



TREK 2000 INTERNATIONAL LTD
(Registration Number 199905744N)

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2021

The Board of Directors (the “**Board**”) of Trek 2000 International Ltd (the “**Group**” or “**Company**”) wishes to provide the following additional information in response to the queries raised by the **SGX RegCo** in their email dated 28 July 2021 in relation to the Company’s unaudited results for first quarter ended 31 March 2021 announced on 12 May 2021.

Query by SGX RegCo:

1. Please provide a breakdown and description of the Company’s quoted investments held for Trading of US\$32,493,000 as of 31 March 2021.

Company’s Response:

The breakdown and description of the quoted investments held for trading of US\$ 32,493,000 as at 31 March 2021 were as follows:

	<u>(USD’000)</u>
Discretionary Mandate Funds	23,038
Quoted Mutual Funds	6,901
Investment in Quoted Equity	1,593
Other Quoted Investments	961
Total	32,493

Query by SGX-RegCo:

2. Please provide a breakdown and description of the Company’s Other Income amount of US\$522,000 for the first quarter ended of 31 March 2021.

Company’s Response:

The breakdown and description of the Other Income of US\$522,000 for the first quarter ended 31 March 2021 were as follows:

	<u>(USD’000)</u>
Gain on Disposal of Quoted Investments	428
Foreign Exchange Gain, Net	43
Government Grants and Subsidies	27
Others	24
Total	522



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Query by SGX-RegCo:

- (3) Please provide a breakdown of Trade Payables of US\$2,670,000 as at 31 March 2021, and provide an explanation on a line-item basis for the 170% increase from US\$986,000 as at 31 December 2020.

Company's Response:

The breakdown of Trade Payables was as follows:

	<u>31 March 2021</u> <u>(USD'000)</u>	<u>31 December</u> <u>2020</u> <u>(USD'000)</u>	<u>Variance</u> <u>(USD'000)</u>
Trade Creditors ⁽¹⁾	2,670	878	1,792
GST Payable, Nett ⁽²⁾	-	108	(108)
Total	2,670	986	1,684

Notes:

- (1) Trade Creditors comprised of Payables with vendors that offered credit terms of 30 days. The Trade Payables increased in March 2021 as higher purchases were made in March 2021 as compared to December 2020.
- (2) There was no nett GST Payable in March 2021 as the Company was in a nett GST Receivable position. This was due to higher GST input tax as compared to GST output tax in March 2021. The nett GST Receivable was reflected in Trade Receivables in Current Assets in March 2021.

Query by SGX-RegCo:

- (4) Please disclose the breakdown of Other Payables and Accruals amounting to US\$2,243,000 as at 31 March 2021. For Other Payables, please disclose the aging and nature of these Other Payables and whether the counterparties are related parties.

Company's Response:

The breakdown of Other Payables was as follows:

	<u>(USD'000)</u>	<u>Ageing Period</u>
Deposit from Customer ⁽¹⁾	510	Please refer to Note (1)
Accrued Expenses ⁽²⁾	615	Please refer to Note (2)
Provisions for Claims and Warranty ⁽³⁾	1,050	Please refer to Note (3)
Other Non-Trade Creditors ⁽⁴⁾	68	Please refer to Note (4)
Total	2,243	



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Notes:

- (1) The deposit from customer comprised of a non-refundable deposit of US\$510,000 received in previous financial year for a project that was terminated in previous financial year. To ensure prudence in our accounting recognition, the Company will recognise this deposit as income in FY2022 when the statutory time-barred period is over.
- (2) The Accrued Expenses comprised of audit fees, professional fees, directors' fees and staff remunerations. These expenses were incurred in the current financial period and due to be paid. The Company accrued for these expenses to ensure that all expenses in the year were fully taken into the accounts.

- (3) Provisions for Claims and Warranty comprised of the following:

Claim from previous financial year	US\$900,000
Warranty Provisions for next 3 years	US\$150,000

The claim from previous financial year comprised of a claim amount of US\$900,000 from a customer that was provided in the book in previous financial year but was subsequently agreed with the customer to be waived. the Company will write back the claim only in FY2022 when the statutory time-barred period is over.

The warranty provisions were made to cover the cost of replacement of products for 3 years, which is the Company's product warranty period. The amount computed was estimated based on past product replacement experience and, provisions were made in the book in line with our accounting policy to be prudent in our accounting recognition and according to accounting standards.

- (4) The Other Non-Trade Creditors comprised of miscellaneous expenses and purchases that were billed by creditors and not paid at the end of the financial period. The average ageing period of Other Non-Trade Creditors was 58 days.
- (5) The counterparties for Other Payables were not related parties.

BY ORDER OF THE BOARD

Tan Joon Yong Wayne
Deputy Chairman and Executive Director

29 July 2021