



TREK 2000 INTERNATIONAL LTD
(Registration Number 199905744N)

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S UNAUDITED FIRST QUARTER RESULTS FOR THE PERIOD ENDED 31 MARCH 2019

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 Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in their email dated 9 May 2019 in relation to the Company’s unaudited first quarter results for the period ended 31 March 2019 announced on 7 May 2019.

Query by SGX-ST:

1. Please provide the details of the quoted and unquoted investments, and the basis of classification between current and non-current.

Company’s Response:

- (a) The breakdown of the quoted and unquoted investments was as follows:

| | <u>March 2019</u> <u>(US\$'000)</u> | <u>December 2018</u> <u>(US\$'000)</u> |
|---|--|---|
| <u>Non-Current Assets</u> | | |
| Quoted debt instruments – at FVOCI | 11,050 | 10,571 |
| Unquoted equity investments – at FVOCI ⁽¹⁾ | 4,030 | - |
| <u>Current Assets</u> | | |
| Funds managed by a Fund Manager – at FVTPL | 6,167 | 5,812 |
| Unquoted investment in a fund – at FVTPL | 618 | 618 |

Notes:

- (1) The Unquoted equity investments of US\$4.03 million comprised of the following:

| | |
|---|------------------|
| Investment in an unquoted private equity of a financial institution | US\$1.03 million |
| Investment in Terrenus Energy Pte Ltd (“ Terrenus Energy ”) | US\$3.00 million |

- (b) The above classifications were based on the requirements of SFRS(I)(9) – Financial Instruments, which came into effect on 1 January 2018. Based on the accounting standards, the fair value of the investments taken in Current Assets is recognised in profit & loss account, and fair value of the investments in Non-Current Assets is recognised in Other Comprehensive Income.



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Query by SGX-ST:

- (2) We note that Trade and other receivables increased from US\$675,000 as at 31 December 2018 to US\$2.05 million as at 31 March 2019. Please provide a breakdown of these items, as well as reasons for the increase in these receivables.

Company's Response:

The breakdown of the receivables was as follows:

| | <u>March 2019</u> <u>(USD'000)</u> | <u>December 2019</u> <u>(USD'000)</u> | <u>Variance</u> <u>(USD'000)</u> |
|----------------------------------|---------------------------------------|--|-------------------------------------|
| Trade Receivables ⁽¹⁾ | 1,791 | 450 | 1,341 |
| Other Receivables ⁽²⁾ | 256 | 225 | 31 |
| Total | 2,047 | 675 | 1,372 |

Notes:

- (1) The increase in trade receivables in March 2019 was due to the increase in credit sales for new projects/customers in first quarter 2019. Kindly note that as at the end of April 2019, US\$1.04 million of the trade receivable of US\$1.79 million as at March 2019 was received.
- (2) The increase in other receivables in March 2019 was due to higher accrued income and deposit as at March 2019.

Query by SGX-ST:

- (3) The Group had during the first quarter of FY2019 invested in unquoted investments amounting to US\$4.03 million as at 31 March 2019. We note that this investment relates to the Company's 7.5% equity stake in Terrenus Energy. Please provide the information required under Rule 1008(2)(a) and (b) for the investment in Terrenus Energy.

Company's Response:

- (a) As explained in 1(a) above, out of the US\$4.03 million, US\$1.03 million was investment in a private equity managed by a financial institution. The balance of US\$3.00 million was the investment of 7.5% in Terrenus Energy.
- (b) The information required under Rule 1008(2)(a) and (b) for the investment in Terrenus Energy is as set out below:



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| Rule 1008(2) | Bases | Relative Figures |
|--------------|---|------------------|
| (a) | Details of the consideration as required in Rule 1010(3): The aggregate value of the consideration was arrived at using the NTA of Terrenus Energy (US\$7.99 million) as at their last financial year-end (June 2018), with a premium ⁽¹⁾ to reflect the fair value of the company. | US\$3.00 million |
| (b) | Details of value of assets acquired as required in Rule 1010(5): The value (book value and net tangible assets) of Terrenus Energy was US\$7.99 million (SGD 10.88 million) and 7.5% of the assets amounted to US\$598,910 ⁽²⁾ . | US\$598,910 |

Notes:

- (1) A premium of approximately 4 times NTA was agreed with Terrenus Energy as fair value of the investment, as the business was profitable and had many ongoing profitable projects on hand not recognised in its book in June 2018. There were also many potential lucrative projects that Terrenus Energy was negotiating at the time of the investment. Terrenus Energy's projects signed with government authorities/customers for supplying of green energy are usually long haul (between 18 years and 20 years) providing regular income stream during this period. The consideration of US\$3.00 million for 7.5% was paid in cash using current cash deposits.
- (2) No valuation was done for this investment as the investment was relatively insignificant and not taken as a subsidiary or associate.

Query by SGX-ST:

- (4) In relation to the aforesaid investment in Terrenus Energy, which was announced by the Company on 14 January 2019, please provide the Exchange with the relative percentages computed in accordance with Rule 1006(b) and (c) together with the details of the computation.



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Company's Response:

The information required under Rule 1006(a) and (e) for the investment in Terrenus Energy is as set out below:

| Rule 1006 | Bases | Relative Figures |
|-----------|--|-------------------------------|
| (a) | The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets | Not Applicable |
| (b) | Net profit ⁽¹⁾ attributable to the assets acquired amounted to US\$47,243 (7.5% of US\$629,900), compared with the Company's net loss of US\$3,115,627 | Not meaningful ⁽²⁾ |
| (c) | Aggregate value of the Consideration of US\$3,000,000, compared with the Company's market capitalisation ⁽³⁾ of US\$23,575,630 (equivalent of S\$32,164,233) | 12.73% |
| (d) | The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue. | Not Applicable |
| (e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount. | Not Applicable |

Notes:

- (1) Net profits/(loss) means the profit or loss before income tax, minority interests and extraordinary items.
- (2) Terrenus Energy recorded a net profit of US\$629,900 (S\$858,384) in their last financial year-end on 30 June 2018. The net profit attributable to the assets amounted to US\$47,243 (ie. 7.5% of US\$629,900). The Company recorded a net loss of US\$3,115,627 in FY2018. As such, the relative figure computed pursuant to Rule 1006(b) is not meaningful as this is negative due to the Company's net loss position.



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- (3) The Company's market capitalisation of US\$23,575,630 (S\$32,164,233) as at the date of investment (14 January 2019) was determined by multiplying the issued share capital of the Company of 321,642,325 shares (excluding treasury shares and subsidiary holdings) with the volume weighted average price of such shares last transacted (8 January 2019) of S\$0.10 per share prior to the date of investment.

BY ORDER OF THE BOARD

Kuan Mun Kwong
Executive Director

14 May 2019