cont'd)

4. The effect of the variance to the audited "Earnings/(loss) per share" is as follows:

THE GROUP	Preliminary Unaudited Results	Variance	Audited
Profit/(loss) net of tax attributable to ordinary equity holders of the Company used in computation of basic earnings per share (US\$'000)	52	(1,410)	(1,358)
Weighted average number of ordinary shares for basic earnings per share computation (in '000)	321,340	321,340	321,340
Weighted average number of ordinary shares for diluted earnings per share computation (in '000)	321,340	321,340	321,340
(Amount in USD cents)			
Earnings/(loss) per ordinary share for the period after deducting any provision for preference dividends-			
(i) Basic earnings per share (in cents)	0.02	(0.44)	(0.42)
(ii) Diluted earnings per share (in cents)	0.02	(0.44)	(0.42)

5. The adjustments to the audited "Net fair value changes on investment securities" by US\$2.7 million involved fair value adjustments to the 2 unquoted investments of US\$4.0 million in the non-current assets.

Based on independent valuation done by an independent professional firm, Jones Lang LaSalle Corporate Appraisals and Advisory Limited, the management accepted the valuer's prudent fair value adjustment of US\$2.7 million for these 2 unquoted investments, which are held by the Group on long-term basis. As required under FRS 38, the fair value adjustments were recognised as Other Comprehensive Income. The audited fair value of the investment as at 31 December 2019 after the adjustments was US\$1.3 million.

The fair value adjustments (variance) to the investment on unquoted investments were as follows:

THE GROUP AND COMPANY	Preliminary Unaudited Results	Variance	Audited
	US\$'000	US\$'000	US\$'000
Unquoted Investments – Non-Current Assets			
Investment in Terrenus Energy Pte Ltd	3,000	(2,621)	379
Investment in Clouse S.A.	1,005	(61)	944
Total	4,005	(2,682)	1,323



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B. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Note	GROUP			COMPANY				
	Preliminary Unaudited Results	Variance	Audited	Preliminary Unaudited Results	Variance	Audited		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
Non-current assets								
	Property, plant and equipment	6	1,375	(141)	1,234	1	–	1
	Right-of-use assets	7	115	139	254	–	–	–
	Intangible assets		633	–	633	173	–	173
	Investment in subsidiaries		–	–	–	1,583	–	1,583
	Investment in associates		–	–	–	5	–	5
	Quoted investments		7,943	–	7,943	7,943	–	7,943
	Unquoted investments	8	4,005	(2,682)	1,323	4,005	(2,682)	1,323
			14,071	(2,684)	11,387	13,710	(2,682)	11,028
Current assets								
	Inventories		3,998	–	3,998	–	–	–
	Trade and other receivables		1,226	–	1,226	128	–	128
	Prepayments		46	–	46	4	–	4
	Quoted investments held for trading		16,290	–	16,290	16,290	–	16,290
	Unquoted investments held for trading		629	–	629	629	–	629
	Short term deposits		15,011	–	15,011	10,825	–	10,825
	Cash at banks and on hand		1,667	–	1,667	1,008	–	1,008
			38,867	–	38,867	28,884	–	28,884
	Total assets		52,938	(2,684)	50,254	42,594	(2,682)	39,912
Current liabilities								
	Trade payables and accruals		4,505	–	4,505	9,135	–	9,135
	Other payables	9	1,870	412	2,282	177	–	177
	Lease liability	10	98	17	115	–	–	–
	Income tax payable	11	649	899	1,548	–	–	–
			7,122	1,328	8,450	9,312	–	9,312
	Net current assets		31,745	(1,328)	30,417	19,572	–	19,572
Non-current liabilities								
	Lease Liability	10	23	80	103	–	–	–
	Deferred taxation		43	–	43	–	–	–
			66	80	146	–	–	–
	Total liabilities		7,188	1,408	8,596	9,312	–	9,312
	Net assets		45,750	(4,092)	41,658	33,282	(2,682)	30,600



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B. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

	Note	GROUP			COMPANY		
		Preliminary Unaudited Results	Variance	Audited	Preliminary Unaudited Results	Variance	Audited
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Equity attributable to owners of the Company							
Share capital		37,829	–	37,829	37,829	–	37,829
Treasury shares		(507)	–	(507)	(507)	–	(507)
Revenue reserve	12	2,539	(1,203)	1,336	(5,273)	207	(5,066)
Capital reserve		2,717	–	2,717	–	–	–
Asset revaluation reserve		1,056	–	1,056	–	–	–
Translation reserve		110	–	110	–	–	–
Other reserves	13	1,144	(2,889)	(1,745)	1,233	(2,889)	(1,656)
		44,888	(4,092)	40,796	33,282	(2,682)	30,600
Non-controlling interests		862	–	862	–	–	–
Total equity		45,750	(4,092)	41,658	33,282	(2,682)	30,600
Total liabilities and equity		52,938	(2,684)	50,254	42,594	(2,682)	39,912
Net asset value per ordinary share (expressed in cents per share)	14	14.05	(1.28)	12.77	10.42	(0.84)	9.58

Note: Explanation for variances

6. The revision to audited "Property, plant and equipment" was due to the reclassification of an asset under hire purchase amounting to US\$141,000 to "Right-of-use asset". This was in line with the requirements of the new accounting standard FRS 16 – Lease.
7. The revision to audited "Rights-of-use assets" was due to the reclassification of an asset under hire purchase amounting to US\$141,000 from "Property, plant and equipment". Depreciation of US\$2,000 (Note 2) was made for this asset based on the lease period resulting in net adjustment of US\$139,000.
8. The revision to audited "Unquoted investments" by US\$2.7 million is explained in Note 5 above. As required by the accounting standards, the fair value adjustments were recognised as Other Comprehensive Income ("Other reserves").
9. The revision to audited "Other payables" of US\$412,000 comprised of the following:
 - (a) reversal of non-refundable deposit of US\$509,000 (as explained in Note 1); and
 - (b) reclassification of US\$97,000 for hire purchase liability of an asset (as explained in Note 6) to "Lease liability". The reclassification of hire purchase liability was in line with the requirements under the new accounting standard FRS 16 – Lease.
10. The revision to the "Lease liability" for current and non-current liabilities was due to a reclassification of hire purchases liability of US\$97,000 from "Other payable". The amount adjusted to current lease liability was US\$17,000 and non-current liability was US\$80,000. The reclassification made were in line with FRS 16 – Lease.



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B. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

Note: Explanation for variances (Cont'd)

11. The revision to audited "Income tax payable" by US\$899,000 was for provision of additional tax liabilities as explained in Note 3 above.
12. The revision to audited "Revenue reserve" by US\$1.2 million was for the following:
 - (a) reversal of write-back of non-refundable deposit (as explained in Note 1 above);
 - (b) additional lease depreciation (as explained in Note 2 above);
 - (c) provision for tax liabilities (as explained in Note 3 above); and
 - (d) reclassification of US\$207,000 from Other Reserves to Revenue Reserves for de-recognition of employee share option reserves for share options that had lapsed and were no longer valid. This did not affect the Company's reserves.
13. The revision to audited "Other reserve" by US\$2.9 million for both Group and Company was for the following:
 - (a) adjustments to the audited "Net fair value changes on investment securities" by US\$2.7 million (as explained in Note 5 above); and
 - (b) reclassification of US\$207,000 from Other Reserves to Revenue Reserves for the de-recognition of employee share option reserves for share options that had lapsed and were no longer valid.
14. The effect of the variance to the audited "Net asset value per ordinary share" is as follows:

	GROUP			COMPANY		
	Preliminary Unaudited Results	Variance	Audited	Preliminary Unaudited Results	Variance	Audited
Number of ordinary shares (in '000)	319,453	319,453	319,453	319,453	319,453	319,453
(Amount in USD cents)						
Net asset value per ordinary share based on issued share capital at the end of the period	14.05	(1.28)	12.77	10.42	(0.84)	9.58



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C. CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Preliminary Unaudited Results	Variance	Audited
		US\$'000	US\$'000	US\$'000
Operating cash flows before changes in working capital	15	(2,253)	(509)	(2,762)
Cash flows generated from operating activities	15 & 16	1,040	(94)	946
Net cash generated from operating activities	16	2,135	(94)	2,041
Net cash used in investing activities	16	(10,361)	94	(10,267)
Net cash used in financing activities		(827)	–	(827)
Net decrease in cash and cash equivalents		(9,053)	–	(9,053)

Note: Explanation for variances

15. The revision to audited "Operating cash flows before changes in working capital" by US\$509,000 was for the reversal of non-refundable deposit as explained in Note 1 above. This adjustment increased the loss of the Group and affected the operating cash flow before changes in working capital. However, this variance was offset by correspondence increase in "Other Payable" (increase in working capital) resulting in Nil variance for the audited "Cash flows generated from operating activities".
16. The revision to audited "Cash flows generated from operating activities", "Net cash generated from operating activities" and "Net cash used in investing activities" by US\$94,000 was due to the contra of hire purchase liability balance of US\$94,000 in Lease Liability account as at 31 December 2019 against the investment in property, plant and equipment in the Cash Flow Statement, as required under the Accounting Standards.



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D. STATEMENT SHOWING EITHER (I) CHANGES IN EQUITY OR (II) CHANGES IN EQUITY OTHER THAN THOSE ARISING FROM CAPITALISATION ISSUES AND DISTRIBUTIONS TO SHAREHOLDERS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Note	Attributable to owners of the Company								Non-Controlling Interests US\$'000	Total Equity) US\$'000 (Restated)
	Share Capital US\$'000	Treasury Shares US\$'000	Revenue Reserve US\$'000 (Restated)	Capital Reserve US\$'000	Asset Revaluation Reserve US\$'000	Translation Reserve US\$'000	Other Reserves US\$'000	Total US\$'000 (Restated)		
THE GROUP										
Preliminary Unaudited Results										
Balance as at 1 January 2019	37,829	(322)	2,494	2,717	1,056	70	490	44,334	1,296	45,630
Prior year adjustments (in FY2019)	–	–	(7)	–	–	–	–	(7)	–	(7)
Balance as at 1 January 2019 (Restated)	37,829	(322)	2,487	2,717	1,056	70	490	44,327	1,296	45,623
Purchase of Treasury Shares	–	(185)	–	–	–	–	–	(185)	–	(185)
Total comprehensive income for the period	–	–	52	–	–	40	704	796	2	798
Repayment to non-controlling interest for share reduction	–	–	–	–	–	–	–	–	(486)	(486)
Adjustments of Non-Controlling Interest as a result of changes to Non-Controlling Interest after share reduction	–	–	–	–	–	–	(50)	(50)	50	–
Balance as at 31 December 2019	37,829	(507)	2,539	2,717	1,056	110	1,144	44,888	862	45,750
Variance										
Adjustments to current year profit	17	–	–	(1,410)	–	–	–	(1,410)	–	(1,410)
Other comprehensive income – additional adjustments for net fair value changes on investment securities	18	–	–	–	–	–	(2,682)	(2,682)	–	(2,682)
Share options lapsed	19	–	–	207	–	–	(207)	–	–	–
Audited Balance as at 31 December 2019	37,829	(507)	1,336	2,717	1,056	110	(1,745)	40,796	862	41,658
Attributable to owners of the Company										
Note	Share Capital US\$'000	Treasury Shares US\$'000	Revenue Reserve US\$'000	Capital Reserve US\$'000	Asset Revaluation Reserve US\$'000	Translation Reserve US\$'000	Other Reserves US\$'000	Total US\$'000		
THE COMPANY										
Preliminary Unaudited Results										
Balance as at 1 January 2019	37,829	(322)	(7,078)	–	–	–	529	30,958		
Purchase of Treasury Shares	–	(185)	–	–	–	–	–	(185)		
Total comprehensive income for the period	–	–	1,805	–	–	–	704	2,509		
Balance as at 31 December 2019	37,829	(507)	(5,273)	–	–	–	1,233	33,282		
Variance										
Other comprehensive income – additional adjustments for net fair value changes on investment securities	18	–	–	–	–	–	(2,682)	(2,682)		
Share options lapsed	19	–	–	207	–	–	(207)	–		
Audited Balance as at 31 December 2019	37,829	(507)	(5,066)	–	–	–	(1,656)	30,600		



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Note: Explanation for variances

17. The revision to audited "Revenue reserve" by US\$1.4 million in the Statement of Changes is explained in Note 1, 2 and 3 above.
18. The revision to audited "Other reserve" by US\$2.7 million in the Statement of Changes is explained in Note 5 above.
19. The revision to audited "Revenue reserve" and "Other reserve" by US\$207,000 in the Statement of Changes was due to the de-recognition of the employee share option reserves for share options that had lapsed and were no longer valid, as explained in Note 12(d) and 13(b) above.

BY ORDER OF THE BOARD

TAN JOON YONG WAYNE
Group President and Executive Director

8 June 2020