



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

## Full Year Financial Statements and Dividend Announcement for the year ended 31 December 2020

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

THIS QUARTERLY REPORTING ANNOUNCEMENT IS MANDATORY MADE PURSUANT TO LISTING RULE 705(2C) OF THE SINGAPORE EXCHANGE REGULATION

1(a) **An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

#### UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

##### (i) Consolidated Income Statement

	Year Ended		Increase/ (Decrease) %
	2020 US\$'000	2019 US\$'000	
<b>Revenue</b>	25,366	25,045	1.3
Cost of sales	(25,057)	(24,381)	2.8
<b>Gross profit</b>	309	664	(53.5)
<b>Other items of income:</b>			
Interest income	683	997	(31.5)
Other income	1,700	1,181	43.9
<b>Other items of expense:</b>			
Research and development	(1,273)	(1,412)	(9.8)
Marketing and distribution	(1,574)	(1,466)	7.4
General administration	(1,119)	(1,238)	(9.6)
Finance costs	(13)	(10)	30.0
Loss before income tax [1]	(1,287)	(1,284)	0.2
Income tax credit/(expense)	56	(72)	N.M
<b>Loss for the period</b>	<b>(1,231)</b>	<b>(1,356)</b>	(9.2)
Loss for the period attributable to:			
Owners of the Company	(1,268)	(1,358)	(6.6)
Non-controlling interests	37	2	1,750.0
	<b>(1,231)</b>	<b>(1,356)</b>	(9.2)
Loss per share attributable to owners of the Company (expressed in cents per share):			
– Basic	(0.40)	(0.42)	(4.8)
– Diluted	(0.40)	(0.42)	(4.8)
N.M. – not meaningful			

**(ii) Breakdown and Explanatory Notes to Consolidated Income Statement**

**[1]** Loss before income tax is stated after (charging)/crediting the following:

	Year Ended		Increase/ (Decrease) %
	2020 US\$'000	2019 US\$'000	
Interest income from:			
– Short-term deposits	58	433	(86.6)
– Quoted investments	625	564	10.8
Write back of doubtful debts, net	23	26	(11.5)
Depreciation of property, plant and equipment	(156)	(168)	(7.1)
Depreciation of right-of-use assets	(161)	(148)	8.8
Amortisation of intangible assets	(160)	(36)	344.4
Intangible assets written off	(312)	(920)	(66.1)
Reversal of provision for product warranty	150	200	(25.0)
Reversal of provision for stock obsolescence & diminution in value of inventory (net)	1,208	843	43.3
Fair value changes on financial assets designated at FVTPL	1,201	599	100.5
Gain on disposal on financial assets designated at FVOCI	82	71	15.5
Interest expense	(13)	(10)	30.0

**(iii) Statement of consolidated comprehensive income statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial period**

	Group		
	FY2020 US\$'000	FY2019 US\$'000	Increase/ (Decrease) %
<b>Loss for the year</b>	<b>(1,231)</b>	<b>(1,356)</b>	<b>(9.2)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Revaluation of freehold and leasehold property	251	–	N.M.
Related ax	(43)	–	N.M.
Equity investment at FVOCI – net change in fair value	96	(2,682)	N.M.
<b>Items that may be reclassified subsequently to profit or loss</b>			
Fair value changes on quoted investments	50	704	(92.9).
Foreign currency translation	(87)	40	N.M.
Other comprehensive income/(loss) for the year, net of tax	267	(1,938)	N.M.
<b>Total comprehensive loss for the year</b>	<b>(964)</b>	<b>(3,294)</b>	<b>(70.7)</b>
Total comprehensive loss for the year			
Attributable to:			
Owners of the Company	(1,001)	(3,296)	(69.6)
Non-controlling interests	37	2	1,750.0
	<b>(964)</b>	<b>(3,294)</b>	<b>(70.7)</b>

N.M. – not meaningful

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

BALANCE SHEETS AS AT	Group		Company	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	1,332	1,234	–	1
Right-of-use assets	269	254	–	–
Intangible assets	255	633	56	173
Investment in subsidiaries	–	–	1,583	1,583
Investment in associates	–	–	5	5
Quoted investments	6,013	7,943	6,013	7,943
Unquoted investments	1,450	1,323	1,450	1,323
	9,319	11,387	9,107	11,028
<b>Current assets</b>				
Inventories	1,488	3,998	–	–
Trade and other receivables	3,438	1,226	50	128
Prepayments	14	46	2	4
Quoted investments held for trading	22,623	16,290	22,623	16,290
Unquoted investments held for trading	662	629	662	629
Short term deposits	4,975	15,011	375	10,825
Cash at banks and on hand	2,969	1,667	929	1,008
	36,169	38,867	24,641	28,884
<b>Total assets</b>	<b>45,488</b>	<b>50,254</b>	<b>33,748</b>	<b>39,912</b>
<b>Current liabilities</b>				
Trade payables and accruals	986	4,505	2,028	9,135
Other payables	2,252	2,282	222	177
Lease liabilities	113	115	–	–
Income tax payable	1,453	1,548	–	–
	4,804	8,450	2,250	9,312
<b>Net current assets</b>	<b>31,365</b>	<b>30,417</b>	<b>22,391</b>	<b>19,572</b>
<b>Non-current liabilities</b>				
Lease liabilities	128	103	–	–
Deferred taxation	87	43	–	–
	215	146	–	–
<b>Total liabilities</b>	<b>5,019</b>	<b>8,596</b>	<b>2,250</b>	<b>9,312</b>
<b>Net assets</b>	<b>40,469</b>	<b>41,658</b>	<b>31,498</b>	<b>30,600</b>
<b>Equity attributable to the owners of the Company</b>				
Share capital	37,829	37,829	37,829	37,829
Treasury shares	(732)	(507)	(732)	(507)
Revenue reserve	82	1,336	(4,074)	(5,066)
Capital reserve	2,717	2,717	–	–
Asset revaluation reserve	1,264	1,056	–	–
Translation reserve	23	110	–	–
Other reserves	(1,613)	(1,745)	(1,525)	(1,656)
	39,570	40,796	31,498	30,600
Non-controlling interests	899	862	–	–
<b>Total equity</b>	<b>40,469</b>	<b>41,658</b>	<b>31,498</b>	<b>30,600</b>
<b>Total equity and liabilities</b>	<b>45,488</b>	<b>50,254</b>	<b>33,748</b>	<b>39,912</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

As at 31 December 2020		As at 31 December 2019	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 31 December 2020		As at 31 December 2019	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

The Group's borrowings presented above did not include Banker's Guarantees of US\$ 3.0 million issued by a bank to a supplier for credit terms granted to a subsidiary of the Company. These Banker's Guarantees were secured by a personal guarantee from the controlling shareholder of the Company, Mr Henn Tan, to the bank. The Company reimbursed Mr Tan for the bank commissions of US\$6,222 paid by him.

For avoidance of doubt, other than the reimbursements mentioned above, Mr Tan did not receive any cash or benefits-in-kind. Mr Tan also did not benefit personally, financially or otherwise from the Company and its subsidiaries. These transactions were done on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Cash Flow Statement for the Year Ended 31 December 2020**

	Year ended 31 December 2020 US\$'000	2019 US\$'000
<b>Cash flow from operating activities:</b>		
Loss before income tax	(1,287)	(1,284)
Adjustments for:		
Amortisation of intangible assets	160	36
Depreciation of property, plant and equipment	156	168
Depreciation of right-of-use assets	161	148
Gain on disposal of property, plant and equipment	-	(24)
Intangible assets written off	312	920
Fair value changes on financial assets designated as FVTPL	(1,201)	(599)
Gain on disposal on financial assets designated as FVOCI	(82)	(71)
Writeback of doubtful debts, net	(23)	(26)
Reversal for stock obsolescence & diminution in stock value	(1,208)	(843)
Interest income	(683)	(997)
Interest expense	13	10
Writeback for product warranty	(150)	(200)
<b>Operating loss before changes in working capital</b>	<b>(3,832)</b>	<b>(2,762)</b>
Increase in trade and other receivables, and prepayments	(2,191)	(461)
Decrease in inventories	3,719	240
(Decrease)/increase in trade and other payables	(3,400)	3,929
<b>Cash (used in)/generated from operating activities</b>	<b>(5,704)</b>	<b>946</b>
Income tax refund	-	662
Interest received	58	433
<b>Net cash (used in)/generated from operating activities</b>	<b>(5,646)</b>	<b>2,041</b>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	56
Proceeds from disposal of quoted investments	7,901	8,157
Purchase of property, plant and equipment	(3)	(125)
Purchase of quoted investments	(11,035)	(14,645)
Purchase of unquoted investments	-	(4,005)
Payment for right-of-use assets	-	(42)
Payment for development expenditures	(93)	(147)
Payment for patent and trademark registration expenses	(1)	(76)
Interest income from quoted investments	625	560
<b>Net cash used in investing activities</b>	<b>(2,606)</b>	<b>(10,267)</b>
<b>Cash flow from financing activities</b>		
Repayment to shareholders for capital reduction	-	(486)
Interest paid for lease liabilities	(13)	(9)
Payment of lease liability	(152)	(147)
Purchase of Treasury shares under share buyback	(226)	(185)
<b>Net cash used in financing activities</b>	<b>(391)</b>	<b>(827)</b>
Net decrease in cash and cash equivalents	(8,643)	(9,053)
Cash and cash equivalents at beginning of year	16,678	25,689
Effect of foreign exchange difference	(91)	42
<b>Cash and cash equivalents at end of year</b>	<b>7,944</b>	<b>16,678</b>

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

The Group's cash and cash equivalents in the consolidated statement of cash flow consist of the following:

	2020 US\$'000	2019 US\$'000
Cash at banks and on hand	2,969	1,667
Short-term deposits	4,975	15,011
	7,944	16,678

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	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)
<b>THE GROUP</b>										
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) (Note 1)	–	–	(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	–	–	(1,358)	–	–	40	(1,978)	(3,296)	2	(3,294)
Repayment to non-controlling interest for share reduction	–	–	–	–	–	–	–	–	(486)	(486)
Share option lapsed	–	–	207	–	–	–	(207)	–	–	–
Adjustments to non-controlling interests	–	–	–	–	–	–	(50)	(50)	50	–
<b>Balance as at 31 December 2019</b>	<b>37,829</b>	<b>(507)</b>	<b>1,336</b>	<b>2,717</b>	<b>1,056</b>	<b>110</b>	<b>(1,745)</b>	<b>40,796</b>	<b>862</b>	<b>41,658</b>
<b>Balance as at 1 January 2020</b>	<b>37,829</b>	<b>(507)</b>	<b>1,336</b>	<b>2,717</b>	<b>1,056</b>	<b>110</b>	<b>(1,745)</b>	<b>40,796</b>	<b>862</b>	<b>41,658</b>
Purchase of Treasury Shares	–	(225)	–	–	–	–	–	(225)	–	(225)
Total comprehensive income for the period	–	–	(1,268)	–	208	(87)	146	(1,001)	37	(964)
Share option lapsed	–	–	14	–	–	–	(14)	–	–	–
<b>Balance as at 31 December 2020</b>	<b>37,829</b>	<b>(732)</b>	<b>82</b>	<b>2,717</b>	<b>1,264</b>	<b>23</b>	<b>(1,613)</b>	<b>39,570</b>	<b>899</b>	<b>40,469</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

	Attributable to owners of the Company							
	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
<b>THE COMPANY</b>								
<b>Balance as at 1 January 2019</b>	37,829	(322)	(7,078)	–	–	–	529	30,958
Purchase of Treasury Shares	–	(185)	–	–	–	–	–	(185)
Total comprehensive income for the period	–	–	1,805	–	–	–	(1,978)	(173)
Share option lapsed	–	–	207	–	–	–	(207)	–
<b>Balance as at 31 December 2019</b>	<b>37,829</b>	<b>(507)</b>	<b>(5,066)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,656)</b>	<b>30,600</b>
<b>Balance as at 1 January 2020</b>	37,829	(507)	(5,066)	–	–	–	(1,656)	30,600
Purchase of Treasury Shares	–	(225)	–	–	–	–	–	(225)
Total comprehensive income for the period	–	–	978	–	–	–	145	1,123
Share option lapsed	–	–	14	–	–	–	(14)	–
<b>Balance as at 31 December 2020</b>	<b>37,829</b>	<b>(732)</b>	<b>(4,074)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,525)</b>	<b>31,498</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the issued and paid-up capital of the Company, since the previous period reported on.

During the year, no share options were granted under the Trek 2000 International Share Options Scheme 2011.

The outstanding share options under Trek 2000 International Share Options Scheme is as follows:

	Year ended 31 December	
	FY2020 No. of share options	FY2019 No. of share options
<b>Unexercised share options</b>		
Balance as at 1 January	3,790,000	3,830,000
Share options lapsed during the period	(90,000)	(40,000)
<b>Balance as at 31 December</b>	<b>3,700,000</b>	<b>3,790,000</b>

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2020, the share capital of the Company (excluding treasury shares) is as follows:

<b>Ordinary shares issued and fully paid</b>	No. of shares	US\$
Balance as at 1 January 2020	319,453,425	37,322,391
Movement in ordinary shares during the period	(3,451,200)	(225,673)
<b>Balance as at 31 December 2020</b>	<b>316,002,225</b>	<b>37,096,718</b>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

During the year, 3,451,200 shares were acquired by the Company pursuant to the Share Purchase Mandate to be held as "Treasury Shares".

	Group		Company	
	No. of shares	US\$	No. of shares	US\$
Balance of Treasury Shares as at 1 January 2020	4,663,500	506,550	4,663,500	506,550
Purchase of shares held as Treasury Shares	3,451,200	225,673	3,451,200	225,673
<b>Balance of Treasury Shares as at 31 December 2020</b>	<b>8,114,700</b>	<b>732,223</b>	<b>8,114,700</b>	<b>732,223</b>

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard or practice.**

The above figures have not been audited or reviewed by its auditors.

**3. Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements for the year ended 31 December 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new/revised SFRS(I)s that are effective for annual period beginning on or after 1 January 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I)s Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s and SFRS(I) Interpretations that are relevant to the Group:

- Amendments to SFRS(I) 3 *Definition of a Business*;
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*;
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*; and
- Revised Conceptual Framework for Financial Reporting.



**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change (cont'd)**

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*

The amendments include clarifications to the definition of 'material' and the related guidance:

- the threshold of 'could influence' has been replaced with 'could reasonably be expected to influence';
- the term of 'obscuring information' has been included in the definition of 'material' to incorporate the existing concept in SFRS(I) 1-1 and examples have been provided of circumstances that may result in information being obscured; and
- the scope of 'users' has been clarified to mean the primary users of general purpose financial statements and their characteristics have been defined.

The amendments are to be applied prospectively and are effective for annual periods beginning on or after 1 January 2020.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

THE GROUP	Year ended 31 December	
	FY2020	FY2019
Loss net of tax attributable to ordinary equity holders of the Company used in computation of basic earnings per share (US\$'000)	(1,268)	(1,358)
Weighted average number of ordinary shares for basic earnings per share computation (in '000)	319,122	321,340
Weighted average number of ordinary shares for diluted earnings per share computation (in '000)	319,122	321,340
<b>(Amount in USD cents)</b>		
Loss per ordinary share for the period after deducting any provision for preference dividends-		
(i) Basic earnings per share (in cents)	(0.40)	(0.42)
(ii) Diluted earnings per share (in cents)	(0.40)	(0.42)

Note:

*Basic earnings per share amounts are calculated by dividing profit for the period that is attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.*

*Diluted earnings per share amounts are calculated by dividing profit for the period that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.*

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

NET ASSET VALUE	GROUP		COMPANY	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Number of ordinary shares (in '000)	316,002	319,453	316,002	319,453
<b>(Amount in USD cents)</b>				
Net asset value per ordinary share based on issued share capital at the end of the period	12.52	12.77	9.97	9.58

Net asset value represents total assets less total liabilities and non-controlling interests.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

For the full year ended 31 December 2020 ("FY2020"), the Group reported a 1.3% year-on-year ("yoy") increase in revenue to US\$25.4 million. Gross profit decreased by 53.5% yoy to US\$309,000, while gross profit margin decreased from 2.7% to 1.2%. The Group reported a net loss after tax of US\$1.3 million in FY2020 as compared to US\$1.4 million in FY2019.

The Group's performance is attributable to the following factors:

**Revenue**

Revenue increased by 1.3% yoy to US\$25.4 million in FY2020 (FY2019: US\$25.0 million). The Group's ICS division continued to be a key revenue generator, accounting for 82.9% of the overall revenue in FY2020.

**Profitability**

Gross profit margin decreased from 2.7% in FY2019 to 1.2% in FY2020, and this was mainly attributed to price pressure from the market in view of the unfavourable market conditions as a result of the COVID-19 pandemic environment.

**Other Items of Income**

- Interest income decreased by 31.5% yoy in FY2020 mainly due to the decrease in fixed deposit balance as part of the fixed deposit fund were used to invest in quoted investments in FY2020.
- Other income increased from US\$1.2 million in FY2019 to US\$1.7 million in FY2020 mainly due to gain from increase in fair value of quoted investments (US\$1.2 million) and, government grants and subsidies (US\$273,000).

**Expenses**

The Group's total expenses amounted to US\$4.0 million in FY2020 (FY2019: US\$4.1 million) representing a decrease of 3.6% yoy. The factors contributing to the changes were as follow:

- Research and development ("R&D") expenses reported a decrease of 9.8% yoy to US\$1.3 million in FY2020 (FY2019: US\$1.4 million). The decrease was mainly due to the lower development costs written off in FY2020.
- Marketing and distribution expenses increased by 7.4% yoy to US\$1.6 million in FY2020 (FY2019: US\$1.5 million). The increase was mainly due to higher professional fees and marketing expenses for new products incurred in FY2020.
- General administrative expenses decreased from US\$1.2 million in FY2019 to US\$1.1 million in FY2020 mainly due to lower professional fees, depreciation and, repair and maintenance expenses in FY2020
- Finance expenses were US\$13,000 in FY2020 (FY2019: US\$10,000) and the increase in FY2020 was due to the recognition of higher lease interest for lease commitments in FY2020, as required under the accounting standard, SFRS(I)16.

**Net profit after tax attributable to owners of the Company**

The Group reported a net loss attributable to owners of the Company of US\$1.3 million in FY2020 (FY2019: US\$1.4 million).

**Other Financial Highlights**

- **Property, plant and equipment** – The increase in the Group's property, plant and equipment was mainly due to the surplus revaluation of property by US\$251,000 in FY2020. Additional equipment of US\$3,000 was purchased in FY2020, and this was offset by depreciation of US\$156,000 during the year.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (cont'd)**

**Other Financial Highlights (cont'd)**

- **Intangible assets** – The decrease in Intangible assets in FY2020 was mainly due to the write-off of development costs and amortisation expenses. During the year, development costs written off amounted to US\$312,000 and amortisation expenses amounted to US\$160,000. This was partly offset by capitalization of patent and trademark registration expenses that amounted to US\$94,000 during the year. The Group continues to invest in research and development on the latest technology in the market.
- **Right-of-use assets** – These assets comprised of lease commitments entered into by the Group as required under SFRS(I)16 and assets on hire purchase. Total additional right-of-use assets recognized during the year was US\$176,000 and this was offset by depreciation amounting to US\$161,000.
- **Quoted investments** – The Group's investment in quoted investments in non-current asset decreased by US\$1.9 million to US\$6.0 million in FY2020 (FY2019: US\$7.9 million). This decrease was mainly due to the re-balancing of investments from bonds to quoted funds that were held for trading and categorized in current assets. The total investment in quoted funds held for trading in current assets amounted to US\$22.6 million in FY2020 (FY2019: US\$16.3 million).

Total quoted investments in current and non-current assets in FY2020 amounted to US\$28.6 million, which was an increase of US\$4.4 million from FY2019 (US\$24.2 million). This increase was mainly due to net additional quoted investments of US\$3.1 million during the year and capital gain on these investments amounting to US\$1.3 million in FY2020.

- **Unquoted investments** – The Group investment in unquoted investments in FY2020 amounted to US\$1.5 million in non-current assets (FY2019: US\$1.3 million) and US\$662,000 in current assets (FY2019: US\$629,000). The investment of US\$662,000 in current assets was for an unquoted fund that was held for trading and there was an increase in valuation amount of US\$33,000 in FY2020.
- **Inventories** – The Group's inventories amounted to US\$1.5 million as at 31 December 2020, a decrease of US\$2.5 million from US\$4.0 million in 31 December 2019. Inventory turnover days in FY2020 were 27 days (FY2019: 44 days). The company provides for stock obsolescence based on the internal Inventory Ageing Policy. Once the inventory is sold, provision for stock obsolescence is reversed. This is in line with the company's practice to be prudent in its accounting treatment.
- **Trade and other receivables** – The Group's trade and other receivables amounted to US\$3.4 million as at 31 December 2020 as compared to US\$1.2 million as at 31 December 2019. The increase was due to the increase in credit sales for new projects & customers. Trade receivable turnover days were 21 days in FY2020 (FY2019: 11 days).
- **Trade payables and accruals** – The Group's trade payables decreased from US\$4.5 million as at 31 December 2019 to US\$986,000 as at 31 December 2020. This decrease was mainly due to the lower credit purchases in December 2020.

**Cashflow**

The Group's cash and cash equivalent as at 31 December 2020 amounted to US\$7.9 million as compared to US\$16.7 million as at 31 December 2019, a decrease of US\$8.8 million. The decrease in the cash position in FY2020 was mainly due to the cash outflow from operating activities of US\$5.6 million, cash outflow from investing activities of US\$2.6 million (mainly in quoted investments), purchase of Company's treasury shares under share buyback mandate (US\$226,000) and, payment of lease liability and interest (US\$165,000).

The cash outflow in operating activities of US\$ 5.6 million in FY2020 arose mainly from the cash outflow in operations amounting to US\$ 3.8 million and deficit movements of working capital of US\$ 1.9 million. This was partly offset by interest income from deposit amounting to US\$ 58,000.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not Applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The COVID-19 pandemic situation that arose since last year had adversely affected the global business economy. This pandemic are expected to continue and will continue to have an adverse effect on economic and social situation in the global market and disrupt the global supply chain.

In this challenging period, the Group will be selective in exercising priority on projects and exercise prudence in our financial management. To stay relevant and sustainable in this dynamic market, the Group continues to invest in R&D and coming up with innovative solutions to meet the demand of the 5G technology market.

In response to SGX RegCo's regulator's column published on 22 April 2020 on the expectations of timely disclosure by issuers to shareholders on the business impact or any other material aspects during COVID-19, the Company is aware of the need to provide such information on a timely basis and will do so as and when it has the information.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial period? No

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/(recommended), a statement to that effect.**

The Company will not be declaring a final dividend for the financial year ended 31 December 2020 as the Company continues to invest in research and development on the latest technology in the market. In addition, the Company is actively exploring opportunities for business expansion.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have any general mandate from shareholders pursuant to Rule 920.

**14. If the case of an announcement of interim financial statement (quarterly or half-yearly), the issuer's directors must confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading, in any material aspect. Please confirm that such a statement has been made.**

Not applicable.

**15. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7 under Rule 720(1)).**

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Customised Solutions	Interactive Consumer Solutions	Licensing	Adjustments	Note	Total
	US\$'000	US\$'000	US\$'000	US\$'000		US\$'000
<b>Year ended 31 December 2020</b>						
Sales to external customers	4,339	21,022	5	–		25,366
Inter-segment sales*	–	–	–	–		–
Total revenue	4,339	21,022	5	–		25,366
<b>Results:</b>						
Depreciation and amortisation	(54)	(423)	–	–		(477)
Write-off of development costs	(53)	(259)	–	–		(312)
Writeback of doubtful debts, net	4	19	–	–		23
Reversal of provision for product warranty	26	124	–	–		150
Reversal of provision for inventories and accrued expenses, net	207	1,001	–	–		1,208
Segment (loss)/profit	(554)	(2,685)	(1)	1,953	A	(1,287)
Additions to non-current assets	1	96	–	–	B	97
Segment assets	2,481	12,004	255	30,748	C	45,488
Segment liabilities	596	2,883	–	1,540	D	5,019
	Customised Solutions	Interactive Consumer Solutions	Licensing	Adjustments	Note	Total
	US\$'000	US\$'000	US\$'000	US\$'000		US\$'000
<b>Year ended 31 December 2019</b>						
Sales to external customers	2,165	22,825	55	–		25,045
Inter-segment sales*	–	–	–	–		–
Total revenue	2,165	22,825	55	–		25,045
<b>Results:</b>						
Depreciation and amortisation	(27)	(325)	–	–		(352)
Write-off of development costs	(80)	(840)	–	–		(920)
Writeback of doubtful debts, net	(2)	(24)	–	–		(26)
Reversal of provision for inventories and accrued expenses, net	93	950	–	–		1,043
Segment (loss)/profit	(254)	(2,681)	(6)	1,657	A	(1,284)
Additions to non-current assets	27	504	–	–	B	531
Segment assets	2,078	21,360	631	26,185	C	50,254
Segment liabilities	621	6,384	–	1,591	D	8,596

\* - There were no inter-segment sales during the year.

**16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (cont'd).**

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A The following items are added to/(deducted from) segment profit/(loss) to arrive at "Profit/(Loss) before income tax" presented in the consolidated income statement:

	Group	
	2020	2019
	US\$'000	US\$'000
Interest income from short-term deposits	58	433
Interest income from quoted debt investments	625	564
Net fair value gain on investments at FVTPL	1,201	599
Net gain on disposal of debt investments at FVOCI	82	71
Finance expense	(13)	(10)
	1,953	1,657

- B Additions to non-current assets consist of additions to property, plant and equipment, rights-of-use assets and intangible assets.

- C The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2020	2019
	US\$'000	US\$'000
Quoted debt investments – at FVOCI	6,013	7,943
Unquoted equity investments – at FVOCI	1,450	1,323
Funds managed by a fund manager – at FVTPL	22,623	16,290
Investment in a fund – at FVTPL	662	629
	30,748	26,185

- D The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2020	2019
	US\$'000	US\$'000
Current tax payable	1,453	1,548
Deferred taxation	87	43
	1,540	1,591

**Segment Results by Geographical Segment**

**Sales to external customers**

(US\$'000)	Revenue		Non-current assets	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
China/Hong Kong	17,244	13,789	25	38
Taiwan	4,960	6,345	–	–
Singapore	983	1,210	1,803	2,065
India	855	1,843	7	10
Malaysia	524	621	21	8
Indonesia	366	954	–	–
Thailand	243	31	–	–
Philippines	109	28	–	–
Others	82	224	–	–
	25,366	25,045	1,856	2,121

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheet.

China/Hong Kong was the main contributor for the Group's revenue in FY2020, followed by Taiwan and Singapore.

Revenue of US\$11.5 million was derived from 5 external customers (FY2019: US\$12.4 million from 5 external customers).

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

**Segmental Analysis – by Business Segments**

By business segments, the core ICS division dominates as the key revenue generator accounting for 82.9% of its revenue. The Group's ICS solutions/products comprise Thumbdrive®, Flucard®, Security Solutions, WiFi Memory Modules for embedded devices continue to dominate as the main engine of growth for the ICS business segment.

**Segmental Analysis – by Geography**

In FY2020, the Group focused on key markets like China/Hong Kong and Taiwan. Singapore, India, Malaysia and Indonesia continued to be our secondary markets.

**18. A breakdown of sales.**

		Group		
		US\$'000		%
		Latest Full Year 2020	Previous Full Year 2019	Change
(a)	Sales reported for first half year	10,197	7,676	32.8
(b)	Operating profit reported for first half year	(1,145)	122	N.M.
(c)	Sales reported for second half year	15,169	17,369	(12.7)
(d)	Operating profit/(loss) reported for second half year	(142)	(1,406)	(89.9)

N.M. – not meaningful

**19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	Latest Full Year 2020 US\$	Latest Full Year 2019 US\$
Ordinary	–	–
Preference	–	–
<b>Total</b>	<b>–</b>	<b>–</b>

**20. Disclosure of person occupying a managerial position in the issues of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying managerial position in the Company or its principal subsidiaries that are related to any director or chief executive officer or substantial shareholder of the Company except for the following:

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director/or CEO and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Tan Henry @ Henn Tan	65	Father of Mr Tan Joon Yong Wayne	Majority Shareholders and Consultant of the Company  Duties: - To provide advisory services to the Company	Mr Tan stepped down as Chairman Emeritus in June 2020.
Tan Boon Tat	63	Uncle of Mr Tan Joon Yong Wayne and brother of Mr Tan Henry @ Henn Tan	Director of Trek Technology (Singapore) Pte Ltd (wholly-owned subsidiary of the Company) and Store Manager of the Company, since 31 October 1995.  Duties : - To oversee the proper distribution of inventory for the Company and its subsidiaries ("the Group"); and  - To ensure that goods and materials are delivered to the Group's customers in a timely and proper manner.	Nil
Tan Boon Siong	58	Uncle of Mr Tan Joon Yong Wayne and brother of Mr Tan Henry @ Henn Tan	Sales Manager in the company, since 10 April 2013.  Duties: - To manage the sales and marketing in retail outlet in Singapore.	Nil
Tan Boon Liew	56	Uncle of Mr Tan Joon Yong Wayne and brother of Mr Tan Henry @ Henn Tan	Assistant Manager in the Company, since 15 July 1997.  Duties: - To manage and oversee the despatch of goods to the Group's customers.	Nil

\* Tan Joon Yong Wayne is the Group President and Executive Director of Trek 2000 International Ltd.

BY ORDER OF THE BOARD

**TAN JOON YONG WAYNE**

Executive Director  
24 February 2021