



ANNUAL REPORT 2017





CONTENTS

Introduction	1
Chairman's Message	2
Intellectual Property	4
Trek's Patented Solutions	6
Pillars of Innovation	8
Financial Review	12
Board of Directors	14
Group Structure	18
Key Management	19
Corporate Information	21

Trek 2000 International Ltd (“Trek”) is a global industry innovator, patent owner and inventor of the revolutionary ThumbDrive® USB flash drive. Our vision and mission is to be a leading solutions provider for the Internet-of-Things (“IoT”) ecosystem.

Listed on the Singapore Stock Exchange (SGX:5AB) in 2000, we offer state-of-the-art design solutions ranging from Interactive Consumer Solutions, Wireless, Antipiracy, Compression and Encryption to sophisticated Enterprise Solutions. As a design solutions provider, Trek operates under an asset-light business model, supported by a portfolio of patents granted across the world. We have offices in the U.S., Malaysia, Thailand, India, Hong Kong, Singapore, the Netherlands, China, Vietnam and Japan in order to serve the rapidly growing digital market.

Trek was named by Forbes Global as one of the Best Small Companies in the World in 2000 and 2002. We were also ranked as the Best Managed Small Company in Singapore by AsiaMoney (of Euromoney). Trek also received the INVENT Singapore Award 2008, the ASEAN Business Award for Innovation in 2011, Asia-Pacific Enterprise Leadership Awards for Spirit of Innovation Award in 2013, and SD Association Leadership Award in 2014. More recently, we were conferred the One Asia – Avant-Garde Award and International Management Action Award in 2015.

Upholding our tagline, “Innovation: Inside Out”, Trek’s core differentiation lies in its R&D expertise. Supported by a team of visionary leaders, we strive to innovate relentlessly and change peoples’ lives for the better.

Chairman's Statement



“We are pleased to share that our strategies to penetrate the IoT market remain intact, spanning across consumer wearable, medical and cloud technologies”.

Dear Shareholders,

On behalf of the Board of Directors of Trek 2000 International Ltd (“Trek”), I am pleased to present our progress and achievements for the financial year ended 31 December 2017 (“FY2017”).

Revolutionising to stay relevant

Since the birth of Trek almost two decades ago, change has been the only constant at Trek. As such, we continue to invest prudently in research and development (“R&D”) in order to stay ahead of the technology curve. Embracing innovation has allowed us to stay relevant all these years, empowering our growth trajectory.

Even before the advent of Internet of Things (“IoT”), we were already laying the ground work for us to capitalise on the potential growth offered by this market. The importance of connectivity stretches beyond just a buzzword in the industry as we are working on initiatives that truly transform lives.

We are pleased to share that our strategies to penetrate the IoT market remain intact, spanning across consumer

wearable, medical and cloud technologies. While these are expected to contribute positively to our core Interactive Consumer Solutions (“ICS”) business, we intend to invest further resources to target growth in the Medical Technology (“MedTech”) space as it will be a game-changer for the industry and Trek in the years to come.

Although we have come under heavy pressure with regards to a delinquent supply of certain strategic components in 2017 that has mildly disrupted our business, that management is working feverishly to expand our supplier base as well as mitigating future design-in of components for our solutions.

Ensuring earnings stability

With an end to a mean in mind, let us recap some of the developments over the last 12 months. Since the strategic divestment of Racer Technology Pte Ltd and its subsidiaries (“Racer Group”) in 1Q2017, we are channelling our resources to grow our ICS business. Deriving 97.5% of the Group’s reported revenue of US\$112.6 million for FY2017,

this was led by the robust demand for our Wi-Fi memory modules, ThumbDrive®, Flucard® and Security Solutions.

Conscientious efforts were committed to control costs and improve overall product mix which translated to a 4.3 percentage point expansion in gross profit margin to 15.4% for FY2017. With the streamlining of operations into a leaner organisation, we also reported a stable net profit of US\$5.2 million.

A clear testament for the demand of our solutions was evidenced by a favourable working capital cycle. With the improvements to inventory turnover, trade receivable and payable days, the Group generated US\$15.4 million of operating cash flow for FY2017. This contributed positively to the balance sheet strength with cash and cash equivalents rising to US\$37.0 million as at 31 December 2017 (31 December 2016: US\$28.4 million). In addition, the Group held US\$16.4 million worth of quoted investments, primarily in corporate bonds which may be easily liquidated. This not only bolstered our

Chairman's Statement

the Group generated
US\$15.4
million of operating cash
flow for FY2017.

balance sheet but supplemented a steady stream of interest income.

Seeding an ecosystem with a defined MedTech architecture

Building on our core capabilities in hardware storage, we are taking incremental steps to propel ourselves up the value chain. Operating in a transformative era, we had developed a MedTech architecture starting with hardware devices and progressively leveraging on smart gateway and cloud platforms to seamlessly collect and exchange data. Underpinned by this framework, we look to enhance our value proposition by zooming in on a specialised discipline, precision medicine. This encourages the customisation of healthcare in the form of medical decisions, treatments, practices and products tailored to benefit patients.

Our overarching strategy to grow is supported by our asset light business model. This has allowed us to stay nimble and mitigate our risks appropriately.

Despite the cash war chest that we have, management remains prudent and cost conscious in its pursuit for growth.

Capitalising on our portfolio of patented solutions, it will differentiate us as a true trailblazer as we seek to capture the growth opportunities in the IoT market.

Appreciation

Our priority of seeking consistent bottom line growth has resulted in earnings stability despite the absence of Racer Group's contribution. Amidst a challenging business environment, we continue to thrive in our business development, forge strategic collaboration and seek M&A opportunity to augment our current portfolio. Barring the supply of certain strategic components that will spill into early 2018, the Group is cautiously optimistic for another profitable year.

As a vote of confidence in the Group's future and to reward our shareholders for their support, the Board recommends a first and final dividend of 1 Singapore cent.

In closing, I would also like to express my gratitude to Ms. Celine Cha Mui Hwang for her invaluable contributions to the Group in over the years. On behalf of the Board of Directors, we wish Ms. Celine Cha all

the best in her future endeavours as she retires from her role as an Independent, Non-Executive Director. Please join me in welcoming Professor Lee Chuen Neng as Independent Director to our Board where he will impart a wealth of experience, insights and guidance in the medical space, an area that is in line with the Group's direction of growth. This will also strengthen the overall level of corporate governance at the Group, upheld as one of the instrumental pillars that the Group embraces all these years in order to drive sustainable returns to all stakeholders.

We look forward to your continued support as we seek to chart our growth trajectory for the years ahead.

Henn Tan

Chairman & CEO
Trek 2000 International Ltd

Trek 2000's MedTech Architecture

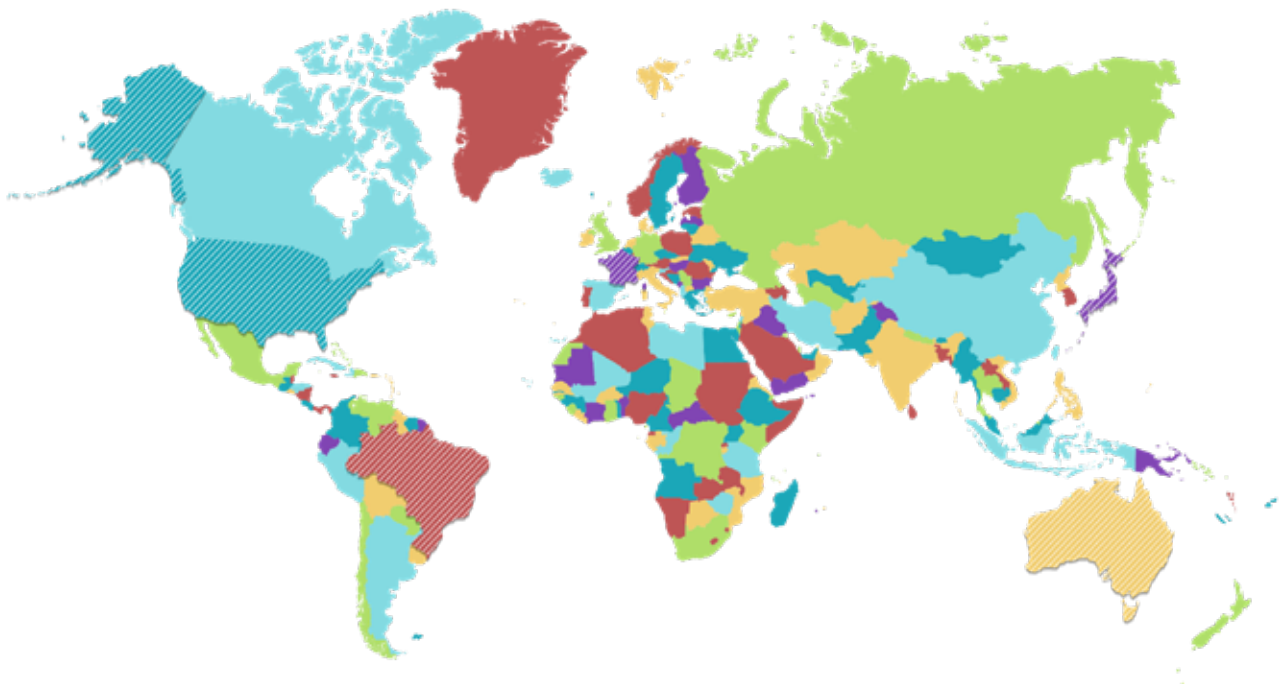
Trek is in a transformative era as we seek to penetrate the IoT segment, in particular Medtech. By embedding devices with proprietary software and sensors, we aim to leverage on our Smart Gateway and Cloud platforms to seamlessly collect and exchange data.



Intellectual Property

The strength of our R&D remains an integral component for future growth and sustainability.

OUR IP REACH



- Australia
- Brazil
- Brunei
- Canada
- China
- Eurasia
- Europe
- Germany
- Hong Kong
- India
- Indonesia
- Israel
- Japan
- Malaysia
- New Zealand
- Philippines
- Saudi Arabia
- Singapore
- South Africa
- South Korea
- Taiwan
- Thailand
- UAE
- United Kingdom
- USA
- Vietnam

OUR PATENTED CORE TECHNOLOGY SOLUTIONS

- Wireless
- USB
- Anti-piracy
- Security/Encryption
- Centralised Management System (CMS)
- Portable Storage Solutions encompassing Flash Memory
- PC and Mobile Apps

Trek's Patented Solutions



1. WIRELESS SOLUTIONS

a. Patient Alert System

Targeted at patients with dementia, this wearable device comes with in-built sensors and is attached to the base of a patient's foot. When the device comes into contact with the floor, it will set off an alert via bluetooth to nearby attending medical staff.

b. Flucard®

Flucard® is a revolutionary SD card that enables the seamless connection and transfer of digital content between electronic devices. The versatility of the Flucard® has led to the development of an ecosystem encompassing endless possibilities within the IoT segment.

c. ThumbDrive® Smartband

The wearable ThumbDrive® Smartband is embedded with a USB drive and a variety of fitness-related features. Software developers can also write their own applications on the ThumbDrive® Smartband's platform.

d. Flucard® Ultra

Flucard® Ultra is a faster, more advanced version of its original. It allows the wireless sharing of photos and videos as well as upload to the Flucard® portal or server of choice for instantaneous backup.

e. Ai-Ball

Ai-Ball is the world's smallest portable video camera. The device boasts high quality 2-megapixel video with Wi-Fi streaming of up to 20 metres.

f. Smart Gateway

Trek Smart Gateway is a platform that supports the multiple usage of applications for both clinical and home monitoring in the healthcare domain. The system connects seamlessly to Trek's Cloud which then collects a client's personal information and analyses the data. The Smart Gateway coordinates all wireless protocol to Internet or Local Networks for the sharing of resources.

g. Smart Sensor for diapers

Inadequate detection of wet diapers is the most common cause of a baby's diaper rash. Trek's Smart Sensor for diaper is a re-usable IoT device attached to a diaper in order to detect its humidity and temperature. When a diaper gets wet, the device will then immediately notify the parent or care-giver.

2. THUMBDRIVE® SOLUTIONS

a. ThumbDrive®

The patented ThumbDrive® is a thumb-sized external portable data storage device that utilises flash memory technologies to store digital data.

b. ThumbDrive® Cloud

ThumbDrive® Cloud is fully integrated with Cloudstringers and provides a platform for users to store, view, share, exchange and transact their digital content.



c. ThumbDrive® Crypto

ThumbDrive® Crypto ensures the encryption of all storage with the utilisation of a built-in hardware encryption system. The Advanced Encryption Standard (AES) is the regulatory standard approved by the U.S. Government.

d. ThumbDrive® Swipe

The ThumbDrive® Swipe is equipped with state-of-the-art finger authentication sensor technology to personalise the protection of information on the device.

e. STRIKES

STRIKES, short for “Secure TRansaction, Identity, Key, Encryption & Storage”, is a flash drive with an integrated smart chip for the purpose of secondary authentication for online transactions.

f. ThumbDrive SWAN

ThumbDrive® SWAN (or TD SWAN) drive has the unique Single-Write Access-Numerous (SWAN) feature on the USB flash drive. Files could only be written once to the drive and will stay intact and pristine. It is well suited for secure storage and archives of important data files.

g. CHEZ Solution

CHEZ Solution allows enterprises to protect crucial information by preventing access to all unauthorised mobile storages devices. CHEZ Solution is widely recognised by government agencies and companies as a top-notch security solution for the digital age.

h. Trek's Solid State Drive

Trek's Solid State Drive (“SSD”), is a flash based drive that provides an alternative to the commonly used hard disk drive.

Trek's SSD utilises an advance flash memory controller that enables it to achieve higher read/write speeds, parallel data transfer and wear-levelling, which optimize performance, reliability and endurance of the device.

This drive also delivers improved system responsiveness that improves overall computing experience and faster boot and application loading times. To ensure data protection, Trek's SSD also incorporates AES data encryption to help users prevent unauthorised data access.



Riding^{the} Wave of Digital Revolution

The world is experiencing the beginning of an IoT Revolution, where the proliferation of connected devices is expected to transform the way we work, live and interact.

Our core principle, “Innovation: Inside Out”, demonstrates our mission to continuously invent products and solutions for the benefit of mankind. Supported by our track record of successfully developing disruptive technologies, our focus lies on developing new innovations within three main segments:

- **Medical Technology (“Medtech”)**
- **Wearable Technology**
- **Cloud Technology**



Vital statistics **monitored**
using Flucard-enabled
devices



Upload vital statistics
from device to cloud
seamlessly

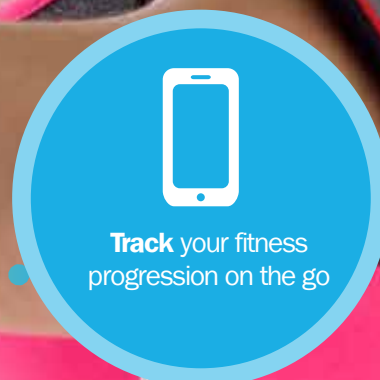
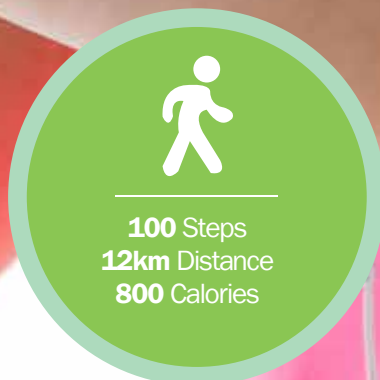


Quick transfer of
medical info for
doctors to access

The global advancement in Medtech is expected to grow at a CAGR of 5% to an estimated value of US\$500 billion by 2021. Tapping on this growth opportunity, we aim to introduce game-changing solutions that integrate technology into our current healthcare system. Our mission is to raise the accessibility of healthcare and transform the way it is delivered.

Smart bodywear for the modern consumer

The wearable technology industry is expected to grow at a CAGR of 17.8% till US\$31.27 billion by 2020. Apart from consumer wearables such as fitness and medical devices, the birth of wearable scanners and computing devices for warehouse, logistics, and other industrial operations is creating a world of endless possibilities.



Sharing content at the touch of a button

Leveraging on the Flucard® ecosystem, Cloudstringers is an online platform and marketplace that can be used to store, buy or sell content. In addition, Cloudstringers also provides an enterprise solution for television and broadcast stations to streamline processes related to the storage, purchase and download of media digital content.



Capture image & videos with Flucard® equipped cameras and all wireless cameras



Exclusive contents are transacted through Cloud Stringer's **Marketplace**



Media **uploaded** in real time to cloud eco system



Transacted contents can be **downloaded** seamlessly from Cloud Stringer's Portal

Financial Review

Segmental analysis by business segments

The Group's Interactive Consumer Solutions ("ICS") division continues to be the key revenue generator, accounting for 97.5% of overall revenue for the full year ended 31 December 2017 ("FY2017"). The business segment consists of proprietary products and solutions including the Thumbdrive®, Flucard®, Security Solutions, WiFi Memory Modules for embedder devices.

The Customised Solutions ("CS") segment contributed to 2.3% of overall FY2017 revenue, an increased compared to a contribution of 1.4% for FY2016. Lower contribution from CS segment is due to the Group's ongoing strategy to allocate its resources to the ICS segment, the Group's key growth driver.

Segmental analysis by geography

Despite intense competition within the technology industry, the Group extended its market presence within key regions of focus. For FY2017, the China and Hong Kong market was the main contributor to the Group's revenue, followed by Malaysia market.

In Taiwan, the Group's revenue increased 44.9% yoy to US\$17.6 million for FY2017. Conversely, revenue from the United State of America declined to US\$1.1 million.

As part of the Group's strategy to focus on key regions such as China, Hong Kong, Malaysia and Taiwan, revenue from Singapore declined 89.6% yoy to US\$2.3 million for FY2017.

Income Statement

For FY2017, the Group reported a 32.0% yoy decrease in revenue to US\$112.6 million mainly due to decrease in ICS division and the disposal of Racer Technology Pte

Ltd and its subsidiaries ("Racer Group") in the first quarter of FY2017.

Nevertheless, conscientious efforts were committed to control cost and improve overall product mix which translated to a 4.3 percentage point expansion in gross profit margin to 15.4% for FY2017.

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

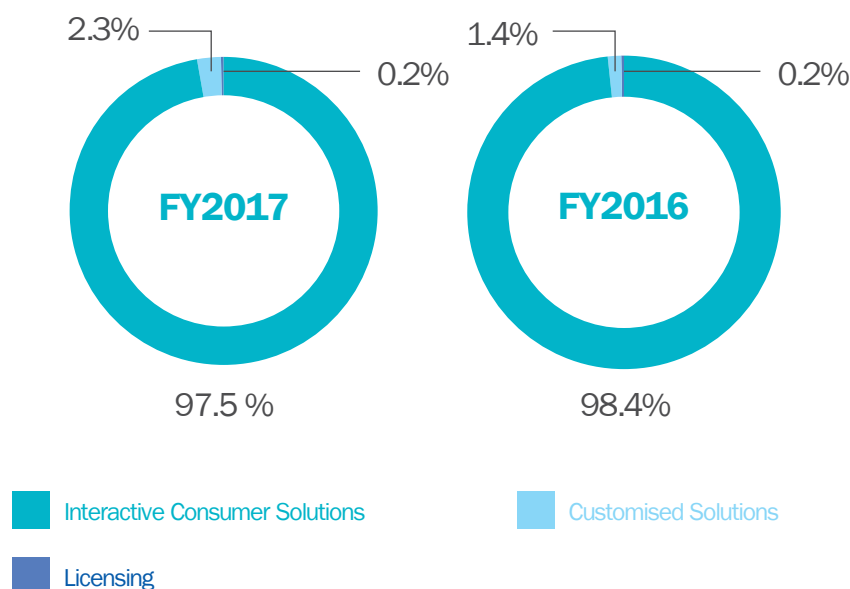
Revenue

The Group's ICS business reported a 32.7% yoy decrease in revenue to US\$109.8 million for FY2017 mainly due to the divestment of Racer Group in the first quarter of FY2017 and the acute supply of strategic components from strategic vendors.

Gross Profit

Backed by effective cost containment measures and improved overall product mix, the Group's gross profit margin increased 4.3 percentage point yoy to 15.4%.

Revenue by Segments



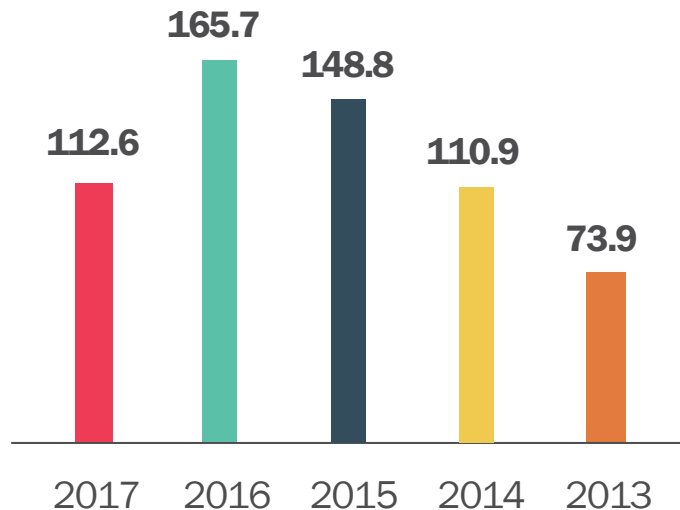
Expenses

The Group's total expenses amounted to US\$12.3 million for FY2017 (FY2016: US\$11.8 million) representing an increase of 4.2% yoy. The factors contributing to the changes are:

- Research and development expenses reported an increase of 5.3% yoy to US\$3.1 million for FY2017 (FY2016: US\$2.9 million). The increase was mainly due to an increase in intangible assets written off.
- Marketing and distribution expenses decreased 24.1% yoy to US\$1.9 million for FY2017 (FY2016: US\$2.5 million) mainly due to decrease in marketing activities upon disposal of Racer Group in the first quarter of FY2017.
- General administrative expenses decreased 9.3% yoy to US\$5.6 million for FY2017 (FY2016: US\$6.2 million) mainly due to lower staff-related costs.

Financial Review

Revenue (In USD Millions)



- Other expenses increased more than 100% yoy to US\$1.7 million in FY2017 (FY2016: US\$0.01 million) mainly due to losses incurred upon disposal of Racer Group in the first quarter of FY2017 and quoted investments.

Net profit after tax attributable to owners of the Company

Despite the challenging economic environment, the Group reported a net profit attributable to owners of the Company of US\$5.2 million in FY2017 as compared to US\$6.1 million for FY2016.

Balance Sheet

Key highlights

Group

- Property, plant and equipment** – The decrease in the Group's property, plant and equipment was mainly due to disposal of Racer Group's property, plant and equipment in the first quarter of FY2017.

- Intangible assets** – The Group's intangible assets decreased by US\$1.9 million was mainly due to write-off of patents to profit or loss and amortisation during the year.

- Quoted investments** – The Group's investment in quoted investment increased by US\$4.2 million to US\$16.4 million as at 31 December 2017 compared to US\$12.2 million as at 31 December 2016. This was due to additional investments made in quoted investments.

- Inventories** – The Group's inventories amounted to US\$1.1 million as at 31 December 2017, a decrease by US\$9.2 million from US\$10.3 million as at 31 December 2016. Inventory turnover is 4 days in FY2017 (FY2016: 26 days).

- Trade and other receivables** – The Group's trade and other receivables amounted to US\$3.3 million as at 31 December 2017 compared to US\$17.1 million as at 31 December 2016. Trade receivables turnover is 9 days in FY2017 (FY2016: 20 days).

- Trade payables and accruals** – The Group's trade payables and accruals amounted to US\$1.9 million as at 31 December 2017 compared to US\$14.5 million as at 31 December 2016. Trade payable turnover is 7 days in FY2017 (FY2016: 36 days).

Cashflow Statement

The Group's core business operations generated US\$15.4 million of positive operating cash flow for FY2017.

The Group's net cash used in both investing activities and financing activities amounted to US\$6.5 million and US\$0.4 million respectively for FY2017.

The Group's cash and cash equivalents as at 31 December 2017 amounted to US\$37.0 million compared to US\$28.4 million as at 31 December 2016 which was reflective of the net cash generated from operating activities and net cash used in both investing and financing activities

Board of Directors



MR. HENN TAN

Chairman, Chief Executive Officer and Executive Director

Mr. Tan is Chairman and Chief Executive Officer (“CEO”) of the Company. Mr. Tan has been an Executive Director since the Company’s inception. As Chairman and CEO, he is responsible for leading management in building and developing the Group’s operations as well as strengthening its management structure for future growth and expansion. He holds a Bachelor of Science degree from University of Ireland.

Mr. Tan has more than 20 years’ experience in the electronics industry and has received the following awards:

- Ernst & Young Emerging Entrepreneur of the Year in 2002.
- He is a holder and inventor of numerous patents worldwide.
- The INVENT Singapore Award 2008.
- Special Achievement Award of the Year 2010 by Asia Pacific Entrepreneurship.
- Engineering Leadership Award by the Institute of Electrical and Electronics Engineer Inc (IEEE) in 2011.
- Rotary ASME Entrepreneur of the year for Innovation in 2011.
- Spirit of Innovation Award 2013 conferred by Asia-Pacific Enterprise Leadership Awards (APELA).

He does not hold any directorship or chairmanship in other listed companies presently and over the preceding three years.



MR. KHOR PENG SOON

Independent, Non-Executive Director and Lead Independent Director

Mr. Khor joined the Board on 4 February 2013 and was appointed as the Chairman of Remuneration Committee on 7 August 2017.

He is the Chairman of ONI Global Pte. Ltd. In this capacity, he provides strategic oversight over the company’s franchised GNC retail business in Singapore, Malaysia and Taiwan and investments in retail of nutrition and health products and services. He is also the Managing Director of JP Ying Advisory and the Executive Director of Reborne Pte Ltd. He sits on the board of another public listed company, Plastoform Holdings Limited and the boards of several other private companies.

Mr. Khor previously held senior management positions in Temasek Holdings, SembCorp, EY and the EDB. He holds a Master of Engineering Science (Industrial Engineering) degree from the University of New South Wales, Australia.

Board of Directors



DR LONG MING FAI EDWIN

Executive Director and Deputy Chief Executive Officer

Dr Long Ming Fai Edwin joined the Board as an Independent Director and Member of Audit Committee and Risk Review Committee on 15 May 2015. Subsequently, he has been appointed as Executive Director on 1 October 2015. He was subsequently appointed as a Deputy CEO on 2 June 2016. He ceased as Member of Audit Committee on 12 July 2016

Prior to his appointment as the Deputy CEO, he was the President, IT Division at New Silkroutes Group Ltd and Director of Digiland (Thailand) Co. Ltd.

Dr Long has more than 25 years of experience in the product development and business management of IT electronics and consumer electronics products. He was also instrumental in starting up various electronics companies developing and marketing IT products and appliances.

He holds a Bachelor of Engineering (Hons) in Mechanical Engineering and a Ph.D. in Engineering (Control Systems).

He does not hold any directorship or chairmanship in other listed companies presently and over the preceding three years.



MR. CHAY YEE MENG

Independent, Non-Executive Director

Mr. Chay Yee Meng re-joined the Board on 22 March 2016 and was appointed as Independent Non-Executive Director and Chairman of Audit and Nominating Committees.

He is Chairman of Autoscan Technology Pte Ltd. Mr. Chay retired from the Board of National Kidney Foundation on 29 November 2012, but stays on as a member of the National Kidney Foundation Finance Committee. Currently, he is also a member of Singhealth Fund Ltd Finance Committee and SMU Business School Advisory Board. Mr. Chay was a founding Board member of ECS Holding Ltd and was its Audit Committee member from 2002 to 2007, and founding Director and Chief Financial Officer of Natsteel Electronics Ltd from 1993 to 2000, then as Head of Finance of Solectron Technology Asia Pacific Region from 2001 to 2002. He has more than 20 years experiences in the electronics industry.

He graduated with a Bachelor of Accountancy degree from Nanyang University and is a FCA of ISCA (Fellow member of Institute of Singapore Chartered Accountants) since 1983.

He does not hold any directorship or chairmanship in other listed companies presently and over the preceding three years.

Board of Directors



MS. CELINE CHA MUI HWANG

Independent, Non-Executive Director

Ms. Celine Cha Mui Hwang was appointed as Independent Non-Executive Director of the Company on 1 October 2015.

Ms. Cha is the Investment Director, Merger & Acquisition of V3 Group Ltd and has been with the company for 22 years. Prior to heading Merger & Acquisition, she was the Chief Merchandising Officer and was instrumental in the development and design of OSIM products as well as the global Purchase and Shipping Operations.

She is a graduate with an Advanced Diploma in Marketing from the then PSB Academy.

She does not hold any directorship or chairmanship in other listed companies presently and over the preceding three years.



PROFESSOR LEE CHUEN NENG

Independent, Non-Executive Director

Professor Lee Chuen Neng joined the Board on 16 March 2018 and was appointed as Independent Non-Executive Director.

He is a Professor of Surgery & of Engineering at the National University of Singapore (NUS).

He is the founder of the Department of Cardiac, Thoracic & Vascular Surgery at National University Hospital. He was appointed as the Director of The Heart Institute, National Healthcare Group (NHG). He had held various appointments including President of the Cardiac Society on three occasions, President of the International Chinese Heart Health Network, Council member of the Asian Federation of Cardiology, Vice Chairman of the Singapore Heart Association. He was the Chairman of the Specialist Training Committee for Cardiothoracic Surgery and a Founding Executive Council Member of the Asian Society for Cardiovascular Surgery since 1993, becoming the President of the Asian Society for Cardiovascular & Thoracic Surgery (ASCVTS) in 2009.

He graduated from NUS in 1975, he completed his general surgery training at the University Department of Surgery, Singapore General Hospital and served as a Lecturer in general surgery before going on to cardiothoracic surgery training from 1982. He was trained at the Mayo Clinic from 1983 to 1985 and returned in 1985 to set up the Division of Cardiothoracic Surgery at the National University Hospital (NUH), becoming an Associate Professor and Head in the process. He left for private practice in 1992 and was asked to return to the NUS and NUH at the end of 2001. His special interest is in coronary artery and valve surgery and specialises in Aortic Aneurysm, Valvular Heart Disease and Heart Failure. His current research interest is Medical Technologies and devices.

Board of Directors



MR. LOH YIH

Independent, Non-Executive Director

Mr. Loh Yih joined the Board on 31 May 2017 and was appointed as Independent Non-Executive Director and Member of Audit Committee, Nominating Committee, Remuneration Committee and Risk Review Committee.

He is currently the Executive Chairman of Acesian Partners Limited, listed in Singapore, overseeing the performance of the Group. He is also the Managing Partner of MGF Capital Group. He sits on the board of other publicly listed companies in Singapore such as Ban Leong Technologies Limited and International Press Softcom Limited as Independent Director. Besides that, he is also the Independent Director of Weichai Power Co. Ltd listed in Hong Kong and Shenzhen.

Mr. Loh was previously the Managing Director of Netplus Communications Pte Ltd, an internet service provider. He was also previously held senior positions in Standard Chartered Merchant Bank and West Merchant Bank.

He graduated from the National University of Singapore with a Bachelor of Accountancy (Honours). He is also a Chartered Financial Analyst.



MR. NEO GIM KIONG

Independent, Non-Executive Director

Mr. Neo Gim Kiong joined the Board on 24 Jul 2017 and was appointed as Independent Non-Executive Director, Chairman of Risk Review Committee and Member of Audit Committee.

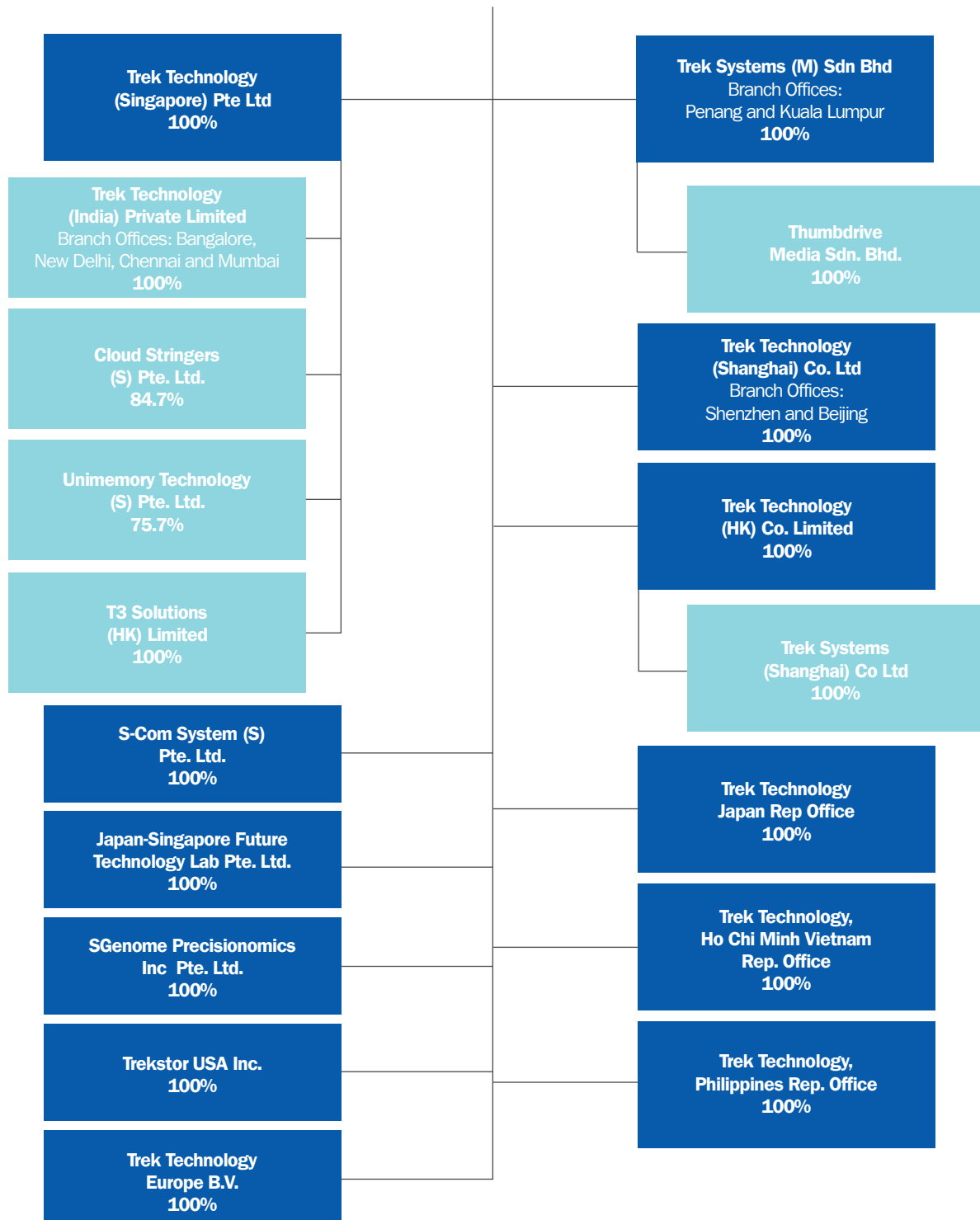
He is currently the Executive Director and Chief Executive Officer of Sen Yue Holdings Limited, listing in Singapore, responsible for the strategic growth and exploring of new opportunities of growth for the Group. He is also the founding director of Dollar Tree Inc Pte Ltd, a business advisory firm incorporated in Singapore in 2004. Mr. Neo is the lead independent director of International Press Softcom Limited, independent director of Ban Leong Technologies Ltd and independent non-executive chairman of Astaka Holdings Ltd. In addition, he is a board member of both P.R. China Guangdong Province Overseas Exchange Association and Ningxia Autonomous Region Overseas Exchange Association.

He holds a Bachelor of Science Degree in Mathematics with Honours from the National University of Singapore.

Group Structure



TREK 2000 International Ltd





Key Management

MR. WILFRED WEE HOCK KEE

Deputy President Operations

Mr. Wee will oversee the Group operations.

Mr. Wee has more than 32 years of experience as Managing Director of Panasonic System Asia Pacific Pte Ltd. He was responsible for the operations of Asia-Pacific regions. He heads the R&D division for medical devices and prototyping and has few product patterns under his name.

MR. LIM JOHNSON

Finance Manager

Mr. Lim joined the Group in 2016. He has numerous years of experience in accounting and financing related work.

Mr. Lim is a member of Association of Chartered Certified Accountants (ACCA). He holds a Master of Science in Accounting and Finance from Birmingham City University.

MR. RAJESH SEETHARAMAN

Head of Intellectual Property

Mr. Rajesh as Head of Intellectual Property, he handles the Group's patents and responsible for filling patents for new inventions, harnessing ideas from R&D.

He holds Engineering Degree from Madras University and Law Degree from Karnataka University, affiliated by Bar council of India.

MR. KUAN MUN KWONG

President, Global Marketing/Sales, Strategic Business

Mr. MK Kuan currently heads the Strategic Business reporting directly to the CEO. He has more than 18 years' experience in International Sales and more than 12 years' experience in Engineering.

He has extensive knowledge of the global markets from US, Europe to Asia including Japan. He was also based in China's Beijing and Shenzhen for 3 years to develop and

establish partnerships. As an engineer, he was Thomson's STAR performer and an inventor and holder to a patent.

Mr. MK Kuan holds a Diploma in Electronics Engineering.

MS. WU XIAO HONG

Director, Marketing for China

Ms. Wu joined the Group in early 2016. She holds a degree in management from Beijing Science Technology and Management University.

DR. SHEW PAUL WAIE

Head of R&D, Software

Dr. Shew joined the Group in 2006 and brings with him 25 years of experience. He is responsible for the overall planning and development of software and hardware capabilities. Dr. Shew received his Bachelor of Engineering degree and Ph.D in Electrical Engineering from the National University of Singapore.

Key Management

MR. CHAN KOON KEET

Head of R&D (Firmware),
Kuala Lumpur, Malaysia.

Mr. Chan is the Group's Senior Engineer and Head of R&D & Firmware in Kuala Lumpur, since 2001 is responsible for the project planning and execution of the Group's firmware based projects. Mr. Chan holds a Degree in Electrical & Electronics Engineering.

MR. GOPU SIVA

Country Manager – India

Mr. Gopu Siva joined the Group since 1997 and has developed his capabilities to his current position as Country Manager, India. As Country Manager, he is responsible for the overall Marketing and Sales, Planning, Strategy, Accounting and Administrations in India. He is the holder of an Engineering Degree from University of Kerala.

MR. EDDIE CHAN KAM LOY

Country Manager – Malaysia

Mr. Eddie Chan as Country Manager, he is responsible for the overall Marketing and Sales, Planning and Strategy in Malaysia since 2009. He is also managing the retail and hypermarkets channels in Malaysia. He holds a Diploma in Commerce.

MR. NGUYEN PHUC NINH

Senior Sales Manager – Vietnam

Mr. Nguyen joined the Group in 2015 and as Senior Sales Manager is responsible for the overall Marketing and Sales, Planning and Strategy in Vietnam. He majored in Business Administration from the Hue Scientific University.

MS. NATTATHAYA CHAISIRI

Country Manager – Thailand

Ms. Nattathaya as Country Manager, she is responsible for the overall Marketing and Sales, Planning and Strategy in Thailand.

She holds a Bachelor's degree in Business Administration from Phranakhon Rajabhat University.

MR. WAYNE TAN JOON YONG

Director – Cloud Stringers (S) Pte Ltd

Tan Joon Yong Wayne is the founder, a shareholder and a director of Cloud Stringers, a subsidiary of the Company, since 2012 and is responsible for the overall Marketing and Sales, Planning and Strategy. Wayne led the online/web-based Cloud Stringers product and functional and User specification definitions, construction of technological and feature roadmap. He continues to develop strategic partnership in implementing online/web-based business value propositions for ready to market fulfilment.

Mr. Wayne Tan holds a Bachelor of Marketing & International Business from The University at Buffalo, State University of New York.

MR. WU ZEBANG, LEO

Country Manager – China/Hong Kong

Mr. Wu Zebang as Country Manager, he is responsible for the overall Marketing and Sales, Planning and Strategy in China/Hong Kong.

He holds a Bachelor's degree in Guilin University of Electronic Technology, Guilin City.

MR. JUNICHI YAMAZAKI

Country Manager – Japan

Mr. Junichi as Country Manager and Partnership Programme Management is also responsible for the Planning and Strategy in Japan, since 2010. He holds a Master's Degree in Engineering, Electric Engineering, Keio University, Yokohama, Japan.



Corporate Information

BOARD OF DIRECTORS

Executive

Henn Tan
(Chairman and Chief Executive Officer)
Dr Long Ming Fai Edwin

Non-Executive and Independent

Chay Yee Meng
Khor Peng Soon
Celine Cha Mui Hwang
Loh Yih
Neo Gim Kiong
Professor Lee Chuen Neng

Audit Committee

Chay Yee Meng (Chairman)
Loh Yih
Neo Gim Kiong

Nominating Committee

Chay Yee Meng (Chairman)
Loh Yih
Dr Long Ming Fai Edwin

Remuneration Committee

Khor Peng Soon (Chairman)
Loh Yih
Henn Tan

Risk Review Committee

Neo Gim Kiong (Chairman)
Loh Yih
Dr Long Ming Fai Edwin

COMPANY SECRETARY

Tan Wee Sin

REGISTERED OFFICE

30 Loyang Way #07-13/14/15
Loyang Industrial Estate
Singapore 508769
Tel: (65) 6546 6088
Fax: (65) 6546 6066

www.trek2000.com.sg
www.thumbdrive.com
www.flu-card.com
www.ai-ball.com
www.cloudstringers.com

STOCK LISTING

Singapore Stock Exchange
Ticker Symbol: TREK
ISIN CODE: SG 1159-8829-65

SHARE REGISTRARS

Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Moore Stephens LLP
10 Anson Road
#29-15 International Plaza
Singapore 079903

AUDIT PARTNER IN-CHARGE

Neo Keng Jin
Date of Appointment: Since financial
year ended 31 December 2017



CloudStringers Eco-Solutions



COMPUTERS



ThumbDrive® Cloud



SSD

IMAGING



Flucard® Ultra

SURVEILLANCE



Ai-Ball



Ai-Ball

MEDICAL



Smart Sensor
for diapers



PAS

Trek Patented Innovations



Financial Contents

Report on Corporate Governance	24
Sustainability Report	40
Directors' Statement	50
Independent Auditor's Report	55
Statements of Comprehensive Income	58
Statements of Financial Position	60
Statements of Changes in Equity	62
Consolidated Statement of Cash Flows	66
Notes to the Financial Statements	68
Statistics of Shareholdings	132
Shareholders' Information	133
Notice of Nineteenth Annual General Meeting	134
Proxy Form	

Report on Corporate Governance

Trek 2000 International Ltd (“the Company”) is committed to maintaining high standards of corporate governance in complying with the Code of Corporate Governance 2012 (“**2012 CGCode**”) which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited (“SGX-ST”)’s Listing Manual. Good corporate governance establishes and maintains an ethical environment, which strives to enhance the interests of all shareholders. The Company has adhered to the principles and guidelines of the 2012 CGCode. This report outlines the Company’s corporate governance processes, practices and activities that were in place for the financial year ended 31 December 2017 (“**FY2017**”), with specific references to the guidelines of the 2012 CGCode, where applicable except where otherwise stated.

BOARD MATTERS

Board’s Conduct of its Affairs (Principle 1)

The Board of Directors (“**the Board**”), which meets at least four times a year, supervises the management of the business and the affairs of the Company and its subsidiaries (“the Group”). The Board’s role is to:

1. provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. establish a framework of prudent and effective controls which enables risks to be assessed and managed;
3. review management performance;
4. set the Group’s values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and
5. consider sustainability issues as part of its strategic formulation.

Sustainability issues

The Board recognises that to ensure business is sustainable; the Group has to strike a balance between its business needs and the need of the society and the environment in which the Group operates. The Board believes that to grow sustainably as a forward-looking corporate entity, the Group has to regularly reach out to all stakeholders, from its employees to the community, and to be responsible stewards of its natural environment. The Company has taken initiative to comply with Rule 7.11A of SGX-ST Listing Manual to issue its sustainability report in which the said report can be found in page 40 to page 49 of this Annual Report.

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Company.

To facilitate effective management of the Board, certain functions have been delegated to four Board Committees namely Audit Committee (“**AC**”), Nominating Committee (“**NC**”), Remuneration Committee (“**RC**”) and Risk Review Committee (“**RRC**”), each of which has its own written Terms of Reference and whose actions are reported to and monitored by the Board. Apart from its statutory responsibilities, the Company has adopted internal guidelines setting forth matters that require Board’s approval. The types of material transactions that require the Board’s approval under such guidelines are as follows:

- a) Approval of quarterly results announcements;
- b) Approval of annual results and accounts;
- c) Declaration of interim dividends and proposal of final dividends;
- d) Convening of shareholders’ meetings;
- e) Approval of corporate strategy;
- f) Authorisation of merger and acquisition transactions; and
- g) Authorisation of major transactions.

Report on Corporate Governance

The Board meets regularly on a quarterly basis and as warranted. *Ad hoc* meetings are also convened to deliberate on urgent substantive matters. Attendance via telephone conference and conference via audio-visual communication at Board meetings are allowed pursuant to the Company's Constitution. The number of Board and Board Committee meetings held in the year and the attendance of each Board member at these meetings are disclosed below:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee		Risk Review Committee	
	Number of Meetings		Number of Meetings		Number of Meetings		Number of Meetings		Number of Meetings ⁷	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Henn Tan ¹	6	4	N.A.	N.A.	1	1	2	2	N.A.	N.A.
Dr. Long Ming Fai Edwin ²	6	6	N.A.	N.A.	N.A.	N.A.	2	0/0	0	0
Mr. Khor Peng Soon ³	6	5	6	4/5	1	0	2	1	0	0
Mr. Chay Yee Meng	6	6	6	6	N.A.	N.A.	2	2	N.A.	N.A.
Ms. Celine Cha Mui Hwang ⁴	6	5	N.A.	N.A.	1	1	N.A.	N.A.	0	0
Mr. Loh Yih ⁵	6	2/2	6	3/3	1	0/0	2	0/0	0	0
Mr. Neo Gim Kiong ⁶	6	2/2	6	1/1	N.A.	N.A.	N.A.	N.A.	0	0
Mr. Chan Leng Wai ⁷	6	4/4	6	3/3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. – Not Applicable

Denotes:

- ¹ Mr. Henn Tan ceased as member of Nominating Committee on 7 August 2017.
- ² Dr. Long Ming Fai Edwin appointed as Member of Nominating Committee on 7 August 2017.
- ³ Mr. Khor Peng Soon ceased as Member of Audit Committee, Nominating Committee and Risk Review Committee on 7 August 2017.
- ⁴ Ms. Celine Cha Mui Hwang ceased as Member of Remuneration Committee and Risk Review Committee on 7 August 2017.
- ⁵ Mr. Loh Yih appointed as Member of the Nominating Committee, Remuneration Committee and Risk Review Committee on 7 August 2017.
- ⁶ Mr. Neo Gim Kiong appointed as Independent Non-Executive Director on 24 July 2017 and Member of the Audit Committee and Risk Review Committee on 7 August 2017.
- ⁷ Mr. Chan Leng Wai retired as Independent Non-Executive Director and ceased as Member of Audit Committee on 29 June 2017.
- ⁸ No Risk Review Committee's Meeting was held during the year.

Report on Corporate Governance

Access to Information (Principle 6)

As a general rule, Board papers are required to be sent to Directors at least seven days before Board meeting so that the Members may better understand the matters before the Board meeting and discussion may be focused on questions that the Board has about the Board papers. In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board with a management report containing adequate and timely information. Such reports cover financial updates with explanations of material variances over previous years/periods' actual results. In addition, management will also update the Board on matters of the Company from time to time when necessary.

The Directors have separate and independent access to the Company's senior management, who together with the Company Secretary, are responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. Pursuant to the Company's Constitution, the Company Secretary shall be appointed by the Directors on such terms and for such period as they may think fit. The Company Secretary administers, attends and prepares minutes of all Board meetings. The Company Secretary assists the Chairman in ensuring that board procedures are followed and regularly reviewed to ensure the effective functioning of the Board, and that the Company's Constitution and the relevant rules and regulations, including the requirements of the Companies Act and the Listing Manual of the SGX-ST, are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes. The appointment and the removal of the Company Secretary rest with the Board.

A formal letter is sent to a director upon his appointment setting out his duties and responsibilities. The Board may take independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. Apart from keeping the Board informed of all relevant new laws and regulations, the Company has an orientation programme for new directors in connection with their duties as Directors which includes detailed presentation by key senior management covering the structure, business, activities and growth strategies of the Group. Depending on their skillsets and background, directors are sponsored for relevant courses, conferences and seminars in order that they can be better equipped to fulfil their governance role and to comply with directors' obligations. Where there are statutory and regulatory changes that affect the obligations of directors, the Company will organise briefings by external legal counsel, where appropriate, at the Company's expense.

Board Composition and Guidance (Principle 2)

The Board comprises eight Directors, six of whom namely, Mr. Chay Yee Meng, Mr. Khor Peng Soon, Ms. Celine Cha Mui Hwang, Mr. Loh Yih, Mr. Neo Gim Kiong and Professor Lee Chuen Neng, are Independent Non-Executive Directors.

A brief description of the background of each Director is presented at the "Board of Directors" section.

The Board, through the NC, reviews the independence of each Independent Director, board structure, size and composition annually. As Independent Directors made up more than half of the Board, there is strong independent element on the Board and no individual or group of individuals is able to dominate the Board's decision-making process. The Board consists of high caliber members with a wealth of knowledge, expertise and experience. They contribute valuable direction and insights, drawing from their vast experience in matters relating to accounting, finance, business and general corporate matters. The Board members also collectively possess the necessary core competencies for the effective functioning of the Board and an informed decision-making process.

The NC has reviewed and is satisfied that the current composition and board size is appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operation.

As six (6) out of its eight (8) directors are Independent Directors, the requirement of the Code that the Independent Directors must made up at least half of the Board, where the Chairman of the Board and the Chief Executive Officer ("CEO") is the same person and is not an independent director, is satisfied. The Independent Director is required to declare his independence by duly completing and submitting a "Confirmation of Independence" form. Each of the Independent Director has confirmed that he does not has any relationship with the Company or its related corporations, its shareholders who have an interest of at least 10% of the Company's totals voting shares, or its officers including confirming not having any relationship and circumstances set out in guideline 2.3 of the 2012 CGCode, that could interfere, or be reasonably perceived to interfere, with the exercise of independent judgement in carrying out the functions as an Independent Director with a view to the best interest of the Group. The Board and the NC has reviewed, determined and confirmed the independence of the Independent Directors.

The NC is of the view that the multiple board representations held presently by the Directors do not hinder them from carrying out their duties to the Company.

Report on Corporate Governance

The Board has considered and agreed with the NC's recommendation to defer the need to set guidelines for maximum directorships in a listed company that a Director can hold because directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities. Accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of listed directorships they could hold and serve effectively. The NC is satisfied that sufficient time and attention are being devoted by the Directors to the affairs of the Company and the Group during FY2017. The NC will continue to review from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately. The NC does not make any determination on the tenure of an Independent Director as the NC takes the view that in ascertaining a Director's independence, it is his ability to exercise independence of mind and judgment to act honestly and in the best interests of the Company that matters.

The Independent and Non-Executive Directors communicated without the presence of the Management as and when the need arises. The Company has also benefited from management's access to its Directors for guidance and exchange of views both inside and outside the formal environment of Board and Board Committee meetings.

Chairman and Chief Executive Officer (Principle 3)

Since the incorporation of the Company, Mr. Henn Tan has been both the CEO and Chairman of the Board. The Company has benefited from the leadership of Mr. Henn Tan who is knowledgeable about the business of the Company and its subsidiaries. The presence of a majority of Independent Directors on the Board provides the balance to Board deliberations so that powers are not concentrated in the hands of an individual.

Whilst the CEO/Chairman has executive responsibilities for the day-to-day operations of the Group, his other responsibilities as Chairman, among others, include:

- a) Approving Board meeting agenda and leading the Board to ensure its effectiveness;
- b) Reviewing key proposals and Board papers before they are presented to the Board and ensuring that Board Members are provided with accurate and timely information;
- c) Monitoring communications and relations between the Company and its Shareholders, between the Board and management, between Executive and Non-Executive Directors, and between Independent and Non-Independent Directors, with a view to encouraging constructive relations and dialogue amongst them;
- d) Facilitating the effective contribution of Non-Executive Directors; and
- e) Promoting high standards of corporate governance.

In addition, as CEO of the Group, he assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the Management team; and leads the development of the Group's strategic direction including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

The Company has appointed Mr. Khor Peng Soon as the Lead Independent Director who will make himself available to shareholders where they have concerns and for which contact through the normal channels of the Chairman and CEO has failed to resolve or is inappropriate.

The Lead Independent Director will represent the Independent Directors in responding to shareholders' questions and comments that are directed to the Independent Directors as a group.

Board Membership (Principle 4)

The NC comprises three members, who at the date of this Report are:

Mr. Chay Yee Meng - Chairman
Mr. Loh Yih - Member
Dr. Long Ming Fai Edwin - Member

Report on Corporate Governance

The NC, which has written Terms of Reference, is responsible for making recommendations to the Board on all board appointments and re-appointments, including identifying and short listing suitable candidates. The responsibilities of the NC also include the following:

- a) Annual review of skills required by the Board, and the size of the Board;
- b) Review the independence of each Director and ensure that the independent directors make up at least half of the Board and also comprise a lead independent director who is a member of the NC;
- c) Review whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, when he has multiple board representations, taking into consideration the directors' number of listed company board representations and other principal commitments;
- d) Decide how the Board's performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;
- e) Formal assessment of the effectiveness of the Board as a whole and each individual Director; and
- f) Review and recommend to the Board on relevant matters relating to the board succession plans, development of process for evaluation of Board, Board committees and Directors' performance, and training programs for the Board, etc.

The NC has in place a formal process for the selection of new Directors and re-appointment of Directors as follows:

- a) The NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with Board, prepares a description of the role and the essential and desirable competencies for a particular appointment.
- b) If required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Boards;
- c) The NC meets with short-listed candidates to assess their suitability and ensure that the candidates are aware of the expectations; and
- d) The NC makes recommendations to the Board for approval.

The NC also reviews the independence of the Directors as mentioned under Guideline 2.3 of the 2012 CGCode on an annual basis. The NC has affirmed that Mr. Khor Peng Soon, Mr. Chay Yee Meng, Ms. Celine Cha Mui Hwang, Mr. Loh Yih and Mr. Neo Gim Kiong are independent and free from any relationship outlined in the 2012 CGCode. Each of the Independent Directors has also confirmed his independence in accordance with the 2012 CGCode. None of the Independent Director has served on the Board beyond nine (9) years from their respective date of appointment. Guideline 2.4 of the 2012 CGCode is therefore not applicable to the Board. However, taking into account the need for Board refreshment, the Board will, consider developing a policy on this at the appropriate time.

At each Annual General Meeting ("**AGM**"), one-third of the Directors with the longest term in office are required to retire and submit themselves for re-election. At the forthcoming AGM, Mr. Chay Yee Meng and Dr. Long Ming Fai Edwin will be due for retirement pursuant to Article 103 of the Company's Constitution. Mr. Neo Gim Kiong and Professor Lee Chuen Neng, the newly appointed directors will submit themselves for retirement pursuant to Article 108 of the Company's Constitution. Ms Celine Cha Mui Hwang has indicated her intention to retire as Director at the conclusion of the forthcoming AGM.

Mr. Chay Yee Meng, Mr. Neo Gim Kiong and Professor Lee Chuen Neng, being eligible, have offered themselves for re-election.

Mr. Chay Yee Meng will, upon re-election as Director, remains as the Chairman of the Audit and Nominating Committees. The Board considers Mr. Chay Yee Meng to be independent for the purpose of Rule 704(8) of the SGX-ST Listing Manual.

Mr. Neo Gim Kiong will, upon re-election as Director, remains as the Chairman of the Risk Review Committee and a member of the Audit Committee. The Board considers Mr. Neo Gim Kiong to be independent for the purpose of Rule 704(8) of the SGX-ST Listing Manual.

The Board considers Professor Lee Chuen Neng to be independent for the purpose of Rule 704(8) of the SGX-ST Listing Manual.

Dr. Long Ming Fai Edwin and Ms. Celine Cha Mui Hwang have indicated that they will not be seeking re-election as Directors of the Company and will retire at the conclusion of the AGM.

Upon Dr. Long Ming Fai Edwin's retirement, he will cease as the Deputy CEO and Executive Director and a member of the Nominating and Risk Review Committees.

The NC has recommended and the Board has agreed for the aforesaid Directors who are due for retirement pursuant to Article 103 and Article 108 of the Constitution of the Company, to seek re-election at the forthcoming AGM.

Report on Corporate Governance

In making the recommendation, the NC considers the overall contribution and performance of the Directors.

Key information regarding Directors such as shareholding in the Company and its related corporations, directorships or chairmanships both present and those held over the preceding three years in other listed companies are set out in the “Board of Directors” section of this annual report.

As at the date of this Report, there was no Independent Director being appointed as a Director of the Company’s principal subsidiaries. The Board will inform the revised Board structures of the principal subsidiaries and the appointment of Independent Director into the principal activities from time to time.

The Company does not have any alternate Directors as the Board does not encourage the appointment of alternate Directors unless it is an exceptional case.

The date of each of the Directors’ initial reappointment, last re-election is set out below:

	Age	Academic & professional qualifications	Board committee as Chairman or Member	Directorship: date of first appointment/ Date of last re-election	Board appointment whether executive or non-executive	Due for re-election at next AGM
Name of Director:						
Mr. Henn Tan	61	Bachelor of Science degree from University of Ireland	Member: - RC	Mr. Henn Tan was appointed as Director on 23 September 1999 and was last re-elected on 29 June 2017	Executive Chairman & CEO	N.A.
Mr. Chay Yee Meng	62	Bachelor of Accountancy degree from Nanyang University and Fellow member of Singapore Chartered Accountants (FCA)	Chairman: - AC; and - NC	Mr. Chay Yee Meng was appointed on 22 March 2016 and was last re-elected on 14 October 2016	Non-Executive / Independent	Yes (Article 103)
Mr. Khor Peng Soon	68	Master of Engineering Science degree from University of New South Wales, Sydney, Australia	Chairman: - RC	Mr. Khor Peng Soon was appointed on 4 February 2013 and was last re-elected on 14 October 2016	Non-Executive / Independent	N.A.
Dr Long Ming Fai Edwin	54	Bachelor of Engineering with Honours from the University of Strathclyde and a Ph.D in Control Systems from the University of California.	Member: - NC; and - RRC	Dr Long Ming Fai Edwin was appointed on 15 May 2015 and was last re-elected on 14 October 2016.	Deputy CEO & Executive Director	Yes (Article 103)
Ms. Celine Cha Mui Hwang	51	Advanced Diploma in Marketing from PSB Academy	Nil	Ms. Celine Cha Mui Hwang was appointed on 1 October 2015 and was last re-elected on 29 June 2017.	Non-Executive / Independent	N.A.
Mr. Loh Yih	54	Honors Degree in Accountancy from Nanyang University in Singapore and Chartered Financial Analyst	Member: - AC; - NC; - RC; and - RRC	Mr Loh Yih was appointed on 31 May 2017 and was last re-elected on 29 June 2017.	Non-Executive / Independent	N.A.
Mr. Neo Gim Kiong	48	Honours Degree in Bachelor of Science Mathematics from National University of Singapore	Chairman: - RRC; Member: - AC	Mr. Neo Gim Kiong was appointed on 24 July 2017	Non-Executive / Independent	Yes (Article 108)
Professor Lee Chuen Neng	66	Bachelor of Medicine and Bachelor of Surgery from University of Singapore	Nil	Professor Lee Chuen Neng was appointed on 16 March 2018.	Non-Executive / Independent	Yes (Article 108)

Report on Corporate Governance

Board Performance (Principle 5)

The NC undertakes an annual evaluation of the overall effectiveness of the Board. Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and the effectiveness of the individual Directors. The performance criteria for the Board evaluation include the size and composition of the Board, the Board's access to information, Board proceedings, the discharge of the Board's functions and the communications and guidance given by the Board to the Management.

Each director also undertakes a self-assessment to evaluate their contribution to the Board. This self-assessment process takes into account, *inter alia*, the commitment, value of contribution to the development of strategy, availability at board meetings, interactive skills, degree of preparedness, industry awareness and business knowledge and experience of each director.

The results of the evaluation exercise will be considered by the NC, which will then make recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively.

Each member of the NC shall abstain from participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as Director.

The Board comprises members with considerable years of experience in the industry, technology, finance and management. Each member brings to the Board his expertise in the relevant fields to make balanced decisions. The NC is of the view that the performance of the Board as a whole is satisfactory. The Board's performance is ultimately reflected in the performance of the Group.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 7)

The RC comprises the following members:

Mr. Khor Peng Soon - Chairman
Mr. Loh Yih - Member
Mr. Henn Tan - Member

The Board recognises that the composition of the RC is not in accordance with the 2012 CGCode's guidelines that the RC should be made up entirely Non-Executive Directors. However, the Board is of the view that the current composition of the RC is able to provide the necessary objective inputs to the various decisions made by the Board. Mr. Henn Tan, the member and Executive Chairman & CEO, also abstains from all discussions, deliberations and decision of his own remuneration.

The members of the RC carry out their duties in accordance with the Terms of Reference, which include the following:

- a) Advising the Board on the framework of remuneration policies for Executive, Non-Executive Directors and key management personnel;
- b) Reviewing and approving the granting of share options to the Executive Directors;
- c) Reviewing and approving the award of aggregate variable cash bonuses and share options to the employees of the Group; and
- d) Overseeing management development and succession planning in the Group.

The Company adopts a formal procedure for the fixing of the remuneration packages of individual Director. No Director is involved in deciding his own remuneration. In settling remuneration packages, the Company takes into account remuneration conditions within the same industry benchmarking against comparable companies, as well as the Group's relative performance.

Report on Corporate Governance

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

Where necessary, the RC will consult external professionals on remuneration matters of the Directors and key management personnel. No remuneration consultants were engaged by the Company in FY2017.

Level and Mix of Remuneration (Principle 8)

Executive Directors do not receive directors' fees. The remuneration policy for Executive Directors and Senior Management staff consists of three key components, that is, fixed cash, annual variable and long-term incentive. The fixed component includes salary, pension fund contributions and other allowances. The variable component takes into account the risk policies of the Company and comprises a performance based bonus which forms a significant proportion of the total remuneration package of the Executive Directors and is payable on the achievement of individual and corporate performance targets. The long-term incentive is granted based on the individual employee's performance and contributions. The remuneration policy has been endorsed by the RC and the Board.

The RC also administers the Trek 2000 International Ltd Share Option Scheme 2011 (the "2011 Scheme") and determines the grant of share options to eligible participants. The 2011 Scheme and other components of the remuneration package for Executive Directors and Senior Executives serve as an added incentive.

Generally, remuneration matters relating to the Directors and key Executives are reviewed and recommended by the RC to the Board for approval, except for some standard components of the key executives' remuneration, like annual salary review and company-wide bonus payment, which will be reviewed and authorised by the senior management of the Company.

Non-Executive Directors are paid a basic fee and an additional fee for serving on any of the Committees and are also granted share options based on their respective contributions to the Board and Board Committees. A Directors' Fee policy has been put in place to determine the quantum of fees payable to Directors. All Independent Non-Executive Directors receive directors' fees, which are subject to the approval of shareholders at the AGM.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group.

Disclosure on Remuneration (Principle 9)

The Remuneration Framework covers all aspects of remuneration for the Executive Directors, Non-Executive Directors, Independent Directors and key Executives of the Company.

To maintain confidentiality on the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each individual Director and key management personnel in salary bands.

Report on Corporate Governance

A breakdown, showing the level and mix of each individual director's remuneration for the FY2017 are as follows:

Directors' Remuneration Band	Fees⁽¹⁾ %	Salary %	Bonus %	Share Options %	Total %
S\$250,001 to S\$500,000					
Mr. Henn Tan	-	84	14	2	100
Below S\$250,000					
Dr. Long Ming Fai Edwin	-	86	14	-	100
Mr. Khor Peng Soon	100	-	-	-	100
Mr. Chay Yee Meng	100	-	-	-	100
Ms. Celine Cha Mui Hwang	100	-	-	-	100
Mr. Loh Yih	100	-	-	-	100
Mr. Neo Gim Kiong ⁽²⁾	100	-	-	-	100
Mr. Chan Leng Wai ⁽³⁾	100	-	-	-	100

⁽¹⁾ Aggregate fees are subject to approval by shareholders at an AGM.

⁽²⁾ Mr. Neo Gim Kiong appointed as Independent Non-Executive Director on 24 July 2017.

⁽³⁾ Mr. Chan Leng Wai resigned on 29 June 2017.

In aggregate, the total remuneration paid to the top twelve (12) key management personnel in FY2017 was US\$456,630.

Details relating to the Share Option Scheme 2011 are provided in the Report of the Directors.

Report on Corporate Governance

Key Executives

The remuneration of the top twelve (12) executives of the Group (who are not Directors of the Company) for the financial year ended 31 December 2017 is shown in the following bands:

Remuneration Band	Name of Executives
Below S\$250,000	Mr. Kuan Mun Kwong – President, Global Marketing/Sales, Strategic Business
	Ms. Wu Xiao Hong – Director, Marketing for China
	Dr. Shew Paul Waie – Head of R&D, Software
	Mr. Wayne Tan – Director, Cloud Stringers (S) Pte Ltd
	Mr. Lim Johnson – Finance Manager
	Mr. Rajesh Seetharaman – Head of Intellectual Property
	Mr. Chan Koon Keet – Head of R&D, Kuala Lumpur
	Mr. Eddie Chan Kam Loy - Country manager, Malaysia
	Mr. Gopu Siva – Country Manager, India
	Mr. Nguyen Phuc Ninh – Country Manager, Vietnam
	Mr. Junichi Yamazaki - Country Manager, Japan
	Mr. Wu ZeBang, Leo - Country Manager, China/Hong Kong

There were no termination, retirement and post-employment benefits granted to Directors, the CEO and the top twelve (12) key management personnel during the year.

Immediate Family Member of Director

There are no employees who are immediate family members of a director whose remuneration exceed S\$50,000 during the year, except for Mr. Tan Boon Tat, brother of Mr. Henn Tan, CEO & Chairman of the Company, and Mr. Tan Joon Yong Wayne, son of Mr. Henn Tan, whose remuneration is in the band range of S\$50,000 to S\$100,000 and S\$100,001 to S\$150,000 respectively during the FY2017.

Report on Corporate Governance

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls (Principle 11)

The Company has established a RRC comprising:

Mr. Neo Gim Kiong – Chairman
Dr. Long Ming Fai Edwin – Member
Mr. Loh Yih – Member

The objective of the RRC is to set forth the processes and procedures to identify risk areas in the Group and adopt policies and functions to manage these risks.

The Terms of Reference of the RRC include the following:

- (i) Review the adequacy of the Group's risk review framework to ensure that robust risk review is in place:
 - Adopt an enterprise-wide risk review framework to enhance its risk management capabilities
 - Financial and operational key risk indicators are in place to track key risk exposures
- (ii) Review and discuss with Management, the policies and procedures for identifying, assessing, controlling, monitoring and reporting the Group's significant risk:
 - The procedures for identifying strategic and business risks and controlling their financial impact on the Group and the operational effectiveness of the policies and procedures related to risk.
 - The policies for ensuring compliance with relevant regulatory and legal requirements and in the case of financial statements, generally accepted accounting principles.
 - Arrangements for the protection of the Group's ownership of intellectual property and other non-physical assets.
 - Policies and practices for detecting, reporting and preventing fraud, serious breaches of business conduct, and whistle-blowing procedures supporting reporting to the RRC.
- (iii) Review the risk profile of the Group periodically, and discuss with Management the policies, procedures and action plans for mitigating and managing risks
- (iv) Review the overall appropriateness and effectiveness of the risk review system.

In accordance with audit plans, the Company's internal and external auditors have conducted an annual review of the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems. Any material non-compliance or failure in internal controls and recommendations for improvements are reported to the AC. The AC has also reviewed the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors in this respect.

The Company has appointed external professional firms to conduct an independent review ("Review") on (a) the inconsistencies in accounting records and certain transactions including transactions with interested persons and related parties, which were not previously disclosed in the financial statements and (b) any suspicious transactions in light of the report by the Company's auditors to the Accounting and Corporate Regulatory Authority of Singapore and the investigations by the Commercial Affairs Department into the Company's affairs. The Review for the item (a) has been completed and the announcement in relation to the outcome of the Review had been released to the SGX-ST. However, the Review for item (b) is still ongoing. Hence, the CEO is unable to provide assurance that the Company's risk management and internal control systems are adequate and effective pending the outcome of the Review.

Report on Corporate Governance

Nevertheless, subject to the findings of the Review for item (b), the CEO confirm, assured and represented that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Company's and Group's state of affairs, operations and finances. The post for the Chief Financial Officer is still vacant and the Company will continue in their effort to identify suitable candidate to fill the position.

The Board, with the concurrence of the AC and pending completion of the Review, is satisfied that in the absence of any evidence to the contrary, the systems of internal controls, including financial, operational, compliance and information technology controls, and risk management maintained by the Company's management that was in place throughout the financial year and up to the date of this Report, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Audit Committee (Principle 12)

The AC comprises three Board members, all of whom are Independent and Non-Executive Directors. The members of the AC at the date of this report are:

Mr. Chay Yee Meng - Chairman
Mr. Loh Yih – Member
Mr. Neo Gim Kiong - Member

Mr. Chay Yee Meng, is by profession a qualified accountant. The other members of the AC have many years of experience in business management and finance. The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions. The AC is routinely updated on proposed and impending changes in accounting standards and issues which have a direct impact on financial statements.

The AC convened six meetings during the financial year. The AC has also met with the internal and external auditors, without the presence of the Company's management, at least once a year. Details of members and their attendance at meetings are provided in page 25.

The AC, which has written Terms of Reference, performs the following functions:

- (i) Reviews the audit plans of the internal and external auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;
- (ii) Reviews significant financial reporting issues so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance before submission to the Board of Directors;
- (iii) Reviews the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management systems via reviews carried out by the internal auditors;
- (iv) Meets with the internal and external auditors, without the presence of management at least once a year;
- (v) Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vi) Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- (vii) Reviews the nature and extent of non-audit services provided by the external auditors to ensure that their independence is not compromised;
- (viii) Recommends to the Board of Directors the external auditors to be re-appointed, approves the audit fees and reviews the scope and results of the audit;

Report on Corporate Governance

- (ix) Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- (x) Reviews interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

The AC has the power to conduct or authorise investigations into any matters within the scope of the AC's scope of responsibilities. Management has put in place, and AC has reviewed and endorsed arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation of such matters and for appropriate follow-up action.

As at the Report date, the AC has:

- (i) reviewed the scope of work of the external auditors;
- (ii) reviewed the scope of work of the internal auditors;
- (iii) reviewed audit plans and discussed the results of the respective findings and their evaluation of the Company's system of internal accounting controls;
- (iv) reviewed interested person transactions of the Company;
- (v) met with the Company's external auditors and internal auditors without the presence of the management;
- (vi) reviewed the external auditors' independence and objectivity; and
- (vii) reviewed the Company's procedures for detecting fraud and whistle-blowing matters and to ensure that arrangements are in place by which any employee, may in confidence, raise concerns about improprieties in matters of financial reporting, financial control, or any other matters. A report is presented to the AC on the quarterly basis whenever there is a whistle-blowing issue.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. For FY2017, S\$140,000 was paid and payable to the external auditors for audit services. There were no non-audit services provided by the external auditors for FY2017. The AC is satisfied with the independence and objectivity of Moore Stephens LLP as external auditors and has recommended to the Board the re-appointment of Moore Stephens LLP as the Company's external auditors at the forthcoming AGM. The names of the auditing firms of our subsidiaries and associates are disclosed at pages 100 and 104 of this Annual Report. The Company has complied with Rules 712 and 716 of the SGX-ST Listing Manual in relation to the engagement of its auditors.

To kept abreast of the changes in accounting standards, SGX-ST Listing Rule and other regulations which have a direct impact on the Group's business and financial statements, the AC will seek advice from external auditors at the AC meetings held.

No former partner or director of the Company's existing auditing firm is a member of the AC.

Whistle Blowing Policy

The Company has adopted the whistle-blowing policy where staff of the Group may, in confidence, raise concerns on any suspicion of wrongdoings which covers improprieties in matters of financial reporting, fraudulent acts and other matters within the Group. The Management and the AC have been vested with the power and authority to receive, investigate and enforce appropriate follow up actions when any such non-compliance matter is brought to its attention.

Internal Audit (Principle 13)

The Company and the Group have established an internal audit function that is independent of the activities it audits. The Company's internal audit function is outsourced to Nexia TS Risk Advisory Pte Ltd, who is independent of the Company's business activities. Staffed by suitably qualified and experienced executives, the Internal Auditors has unrestricted direct access to AC and unfettered access to all the Company's documents, properties and personnel, including access to the AC.

The AC reviews the adequacy and effectiveness of the internal audit function and approves the hiring, removal, evaluation and compensation of the head of the internal audit function or the firm to which the internal audit function is outsourced. The internal auditors plan the audit scope

Report on Corporate Governance

and schedule in consultation with the management, which is subject to the review and final approval of the AC. The internal auditors report findings and recommendations to the Chairman of the AC.

The AC has reviewed the scope and results of the internal audit and is satisfied that the internal audit function is adequately resourced and that there is appropriate coordination between the internal and external auditors and management.

The AC has reviewed the Company's risk assessment and based on the internal audit reports and management controls in place. The Board, with the concurrence of the AC, is satisfied that there are adequate internal controls in the Group, including financial, operational, compliance and information technology controls, and risk management systems.

Accountability (Principle 10)

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the AC reviews all financial statements and recommends them to the Board for approval.

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, financial position and prospects on a quarterly basis via quarterly announcements of results and other *ad hoc* announcements as required by the Singapore Exchange. The Company's Annual Report is sent to all Shareholders and is also accessible at the Company's website.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights (Principle 14)

Communication with Shareholders (Principle 15)

Greater Shareholder Participation (Principle 16)

The Board is mindful of the obligations to provide regular, effective and fair communication to Shareholders. Information is communicated to the Shareholders on a timely basis. Where inadvertent disclosure has been made to a select group, the Company will make the same disclosure publicly to all as soon as practicable.

Other than the routine announcements made in accordance with the requirements of the Listing Manual, the Company has issued additional announcements and press releases to update Shareholders on the activities and developments of the Company and the Group during the year.

The Board welcomes the views of Shareholders on matters affecting the Group, whether at Shareholders' meetings or on an ad hoc basis. The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders' meetings. In this regard, shareholders are informed of Shareholders' meetings through notices published in the newspapers and reports or circulars sent to all Shareholders. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. The Chairman of the Audit, Remuneration, Nominating and Risk Review Committees are normally available at the meeting to answer those questions relating to the work of these Committees. The external auditors are also present to address the Shareholders' queries about the conduct of the audit and the preparation and content of the Auditors' Report. Shareholders are also informed of the rules and voting procedures governing such meetings.

Unless otherwise provided by the Statutes, the Company's Constitution allows a member of the Company to appoint any number of proxies to attend and vote at Shareholders' meetings. The Company is not implementing absentee-voting methods such as by mail, email, fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company will record the minutes of general meetings that include substantial and pertinent comments from shareholders relating to the agenda of the meetings and responses from the Management. Such minutes will be made available to shareholders upon their written request.

The Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

The Company has dedicated Financial PR Pte Ltd as its media and investor relations team that communicates with its shareholders and analysts regularly and attends to their queries. The IR team helps the Company promotes relations with an acts as liaison for institutional investors and public shareholders.

Report on Corporate Governance

The Group does not have a dividend policy in place at present. The Board may consider adopting a dividend policy in the future. In determining the form, frequency and amount of dividends that the Company may recommend or declare in respect of any particular year or period, the Board will take into consideration of the Group's cash position, actual and projected financial performance, projected capital requirement and the level of funding required for the Group's operation. Any payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results.

The Company has proposed a one tier tax exempt Final Dividend of 1 Singapore cent per ordinary share for the financial year ended 31 December 2017, payment of which is subject to shareholders' approval at the forthcoming AGM.

Financial and other communication are made available on the Group's website at www.trek2000.com.sg and this is regularly updated.

DEALINGS IN SECURITIES

The Company, its Directors and certain officers and staff are refrained from trading in Trek 2000 shares two weeks before the announcement of the quarterly results and one month before the announcement of the full year results. This has been made known to Directors, Officers and Staff of the Company and the Group. In particular, it has been highlighted that to deal in the Company's securities as well as securities of other listed companies when the Officers (Directors and employees) are in possession of unpublished material price sensitive information in relation to those securities is an offence. The Officers are also discouraged from dealing in the Company's securities on short-term considerations. The Company, while having provided the window periods for dealing in the Company's securities, has its own internal compliance code in providing guidance to its officers with regard to dealing in the Company's securities including reminders that the law on insider trading is applicable at all times.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons. The Company has on 18 July 2017 released an announcement in relation to the update on the Interested Party Transaction inquiry. The AC and the Board have reviewed all interested person transactions for FY2017 and details of the transactions carried out during FY2017 is as follows:

Name of Interested Person	Nature of transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)
Thumbdrive Plus (Thailand) Co, Ltd	- Purchases made from a subsidiary, Trek Technology (S) Pte Ltd	- US\$268,090	- Nil

A trust deed dated 1 August 2017 was entered into between Mr. Henn Tan, Mr. Wayne Tan and Trek Technology (Thailand) Company Ltd pursuant to which Mr. Henn Tan and Mr. Wayne Tan held shares in Thumbdrive Plus (Thailand) Co, Ltd on behalf of Trek Technology (Thailand) Company Ltd. Accordingly, Thumbdrive Plus (Thailand) Co, Ltd ceased to be an associate of Mr. Henn Tan and Mr. Wayne Tan and the purchases made by or from Thumbdrive Plus (Thailand) Co, Ltd ceased to be an interested person transaction with effect from 1 August 2017.

The Company does not have any general mandate from shareholders pursuant to Rule 920 of the Listing Manual.

MATERIAL CONTRACTS

No material contracts were entered between the Company or any of its subsidiaries with any director or controlling shareholder during the FY2017.

Report on Corporate Governance

Risk Management

Inherent Industry Risk

The Group is exposed to fast changing technology and industry development. The Group faces technological obsolescence if it is not able to constantly upgrade itself; keep up with the latest technological and industry developments or innovate to produce new products. In the event that it is unable to continue upgrading its capabilities to keep abreast of rapid technological changes, there will be a negative impact on the turnover and profitability. However, the capabilities and strength of the Group's research and development have enabled it to meet to the changing demands, as revealed through its library of patents registered and granted by the Group.

Global Shortage of Key Components

The Group relies heavily on certain key components used in its solutions, such as NAND flash memory chips and SmartMedia cards. At present, owing to the general market demand for such components, the Group may encounter shortages in the supply of such components from time to time. This may cause the prices of some or all of these components to increase, which will thereby have an adverse impact on our profits.

Dependence on Key Personnel

The continued success of the Group, to some extent, is dependent on its key management and technical personnel. The Company and the Group constantly look into the issue of attracting, retaining, training and recruiting suitably qualified and talented managers for its operations. The Group has continued to undertake measures to strengthen the top management team and to re-structure its management team by the internal promotion of several managers to ensure that the Trek 2000 team continues to be driven and well-guided to pursue further challenges ahead. In addition, the Group is committed to provide vigorous training to its technical staff force to ensure that their skills measure up to and surpass the industries' and customers' requirements in order to retain its competitive edge.

USE OF PROCEEDS FROM PLACEMENT OF NEW SHARES AND SALE OF TREASURY SHARES

As at the date of this Annual Report, the proceeds from placement of 26,000,000 new shares and sale of 1,000,000 treasury shares ("Net Proceeds") have been utilised as follows:

Use of Net Proceeds (as announced on 24 June 2015)	Amount allocated (as announced on 24 June 2015)	Amount allocated as a percentage of Net Proceeds (as announced on 24 June 2015) (%)	Net Proceeds utilised as at the date of this Annual Report (S\$)	Balance of Net Proceeds as at the date of this Annual Report (S\$)
Research and Development (involves ongoing strategic research and development, particularly in the areas of medical diagnostic technology)	5.79 million	50	-	5.79 million
General Working Capital (to fund the ongoing growth and expansion of the Group's business and operations)	5.79 million	50	-	5.79 million
Total	11.58 million	100	-	11.58 million

As at the date of this Annual Report, the Net Proceeds have not yet been utilised.

Sustainability Report

Innovation: Inside Out

The Group's tagline is 'Innovation: Inside Out', which means that we strive to be a group that transforms engineering concepts into reality with inventions that enhance people's lives. Our biggest challenges lie in being able to be at the forefront of the rapidly changing technology industry while protecting our intellectual property rights. At Trek, our vision for sustainability is aligned with our ethos to innovate relentlessly and change peoples' lives for the better while safeguarding our intangible assets.

We want to create the right products for the market. In this regard, we see an increase in demand for high quality medical technology ("MedTech") products and the vital need to evolve as the sustainability of products becomes an integral part of development in this vast Internet of Things ("IoT") market. We have identified growth opportunities in consumer wearables, medical and cloud technologies as part of the growing customers' needs. We also entered into the area of high speed genomics analysis utilising artificial intelligence, deep learning, encrypted cloud data storage and clinical dashboarding and have incorporated a wholly-owned subsidiary, SGenome Precisionsomics Pte Ltd during the year.

For our inaugural sustainability report, we have adopted a phased implementation approach by focusing on the most critical economic, environmental, social and governance factors affecting our business today. We believe that in order to achieve sustainable and ethical growth, we must provide customers with quality and innovative products at competitive prices, provide suppliers and subcontractors with fair competition, create good value for shareholders, offer opportunities and attractive careers to our employees, contribute to the community and work towards a better and greener environment.

We stand ready and will improve our sustainability reporting every year.

Introduction

This report looks at the sustainability strategies and practices of Trek.

In our first year, we have identified the most critical Environmental, Social, and Governance ("ESG") factors of the Group's operations and evaluated the current policies, procedures and practices of the Group with reference to the factors identified, and also set realistic qualitative targets for us to refine our reporting in future. In our subsequent year's reporting, we will review and follow up all the factors identified during the previous year by adding more or removing existing factors which are no longer critical to our operations. From there, we will assess the adopted policies and procedures and determine whether the Group has met the targets set in prior year. If required, there will be recommendations and new qualitative targets set for the Group to achieve.

We have followed the Global Reporting Initiative ("GRI") principles as closely as possible for defining the sustainability report content and quality. This report is also prepared in accordance with SGX-ST Listing Rules (711A and 711B) – Sustainability Reporting Guide.

All information presented in this report are in relation to our operations and are extracted from the primary internal records and documents.

This report will detail a range of current practices and future initiatives related to non-financial aspects of the Group's operations.

1.1 Defining Material Issues

We conducted a materiality assessment exercise by taking the following steps:

1. Identify a list of sustainability issues affecting our business.
2. Prioritise the list of key sustainability issues internally through the use of questionnaires and dialogues.
3. Seek Board/Senior Management concurrence on identification of ESG factors.

We have classified the following as our material ESG factors and our sustainability efforts are channeled towards these material issues.

Sustainability Report

1.1 Defining Material Issues (cont'd)

Environmental Responsibility  • Waste and resource management • Energy efficiencies • Community development	Social Responsibility  • Working conditions • Workplace safety • Employment practices • Diversity	Governance and Risk Management  • Corporate governance • Corporate values and code of conduct • Policies and practices • IT Risk Management • Product excellence • Capital management • Productivity • Research and development capability
--	--	--

1.2 Engaging Stakeholders

We believe that our ability to engage and listen to our key stakeholders is fundamental to our efforts to build a robust sustainable ecosystem for our business. We have identified six key stakeholders by evaluating their significance and impact on Trek. The Group is committed to building lasting and mutually beneficial relationships with these key stakeholders.

Key Stakeholder	Topics	Stakeholder Engagement
1. Suppliers/Business Partners	• Product quality • Needs analysis • Competitive pricing • Supplies of components on a timely basis	• Monthly meetings with key suppliers
2. Customers/Business Partners	• Product quality • Needs analysis • Competitive pricing • Customer privacy • Delivery allocation	• Customer feedback management • Face-to-face meetings with key customers • Social media - Facebook - Online purchase platform - Youtube • Focus group meetings by visiting customer offices • Informal dialogues
3. Shareholders	• Financial returns • Industry conditions and outlook • Business strategies, business growth • Dividend policy	• Annual General Meeting ("AGM") • Extraordinary General Meeting ("EGM") • Quarterly briefing and special announcements • Open hotline for shareholders
4. Employees	• Occupational health and safety • Environmental issues (e.g. working conditions) • Social issues (e.g. diversity, discrimination)	• Yearly employee appraisals • Employee feedback survey
5. Communities	• Community projects (e.g. products trial in Ren Ci Hospital and Gleneagles)	• Participation in community projects • Face-to-face meetings • Informal dialogues
6. R&D Institute, e.g.: A*Star, Genome Institute	• Innovations by Research & Development team of Genome Institute	• Face-to-face meetings • Informal dialogues

Sustainability Report

1.3 Targets and Strategies

The Group identifies material topics for reporting based on the significance of our ESG factors and the degree of impact and influence on our stakeholders' decisions. We are focused on those ESG factors we see the most potential for creating maximum value for our key stakeholders.

ESG Factors	Strategies	Targets
Sustainable Management		
1. Corporate Governance	Diversity in Board composition and governance (2 executive directors and 6 non-executive independent directors)	Continuous compliance to the mandatory requirement for board composition
	Constant shareholders' communication through AGM, EGM and investor relation meetings to manage stakeholders' concerns	Timely address the shareholders concerns through an open hotline
	Resolving the internal control findings reported by the internal auditors, external auditors, or the regulators	Reporting to the Audit Committee on the internal control findings on a half-yearly basis
	Fair competition with business partners, customers/clients and suppliers/subcontractors.	Fair pricing given to all customers and objective selection process in sourcing suppliers/subcontractors.
2. Corporate Values and Code of Conduct	Enhance the Group's code of conduct	- Drafting of anti-corruption policy within next financial year. - Drafting of Anti-Money Laundering and Countering the Financing of Terrorism ("AML/CFT") by next financial year
3. Policies and Practices	Maintain robust standard operating procedures for key processes	Review of standard operating procedures of key processes on an annual basis to ensure relevance and effectiveness
	Return to shareholder in terms of dividend.	Drafting of dividend policy within the next financial year and aim to provide yearly dividends to shareholders.
	Respect for property rights. (e.g.: patents and trademarks)	Continue filing for patents for incoming innovations, with main target as China, HK and other countries as determined by the management.
4. IT Risk Management	Continue to be cautious in the safeguard of confidential information	- Periodic review on the IT security solutions administered to defend against external breach on the following access points: - Network - Servers - Desktops/laptops

Sustainability Report

1.3 Targets and Strategies (cont'd)

ESG Factors	Strategies	Targets
Sustainable Operations		
1. Working conditions	Conducive working environment for all employees	Ensure employees are provided with sufficient and comfortable physical space to maintain a good working environment on a daily basis
2. Workplace safety	Safety workplace for all employees	- Compliance to Ministry of Manpower ("MOM") annual workplace safety and health check - To continue to maintain zero workplace accident
3. Employment practices	Committed in continuing to provide vigorous training technical staff force to ensure that skills measure up to and surpass the industries' and customers' requirements in order to retain its competitive edge	Prepare a training road map to identify the relevant trainings needs for individual employees
	Strengthen the top management team and re-structure the management team by internal promotion of managers for the team to continue to be driven and well-guided in pursuing future challenges ahead	Performance based assessments on employees on an annual basis
4. Diversity	Maintaining human resources management system that is fair to all employees, regardless of ethnicity, gender, age, etc.	Benchmarking of salary to identify the market rate for each position

Sustainable Products		
1. Product excellence	Customer retention/loyalty	Regular relationship building with customer such as company events, consistent customer communication and open hotline to better serve and retain customers
	Product innovation	- Innovate existing products - Venture on products on consumer wearables, medical and cloud technologies.
2. Capital management	Investing in quoted investments and Fixed Deposit accounts.	Considering possible investment opportunities to generate future income
3. Productivity	Set-up and monitor employee Key Performance Indicators (KPIs)	Rewarding employees when key business objectives are achieved
4. Research & Development capability	Allocating resources on R&D activities for the advancement of innovations	To collaborate with other companies with the same interest on medical advancement

Sustainable World		
1. Waste and resource management	Reducing, recycling and reusing waste materials (e.g. using recycled papers)	Reduce the paper usage by moving towards cloud platforms in collecting, exchanging and storing data
	Lower pollution	Segregate the disposal of R&D consumables
	Ongoing awareness on environmental effects and impacts	- Drafting of waste management policy subject for review on annual basis - Promoting environmental awareness through regular training
2. Energy efficiencies	Reducing energy consumption (e.g. electricity, fuels)	Changing to eco-saver office equipment
3. Community development	Strong community engagement through donations to charities and non-profits organisations	Continue to provide donations to causes related to research on medical advancements and medical establishments
	Promoting social responsibility in the value chain by not doing any business in high-risk countries and not to sell any products that will harm the environment	Establish a customer selection evaluation process to include the review for key indication of Anti-Money Laundering and Countering the Financing of Terrorism ("AML/CFT")

Sustainability Report

1.4 Risk and Opportunities

Based on the identified material topics, we are focused on those we see the most potential for creating maximum value for shareholders and stakeholders. This involves managing ESG risks and opportunities across the value chain. Our approach is to engage our value chain partners, wherever possible, to address the ESG impacts in our operations.

Sustainable Management	
Risk	Financial losses as a result of business disruption, loss of privacy, reputational damage and legal implications
Opportunities	- Transparency of business goals and objectives to stakeholders - Trusted and long-term partnerships with stakeholders - Foster and maintain employee trust and integrity by ensuring that all employees adhere to appropriate standards of conduct - Achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and failure to comply with industry regulations

Approach: We aim to enhance our existing policies by drafting the policies on anti-corruption; anti-money laundering and countering the financing of terrorism; and dividends. We also plan to implement an open organisation communication channel with our stakeholders to improve sustainability management.

Sustainable Operations	
Risk	- Non-retention of essential employees - No succession plan in the event of high employee turnover
Opportunities	- Develop and retain outstanding/dedicated employees - Value and care for employees' well-being - Promote healthy lifestyle and work-life integration

Approach: We aim to retain key personnel through giving priority to internal promotions and trainings. We will also create a safe and comfortable workplace where we can continue to have a zero-accident in the workplace.

Sustainable Products	
Risk	- Product and technology obsolescence - Occurrence of product liability resulting from sub-standard product quality - Counterfeiting and intellectual property theft
Opportunities	- Ongoing innovation in technologies to deliver affordable products - Value customer satisfaction for consumer's confidence in our product - Better use of excess funds - Return to shareholder in terms of dividend

Approach: We aim to continuously invent products and solutions for our main product segments which are Medical Technology ("MedTech"); Wearable Technology and Cloud Technology. We want to introduce solutions that integrate technology into our current healthcare system by having easy accessibility to healthcare and transform the way it is delivered.

Sustainable World	
Risk	Non-compliance to regulatory requirement resulting to fines and penalties/business disruption
Opportunities	- Develop eco-friendly products - Green office (e.g. use of energy efficient/environment friendly office equipment) - Supporting charities by giving donations to local communities

Approach: We look towards drafting a waste management policy and will conduct regular training to employees on environmental awareness to better care for our environment. We will continue to support and provide donations to causes related to medical advancements and medical establishments.

Sustainability Report

Sustainable Management

Sustainability is about management of environmental, social and governance issues. The Group are taking a proactive approach to managing sustainability by seeking opportunities to invest or embed it to its practices.

It is essential to understand the overall sustainability and that are likely to influence how the Board of Directors ("BOD") think about sustainability. The BOD together with the other key personnel are ensuring that sustainability is managed.

2.1 Corporate Governance

The Group is committed to maintaining high standards of corporate governance which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual. Good corporate governance establishes and maintains an ethical environment, which strives to enhance the interests of all shareholders.

In line to the Group's commitment to maintain good decision-making processes for the best interests of the stakeholders and the shareholders, policies on anti-corruption; anti-money laundering and countering the financing of terrorism; and dividend policies are aimed to be in place in the following year. The Group will also strengthen its IT policy especially in administering security solutions to defend the Group from external breach of data. These policies and the existing key operating procedures and controls on the entity and business level processes are subject for management's annual review.

The Group will continue to file patents for the exclusive rights on our products. This further boost our library of patents granted worldwide. Our seven patented core technology solutions registered in around 26 countries are for the following:

- (1) Wireless solutions
- (2) Thumbdrive solutions
- (3) Anti-piracy
- (4) Security/Encryption
- (5) Centralised Management System ("CMS")
- (6) Portable Storage Solutions encompassing Flash Memory
- (7) PC and Mobile Apps

2.2 Shareholders

The shareholders have taken a stance on corporate issues (i.e. environmental, social, economic) for our business to achieve sustainable success. Timely communication of information to shareholders on the activities and development of the Group is essential in ensuring that the Group is geared for long-term stability and resilience of ecosystems. Shareholders should be kept fully informed of the Group's position, in terms of vision and future potentials, finance and competitiveness.

2.3 Board of Directors ("BOD")

The Board of Directors ("BOD") has oversight of the Group's sustainability strategy. It is the decision-making body for corporate strategy and it considers sustainability issues as part of its strategy formulation. The Board's responsibilities include providing guidance on the material environmental, social and governance ("ESG") factors that impact the Group's activities.

The BOD meets on a quarterly basis to closely supervise the management of the business and the affairs of the Group and to ensure that the management move towards the Group's sustainability strategy.

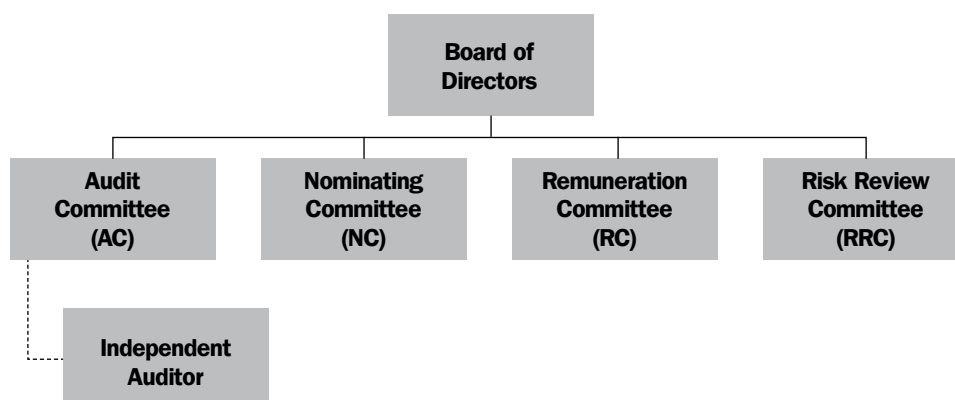
The appointment of 2 Executive Directors and 6 Non-executive Independent Directors (7 males and 1 female) with expertise on various aspects in relation to the Group's operations, is one way to have an effective board. By having board diversity with different expertise, relevant skills and experience required to govern the business are the keys for a more effective decision making. On 16 March 2018, a professor in National University of Singapore ("NUS") has been added to the independent/non-executive directors. His expertise in the medical field specialising in heart surgery will add more value in making informed decisions relating to the Group's move to innovate products in the field of medical technology ("MedTech").

The Group appoints an Independent Director who makes himself available to shareholders where they have concerns and for which the contact through the normal channels with the Chairman and CEO or Chief Financial Officer has failed to resolve or is inappropriate.

Sustainability Report

Sustainable Management (cont'd)

2.3 Board of Directors ("BOD") (cont')



Sustainable Operations

In a sustainable operation, retaining key personnel is critical in gaining a competitive advantage. The Group structured its management team by giving priority to internal promotion of managers and integrate training that develops employees toward long-term career goals to promote greater job satisfaction and job retention. The Group practices salary benchmarking against current market rate to give competitive compensation package for the retention of key personnel.

As for Research and Development ("R&D") personnel which are clustered by projects, in-house training is provided to keep the team updated on every new project and on current technology advancement to be more competitive. When a project is beyond the competency of the R&D team, the Group employs experts for cost-effective innovations and partners with leading companies in the field.

3.1 Safe Operations

We aim to achieve safety operations to promote the health and safety of employees by making it the responsibility of everyone. Healthy and safety operation becomes a priority of every individual to continue to achieve zero-accident in the workplace.

In our obligation to safety in workplace, we are compliant to the annual check of the Ministry of Manpower ("MOM"). The Group targets to prepare Health and Safety Policy to further strengthen our move for safe operations.

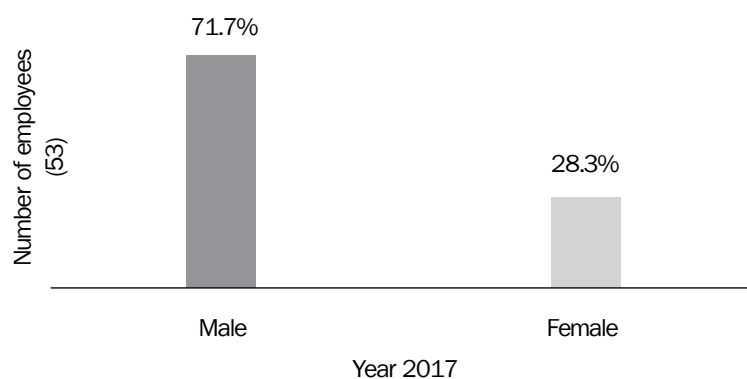
3.2 Caring for Employees

The Group employs different gender and nationality to promote regional growth and workplace diversification. This helps to provide a diverse collection of communication skills and experience to provide excellent customer service globally. In addition, the diversification promotes a larger pool of ideas and strategies to meet the needs of consumer.

Sustainable Operations (cont'd)

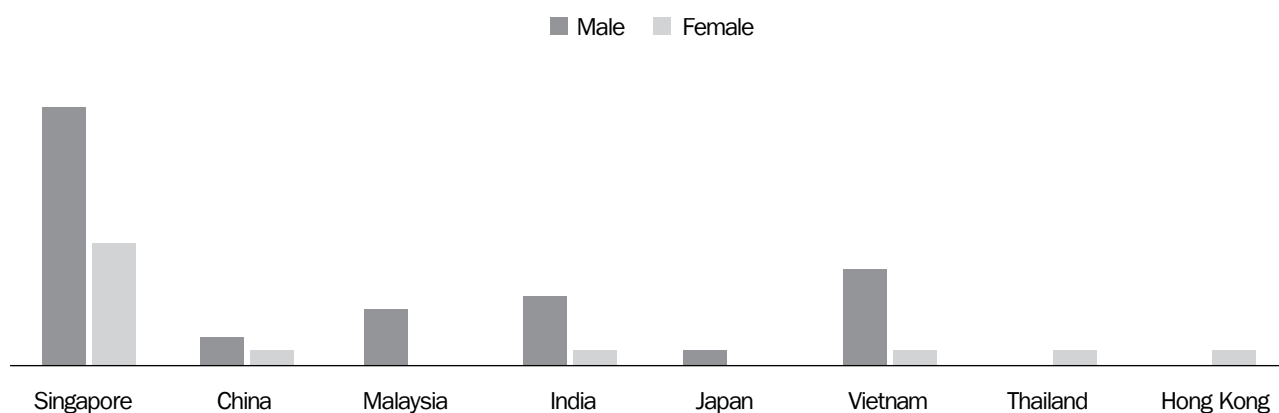
3.2 Caring for Employees (cont'd)

RATIO OF MALE TO FEMALE EMPLOYEES



**The graph above denotes the gender ratio in their workforce.*

WORKPLACE DIVERSIFICATION



**The gender ratio is further broken down by the nationality of the employees.*

In creating a motivated, skilled and competitive workforce, the Group is committed to provide training to employees. A training road map is aimed to be established to further arm employees with the skills they need in order to make positive contribution to the company and career progression.

The Research and Development ("R&D") Head attends external trainings and seminars, and conducts an in-house training to the R&D team to effectively compete in the global market.

Performance assessment on employees are conducted annually for a constructive and objective evaluation of employees' performance and as a basis to give recognition and rewards to employees.

Sustainability Report

Sustainable Products

Sustainability-driven innovation can include finding new applications for current services and products, changing existing business processes, developing new products and services, using or creating new technologies, and changing management techniques, all the while ensuring that these result in environmental, social, and financial benefits.

Consumers prefer eco-friendly offerings. Creating eco-friendly products entail simply rethinking along the customer value proposition and figuring out how to deliver a new one. The foundations of product excellence lie within the product innovation priorities. The Group has identified product excellence as a product that could improve daily lives of the end consumer, catering to their needs. To retain consumers, the Group took a step further to value add their products by providing value added services to their consumers. Prioritising the consumers, they provide immediate assistance without hesitation to troubleshoot for their users. In addition, there are dedicated hotline and sales personnel to manage a spectrum of enquiries, ranging from technical support for their products to customer related feedbacks or complaints. This is to foster relationships between the Group and its stakeholders for customer loyalty and distributor trust.

4.1 Product innovation

In the era of advanced technology, consumers are more connected and constantly share information online. It is through online purchasing of products or services, the customers' data are all captured on either mobile devices or internet providers, resulting in an increasing awareness of privacy protection.

The Group recognises the potential business market surrounding privacy protection. Being a pioneer of this area of expertise, they have developed security solutions for mobile storage to ensure that each software can meet the needs of their target consumers. The distinct example of the security solution lies on the introduction of Encrypted Thumbdrives – Thumbdrive Crypto. Thumbdrive Crypto provides its basic function as a portable storage device that incorporates a built-in hardware encryption engine based on Advanced Encryption Standard (AES), an endorsed system to encrypt data by the government bodies, security agencies and other financial institutions. Till date, this product offers one of the most advanced security solutions to consumers.

Convenience increases the ease of access, decrease frustration and save resources. Parents and caretakers have been spending extra attention towards their child or elderly. The group has identified this issue to come up with their latest product innovation, the Trek Smart Sensor. The sensor is a small, economical, user friendly and hassle-free product that caters to all pediatric and geriatrics. It serves as an alarm for the end-user to monitor the capacity of diaper use. With the aid of this product, consumers could easily manage cost of diapers and simultaneously taking good care of their loved ones. Till date, hospital trials are still in progress.

Being a global industry innovator, the focus of the Group lies within their Research and Development capabilities to relentlessly innovate. The Group is focused on its latest innovation initiative in Medical Technology ("MedTech"). The idea of this artificial intelligence originated from Internet of Things ("IoT"). For maximum utilisation, the Group incorporates their existing product innovations and research findings, such as their cloud and medical technologies, respectively. The notion of product fusion and integration requires massive data collection.

Productivity is producing more with lesser resources while being able to uphold or increase the quality of the product. To do so, the Group sets Key Performance Indicators (KPIs) for their employees to achieve. This is to ensure that the Group effectively accomplishes their key objectives. KPIs varies for different departments. For instance, the measurement of productivity for sales department is through the budgeted sales targets for their salesperson during the financial year, research and development is by the number of projects and product innovation during the year. Last but not least, finance department indicators are sourcing for banks with the highest fixed deposit return and bond return rate.

The emphasis of finance department pointers also forms a critical role of the Group's strategy of capital management. Through the quarter or annual evaluations of the Group's liquidity from their cash flow, they seek for quoted investments and fixed deposit as an option to reduce idle funds. This is also to ensure that the Group is able to self-sustain and not turning their options to bank borrowings.

Nevertheless, the Group aims to maintain giving incentives and rewards for their KPIs met to increase efficiency and productivity.

Sustainability Report

Sustainable World

The future is hard to predict, but the new technologies may create better ideas for an established industry and to create a cleaner and greener world.

5.1 Contributing to Greener World

It is everyone's responsibility to ensure that in meeting our needs at present, we do not compromise the ability of next generation to somehow meet their own needs in the future. This requires rethinking of our social institutions and the way we conduct our businesses today to be more equitable across the globe and in future generation.

The Group is looking towards maintaining an environmental quality balance through reducing the paper usage as we move towards a cloud platform in data collection, exchanging and storage of data; proper disposal by segregating R&D consumables; and changing to eco-saver office equipment to reduce energy consumption and carbon footprints.

We also aim to draft a waste management policy to better guide our employees in protecting the environment and the health of the people. We will be able to contribute to greener and healthier environment with this policy in place and coupled with a periodic training on environmental awareness to employees.

5.2 Supporting Local Communities

By giving to the community, this connects us to others, creates stronger bonds and helps in building a better society for everyone. We took this chance to give something back to the following communities and we aim to continue in giving.

- Ren Ci Hospital
- Amitabha Buddhist Center
- Cheng Hong Welfare Service Society 13th Anniversary Charity Dinner
- Kidney Dialysis Centre
- National University of Singapore
- Seapharm
- Genomic Medicine Conference

The Group balance the business with activities that gives benefit to the community. We integrate business with social responsibility in caring for the community by way of donations to charities and institutions which are related to the current area in which the Group geared its product innovation, the medical technology field.

We also aim to include in our customer selection evaluation process the review for key indication of AML/CFT. This is our way of mitigating the adverse effect of criminal economic activity and contribute in promoting integrity and stability in the financial markets.

Directors' Statement

For the financial year ended 31 December 2017

The directors present their statement to the members together with the audited consolidated financial statements of Trek 2000 International Ltd (the "Company") and its subsidiaries (the "Group"), and the statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

In the opinion of the directors:

- (a) the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company as set out on pages 58 to 131, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance and changes in equity of the Group and of the Company and cash flows of the Group for the year then ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall.

1 Directors

The directors of the Company in office at the date of this statement are:

Henn Tan	Chairman and Chief Executive Officer	
Dr Long Ming Fai Edwin	Executive Director and Deputy Chief Executive Officer	
Khor Peng Soon	Independent, Non-Executive Director	
Chay Yee Meng	Independent, Non-Executive Director	
Celine Cha Mui Hwang	Independent, Non-Executive Director	
Loh Yih	Independent, Non-Executive Director	(Appointed on 31 May 2017)
Neo Gim Kiong	Independent, Non-Executive Director	(Appointed on 24 July 2017)
Professor Lee Chuen Neng	Independent, Non-Executive Director	(Appointed on 16 March 2018)

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Except as disclosed under "Share Options" in this statement on page 52, neither at the end of nor at any time during the financial year was, the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3 Directors' Interests in Shares or Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors	Direct interest			Deemed interest		
	At 1.1.2017	At 31.12.2017	At 21.1.2018	At 1.1.2017	At 31.12.2017	At 21.1.2018
<i>No. of ordinary shares of the Company</i>						
Henn Tan	100,077,591	100,877,591	100,877,591	3,338,276	3,338,276	3,338,276
Chay Yee Meng	-	-	998,000	625,000	625,000	625,000

Directors' Statement

For the financial year ended 31 December 2017

3 Directors' Interests in Shares or Debentures (cont'd)

		Direct Interest		
Name of directors		At 1.1.2017	At 31.12.2017	At 21.1.2018
Options to subscribe for ordinary shares in the Company				
Henn Tan		2,720,000	2,000,000	2,000,000
Khor Peng Soon		90,000	90,000	90,000
Options to subscribe for ordinary shares in <i>Cloud Stringers (S) Pte. Ltd.</i>				
Henn Tan		700,000	700,000	700,000
		Deemed interest		
Name of directors	Deemed interest held through:	At 1.1.2017	At 31.12.2017	At 21.1.2018
Ordinary shares of the Company				
Henn Tan	Wife, Ang Poh Tee	720,000	720,000	720,000
Henn Tan	Son, Tan Joon Yong Wayne	2,371,176	2,371,176	2,371,176
Henn Tan	Son, Tan Joon Wei Winn	247,100	247,100	247,100
Chay Yee Meng	Wife, Leong Wan Sing	625,000	625,000	625,000
Ordinary shares of <i>Cloud Stringers (S) Pte. Ltd.</i>				
Henn Tan	Son, Tan Joon Yong Wayne	400,000	-	-

Except for the ordinary shares of the Company, there was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2018.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Henn Tan is deemed to be interested in the shares held by the Company in its subsidiaries.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' Statement

For the financial year ended 31 December 2017

4 Shares Options

- (i) The Trek 2000 International Ltd Share Option Scheme 2011 (the "ESOS 2011") was approved by shareholders at an extraordinary general meeting held on 21 April 2011. Following the approval, the Trek 2000 International Ltd share option scheme (the "ESOS 2001") was terminated (collectively the "ESOS").
- (ii) The ESOS caters to participants, who are selected full-time employees, executive directors and non-executive directors of the Group.

Under the ESOS, all options to be issued will have a term no longer than ten years from the date of grant, except for directors who do not hold executive functions, for which, the options issued will have a term no longer than 5 years from date of grant.

- (iii) The ESOS is administered by the Remuneration Committee which comprises the following directors:

Khor Peng Soon (Chairman)
Loh Yih
Henn Tan
- (iv) The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any rights to participate in any share issues of any other company in the Group.
- (v) During the financial year ended 31 December 2017, no options were granted and accepted under the ESOS 2011 to subscribe for ordinary shares.
- (vi) During the financial year ended 31 December 2017, no options were exercised under the ESOS to subscribe for ordinary shares.
- (vii) During the financial year ended 31 December 2017, 282,500 options were forfeited due to resignation of employees.
- (viii) Details on outstanding options to subscribe for ordinary shares as at 31 December 2017 are found in Note 27(c) to the financial statements.
- (ix) Directors' share options under the ESOS are as follows:

Directors	ESOS Grant	Options granted during the financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options exercised/ (lapsed) since commencement of the plan to end of financial year	Aggregate options outstanding at end of financial year	Exercise price (\$)
Henn Tan	No. 19	-	2,000,000	-	2,000,000	0.247
Khor Peng Soon	No. 19	-	90,000	-	90,000	0.362

- No participants except for Henn Tan who has received 5% or more of the total number of options available under ESOS;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

Directors' Statement

For the financial year ended 31 December 2017

5 Audit Committee

The audit committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly financial information and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed the effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor; and the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC having reviewed the external auditor's non-audit services (if any), was of opinion that there were no non-audit services rendered that would affect the independence and objectivity of the external auditors.

The AC has held six meetings since the last directors' statement with full attendance from all members, except for one where a member was absent. In performing its functions, the AC has also met with the Company's internal and external auditors, without the presence of the Company's management, at least once a year.

The Company confirms that Rules 712 and 715 of the Singapore Exchange Securities Trading Limited's Listing Manual have been complied with.

Further information regarding the AC are detailed in the Corporate Governance Report set out in the Annual Report of the Company.

Directors' Statement

For the financial year ended 31 December 2017

6 Independent Auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of directors,

.....
Henn Tan
Director

.....
Dr. Long Ming Fai Edwin
Director

Singapore
27 March 2018

Independent Auditor's Report

TO THE MEMBERS OF TREK 2000 INTERNATIONAL LTD (Incorporated in Singapore)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Trek 2000 International Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The financial statements for the year ended 31 December 2016 were audited by another auditor who expressed a disclaimer of opinion on those financial statements on the following matters:

- (i) carrying values of property, plant and equipment ("PPE") and intangible assets;
- (ii) financial position and results of Racer Technology Pte Ltd ("Racer") and its subsidiary company (collectively, "Racer Group");
- (iii) ongoing reviews and investigations;
- (iv) tax provisions; and
- (v) opening balances.

An update of the above matters are as follows:

(i) Carrying values of property, plant and equipment ("PPE") and intangible assets

The previous year's auditor was unable to determine whether the basis used by management to allocate the carrying values of PPE and intangible assets to their associated cash-generating units are appropriate; and was unable to assess the reasonableness of the assumptions used in establishing the recoverable amounts of the PPE and intangible assets as at the previous year ended 31 December 2016.

As disclosed in Note 14(f) to the financial statements, the Group disposed of PPE amounting to US\$8,126,868, in connection with the disposal of its subsidiary, Racer Group, during the current year ended 31 December 2017. In addition, the Group made an additional impairment of US\$276,668 (2016: US\$211,945) to write down its PPE to the recoverable amounts. As at 31 December 2017, the carrying value of the PPE was US\$1,539,881 (2016: US\$10,314,463).

As disclosed in Note 9 to the financial statements, during the current year ended 31 December 2017, the Group wrote off intangible assets amounting to US\$950,106 which were not recoverable. As at 31 December 2017, the carrying value of the intangible assets was US\$1,695,379 (2016: US\$3,565,621).

As the Group has disposed of/written off these PPE and intangible assets, this matter is considered resolved during the current year ended 31 December 2017.

(ii) Financial position and results of Racer Technology Pte Ltd ("Racer") and its subsidiaries (collectively, "Racer Group")

As disclosed in Note 14(f) to the financial statements, the Company disposed of Racer Group during the current year ended 31 December 2017, resulting in a net loss on disposal of US\$1,302,892 in the consolidated statement of comprehensive income.

The previous year's auditor was unable to perform the necessary procedures to satisfy themselves as to whether the financial statements of Racer Group are in form and content appropriate and proper for inclusion and disclosure in the financial statements for the previous year ended 31 December 2016. We were similarly unable to perform the necessary procedures, including the period from 1 January 2017 to the date of disposal on 13 March 2017. Accordingly, we were unable to ascertain the accuracy of the recorded net loss on disposal during the current year ended 31 December 2017.

Independent Auditor's Report

TO THE MEMBERS OF TREK 2000 INTERNATIONAL LTD (Incorporated in Singapore)

Basis for Disclaimer of Opinion (cont'd)

(iii) Ongoing reviews and investigations

As disclosed in Note 2.27 to the financial statements, the Company has appointed an external professional firm to conduct an independent review into the inconsistencies in accounting records and certain past transactions of the Group. The Company also announced that the Commercial Affairs Department of the Singapore Police Force ("CAD") is conducting its investigations into the affairs of the Company. As at the date of this report, the review by the external professional firm and the CAD investigations are ongoing.

Consequently, we were unable to ascertain the extent of the adjustments and/or additional disclosures, if any, that may arise from the ongoing reviews and investigations, on the financial statements for the current year ended 31 December 2017 and preceding years.

(iv) Tax provisions

As disclosed in Note 10 to the financial statements, the Group recorded income tax expense of US\$1,216,537 for the year ended 31 December 2017. The income tax payable and deferred tax liabilities recognised by the Group as at 31 December 2017 were US\$1,952,197 and US\$42,293 respectively.

We were unable to ascertain whether there are any tax implications arising from the ongoing reviews and investigations described in the preceding paragraphs. Consequently, we are unable to determine whether any adjustments to the recorded income tax expense, income tax payable and deferred tax liabilities for the current year ended 31 December 2017 are required.

(v) Opening balances

In view of the matters described in the preceding paragraphs, we were unable to determine whether any adjustments are necessary in respect of the financial statements for the previous year ended 31 December 2016.

Our opinion on the current year's financial statements is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

Other Matter

The financial statements of the Group and of the Company for the year ended 31 December 2016 were audited by another firm of auditors who expressed a disclaimer of opinion on those financial statements on 29 May 2017.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report

TO THE MEMBERS OF TREK 2000 INTERNATIONAL LTD (Incorporated in Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Neo Keng Jin.

Moore Stephens LLP

Public Accountants and
Chartered Accountants

Singapore
27 March 2018

Statements of Comprehensive Income

For the financial year ended 31 December 2017

	Note	Group		Company	
		2017 US\$	2016 US\$	2017 US\$	2016 US\$
Revenue	4	112,616,855	165,724,961	6,045,927	4,546
Cost of sales		(95,250,850)	(147,284,732)	(16,678)	(17,483)
Gross profit/(loss)		17,366,005	18,440,229	6,029,249	(12,937)
Other items of income:					
Interest income	5	1,107,058	661,778	904,955	565,176
Other income	6	413,594	700,290	352,603	114,784
Other items of expense:					
Research and development		(3,059,235)	(2,904,610)	(1,199,417)	(290,524)
Marketing and distribution		(1,907,827)	(2,515,009)	(478,203)	(300,982)
General administration		(5,646,058)	(6,227,717)	(2,967,020)	(16,217,449)
Other expenses	7	(1,666,884)	(9,505)	(130,608)	(90,312)
Finance costs	8	(17,512)	(145,102)	-	-
Profit/(Loss) before income tax	9	6,589,141	8,000,354	2,511,559	(16,232,244)
Income tax expense	10	(1,216,537)	(918,376)	-	-
Profit/(Loss) for the year		5,372,604	7,081,978	2,511,559	(16,232,244)
Attributable to:					
Owners of the Company		5,213,684	6,073,373	2,511,559	(16,232,244)
Non-controlling interests		158,920	1,008,605	-	-
		5,372,604	7,081,978	2,511,559	(16,232,244)
Earnings per share attributable to owners of the Company (cents per share)	11				
Basic		1.61	1.87		
Diluted		1.61	1.87		

The accompanying notes form an integral part of the financial statements

Statements of Comprehensive Income

For the financial year ended 31 December 2017

	Note	Group		Company	
		2017 US\$	2016 US\$	2017 US\$	2016 US\$
Profit/(Loss) for the year		5,372,604	7,081,978	2,511,559	(16,232,244)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Net fair value changes on quoted investments					
- Fair value adjustment		656,395	10,538	656,395	10,538
- Transfer to profit or loss upon disposal		10,335	(913)	10,335	(913)
		666,730	9,625	666,730	9,625
Foreign currency translation		664,132	(276,598)	-	-
Reclassification of foreign currency translation differences on disposal of a subsidiary	14(f)	(225,398)	-	-	-
Foreign currency translation, net		438,734	(276,598)	-	-
Item that will not be reclassified subsequently to profit or loss					
Net deficit on revaluation of freehold and leasehold properties	12	(179,383)	-	-	-
Total comprehensive income/(loss) for the year		6,298,685	6,815,005	3,178,289	(16,222,619)
Attributable to:					
Owners of the Company		6,121,339	6,006,341	3,178,289	(16,222,619)
Non-controlling interests		177,346	808,664	-	-
		6,298,685	6,815,005	3,178,289	(16,222,619)

The accompanying notes form an integral part of the financial statements

Statements of Financial Position

As at 31 December 2017

		Group		Company	
	Note	2017	2016	2017	2016
		US\$	US\$	US\$	US\$
Non-current assets					
Property, plant and equipment	12	1,539,881	10,314,463	8,817	13,093
Intangible assets	13	1,695,379	3,565,621	424,268	1,600,695
Investment in subsidiaries	14	-	-	1,602,580	3,484,976
Investment in associates	15	-	-	5,407	5,407
Quoted investments	16	16,435,026	12,244,281	16,435,026	12,244,281
Unquoted investments	17	-	180,364	-	-
		19,670,286	26,304,729	18,476,098	17,348,452
Current assets					
Inventories	18	1,056,905	10,294,457	-	-
Trade and other receivables	19	3,254,199	17,106,736	4,333,705	562,834
Prepayments		153,495	258,798	83,035	75,886
Cash and short-term deposits	21	36,977,945	29,234,449	9,934,843	9,081,049
		41,442,544	56,894,440	14,351,583	9,719,769
Total assets		61,112,830	83,199,169	32,827,681	27,068,221
Current liabilities					
Trade payables and accruals	22	1,943,018	14,464,012	24,492	121,406
Other payables	22	5,019,664	4,205,958	3,728,767	1,069,499
Provision for customer claims	23	2,494,452	900,000	-	-
Hire purchase payables	24	-	150,748	-	-
Term loans and overdrafts	25	-	1,241,102	-	-
Income tax payable		1,952,197	1,243,725	-	-
		11,409,331	22,205,545	3,753,259	1,190,905
Net current assets		30,033,213	34,688,895	10,598,324	8,528,864
Non-current liabilities					
Term loans	25	-	966,657	-	-
Deferred taxation	26	42,293	697,890	-	-
Hire purchase payables	24	-	158,843	-	-
		42,293	1,823,390	-	-
Total liabilities		11,451,624	24,028,935	3,753,259	1,190,905
Net assets		49,661,206	59,170,234	29,074,422	25,877,316

The accompanying notes form an integral part of the financial statements

Statements of Financial Position

As at 31 December 2017

		Group		Company	
	Note	2017	2016	2017	2016
		US\$	US\$	US\$	US\$
Equity attributable to owners of the Company					
Share capital	27	37,828,941	37,828,941	37,828,941	37,828,941
Treasury shares	27	(262,755)	(298,272)	(262,755)	(262,755)
Revenue reserve		6,126,073	3,649,739	(9,960,970)	(12,473,352)
Other reserves	28	4,617,650	992,819	1,469,206	784,482
		48,309,909	42,173,227	29,074,422	25,877,316
Non-controlling interests		1,351,297	16,997,007	-	-
Total equity		49,661,206	59,170,234	29,074,422	25,877,316
Total liabilities and equity		61,112,830	83,199,169	32,827,681	27,068,221

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

For the financial year ended 31 December 2017

	Equity attributable to owners of the Company, total		Share capital (Note 27)	Treasury shares	Revenue reserve	Total other reserves	Other reserves						Non-controlling interests
	US\$	US\$	US\$	US\$	US\$	US\$	Capital reserve	Asset revaluation reserve	Fair value adjustment reserve	Employee share option reserve	Translation reserve	Other reserves	US\$
Group 2017													
Opening balance at 1 January 2017	59,170,234	42,173,227	37,828,941	(298,272)	3,649,739	992,819	2,716,551	2,028,550	(103,039)	856,722	(1,004,726)	(3,501,239)	16,997,007
Profit for the year	5,372,604	5,213,684	-	-	5,213,684	-	-	-	-	-	-	-	158,920
Other comprehensive income													
Net gain on quoted investments	666,730	666,730	-	-	-	666,730	-	-	666,730	-	-	-	-
Foreign currency translation, net	438,734	420,308	-	-	-	420,308	-	-	-	-	420,308	-	18,426
Net deficit on revaluation of freehold and leasehold properties	(179,383)	(179,383)	-	-	-	(179,383)	-	(179,383)	-	-	-	-	-
Other comprehensive income for the year, net of tax	926,081	907,655	-	-	-	907,655	-	(179,383)	666,730	-	420,308	-	18,426
Total comprehensive income for the year	6,298,685	6,121,339	-	-	5,213,684	907,655	-	(179,383)	666,730	-	420,308	-	177,346
Transactions with owners													
Disposal of a subsidiary	(15,464,023)	35,517	-	35,517	(2,738,173)	2,738,173	-	(793,571)	-	(64,866)	-	3,596,610	(15,499,540)
Acquisition of additional equity interest in a subsidiary (Note 14 (g))	(362,800)	(39,284)	-	-	-	(39,284)	-	-	-	-	-	(39,284)	(323,516)
Grant of equity-settled share options	19,110	19,110	-	-	-	19,110	-	-	-	19,110	-	-	-
Forfeiture of vested equity-settled share options	-	-	-	-	823	(823)	-	-	-	(823)	-	-	-
Total transactions with owners in their capacity as owners	(15,807,713)	15,343	-	35,517	(2,737,350)	2,717,176	-	(793,571)	-	(46,579)	-	3,557,326	(15,823,056)
Closing balance at 31 December 2017	49,661,206	48,309,909	37,828,941	(262,755)	6,126,073	4,617,650	2,716,551	1,055,596	563,691	810,143	(584,418)	56,087	1,351,297

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

For the financial year ended 31 December 2017

	Other reserves												
	Equity attributable to owners												
	Total equity	Company, total	Share capital (Note 27)	Treasury shares	Revenue reserve	Total other reserves	Capital reserve	Asset revaluation reserve	Fair value adjustment reserve	Employee share option reserve	Translation reserve	Other reserves	Non-controlling interests
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Group 2016													
Opening balance at 1 January 2016 (Restated)	52,125,227	35,936,884	37,828,941	(283,123)	(2,468,703)	859,769	2,716,551	2,028,550	(112,664)	656,640	(928,069)	(3,501,239)	16,188,343
Profit for the year	7,081,978	6,073,373	-	-	6,073,373	-	-	-	-	-	-	-	1,008,605
Other comprehensive income													
Net gain on quoted investments	9,625	9,625	-	-	-	9,625	-	-	9,625	-	-	-	-
Foreign currency translation	(276,598)	(76,657)	-	-	-	(76,657)	-	-	-	-	(76,657)	-	(199,941)
Other comprehensive income for the year, net of tax	(266,973)	(67,032)	-	-	-	(67,032)	-	-	9,625	-	(76,657)	-	(199,941)
Total comprehensive income for the year	6,815,005	6,006,341	-	-	6,073,373	(67,032)	-	-	9,625	-	(76,657)	-	808,664
Transactions with owners													
Share buyback	(15,149)	(15,149)	-	(15,149)	-	-	-	-	-	-	-	-	-
Grant of equity-settled share options	245,151	245,151	-	-	-	245,151	-	-	-	245,151	-	-	-
Forfeiture of vested equity-settled share options	-	-	-	-	45,069	(45,069)	-	-	-	(45,069)	-	-	-
Total transactions with owners in their capacity as owners	230,002	230,002	-	(15,149)	45,069	200,082	-	-	-	200,082	-	-	-
Closing balance at 31 December 2016	59,170,234	42,173,227	37,828,941	(298,272)	3,649,739	992,819	2,716,551	2,028,550	(103,039)	856,722	(1,004,726)	(3,501,239)	16,997,007

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

For the financial year ended 31 December 2017

	Total equity US\$	Share capital (Note 27) US\$	Treasury shares US\$	Revenue reserve US\$	Total other reserves US\$	Other reserves		
						Fair value adjustment reserve US\$	Employee share option reserve US\$	Other reserves US\$
Company 2017								
Opening balance at 1 January 2017	25,877,316	37,828,941	(262,755)	(12,473,352)	784,482	(103,039)	792,150	95,371
Profit for the year	2,511,559	-	-	2,511,559	-	-	-	-
<u>Other comprehensive income</u>								
Net gain on quoted investments	666,730	-	-	-	666,730	666,730	-	-
Other comprehensive income for the year, net of tax	666,730	-	-	-	666,730	666,730	-	-
Total comprehensive income for the year	3,178,289	-	-	2,511,559	666,730	666,730	-	-
<u>Transactions with owners</u>								
Grant of equity-settled share options	18,817	-	-	-	18,817	-	18,817	-
Forfeiture of vested equity-settled share options	-	-	-	823	(823)	-	(823)	-
Closing balance at 31 December 2017	29,074,422	37,828,941	(262,755)	(9,960,970)	1,469,206	563,691	810,144	95,371

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

For the financial year ended 31 December 2017

	Total equity US\$	Share capital (Note 27) US\$	Treasury shares US\$	Revenue reserve US\$	Total other reserves US\$	Other reserves		
						Fair value adjustment reserve US\$	Employee share option reserve US\$	Other reserves US\$
Company 2016								
Opening balance at 1 January 2016	41,934,505	37,828,941	(247,606)	3,713,823	639,347	(112,664)	656,640	95,371
Loss for the year	(16,232,244)	-	-	(16,232,244)	-	-	-	-
<u>Other comprehensive income</u>								
Net gain on quoted investments	9,625	-	-	-	9,625	9,625	-	-
Other comprehensive income for the year, net of tax	9,625	-	-	-	9,625	9,625	-	-
Total comprehensive loss for the year	(16,222,619)	-	-	(16,232,244)	9,625	9,625	-	-
<u>Transactions with owners</u>								
Share buyback	(15,149)	-	(15,149)	-	-	-	-	-
Grant of equity-settled share options	180,579	-	-	-	180,579	-	180,579	-
Forfeiture of vested equity-settled share options	-	-	-	45,069	(45,069)	-	(45,069)	-
Closing balance at 31 December 2016	25,877,316	37,828,941	(262,755)	(12,473,352)	784,482	(103,039)	792,150	95,371

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Note	2017 US\$	2016 US\$
Cash flow from operating activities			
Profit before income tax		6,589,141	8,000,354
Adjustments for:			
Allowance for doubtful debts, net	9	199,309	50,494
Amortisation of intangible assets	9	899,950	960,201
Depreciation of property, plant and equipment	9	391,482	1,071,787
Impairment of property, plant and equipment	9	276,668	211,945
Property, plant and equipment written off	9	390	2,360
Intangible assets written off	9	950,106	810,546
Loss on disposal of a subsidiary	14(f)	1,302,906	-
Net loss on quoted investments	7	106,275	9,505
Net gain on disposal of property, plant and equipment	6	-	(19,433)
Reversal of allowance for stock obsolescence	18	(98,227)	(3,755,101)
Share based payment		19,110	245,151
Interest income	5	(1,107,058)	(661,778)
Interest expense	8	17,512	145,102
Provision for customer claims	9	1,594,452	900,000
Unrealised foreign exchange losses		(82,952)	(260,829)
Operating cash flows before changes in working capital		11,059,064	7,710,304
Decrease/(Increase) in trade and other receivables, and prepayments		7,161,554	(1,418,815)
Decrease in inventories		5,148,121	16,003,328
Increase in trade and other payables		(7,844,545)	(13,144,614)
Cash generated from operations		15,524,194	9,150,203
Interest received		296,229	138,447
Interest paid		(17,512)	(145,102)
Income taxes paid		(419,273)	(190,831)
Net cash generated by operating activities		15,383,638	8,952,717
Cash flow from investing activities			
Proceeds from disposal of property, plant and equipment		42,300	25,110
Proceeds from disposal of quoted investments		576,225	4,937,190
Purchase of property, plant and equipment	12	(34,300)	(1,345,721)
Purchase of quoted investments		(4,206,515)	(8,433,475)
Consideration received in relation to the disposal of subsidiary in prior years		23,622	151,895
Payment for patent and trademark registration expenses	13	(985)	(19,901)
Payment for development expenditures	13	-	(155,522)
Disposal of a subsidiary, net of cash disposed of	14(f)	(3,672,409)	-
Interest received from quoted investments	5	810,829	523,331
Net cash used in investing activities		(6,461,233)	(4,317,093)

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Note	2017 US\$	2016 US\$
Cash flow from financing activities			
Acquisition of equity interest from minority shareholders	14 (g)	(362,800)	-
Purchase of treasury shares		-	(15,149)
Payment of hire purchase instalments		(29,587)	(220,445)
Repayment of term loans		(19,741)	(88,425)
Proceeds from term loans		-	574,029
Net cash (used in)/generated by financing activities		(412,128)	250,010
Net increase in cash and cash equivalents		8,510,277	4,885,634
Cash and cash equivalents at beginning of year		28,423,193	23,453,151
Effect of exchange rate changes on cash and cash equivalents		44,475	84,408
Cash and cash equivalents at end of year	21	36,977,945	28,423,193

The reconciliation of movements of liabilities to cash flows arising from financing activities is presented below:

	1 January 2017	Cash flows		Non-cash changes	31 December 2017	
				Disposal of a subsidiary (Note 14(f))	Foreign exchange movement	
	US\$	Proceeds US\$	Repayments US\$	US\$	US\$	US\$
Hire purchase payables	309,591	-	(29,587)	(281,209)	1,205	-
Term loans	1,396,503	-	(19,741)	(1,383,836)	7,074	-
	1,706,094	-	(49,328)	(1,665,045)	8,279	-

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General Information

Trek 2000 International Ltd (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business is located at 30 Loyang Way, #07-13/14/15, Loyang Industrial Estate, Singapore 508769.

The principal activities of the Company are those of an investment holding company and the ownership of a portfolio of intellectual property. The principal activities of subsidiaries and associates are stated in Notes 14 and 15 respectively.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRSs”) and the provisions of the Singapore Companies Act, Chapter 50. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States dollars (“USD” or “US\$”), which is the functional currency of the Company.

2.2 Application of New/Revised Financial Reporting Standards (“FRSs”) Issued

(a) FRSs effective for annual period beginning on or after 1 January 2017

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Amendments to FRS 7 Disclosure Initiative

The amendments require new disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities in respect of:

- (a) Changes from financing cash flows;
- (b) Changes arising from obtaining or losing control of subsidiaries or other businesses;
- (c) The effect of changes in foreign exchange rates;
- (d) Changes in fair values; and
- (e) Other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities. Comparatives are not required in the first year of adoption.

As this is a disclosure requirement, the information is provided in the consolidated statement of cash flows and Note 21.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.2 Application of New/Revised Financial Reporting Standards ("FRSs") Issued (cont'd)

(b) FRSs and INT FRSs issued but not yet effective

At the date of authorisation of these financial statements, the relevant new FRS that have been issued but are not yet effective are as follows:

FRS 109 *Financial Instruments*

FRS 109 was introduced to replace FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. This standard also provides a simplified hedge accounting model that will align more closely with the entity's risk management strategies. FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives in the year of adoption.

The Group has completed its assessment of the impact on the financial statements and based on its assessment, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under this standard. Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under this new standard. For available-for-sale financial assets, the Group expects to continue measuring these assets at fair value through other comprehensive income under FRS 109. On adoption of this standard, the Group does not expect a significant increase in the impairment loss allowance to be made using the new forward-looking expected credit loss model.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). FRS 115 replaces the previous revenue standards, FRS 18 *Revenue* and FRS 11 *Construction Contracts*, and the related interpretations on revenue recognition, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers*, and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

FRS 115 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group plans to adopt FRS 115 in the financial year beginning on 1 January 2018 using the full retrospective method in accordance with the transitional provisions and will include the required additional disclosures in its financial statements for that financial year. The Group completed its assessment of the impact on the Group's financial statements and based on its assessment, the Group does not expect significant changes to the timing and profile of revenue recognition for its sale of goods and licensing arrangements on adoption of FRS 115.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.2 Application of New/Revised Financial Reporting Standards ("FRSs") Issued (cont'd)

(b) FRSs and INT FRSs issued but not yet effective (cont'd)

FRS 116 Leases

FRS 116 *Leases* sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

FRS 116 is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for companies but only if it also apply FRS 115 *Revenue from Contracts with Customers* at or before the date of initial application of FRS 116. The Group plans to adopt FRS 116 in the financial year beginning on 1 January 2019.

The Group has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. The Group has non-cancellable operating lease agreements in which the Company is a lessee. The Group expects these operating leases to be recognised as right-of-use assets with corresponding lease liabilities under the new standard.

Convergence with International Financial Reporting Standards (IFRS)

Singapore-incorporated companies listed on the Singapore Exchange (SGX) are required to apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SFRS(I) in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed an assessment of the impact of SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)* for the transition to the new reporting framework. Based on the Group's assessment, the Group expects that the impact on adoption of SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this note.

Other than the adoption of FRS 116 which the Group needs further deliberation, the Group does not expect to change its existing accounting policies significantly on adoption of the new framework. The Group is currently conducting a detailed analysis of the available accounting policy choices, transitional optional exemptions and transitional mandatory exceptions under SFRS(I) 1 and the preliminary assessment may be subject to changes arising from the detailed analysis.

2.3 Basis of consolidation and business combinations

A) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.3 Basis of consolidation and business combinations (cont'd)

A) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

B) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interest are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.4 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.5 Foreign currency

The financial statements are presented in United States Dollar ("US\$"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment, other than freehold and leasehold properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold and leasehold properties are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the properties at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to revenue reserve on retirement or disposal of the asset.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.6 *Property, plant and equipment* (cont'd)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the assets as follows:

Freehold property	-	50 years
Leasehold properties	-	Over the term of the lease (20 to 60 years)
Furniture and fittings	-	8 years
Renovations	-	8 years
Office equipment	-	6 years
Computers	-	3 years
Motor vehicles	-	6 years
Plant and machinery	-	3 to 16 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in the profit or loss through the "Research and development" and "Cost of sales" line items, consistent with the function of the intangible assets.

The Group does not have intangible assets with indefinite useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.7 Intangible assets (cont'd)

(i) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project (ranging from 5 to 20 years) on a straight-line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the year.

(ii) Patents and trademarks

Patent and trademark costs relate to the costs of registering the invention and trademarks. These are stated at cost and amortised over the estimated useful lives up to a maximum of 20 years from the date of commercialisation, during which the benefits of the expenditure are expected to arise.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of impaired assets, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.10 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.11 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.11 Financial assets (cont'd)

Subsequent measurement (cont'd)

(b) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.12 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.12 Impairment of financial assets (cont'd)

(a) **Financial assets carried at amortised cost** (cont'd)

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) **Financial assets carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) **Available-for-sale financial assets**

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed directly in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis, which includes purchase price and other incidental costs.
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

2.16 Government grants

Government grants are recognised when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants related to income are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant are intended to compensate.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.18 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes in account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to revenue reserve upon expiry of the share options.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.20 Leases

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) **Sale of goods**

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

(b) **Licensing income**

When the licensing fees to be received are contingent on the occurrence of a future event, the licensing fees are recognised at their fair value where there is reasonable assurance that the licensing income will be received, which is normally when the event has occurred.

Licensing fees received upfront are recognised on a straight-line basis over the life of the agreement when the licensee has the right to use the technology for a specified period of time and the Group has remaining obligations to perform. In instances where the Group has no remaining obligations to perform, the licensing fees received upfront are recognised at the time of receipt.

(c) **Interest income**

Interest income is recognised using the effective interest method.

(d) **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.22 Taxes

(a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the end of each reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.22 Taxes (cont'd)

(b) **Deferred tax** (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 **Share capital and share issuance expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 **Treasury shares**

The Company's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively.

2.25 **Contingencies**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Ongoing investigations and inquiries into affairs of the Group and the Company

(a) Transactions with T-Data Systems (S) Pte. Ltd.

On 25 February 2016, the Company announced that it has, through the Company's Audit Committee, discovered certain potential interested person transactions ("IPT") entered into by the Group with T-Data Systems (S) Pte. Ltd. ("T-Data").

Ms. Loo Soo Hooi ("Ms Loo") is the spouse of the then Executive Director of the Company Mr. Poo Teng Pin. Ms Loo was the sole shareholder of T-Data from 27 November 2007 to 18 September 2012. Mr. Tan Joon Yong Wayne, who is the son of the chairman and CEO of the Company, Mr. Henn Tan, was a major shareholder of T-Data from 18 September 2012 to 26 March 2014. At 31 December 2017 and 31 December 2016, Ms. Tan Ai Ching ("Ms Tan") is the sole shareholder of T-Data, and therefore is no longer a related party to the Group. Accordingly, the Group's transactions and balances with T-Data for the year ended 31 December 2017 are not disclosed.

The material transactions and balances recorded by the Group with T-Data for the year ended 31 December 2016 were as follows:

	2016
	US\$
Transactions with T-Data	
Sales of goods and services to T-Data	7,118,692
"Licensing fees" charged by T-Data	133,506
 Balances with T-Data at year-end	
Trade receivables due from T-Data	<u>275,218</u>

On 7 April 2016, the Company announced the appointment of TSMP Law Corporation ("TSMP") to conduct an independent review of the IPT. On 8 June 2016, the Company announced the appointment of RSM Corporate Advisory Pte Ltd ("RSM") as forensic accountants to review the past transactions and provide their findings and analysis from a forensic financial perspective (the "IPT Inquiry").

On 18 July 2017, the Company announced that RSM had completed the IPT Inquiry and had on 17 July 2017 issued a report of their findings (the "IPT Inquiry Report"). As of the date of issue of these financial statements, the Company is still evaluating the findings highlighted in the IPT Inquiry Report and assessing the impact of these findings on the financial statements. Further adjustments, restatements or disclosures could be made to the financial statements in future when the Company completes its evaluation and assessment of the findings in the IPT Inquiry Report.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of Significant Accounting Policies (cont'd)

2.27 Ongoing investigations and inquiries into affairs of the Group and the Company (cont'd)

(b) *Inconsistencies in the Group's and the Company's accounting records*

The predecessor auditor, Ernst & Young LLP, had informed the management of certain inconsistencies in the accounting records maintained by the Group and the Company during the course of their audit for the 2015 and 2016 financial statements and expressed concerns over the validity of certain transactions recorded therein. The basis of the auditor's concerns comprised i) the lack of valid supporting documentation for certain licensing income recorded in the past and ii) discrepancies in respect of the recording of certain intangible assets, plant and equipment, inventories, sales and expenses.

During the audit of the 2015 financial statements, the Company was informed that its predecessor auditor had made a report to the Accounting and Corporate Regulatory Authority of Singapore ("ACRA") under Section 207(9) of the Singapore Companies Act (Chapter 50) ("Companies Act") of matters that have come to their attention in the course of their audit.

Arising from the above, the Company has appointed RSM as forensic accountants to conduct an independent review into the transactions highlighted by the predecessor auditor during their audit of both the 2015 and 2016 financial statements.

As at the date of this report, the review by RSM is still ongoing. Further adjustments, restatements or disclosures to the current and preceding year's financial statements could be required in future upon the completion of RSM's review.

(c) *Investigations by Commercial Affairs Department of the Singapore Police Force ("CAD")*

On 25 May 2016 and 1 June 2016, the Company announced that several executives of the Company are assisting the CAD in its investigations on a possible offence under the Penal Code, Chapter 224 (the "Penal Code") pursuant to the provisions of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition) (the "CPC"). The CAD has also requested for certain accounting and banking records of the Company and certain subsidiaries of the Group.

The appointment of RSM as forensic accountants to conduct an independent review also included the review of these transactions entered by the Group and the Company that are believed to be the subject of investigations by the CAD.

The review by RSM and investigations by the CAD into the affairs of the Group and the Company are still ongoing and may result in further adjustments to the financial statements.

3 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

For the financial year ended 31 December 2017

3 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

3.1 Critical judgments in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those disclosed in Note 2.27 and those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 2.7. Initial capitalisation of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amount to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of the Group's intangible assets at balance sheet date is disclosed in Note 13 to the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) **Impairment of loans and receivables**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar risk characteristics. The carrying amount of the Group's trade receivables at the end of the reporting period is disclosed in Note 19 to the financial statements.

(b) **Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the domicile of the respective subsidiaries.

(c) **Impairment of plant and equipment and intangible assets**

Plant and equipment and intangible assets are stated at cost less any impairment losses. The Group reviews the carrying amounts of plant and equipment and intangible assets to determine if there are any indicators of impairment. If any such indication exists, the recoverable amounts of the plant and equipment and intangible assets are estimated to determine the extent of the impairment loss (if any). The carrying amounts of the Group's plant and equipment and intangible assets can be found in Notes 12 and 13 to the financial statements, respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2017

4 Revenue

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Sale of goods	112,387,329	165,510,680	-	-
Dividend income	-	-	6,000,000	-
Licensing income	229,526	214,281	45,927	4,546
	112,616,855	165,724,961	6,045,927	4,546

5 Interest Income

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Interest income from:				
- Short-term deposits	296,229	138,447	96,191	41,845
- Quoted investments	810,829	523,331	808,764	523,331
	1,107,058	661,778	904,955	565,176

6 Other Income

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Net gain on disposal of property, plant and equipment	-	19,433	-	1,432
Freight income	6,699	27,054	-	-
Foreign exchange gain	272,197	53,380	-	17,196
Government grants	77,331	264,053	-	-
Gain on disposal of a subsidiary	-	-	256,603	-
Others	57,367	336,370	96,000	96,156
	413,594	700,290	352,603	114,784

7 Other Expenses

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Foreign exchange loss	7,327	-	23,943	80,807
Net loss on disposal of quoted investments	106,275	9,505	106,275	9,505
Net loss on disposal of a subsidiary	1,302,892	-	-	-
Others	250,390	-	390	-
	1,666,884	9,505	130,608	90,312

Notes to the Financial Statements

For the financial year ended 31 December 2017

8 Finance Costs

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Interest expense on:				
- Obligations under finance leases	1,980	15,159	-	-
- Term loans	15,532	129,943	-	-
	17,512	145,102	-	-

9 Profit/(Loss) before Income Tax

The following items have been included in arriving at profit/(loss) before income tax:

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
(Write-back)/Allowance for doubtful debts, net				
- Third-party	199,309	50,494	-	-
- Subsidiaries	-	-	(1,121,725)	12,364,832
Depreciation of property, plant and equipment	391,482	1,071,787	6,387	7,115
Property, plant and equipment written-off (charged to general administration expense)	390	2,360	390	-
Impairment of property, plant and equipment ⁽¹⁾	276,668	211,945	-	-
Impairment of investment in a subsidiary ⁽²⁾	-	-	-	1,740,318
Provision for customer claims ⁽³⁾	1,594,452	900,000	-	-
Amortisation of intangible assets	899,950	960,201	226,665	227,442
Intangible assets written-off	950,106	810,546	950,106	-
Operating lease expense (Note 31)	154,531	145,956	-	-
Legal and other professional fees	3,552,117	965,055	3,455,590	802,701
Employee benefits expense (Note 29)	2,701,577	4,151,797	126,549	251,477
Audit fees/(over provision):				
- Auditor of the Company ⁽⁴⁾	107,012	470,901	65,000	363,309
- Other auditors	15,376	10,843	(17,979)	-
Non-audit fees:				
- Auditor of the Company	-	65,354	-	12,732
- Other auditors	39,643	29,176	9,333	-

⁽¹⁾ The Group's impairment of property, plant and equipment of US\$276,668 (2016: US\$211,945) is reported under "Research and development" (2016: General administrative) in the statement of comprehensive income.

⁽²⁾ During the previous year ended 31 December 2016, the Company's impairment of investment in a subsidiary of US\$1,740,318 is reported under "General administrative" in the statement of comprehensive income.

Notes to the Financial Statements

For the financial year ended 31 December 2017

9 Profit/(Loss) before Income Tax (cont'd)

⁽³⁾ The Group's provision for customer claims of US\$1,594,452 (2016: US\$900,000) is reported under "Cost of sales" in the statement of comprehensive income.

⁽⁴⁾ The audit fees paid/payable to the auditor of the Company pertains to the following:

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Audit of the financial statements for the year ended 31 December:				
- 2015 and prior	-	142,944	-	145,529
- 2016	-	327,957	-	217,780
- 2017	107,012	-	65,000	-
	107,012	470,901	65,000	363,309

10 Income Tax Expense

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Consolidated statement of comprehensive income:				
Current income tax:				
- Current income taxation	1,279,212	563,551	-	-
- (Over)/Under provision in prior years	(105,007)	115,034	-	-
	1,174,205	678,585	-	-
Deferred income tax:				
- Origination and reversal of temporary differences	42,332	239,791	-	-
Income tax expense recognised in profit or loss	1,216,537	918,376	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2017

10 Income Tax Expense (cont'd)

Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 is as follows:

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Tax expense at the domestic rates applicable to profit/(loss) in the countries where the Group operates	1,088,846	1,369,829	426,965	(2,759,481)
Adjustments:				
Non-deductible expenses *	576,459	429,134	591,994	2,430,191
Income not subject to taxation	(46,111)	(19,289)	(1,051,679)	-
Effect of income taxed at concessionary rate and tax relief ⁽¹⁾	(32,103)	(1,011,040)	-	-
Transfer of losses under Group Relief	-	-	179,287	295,130
(Over)/Under provision in prior years	(105,007)	115,034	-	-
Deferred tax assets not recognised	105,435	255,691	-	34,160
Utilisation of deferred tax assets previously not recognised	(403,725)	-	(146,567)	-
Others	32,743	(220,983)	-	-
Income tax expense recognised in profit or loss	1,216,537	918,376	-	-

⁽¹⁾ A subsidiary of the Company has been granted the Development and Expansion Incentive ("DEI") under the International Headquarters Award by the Economic Development Board ("EDB") based on the Letter of Offer dated 16 January 2012. The period of the incentive is 10 years and the date of commencement of the incentive is 7 November 2011. In this regard, qualifying income in excess of the subsidiary's base income is subject to tax at the concessionary tax rate of 5%.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

* Non-deductible expenses mainly relates to provision for legal and other professional fees, and intangible assets written-off.

At the end of the reporting period, the Group has tax losses of approximately US\$18,663,000 (2016: US\$20,619,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Notes to the Financial Statements

For the financial year ended 31 December 2017

11 Earnings per Share

Basic earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year 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.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2017 US\$	2016 US\$
Profit net of tax, attributable to owners of the Company used in computation of basic earnings per share	5,213,684	6,073,373
	No. of shares	
Weighted average number of ordinary shares for basic earnings per share computation *	324,116,925	324,116,925
Basic earnings per share (in cents)	1.61	1.87
Weighted average number of ordinary shares used to compute diluted earnings per share *	324,116,925	324,116,925
Diluted earnings per share (in cents)	1.61	1.87

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

All 3,880,000 (2016: 4,982,500) share options granted to employees under the existing share option scheme in prior financial years have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

During the financial year, senior executives have not exercised any options to acquire ordinary shares. There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

The basic earnings per share and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit and share data are presented in the table above.

Notes to the Financial Statements

For the financial year ended 31 December 2017

12 Property, Plant and Equipment

	At Valuation		At Cost									
	Freehold property US\$	Leasehold properties US\$	Furniture and fittings		Renovations US\$	Office equipment US\$	Computers US\$	Motor vehicles US\$	Plant and machinery		Assets under construction US\$	Total US\$
			US\$	US\$					US\$	US\$		
Group												
2017												
Cost or valuation												
At 1 January 2017	1,558,218	6,130,460	322,301	1,768,179	606,282	1,610,773	992,494	6,222,373	1,240,595	20,451,675		
Additions	-	-	1,862	11,345	6,282	14,581	-	230	-	34,300		
Disposals	-	-	-	-	-	-	(109,000)	-	-	(109,000)		
Derecognised on disposal of a subsidiary (Note 14(f))	(579,485)	(5,610,027)	(124,686)	(1,545,626)	(426,110)	(694,585)	(379,565)	(5,716,307)	(1,246,206)	(16,322,597)		
Written-off	-	-	-	-	-	(2,069)	-	-	-	(2,069)		
Revaluation of (deficit)/surplus	(268,890)	89,507	-	-	-	-	-	-	-	(179,383)		
Elimination of accumulated depreciation on revaluation	(97,511)	(175,451)	-	-	-	-	-	-	-	(272,962)		
Exchange differences	18,367	181,373	461	25,002	5,674	7,541	17,251	(101,252)	5,611	160,028		
At 31 December 2017	630,699	615,862	199,938	258,900	192,128	936,241	521,180	405,044	-	3,759,992		

Notes to the Financial Statements

For the financial year ended 31 December 2017

12 Property, Plant and Equipment (cont'd)

	At Valuation		At Cost								
	Freehold property US\$	Leasehold properties US\$	Furniture and fittings		Renovations US\$	Office equipment US\$	Computers US\$	Motor vehicles US\$	Plant and machinery US\$	Assets under construction US\$	Total US\$
			US\$	US\$							
Group 2017											
Accumulated depreciation and impairment											
At 1 January 2017	267,861	711,099	268,171	1,369,250	499,506	1,123,927	551,412	5,345,986	-	10,137,212	
Depreciation charge for the year	36,698	70,297	14,895	27,879	12,255	113,195	62,199	54,064	-	391,482	
Disposals	-	-	-	-	-	-	(66,700)	-	-	(66,700)	
Eliminated on disposal of a subsidiary (Note 14(f))	(213,717)	(626,012)	(113,859)	(1,194,084)	(344,455)	(663,523)	(162,410)	(4,877,669)	-	(8,195,729)	
Impairment loss	-	-	-	-	-	276,668	-	-	-	276,668	
Written-off	-	-	-	-	-	(1,679)	-	-	-	(1,679)	
Elimination of accumulated depreciation on revaluation	(97,511)	(175,451)	-	-	-	-	-	-	-	(272,962)	
Exchange differences	6,669	20,067	252	15,365	5,014	6,975	15,916	(118,439)	-	(48,181)	
At 31 December 2017	-	-	169,459	218,410	172,320	855,563	400,417	403,942	-	2,220,111	
<u>Net carrying amount</u>											
At 31 December 2017	630,699	615,862	30,479	40,490	19,808	80,678	120,763	1,102	-	1,539,881	

Notes to the Financial Statements

For the financial year ended 31 December 2017

12 Property, Plant and Equipment (cont'd)

	At Valuation		At Cost							
	Freehold property	Leasehold properties	Furniture and fittings	Renovations	Office equipment	Computers	Motor vehicles	Plant and machinery	Assets under construction	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Group										
2016										
Cost or valuation										
At 1 January 2016	1,558,880	6,186,103	419,401	1,727,856	651,360	1,501,281	843,693	6,035,865	578,788	19,503,227
Additions	-	-	6,048	133,048	7,556	227,128	232,425	297,270	667,013	1,570,488
Disposals	-	-	(1,166)	(51,266)	(2,246)	(33,461)	(80,048)	(43,808)	-	(211,995)
Written-off	-	-	(99,976)	(25,203)	(43,800)	(76,203)	-	-	-	(245,182)
Exchange differences	(662)	(55,643)	(2,006)	(16,256)	(6,588)	(7,972)	(3,576)	(66,954)	(5,206)	(164,863)
At 31 December 2016	1,558,218	6,130,460	322,301	1,768,179	606,282	1,610,773	992,494	6,222,373	1,240,595	20,451,675
Accumulated depreciation and impairment										
At 1 January 2016	207,654	513,495	323,426	1,301,442	476,997	1,061,591	479,634	4,995,923	-	9,360,162
Depreciation charge for the year	61,324	144,144	22,636	102,053	48,262	179,453	119,648	394,267	-	1,071,787
Impairment loss	-	-	24,447	57,442	26,550	-	35,817	67,689	-	211,945
Disposals	-	-	(344)	(51,266)	(2,071)	(32,487)	(80,048)	(40,102)	-	(206,318)
Written-off	-	-	(99,976)	(22,843)	(43,800)	(76,203)	-	-	-	(242,822)
Exchange differences	(1,117)	53,460	(2,018)	(17,578)	(6,432)	(8,427)	(3,639)	(71,791)	-	(57,542)
At 31 December 2016	267,861	711,099	268,171	1,369,250	499,506	1,123,927	551,412	5,345,986	-	10,137,212
Net carrying amount										
At 31 December 2016	1,290,357	5,419,361	54,130	398,929	106,776	486,846	441,082	876,387	1,240,595	10,314,463

Notes to the Financial Statements

For the financial year ended 31 December 2017

12 Property, Plant and Equipment (cont'd)

	Computers	
	2017	2016
	US\$	US\$
Company		
<u>Cost</u>		
At 1 January	140,340	127,641
Additions	2,501	14,246
Disposals	-	(1,547)
Written-off	(1,278)	-
At 31 December	141,563	140,340
<u>Accumulated depreciation</u>		
At 1 January	127,247	121,679
Depreciation charge for the year	6,387	7,115
Disposals	-	(1,547)
Written-off	(888)	-
At 31 December	132,746	127,247
<u>Net carrying amount</u>		
At 31 December	8,817	13,093

Revaluation of freehold and leasehold properties

The Group engaged independent valuers to determine the fair value of the freehold and leasehold properties. The dates of revaluation were:

Freehold property at 10 Jalan Besar: 12 December 2017

Leasehold property at 30 Loyang Way: 12 December 2017

Leasehold property at 28 Changi South Street 1: 5 February 2015 *

Leasehold property at PLO 67 Jalan Cyber 2, Senai Industrial Estate III: 2 October 2014 *

The Group assessed that based on the market conditions and circumstances, the carrying value of these properties approximates to the fair value as of 31 December 2017.

* These properties are held by a subsidiary of the Group, Racer Technology Pte Ltd and its subsidiaries ("Racer Group"), and are derecognised during the year as the subsidiary was disposed of by the Group on 13 March 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2017

12 Property, Plant and Equipment (cont'd)

If the freehold and leasehold properties were measured using the cost model, the carrying amounts as at 31 December would be as follows:

	Group	
	2017	2016
	US\$	US\$
Freehold property	195,175	202,171
Leasehold properties	180,612	1,547,337

Assets pledged as security

In the prior year, the leasehold properties at 28 Changi South Street 1, Changi South Industrial Estate, Singapore and PLO 67 Jalan Cyber 2, Senai Industrial Estate III, Central Park, Johor Malaysia with net carrying amounts of US\$4,025,180 and US\$853,564 respectively were mortgaged to the banks as security for the loans (Note 25).

Assets held under hire purchase

During the financial year, the Group acquired plant and equipment with an aggregate cost of Nil (2016: US\$224,767) by means of hire purchase. The cash outflow on acquisition of plant and equipment amounted to US\$34,300 (2016: US\$1,345,721).

As at the end of the previous financial year, the carrying amounts of motor vehicles, and plant and machinery under hire purchase agreements were US\$108,950 and US\$371,848 respectively. Hire purchase assets are pledged as securities for the related hire purchase liabilities. Such hire purchase liabilities were repaid and derecognised on disposal of a subsidiary during the current financial year.

13 Intangible Assets

	Patents	Trademarks	Development costs	Total
	US\$	US\$	US\$	US\$
Group				
2017				
<u>Cost</u>				
At 1 January 2017	5,745,213	440,586	6,591,605	12,777,404
Additions	985	-	-	985
Derecognised on disposal of a subsidiary	(37,517)	-	-	(37,517)
Written-off *	(2,111,172)	-	-	(2,111,172)
Exchange differences	170	-	-	170
At 31 December 2017	3,597,679	440,586	6,591,605	10,629,870

Notes to the Financial Statements

For the financial year ended 31 December 2017

13 Intangible Assets (cont'd)

	Patents US\$	Trademarks US\$	Development costs US\$	Total US\$
Group				
2017				
<u>Accumulated amortisation</u>				
At 1 January 2017	4,223,474	331,457	4,656,852	9,211,783
Amortisation	200,128	34,998	664,824	899,950
Eliminated on disposal of a subsidiary	(16,256)	-	-	(16,256)
Written-off *	(1,161,066)	-	-	(1,161,066)
Exchange differences	80	-	-	80
At 31 December 2017	3,246,360	366,455	5,321,676	8,934,491
<u>Net carrying amount</u>				
At 31 December 2017	351,319	74,131	1,269,929	1,695,379
	Patents US\$	Trademarks US\$	Development costs US\$	Total US\$
Group				
2016				
<u>Cost</u>				
At 1 January 2016	5,920,811	440,586	7,319,680	13,681,077
Additions	19,901	-	155,522	175,423
Written-off *	(195,127)	-	(883,496)	(1,078,623)
Exchange differences	(372)	-	(101)	(473)
At 31 December 2016	5,745,213	440,586	6,591,605	12,777,404
<u>Accumulated amortisation</u>				
At 1 January 2016	4,121,281	312,933	4,085,928	8,520,142
Amortisation	275,509	18,524	666,168	960,201
Written-off *	(173,000)	-	(95,077)	(268,077)
Exchange differences	(316)	-	(167)	(483)
At 31 December 2016	4,223,474	331,457	4,656,852	9,211,783
<u>Net carrying amount</u>				
At 31 December 2016	1,521,739	109,129	1,934,753	3,565,621

Notes to the Financial Statements

For the financial year ended 31 December 2017

13 Intangible Assets (cont'd)

* - The write-offs during the year relates to patents and development costs for projects that were assessed by management to be no longer commercially viable.

	Patents and trademarks	
	2017	2016
	US\$	US\$
Company		
<u>Cost</u>		
At 1 January	5,603,779	5,584,418
Additions	344	19,361
Written-off *	(2,111,172)	-
At 31 December	3,492,951	5,603,779
<u>Accumulated amortisation and impairment</u>		
At 1 January	4,003,084	3,775,642
Amortisation	226,665	227,442
Written-off *	(1,161,066)	-
At 31 December	3,068,683	4,003,084
<u>Net carrying amount</u>		
At 31 December	424,268	1,600,695

* The write-offs during the year relates to patents and trademarks that were assessed by management to be no longer commercially viable.

Patents and trademarks

Patents and trademarks (e.g. "TREK", "DivaDrive", "Flucard" and "ThumbDrive") relate to costs of registering the invention and trademark, which are internal developments. As explained in Note 2.7, patents and trademarks are amortised over 5 to 20 years from the date of commercialisation and have an average remaining amortisation period of 1.9 years (2016: 3.8 years).

Development costs

Development costs relate to development expenditure incurred on each individual project. As explained in Note 2.7, development costs are amortised over 5 to 20 years from the date the project is completed and have an average remaining amortisation period of 2.1 years (2016: 2.4 years).

Notes to the Financial Statements

For the financial year ended 31 December 2017

14 Investment in Subsidiaries

	Company	
	2017 US\$	2016 US\$
Unquoted shares, at cost:		
- At beginning of the financial year	5,441,209	5,441,209
- Addition	1	-
- Disposal	(1,882,397)	-
- At end of the financial year	3,558,813	5,441,209
Impairment losses:		
- At beginning of the financial year	(1,956,233)	(215,915)
- Impairment	-	(1,740,318)
- At end of the financial year	(1,956,233)	(1,956,233)
	1,602,580	3,484,976

During the previous year, management performed an impairment test for the investment in S-Com System (S) Pte Ltd, as this subsidiary had been persistently making losses. An impairment loss of US\$1,740,318 was recognised for the previous year ended 31 December 2016 to write down this subsidiary to its recoverable amount. The recoverable amount of the investment in S-Com System (S) Pte Ltd has been determined based on net worth of the subsidiary.

(a) Composition of the Group

Name of company (Country of incorporation)	Principal activities	Proportion (%) of ownership interest	
		2017 %	2016 %
<u>Held by the Company</u>			
Trek Technology (Singapore) Pte Ltd (i) (Singapore)	Research, design, development and dealing in computer hardware, software, electronic components and other related products	100	100
S-Com System (S) Pte Ltd (i) (Singapore)	Research, design, development and dealing in computer hardware, software, electronic components and other related products	100	100
Trek Systems (M) Sdn Bhd (ii) (Malaysia)	Research, design, development and dealing in computer hardware, software, electronic components and other related products	100	100
Trek Technology (HK) Co. Limited (vi) (Hong Kong)	Marketing and distribution	100	100
Trekstor USA Inc. # (United States of America)	Marketing and distribution	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2017

14 Investment in Subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company (Country of incorporation)	Principal activities	Proportion (%) of ownership interest	
		2017	2016
		%	%
<u>Held by the Company (cont'd)</u>			
Trek Technology (Shanghai) Co. Ltd # (People's Republic of China)	Marketing and distribution	100	100
Trek Technology Europe B.V. # (The Netherlands)	Marketing and distribution	100	100
Racer Technology Pte Ltd ("Racer") (iv) (Singapore)	Manufacture of plastic products	-	19.0
Japan-Singapore Future Technology Lab Pte. Ltd. (i) (Singapore)	Research and experimental development on medical technologies	100	100
SGenome Precisionomics Inc Pte. Ltd. * (Singapore)	Research and experimental development on medical technologies	100	-
<u>Held through Trek Technology (Singapore) Pte Ltd</u>			
Trek Technology (India) Private Limited (viii) (India)	Research, development, marketing and distribution	100	100
Cloud Stringers (S) Pte. Ltd. (ix) (Singapore)	Development and marketing of web portal services, including social networking sites	84.7	65.6
Unimemory Technology (S) Pte. Ltd. (ix) (Singapore)	Research, design, development and distribution of memory modules and other related products and solutions	75.7	75.7
T3 Solutions (HK) Limited (vi) (Hong Kong)	Marketing and distribution	100	100
<u>Held through Trek Technology (HK) Co. Ltd</u>			
Trek Systems (Shanghai) Co Ltd (iii) (People's Republic of China)	Marketing and distribution	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2017

14 Investment in Subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company (Country of incorporation)	Principal activities	Proportion (%) of ownership interest	
		2017	2016
		%	%
<u>Held through Trek Systems (M) Sdn Bhd</u>			
Thumbdrive Media Sdn. Bhd. (ii) (Malaysia)	Research, design, development and dealing in computer hardware, software, electronic components and other related products	100	100
<u>Held through Racer</u>			
Racer Technology Sdn Bhd (v) (Malaysia)	Manufacture of plastic products for consumer, industrial and commercial use	-	19.0
PT Racer Technology Batam (vii) (Indonesia)	Manufacture of plastic products for consumer, industrial and commercial use	-	18.8

- (i) Audited by Moore Stephens LLP, Singapore
- (ii) Audited by Baker Tilly CKF, Malaysia
- (iii) Audited by Shanghai Shenyua Certified Public Accountants Co., Ltd, China
- (iv) Audited by Chan Geok Huat & Company, Singapore
- (v) Audited by YF. Ng & Associates, Malaysia
- (vi) Audited by Artmell CPA Limited, Hong Kong
- (vii) Audited by Reanda Bernardi, Indonesia
- (viii) Audited by T. D. Jagadeesha & Co., Chartered Accountants, India
- (ix) Audited by Infinity Assurance LLP, Singapore

No statutory audit requirement in the country of incorporation.

* No statutory audit is required as the subsidiary is newly incorporated.

Investment in Racer

Prior to the disposal of Racer during the current financial year, the Group considers Racer as a subsidiary as it has the power to govern the financial and operating policies of Racer through its ability to control its Board of Directors and direct the relevant activities, i.e. the activities that significantly affect the returns of Racer.

Incorporation of a subsidiary

On 16 November 2017, the Company incorporated a wholly-owned subsidiary, SGenome Precisionomics Inc Pte. Ltd. with an issued and paid-up share capital of US\$1 comprising 1 ordinary share.

Notes to the Financial Statements

For the financial year ended 31 December 2017

14 Investment in Subsidiaries (cont'd)

- (b) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group does not have any interest in subsidiaries with material NCI as at 31 December 2017.

The Group has the following subsidiary sub-group that has NCI that is material to the Group as at 31 December 2016.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting date	Accumulated NCI at the end of reporting date
			US\$	US\$
<u>31 December 2016</u>				
Racer Group	Singapore	81%	1,043,521	15,645,425

- (c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of Racer Group with material non-controlling interests are as follows:

Summarised balance sheet

	Racer Group 2016 US\$
Current	
Assets	18,267,589
Liabilities	(6,697,458)
Net current assets	11,570,131
Non-current	
Assets	6,356,106
Liabilities	(709,176)
Net non-current assets	5,646,930
Net assets	<u>17,217,061</u>

Notes to the Financial Statements

For the financial year ended 31 December 2017

14 Investment in Subsidiaries (cont'd)

(d) Summarised statement of comprehensive income

	Racer Group
	2016
	US\$
Revenue	23,786,652
Profit before income tax	1,446,615
Income tax expense	(158,318)
Profit after tax and total comprehensive income	<u>1,288,297</u>

(e) Other summarised information

	Racer Group
	2016
	US\$
Net cash flows from operations	1,602,979
Acquisition of significant Property, Plant and Equipment	<u>1,255,095</u>

(f) Disposal of a subsidiary

On 13 March 2017, the Group disposed of its 19% equity interest in Racer to a director of Racer for a cash consideration of S\$3,000,000 (equivalent to US\$2,139,000).

Analysis of assets and liabilities over which control was lost

	Note	2017
		US\$
Cash and cash equivalents		5,811,395
Trade and other receivables		6,481,798
Prepayments		187,256
Inventories		4,209,011
Quoted and unquoted investments		238,557
Intangible assets	13	21,261
Property, plant and equipment	12	8,126,868
Trade payables and accruals		(1,735,123)
Other payables		(2,214,068)
Hire purchase payables		(281,209)
Term loans		(1,383,836)
Income tax payable		(287,368)
Deferred tax payable		(458,508)
Non-controlling interests		(15,499,540)
Net assets disposed of		<u>3,216,494</u>

Notes to the Financial Statements

For the financial year ended 31 December 2017

14 Investment in Subsidiaries (cont'd)

(f) Disposal of a subsidiary (cont'd)

Loss on disposal of a subsidiary

	2017 US\$
Consideration received	2,139,000
Less: Bank charges	(14)
Consideration received, net	2,138,986
Net assets disposed of	(3,216,494)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of a subsidiary	(225,398)
Loss on disposal of a subsidiary	(1,302,906)
Add: Bank charges	14
Loss on disposal of a subsidiary, net	<u>(1,302,892)</u>

The net loss on disposal is included in the statements of comprehensive income (Note 7).

The aggregate cash outflow arising from disposal of a subsidiary

	2017 US\$
Net consideration received in cash and cash equivalents	2,138,986
Less: cash and cash equivalent balances disposed of	(5,811,395)
Loss on disposal of a subsidiary, net of cash disposed of	<u>(3,672,409)</u>

(g) Acquisition of additional equity interest in a subsidiary

Non-controlling interests

During the year, the Group's subsidiary company, Trek Technology (Singapore) Pte Ltd, acquired an additional 19.1% equity interest in Cloud Stringers (S) Pte. Ltd. from its non-controlling interest for a cash consideration of S\$500,000 (equivalent to US\$362,800). The effect of the change in the Group's ownership interest in Cloud Stringers (S) Pte. Ltd. on the equity attributable to owners of the Company is summarised below:

	2017 US\$
Consideration paid for acquisition of non-controlling interests	362,800
Decrease in equity attributable to non-controlling interests	(323,516)
Decrease in equity attributable to owners of the Group	<u>39,284</u>

Notes to the Financial Statements

For the financial year ended 31 December 2017

15 Investment in Associates

	Group		Company	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Unquoted shares, at cost	1,523,440	1,523,440	2,902,384	2,902,384
Goodwill on acquisition	1,378,944	1,378,944	-	-
Impairment loss	(2,896,977)	(2,896,977)	(2,896,977)	(2,896,977)
Share of post-acquisition reserve	(5,407)	(5,407)	-	-
Carrying amount of investments	-	-	5,407	5,407

There are no material associates in the Group. The associates are:

Name of company (Country of incorporation)	Principal activities	Proportion of ownership interest	
		2017 %	2016 %
Trek Technology (Thailand) Company Ltd (i) (Thailand)	Marketing of computer, hardware, software, electronic components and other related products	39	39
STrek International Company Limited (ii) (Hong Kong)	Dormant	45	45

(i) Audited by C.L. Accounting & Law, Thailand

(ii) Audited by H.H. Liu & Co., CPA, Hong Kong

The Group has not recognised losses relating to its associates where their share of losses exceeds the Group's interests in the associates. The Group's cumulative share of unrecognised losses at the end of the reporting period was US\$324,085 (2016: US\$316,828) of which US\$7,257 was the share of the current year's losses (2016: US\$14,048 was the share of the current year's profit). The Group has no obligation in respect of these losses. STrek International Company Limited has also become dormant after year ended 31 December 2009.

The (loss)/profit for the year and total comprehensive income of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2017 US\$	2016 US\$
(Loss)/profit for the year and total comprehensive income	(18,607)	36,021

Notes to the Financial Statements

For the financial year ended 31 December 2017

16 Quoted Investments

	Group and Company	
	2017	2016
	US\$	US\$
<i>Available-for-sale financial assets</i>		
- USD corporate bonds	16,435,026	12,244,281

The quoted corporate bonds pay fixed interest rates on a quarterly to semi-annually basis ranging from 3.875% to 7.75% (2016: 4.375% to 11%) per annum.

17 Unquoted Investments

	Group	
	2017	2016
	US\$	US\$
<i>Available-for-sale financial assets</i>		
Unquoted equity investments, at cost	-	180,364

18 Inventories

	Group	
	2017	2016
	US\$	US\$
Balance sheet		
Raw materials	504,829	9,012,512
Work in progress	-	323,328
Finished goods	552,076	958,617
Total inventories at lower of cost and net realisable value	1,056,905	10,294,457

Inventories are stated after deducting allowance for inventory obsolescence and net realisable value adjustments:

(1,372,840)	(2,256,671)
-------------	-------------

Statement of comprehensive income:

Inventories recognised as an expense in cost of sales inclusive of the following charge:	93,639,720	146,366,087
- Reversal of allowance for stock obsolescence	98,227	3,755,101

The reversal of allowance for stock obsolescence was made when the related inventories were sold above their carrying amounts in 2017 and 2016.

Notes to the Financial Statements

For the financial year ended 31 December 2017

19 Trade and Other Receivables

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Trade receivables:				
- Third parties	2,752,415	9,585,754	15,556	17,312
- Associate	482,255	131,141	-	-
- Related company	-	158,321	-	-
	3,234,670	9,875,216	15,556	17,312
Allowance for doubtful debts:				
- Third parties	(127,425)	(385,739)	-	-
- Associate	(482,255)	(131,141)	-	-
- Related company	-	(120,000)	-	-
	(609,680)	(636,880)	-	-
Trade receivables, net of allowance	2,624,990	9,238,336	15,556	17,312
Other receivables (Note 20)	629,209	7,868,400	543,959	545,522
Amounts due from subsidiaries, net of allowance	-	-	3,774,190	-
Other receivables and amounts due from subsidiaries, net of allowance	629,209	7,868,400	4,318,149	545,522
Total trade and other receivables	3,254,199	17,106,736	4,333,705	562,834
Add: Cash and short-term deposits (Note 21)	36,977,945	29,234,449	9,934,843	9,081,049
Less: Sales tax receivable	(1,453,640)	(1,170,153)	(15,556)	(16,279)
Total loans and receivables	38,778,504	45,171,032	14,252,992	9,627,604

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries

The amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable in cash upon demand.

The amounts due from subsidiaries are stated after deducting allowance for doubtful debts of US\$11,243,107 (2016: US\$12,364,832).

Notes to the Financial Statements

For the financial year ended 31 December 2017

19 Trade and Other Receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017	2016
	US\$	US\$
Trade receivables - nominal amounts	634,229	711,027
Less: Allowance for impairment	(609,680)	(636,880)
	24,549	74,147
Movement in allowance accounts:		
At 1 January	636,880	774,676
Charge for the year	199,309	86,494
Write-back	-	(36,000)
Disposal of a subsidiary	(226,509)	-
Utilised	-	(184,159)
Exchange differences	-	(4,131)
At 31 December	609,680	636,880

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The charge/write-back is recorded in "Marketing and distribution" in the statement of comprehensive income.

Receivables that are past due but not impaired

The Group has trade receivables amounting to US\$857,367 (2016: US\$6,299,505) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017	2016
	US\$	US\$
Trade receivables past due but not impaired		
Lesser than 30 days	854,679	5,431,167
30 to 60 days	2,688	405,434
More than 60 days	-	462,904
	857,367	6,299,505

Notes to the Financial Statements

For the financial year ended 31 December 2017

20 Other Receivables

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Deposits	74,151	195,464	-	-
Sundry receivables	283,974	553,371	273,515	311,096
Accrued income	271,084	235,547	270,444	234,426
Amounts due from non-controlling interest	-	3,484,871	-	-
Amounts due from a former subsidiary	-	3,399,147	-	-
	629,209	7,868,400	543,959	545,522

Sundry receivables

Sundry receivables are interest-free, unsecured and repayable on demand. Included in sundry receivables is an amount of US\$270,560 (2016: US\$294,182) relating to outstanding consideration receivable from the sale of a former subsidiary of the Group. These amounts are due from a director of a subsidiary and a company related to that director.

Amounts due from non-controlling interest

These represents the Outstanding Amounts owed by the CEO of Racer.

The amounts due from non-controlling interest were derecognised on disposal of a subsidiary during the current year ended 31 December 2017.

Amounts due from a former subsidiary

These amounts were interest-free, unsecured and repayable on demand and relates to advances provided by a subsidiary of the Group to a former subsidiary. In the previous year ended 31 December 2016, the Group agreed to revise the repayment terms to allow the former subsidiary to repay these amounts in 18 equal instalments commencing February 2017. As a director of the subsidiary was also the major shareholder and director of the former subsidiary, the amounts are subject to the application of Section 163 in the Companies Act. These transactions are ratified in an Extraordinary General Meeting of the subsidiary held on 27 July 2016.

The amounts due from a former subsidiary were derecognised on disposal of a subsidiary during the current year ended 31 December 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2017

21 Cash and Short-term Deposits

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Cash at banks and on hand	11,293,854	12,715,825	1,502,074	1,287,070
Short-term deposits	25,684,091	16,518,624	8,432,769	7,793,979
Cash and short-term deposits	36,977,945	29,234,449	9,934,843	9,081,049

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between four and five weeks (2016: one week and three months) depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates, ranging from 0.85% to 1.92% (2016: 0.01% to 1.15%) per annum.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Cash and short-term deposits	36,977,945	29,234,449	9,934,843	9,081,049
Bank overdrafts (Note 25)	-	(811,256)	-	-
Cash and cash equivalents	36,977,945	28,423,193	9,934,843	9,081,049

22 Trade Payables and Accruals and Other Payables

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Trade payables and accruals				
- Third parties	1,943,018	14,002,543	24,492	121,406
- Related parties	-	461,469	-	-
	1,943,018	14,464,012	24,492	121,406
Other payables				
- Other creditors	684,258	1,720,685	-	-
- Non-trade creditors	379,704	165,367	253,431	113,294
- Accrued expenses	3,944,834	2,307,815	3,475,335	849,911
- Related parties	10,868	12,091	-	-
- Subsidiaries	-	-	1	106,294
	5,019,664	4,205,958	3,728,767	1,069,499

Notes to the Financial Statements

For the financial year ended 31 December 2017

22 Trade Payables and Accruals and Other Payables (cont'd)

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Total trade and other payables	6,962,682	18,669,970	3,753,259	1,190,905
Add:				
Hire purchase payables (Note 24)	-	309,591	-	-
Term loans and overdrafts (Note 25)	-	2,207,759	-	-
Total financial liabilities carried at amortised cost	6,962,682	21,187,320	3,753,259	1,190,905

Trade payables and accruals

These are non-interest bearing. Trade payables are normally settled on 60-day terms while other payables have an average term of six months.

Amounts due to related parties and subsidiaries

These amounts are non-interest bearing, unsecured and repayable in cash upon demand.

23 Provision for Customer Claims

	Group	
	2017	2016
	US\$	US\$
At 1 January	900,000	-
Additional provisions recognised	1,594,452	900,000
At 31 December	2,494,452	900,000

The provisions relates to:-

- (a) compensation sought by customers for defective products sold to them; and
- (b) the Group gives warranties on products and undertakes to repair or replace items that fail to perform satisfactorily within the period of 12 months. The provision is based on estimates made from historical warranty data associated with similar products.

It is measured at the best estimate of the expenditure required to settle the potential claims as at the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2017

24 Hire Purchase Payables

In the previous year ended 31 December 2016, the Group leases certain motor vehicles and, plant and machinery under hire purchase. These leases have varying terms of renewal and purchase options. The interest rates implicit in the hire purchase range from 1.6% to 3.2% per annum. Future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows:

	Group			
	2017	2017	2016	2016
	Minimum	Present	Minimum	Present
	Payment	value of	payment	value of
	US\$	payment	US\$	payment
	US\$	US\$	US\$	US\$
Within one year	-	-	159,862	150,748
After one year but not more than five years	-	-	165,660	158,843
Total future minimum lease payments	-	-	325,522	309,591
Less: Amounts representing finance charges	-	-	(15,931)	-
Present value of net minimum lease payments	-	-	309,591	309,591

25 Term Loans and Overdrafts

	Group	
	2017	2016
	US\$	US\$
Current:		
- Bank overdrafts (secured)	-	811,256
- Bank borrowings (secured)	-	429,846
	-	1,241,102
Non-current:		
- Bank borrowings (secured)	-	966,657
	-	966,657
Total term loans and overdrafts	-	2,207,759
Repayable:		
- Not later than 1 year	-	1,241,102
- Between 1 to 5 years	-	426,469
- After 5 years	-	540,188
Total term loans and overdrafts	-	2,207,759

Notes to the Financial Statements

For the financial year ended 31 December 2017

25 Term Loans and Overdrafts (cont'd)

Bank overdrafts

Bank overdrafts were denominated in SGD, repayable on demand, incurred interest over bank's prime lending rate and were secured by a legal charge over the leasehold property of a subsidiary, located at 28 Changi South Street 1, Changi South Industrial Estate, Singapore 486772.

Bank borrowings

Bank borrowings were denominated mainly in SGD and Malaysian Ringgit ("RM"). As of 31 December 2016, the interest rates for bank borrowings ranged from 2.98% to 5.85% per annum.

The borrowings were secured by a legal charge over the leasehold property of a subsidiary of the Group (Note 12), located at 28 Changi South Street 1, Changi South Industrial Estate, Singapore 486772. These borrowings were also guaranteed by a director of a subsidiary of the Group.

The term loans and bank overdrafts were repaid and derecognised on disposal of a subsidiary during the current year ended 31 December 2017.

26 Deferred Taxation

Deferred tax liability recognised mainly relate to temporary differences between the accounting depreciation and amortisation of assets held by certain subsidiaries with its tax depreciation and amortisation.

27 Share Capital and Treasury Shares

(a) Share capital

	Group and Company			
	2017		2016	
	No. of shares	US\$	No. of shares	US\$
Issued and fully paid ordinary shares				
At 1 January and 31 December	324,116,925	37,828,941	324,116,925	37,828,941

The holders of the ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has an employee share option plan under which options to subscribe for the Company's ordinary shares have been granted to employees and directors of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2017

27 Share Capital and Treasury Shares (cont'd)

(b) Treasury shares

	Group			
	2017		2016	
	No. of shares	US\$	No. of shares	US\$
At 1 January	1,522,000	298,272	1,450,100	283,123
Disposal of Treasury Shares	(293,000)	(35,517)	-	-
Purchase of Treasury Shares	-	-	71,900	15,149
At 31 December	1,229,000	262,755	1,522,000	298,272

	Company			
	2017		2016	
	No. of shares	US\$	No. of shares	US\$
At 1 January and 31 December	1,229,000	262,755	1,229,000	262,755

Treasury shares relate to ordinary shares of the Company that are held by the Company. As a result of the acquisition of Racer in 2009, Racer's investment in the Company is deemed as treasury shares.

The disposal of treasury shares of US\$35,517 relates to disposal of Racer by the Group during the year ended 31 December 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2017

27 Share Capital and Treasury Shares (cont'd)

(c) Share options

The options granted, exercised and forfeited under the Trek 2000 International Ltd Share Option Scheme ("ESOS") during the year and options outstanding at the end of the year are as follows:

Date of options granted	2007 Options 20 April 2007	2007 Options 20 April 2007	2007 Options 9 November 2007	2007 Options 9 November 2007	2009 Options 12 May 2009	2009 Options 12 May 2009	2011 Options 11 July 2011	2011 Options 11 July 2011	2013 Options 29 August 2013	2013 Options 29 August 2013
Grant option number	11	11	12	12	13	13	16	16	17	17
Option exercise period										
From	20 Apr 2008	20 Apr 2009	9 Nov 2008	9 Nov 2009	12 May 2010	12 May 2011	11 July 2012	11 July 2013	29 Aug 2014	29 Aug 2015
To	20 Apr 2017	20 Apr 2017	9 Nov 2017	9 Nov 2017	12 May 2019	12 May 2019	11 July 2021	11 July 2021	29 Aug 2023	29 Aug 2023
Number of holders at 31.12.2017	-	-	-	-	3	4	6	6	-	-
Exercise price per option	\$S\$0.399	\$S\$0.399	\$S\$0.326	\$S\$0.326	\$S\$0.146	\$S\$0.146	\$S\$0.356	\$S\$0.356	\$S\$0.243	\$S\$0.243
Number of options outstanding										
At 1.1.2017	110,000	110,000	300,000	300,000	12,500	30,000	325,000	325,000	15,000	15,000
Granted	-	-	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-	-	-
Forfeited	-	-	-	-	-	(2,500)	(50,000)	(50,000)	(15,000)	(15,000)
Expired	(110,000)	(110,000)	(300,000)	(300,000)	-	-	-	-	-	-
At 31.12.2017	-	-	-	-	12,500	27,500	275,000	275,000	-	-

The details of the ESOS, which was started in 2001, were set out in the financial statements of that year. Refer to Note 28 for further details.

Notes to the Financial Statements

For the financial year ended 31 December 2017

27 Share Capital and Treasury Shares (cont'd)

(c) Share options (cont'd)

The options granted, exercised and forfeited under the ESOS during the year and options outstanding at the end of the year are as follows:

Date options granted	2015 Options 10 February 2015	2015 Options 10 February 2015	2015 Options 10 February 2015	2015 Options 10 February 2015	2015 Options 10 February 2015	2015 Options 10 February 2015	Total 2017
Grant option number	19	19	19	19	19	19	
Option exercise period							
From	10 February 2016	10 February 2017	10 February 2016	10 February 2017	10 February 2016	10 February 2017	
To	10 February 2025	10 February 2025	10 February 2025	10 February 2025	10 February 2020	10 February 2020	
Number of holders at 31.12.2017	3	3	0	0	1	1	
Exercise price per option	S\$0.247	S\$0.247	S\$0.362	S\$0.362	S\$0.362	S\$0.362	
Number of options outstanding							
At 1.1.2017	1,600,000	1,600,000	75,000	75,000	45,000	45,000	4,982,500
Granted	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-
Forfeited	-	-	(75,000)	(75,000)	-	-	(282,500)
Expired	-	-	-	-	-	-	(820,000)
At 31.12.2017	1,600,000	1,600,000	-	-	45,000	45,000	3,880,000

The details of the ESOS, which was started in 2001, were set out in the financial statements of that year. Refer to Note 28 for further details.

Notes to the Financial Statements

For the financial year ended 31 December 2017

28 Other Reserves

(a) Capital reserve

The capital reserve arose from the acquisition of assets and liabilities pursuant to the restructuring exercise carried out in 2000.

(b) Asset revaluation reserve

The revaluation reserve represents increases in the fair value of property, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

(c) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(d) Employee share options reserve

Employee share option reserve represents equity-settled share options granted to employees (Note 27). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry, withdrawal or exercise of the share options.

(e) Translation reserve

The translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(f) Other reserve

Other reserve comprises the surplus from the sale of treasury shares, the deficit arising from the dilution of the Group's interest in Racer and the acquisition of additional equity interest from non-controlling interests.

29 Employee Benefits

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
<i>Employee benefits (including directors):</i>				
Salaries	2,040,831	3,195,988	-	-
Directors' fees	118,064	99,525	107,733	70,898
Bonuses	297,260	459,274	-	-
Contributions to defined contribution plans	226,606	307,381	-	-
Shared-based payments (Employee Share Option Plans)	18,816	245,151	18,816	180,579
Employee benefits capitalised as intangible assets	-	(155,522)	-	-
Employee benefits charged to profit or loss during the year (Note 9)	2,701,577	4,151,797	126,549	251,477

Notes to the Financial Statements

For the financial year ended 31 December 2017

29 Employee Benefits (cont'd)

The Trek 2000 International Ltd Share Option Scheme

Group Executives, including directors, are granted options based on quantitative and non-quantitative performance indicators, including past performance, expertise, and potential for greater achievements and contributions to the Group. The option will vest over two years after the date of grant. The options, once vested, remain exercisable as long as the employee (including directors) remains in service. The exercise price shall be equal to the average of the last dealt price for a share for the five consecutive trading days immediately preceding the date of grant. The options granted to Group Executives and Group Directors who do not hold executive functions in the Group, have contractual lives of ten and five years respectively. The options are to be settled in equity.

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year.

	2017		2016	
	No.	WAEP S\$	No.	WAEP S\$
Outstanding at 1 January	4,982,500	0.282	6,727,500	0.297
Forfeited ⁽¹⁾	(282,500)	0.345	(1,745,000)	0.340
Expired	(820,000)	0.346	-	-
Outstanding at 31 December ⁽³⁾	3,880,000	0.264	4,982,500	0.282
Exercisable at 31 December	3,880,000	0.264	3,262,500	0.296

⁽¹⁾ None (2016: 1,445,000) of the options forfeited pertains to those options held by directors who have resigned from the Group.

⁽²⁾ None (2016: 1,295,000) of the options forfeited pertains to those options held by directors who are holding executive functions in the Group. The option period of which, commences from the first anniversary of the date of grant but before the tenth anniversary of such date of grant.

⁽³⁾ The range of exercise prices for options outstanding at the end of the year was 2017: S\$0.146 to S\$0.362 (2016: S\$0.146 to S\$0.399). The weighted average remaining contractual life for these options is 3.6 years (2016: 4.5 years).

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Related Party Transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year. They are made at terms equivalent to those prevailing in arm's length transactions with third parties.

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Sale of goods to related party	268,090	91,587	-	-
Service fee expense to related party	-	15,000	-	-
Service fee income from subsidiaries	-	-	96,000	96,000
Service fee expense to subsidiaries	-	-	435,000	435,000
Dividend income from a subsidiary	-	-	6,000,000	-

(b) Compensation of key management personnel

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Short-term employee benefits	1,055,659	1,651,401	107,733	85,708
Contributions to defined contribution plans	59,864	105,980	-	-
	1,115,523	1,757,381	107,733	85,708
Comprise amounts paid to:				
- Directors of the Group	723,713	1,303,857	107,733	85,708
- Other key management personnel	391,810	453,524	-	-
	1,115,523	1,757,381	107,733	85,708

Key management personnel's (including directors) interests in the Trek 2000 International Ltd Share Option Scheme

During the financial years ended 31 December 2017 and 2016:

No share options were granted to key management personnel under the Trek 2000 International Ltd Share Option Scheme 2011.

Share options granted to the Company's directors (including non-executive directors) in prior years are disclosed in the directors' statement.

At the end of the reporting period, the total number of outstanding share options granted by the Company to the directors and key management personnel under the Trek 2000 International Ltd Share Option Scheme 2011 amount to 2,140,000 (2016: 3,257,500).

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Related Party Transactions (cont'd)

(b) Compensation of key management personnel (cont'd)

Key management personnel's (including directors) interests in the Trek 2000 International Ltd Share Option Scheme (cont'd)

At the end of the reporting period, the total number of outstanding share options granted by the Company to the abovementioned key management personnel (including directors) under the Trek 2000 International Ltd Share Option Scheme 2011 are as follows:

- 40,000 ordinary shares at a price of S\$0.146 each, exercisable between 12 May 2010 and 12 May 2019
- 550,000 ordinary shares at a price of S\$0.356 each, exercisable between 11 July 2012 and 11 July 2021
- 3,200,000 ordinary shares at a price of S\$0.247 each, exercisable between 10 February 2016 to 10 February 2025
- 90,000 ordinary shares at a price of S\$0.362 each, exercisable between 10 February 2016 to 10 February 2020

Key management personnel's interests in the Cloud Stringers (S) Pte. Ltd. ("Cloud Stringers") Share Option Scheme

At the end of the reporting period, the total number of outstanding share options granted to key management personnel (including Cloud Stringers's directors) under the various share option schemes are as follows:

- 1,100,000 ordinary shares of Cloud Stringers at a price of S\$0.25 each, exercisable after 12 April 2018

31 Operating Lease Commitments as Lessee

The Group has entered into commercial leases on certain motor vehicles, office equipment and rental of office spaces. These leases have an average tenure of between three and six years with no renewal option or contingent rent provision included in the contracts. The Group is restricted from sub-leasing the leased equipment to third parties. Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to US\$154,531 (2016: US\$145,956).

Future minimum lease rental payable under non-cancellable operating lease at the end of the reporting date is as follows:

	Group	
	2017 US\$	2016 US\$
Not later than one year	131,698	225,770
Later than one year but not later than five years	115,576	146,997

Notes to the Financial Statements

For the financial year ended 31 December 2017

32 Fair Value of Assets and Liabilities

- (a) Assets and liabilities measured at fair value

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2017			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	US\$	US\$	US\$	US\$
Financial assets:				
Available-for-sale financial assets				
- Quoted investments (Note 16)	16,435,026	-	-	16,435,026
Financial assets carried at fair value as at 31 December 2017	16,435,026	-	-	16,435,026
Non-financial assets:				
Property, plant and equipment (Note 12)				
- Freehold property	-	-	630,699	630,699
- Leasehold properties	-	-	615,862	615,862
Non-financial assets carried at fair value as at 31 December 2017	-	-	1,246,561	1,246,561

Notes to the Financial Statements

For the financial year ended 31 December 2017

32 Fair Value of Assets and Liabilities (cont'd)

(a) Assets and liabilities measured at fair value (cont'd)

	Group 2016			
	Quoted prices in active markets for identical instruments (Level 1) US\$	Significant observable inputs other than quoted prices (Level 2) US\$	Significant unobservable inputs (Level 3) US\$	Total US\$
Financial assets:				
Available-for-sale financial assets				
- Quoted investments (Note 16)	12,244,281	-	-	12,244,281
Financial assets carried at fair value as at 31 December 2016	12,244,281	-	-	12,244,281
Non-financial assets:				
Property, plant and equipment (Note 12)				
- Freehold property	-	-	1,290,357	1,290,357
- Leasehold properties	-	-	5,419,361	5,419,361
Non-financial assets carried at fair value as at 31 December 2016	-	-	6,709,718	6,709,718

The following table presents the valuation techniques and key inputs that were used to determine the fair value of the freehold and leasehold properties categorised under Level 3 of the fair value hierarchy in 2017 (i.e. date of last valuation).

Valuation techniques	Key unobservable inputs	Range
Market comparison	Transacted prices of comparable properties. Adjustments are made for any difference in the location, tenure, size and condition of the specific property.	US\$73 psf to US\$1,890 psf

The Group's Chief Financial Officer ("CFO") oversees the Group's financial reporting valuation process and is responsible for the setting of the Group's valuation policies and procedures. In this regard, the CFO reports to the Group's Audit Committee. It is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

Notes to the Financial Statements

For the financial year ended 31 December 2017

32 Fair Value of Assets and Liabilities (cont'd)

- (b) Assets and liabilities not measured at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

Group 2017				
Fair value measurements at the end of the reporting period using				
Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Fair value total	Carrying amount
US\$	US\$	US\$	US\$	US\$
Liabilities:				
Term loans (non-current)	-	-	-	-
Hire purchase payables	-	-	-	-

Group 2016				
Fair value measurements at the end of the reporting period using				
Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Fair value total	Carrying amount
US\$	US\$	US\$	US\$	US\$
Liabilities:				
Term loans (non-current)	-	852,229	-	852,229
Hire purchase payables	-	292,775	-	292,775

Determination of fair value

Term loans, hire purchase payables

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2017

32 Fair Value of Assets and Liabilities (cont'd)

- (c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair values are as follows:

Group			
2017		2016	
Carrying amount	Fair value	Carrying amount	Fair value
US\$	US\$	US\$	US\$
Financial asset:			
- Equity instruments at cost	-	180,364	*

* Investments in equity instruments carried at cost (Note 17)

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because the fair value cannot be measured reliably. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

33 Financial Risk Management Objectives and Policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign exchange risk, liquidity risk and market price risk. The Board of Directors reviews and agrees the policies and procedures for the management of these risks which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group do not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks, except as disclosed in the credit risk section.

- (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and, cash and cash equivalents), the Group minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. In addition, trade receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Notes to the Financial Statements

For the financial year ended 31 December 2017

33 Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with reasonable payment record with the Group. Cash and cash equivalents, and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (Trade and other receivables).

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. Approximately 3% (2016: 5%) of the Group's sales are denominated in foreign currency.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (mainly in SGD and RM) amount to US\$6,523,776 (2016: US\$4,743,583) for the Group. For trade receivables, foreign currency balances (mainly in SGD) amount to US\$4,266,227 (2016: US\$2,469,375). Included in trade and other payables are amounts of US\$140,956 (2016: US\$691,664) denominated in SGD and US\$4,618 (2016: US\$12,531) denominated in Chinese Renminbi.

The Group currently does not enter into foreign currency hedging activities to protect against volatility associated with foreign currency sales and purchases. Such risks are managed through matching sales with corresponding purchases, and assets with liabilities of the same currencies and amounts.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the SGD exchange rates against the respective functional currencies of the entities (which is mainly USD) within the Group, with all other variables held constant:

	Group	
	Profit net of tax	
	2017	2016
	US\$	US\$
SGD/USD		
- Strengthened by 3% (2016: 3%)	225,546	166,732
- Weakened by 3% (2016: 3%)	(225,546)	(166,732)

Notes to the Financial Statements

For the financial year ended 31 December 2017

33 Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2017 US\$'000				2016 US\$'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial assets:								
Quoted investments	1,839	6,155	8,441	16,435	-	1,476	10,768	12,244
Unquoted investments	-	-	-	-	-	-	180	180
Trade and other receivables	3,254	-	-	3,254	17,107	-	-	17,107
Cash and short-term deposits	36,978	-	-	36,978	29,234	-	-	29,234
Total undiscounted financial assets	42,071	6,155	8,441	56,667	46,341	1,476	10,948	58,765
Financial liabilities:								
Trade payables and accruals	1,943	-	-	1,943	14,464	-	-	14,464
Other payables	5,020	-	-	5,020	4,206	-	-	4,206
Hire purchase payables	-	-	-	-	151	159	-	310
Term loans and overdrafts	-	-	-	-	1,241	427	540	2,208
Total undiscounted financial liabilities	6,963	-	-	6,963	20,062	586	540	21,188
Total net undiscounted financial assets	35,108	6,155	8,441	49,704	26,279	890	10,408	37,577

Notes to the Financial Statements

For the financial year ended 31 December 2017

33 Financial Risk Management Objectives and Policies (cont'd)

(d) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to debt price risk arising from its investment in quoted debt instruments. These instruments are quoted on the stock exchange both within and outside Singapore and are classified as held as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

The Group's policy is to invest in a mix of quoted debt securities from various industries, with the objective of managing market price risk and to derive potential returns from capital appreciation and dividend income streams.

Sensitivity analysis for market price risk

As at end of the reporting period, if the market prices had been 2% (2016: 2%) higher/lower with all other variables held constant, the Group's other reserve in equity would have been US\$328,701 (2016: US\$244,886) higher/lower, arising as a result of an increase/decrease in the fair value of quoted investments classified as available-for-sale.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its interest-bearing loans. The Group's policy is to manage interest cost using floating rate loans and borrowings, depending on the liquidity needs of the Group, with the objective of ensuring that there is sufficient net cash for the Group's operations at reasonable interest rates. The Group does not enter into interest rate swaps.

Sensitivity analysis for interest rate risk

As at 31 December 2016, if interest rates had been 75 basis points lower/higher with all other variables held constant, the Group's profit before tax would have been US\$16,558 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

As at 31 December 2017, there are no interest-bearing loans as these loans were repaid and derecognised on disposal of a subsidiary during the current year ended 31 December 2017 (Note 25).

34 Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within the net debt, trade payables and accruals, other payables, hire purchase payables, term loans, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserve.

Notes to the Financial Statements

For the financial year ended 31 December 2017

34 Capital Management (cont'd)

	Group	
	2017	2016
	US\$	US\$
Trade payables and accruals (Note 22)	1,943,018	14,464,012
Other payables (Note 22)	5,019,664	4,205,958
Hire purchase payables (Note 24)	-	309,591
Term loans and overdrafts (Note 25)	-	2,207,759
Less: Cash and short-term deposits (Note 21)	(36,977,945)	(29,234,449)
<i>Net cash</i>	<i>(30,015,263)</i>	<i>(8,047,129)</i>
Equity attributable to the owners of the Company	48,309,909	42,173,227
(Less)/Add: Fair value adjustment reserve	(563,691)	103,039
<i>Total capital</i>	<i>47,746,218</i>	<i>42,276,266</i>
Total capital plus net debt	17,730,955	34,229,137
Gearing ratio	Not meaningful* Not meaningful*	

* Not meaningful as the Group is in net cash position as at 31 December 2017 and 2016.

35 Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (a) The *Interactive Consumer Solutions* business segment is driven by the creativity, innovativeness and ingenuity from the Group's core Research and Development division. Serving as the mainstay growth driver for the Group, it offers patented products and solutions covered under the following core technologies:

- USB
- Wireless
- Anti-piracy
- Compression
- Security/Encryption
- Enterprise Solutions
- Portable Storage Solutions encompassing Flash Memory, Hard Disk and Optical Technologies

Notes to the Financial Statements

For the financial year ended 31 December 2017

35 Segment Information (cont'd)

- (a) As a leading external storage solutions provider with a portfolio of innovative and patented products and solutions, the Group continues to leverage on its specialisation in external storage and security solutions to reinvent and develop new product offerings. These include our proprietary inventions such as ThumbDrive™ USB Flash Drive, Flucard® and Ai-Ball™.
- (b) The *Customised Solutions* segment is driven by customers' specification, needs and requirements. The Group provides expertise in the area of design solutions that incorporate its software, hardware and firmware. The design solutions are developed specific to customers' requirements, the customers have the flexibility to purchase either the complete design-in module or sub-modules in semi-customised or customised forms.
- (c) The *Licensing* business segment involves the provision of licensees based on the Group's library of patented technologies and trademarks.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the financial statements. Interest income, finance costs and income taxes are managed on a group basis and are not allocated to operating segments.

Notes to the Financial Statements

For the financial year ended 31 December 2017

35 Segment Information (cont'd)

Business segments

	Interactive Consumer												Notes	Consolidated	
	Customised Solutions		Solutions				Licensing		Adjustments						
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016			
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Segment revenue ⁽¹⁾															
Sales to external customers	2,585,145	2,399,167	109,802,184	163,111,513	229,526	214,281	-	-	-	-	-	-	-	112,616,855	165,724,961
Results:															
Depreciation and amortisation	8,987	15,516	1,280,611	2,015,231	1,834	1,241	-	-	-	-	-	-	-	1,291,432	2,031,988
Property, plant and equipment written-off	-	-	390	2,360	-	-	-	-	-	-	-	-	-	390	2,360
Intangible assets written-off	-	-	950,106	810,546	-	-	-	-	-	-	-	-	-	950,106	810,546
Impairment loss on property, plant and equipment	6,915	-	269,753	211,945	-	-	-	-	-	-	-	-	-	276,668	211,945
Allowance for doubtful debts, net	4,981	796	194,328	49,698	-	-	-	-	-	-	-	-	-	199,309	50,494
Segment profit	126,244	108,341	5,362,142	7,365,661	11,209	9,676	1,089,546	516,676	A					6,589,141	8,000,354
Assets:															
Additions to non-current assets	857	24,767	34,428	1,721,144	-	-	-	-	B					35,285	1,745,911
Segment assets	1,074,274	1,059,871	41,908,151	66,149,032	1,695,379	3,565,621	16,435,026	12,424,645	C					61,112,830	83,199,169
Segment liabilities															
	236,365	308,614	9,220,769	19,261,356	-	-	1,994,490	4,458,965	D					11,451,624	24,028,935

⁽¹⁾ There were no inter-segment sales during the year.

Notes to the Financial Statements

For the financial year ended 31 December 2017

35 Segment Information (cont'd)

Business segments (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 to arrive at "Profit before income tax" presented in the consolidated statement of comprehensive income:

	Group	
	2017	2016
	US\$	US\$
Interest income	1,107,058	661,778
Finance costs	(17,512)	(145,102)
	<u>1,089,546</u>	<u>516,676</u>

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

C The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2017	2016
	US\$	US\$
Unquoted investments	-	180,364
Quoted investments	16,435,026	12,244,281
	<u>16,435,026</u>	<u>12,424,645</u>

D The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2017	2016
	US\$	US\$
Hire purchase payables (current)	-	150,748
Hire purchase payables (non-current)	-	158,843
Income tax payable	1,952,197	1,243,725
Deferred taxation	42,293	697,890
Term loans and overdrafts (current)	-	1,241,102
Term loans (non-current)	-	966,657
	<u>1,994,490</u>	<u>4,458,965</u>

Notes to the Financial Statements

For the financial year ended 31 December 2017

35 Segment Information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group			
	Revenue		Non-current assets	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Singapore	2,303	22,103	3,228	11,681
Taiwan	17,553	12,113	-	-
United States	1,098	4,483	-	-
China/Hong Kong	65,663	92,429	1	3
Japan	33	1,017	-	-
Europe	367	1,819	-	-
Malaysia	22,161	28,096	1	1,061
India	1,715	1,519	5	7
Thailand	275	264	-	-
Others	1,449	1,882	-	1,128
	112,617	165,725	3,235	13,880

Non-current assets information presented above consists of property, plant and equipment and intangible assets as presented in the consolidated statement of financial position.

Information about major customers

Revenue from 3 (2016: 3) major customers amounted to US\$69,873,555 (2016: US\$90,749,721).

36 Dividends

At the Annual General Meeting on 24 April 2018, a final dividend of 1 Singapore cent per share amounting to a total of S\$3,228,879 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

37 Event Occurring after the Reporting Period

On 14 March 2018, the Company incorporated a wholly-owned subsidiary, Trek Connect Sdn. Bhd. in Malaysia with an initial issued and paid up capital of RM1. Subsequent to the incorporation, the issued and paid up capital of the subsidiary will be increased to RM500,000. The principal activity of Trek Connect Sdn. Bhd. is to conduct research and development, procurement, sales and business development relating to the information technology industry.

38 Authorisation of Financial Statements

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 27 March 2018.

Statistics of Shareholdings

As at 16 March 2018

Class of Shares	:	Ordinary Shares
Voting Rights (excluding treasury shares)	:	One Vote per Share
No. of issued shares	:	324,116,925 shares
No. of issues shares (excluding treasury shares)	:	322,887,925 shares
No. of treasury shares	:	1,229,000 shares
No. of subsidiary holdings held	:	Nil

Distribution of Shareholdings as at 16 March 2018 (excluding treasury shares)

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	18	0.96	657	0.00
100 - 1,000	136	7.21	70,324	0.02
1,001 - 10,000	808	42.86	4,553,736	1.41
10,001 - 1,000,000	901	47.80	65,367,762	20.25
1,000,001 and above	22	1.17	252,895,446	78.32
Total	1,885	100.00	322,887,925	100.00

Substantial Shareholders as at 16 March 2018

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Henn Tan	100,877,591	31.24	720,000 ¹	0.22
Toshiba Corporation	37,912,359	11.74	14,800,000 ²	4.58
CTI II Limited	27,500,000	8.52	-	-
Creative Technology Ltd	-	-	27,500,000 ³	8.52
Sim Wong Hoo	-	-	27,500,000 ⁴	8.52
Ron Sim Chye Hock	28,374,600	8.79	-	-

Notes :-

1. Henn Tan is deemed to be interested in 720,000 shares held by his wife, Ang Poh Tee by virtue of Section 7 of the Companies Act, Cap 50;
2. Toshiba Corporation is deemed to be interested in 6,300,000 shares and 8,500,000 shares held by its wholly-owned subsidiaries, Toshiba Memory Corporation and Toshiba Electronics Asia (Singapore) Pte Ltd respectively by virtue of Section 7 of the Companies Act, Cap 50;
3. Creative Technology Ltd ("CTL") is deemed to be interested in 27,500,000 shares held by its wholly-owned subsidiary, CTI II Limited by virtue of Section 7 of the Companies Act, Cap 50; and
4. Sim Wong Hoo owns more than 20% of the issued share capital of CTL and is deemed to be interested in 27,500,000 shares held by its CTI II Limited by virtue of Section 7 of the Companies Act, Cap 50.

Shareholders' Information

As at 16 March 2018

Twenty Largest Shareholders as at 16 March 2018

No.	Name of Shareholders	No. of shares	%
1.	TAN HENRY	100,077,591	30.99
2.	MAYBANK KIM ENG SECURITIES PTE. LTD.	41,637,759	12.90
3.	RAFFLES NOMINEES (PTE) LIMITED	30,006,805	9.29
4.	CTI II LIMITED	27,500,000	8.52
5.	DBS NOMINEES (PRIVATE) LIMITED	11,119,550	3.44
6.	TOSHIBA ELECTRONICS ASIA (SINGAPORE) PTE LTD	8,500,000	2.63
7.	TAN KAY TOH OR YU HEA RYEONG	4,558,000	1.41
8.	CHONG GEORGE	3,948,200	1.22
9.	PHILLIP SECURITIES PTE LTD	3,092,950	0.96
10.	TAN BOON SIONG	2,921,648	0.90
11.	TAN JOON YONG WAYNE (CHEN JUNRONG)	2,371,176	0.73
12.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,140,017	0.66
13.	NEO AH SENG	2,000,000	0.62
14.	HONG LEONG FINANCE NOMINEES PTE LTD	1,996,000	0.62
15.	SOH MEIQI, PETRINA	1,839,250	0.57
16.	HL BANK NOMINEES (SINGAPORE) PTE LTD	1,679,000	0.52
17.	CHEW GHIM BOK	1,497,000	0.46
18.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,301,500	0.40
19.	RHB SECURITIES SINGAPORE PTE. LTD.	1,297,000	0.40
20.	CHIN KIAM HSUNG	1,153,000	0.36
Total:		250,636,446	77.60

Based on Shareholders' Information as at 16 March 2018 approximately 32.68% of the total numbers of issued shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

Notice of Nineteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting (the “AGM”) of the Company will be held at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769 on Tuesday, 24 April 2018 at 10:00 a.m., to transact the following businesses:

ORDINARY BUSINESS:

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2017 together with the Auditor’s Report thereon. **Resolution 1**
2. To approve the payment of the Directors’ fees of S\$151,751 for the financial year ended 31 December 2017 (2016: S\$92,292). **Resolution 2**
3. To re-elect Mr. Chay Yee Meng, the director retiring by rotation pursuant to Article 103 of the Company’s Constitution and who, being eligible, offer himself for re-election. **Resolution 3**
[See Explanatory Note (i)]
4. To re-elect Mr. Neo Gim Kiong, the director retiring by rotation pursuant to Article 108 of the Company’s Constitution and who, being eligible, offer himself for re-election. **Resolution 4**
[See Explanatory Note (ii)]
5. To re-elect Professor Lee Chuen Neng, the director retiring by rotation pursuant to Article 108 of the Company’s Constitution and who, being eligible, offer himself for re-election. **Resolution 5**
[See Explanatory Note (iii)]
6. To note the retirement of Dr Long Ming Fai Edwin as a director of the Company, pursuant to Article 103 of the Company’s Constitution. **Resolution 6**
[See Explanatory Note (iv)]
7. To note the retirement of Ms. Celine Cha Mui Hwang as a director of the Company. **Resolution 7**
[See Explanatory Note (v)]
8. To re-appoint Messrs Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

9. **Authority to allot and issue shares** **Resolution 9**

“THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the “**Companies Act**”), and the Listing Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given for the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, “**Instruments**”) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

Notice of Nineteenth Annual General Meeting

and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuant to any Instrument made or granted by the Directors while the authority was in force, provided always that:

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of convertible securities, or
 - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, and
 - (iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares;
- (b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (vi)]

10. **Authority for Directors to offer and grant options and allot shares pursuant to the Trek 2000 International Ltd Share Option Scheme 2011**

Resolution 8

"That the Directors be empowered to issue shares to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the approved Trek 2000 International Ltd Share Option Scheme 2011 (the "**2011 Scheme**") upon the exercise of such options and in accordance with the terms and conditions of the 2011 Scheme, provided that the aggregate number of shares issued pursuant to the 2011 Scheme shall not exceed 15% of the issued share capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (vii)]

11. **Proposed Renewal of Share Buy-Back Mandate**

Resolution 9

"That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) an on-market purchase ("**On-Market Purchase**") transacted on the SGX-ST; and/or
 - (ii) an off-market purchase ("**Off-Market Purchase**") effected pursuant to an equal access scheme (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act

Notice of Nineteenth Annual General Meeting

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buy-Back Mandate**");

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
 - (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
 - (ii) the date on which the authority conferred by the Share Buy-Back Mandate, if renewed, is revoked or varied by the Company in general meeting; or
 - (iii) the date on which Share Buy-Backs are carried out to the full extent mandated;
- (d) in this Resolution:

"Maximum Limit" means 10% of the issued Shares as at the date of the passing of this Ordinary Resolution (excluding treasury shares and subsidiary holdings, if any);

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- (i) in the case of an On-Market Purchase, 5% above the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on the SGX-ST, on which transactions in the Shares are recorded immediately preceding the day of the On-Market Purchase and deemed to be adjusted for any corporate action occurring after such 5-Market Day period; and
- (ii) in the case of an Off-Market Purchase, 20% above the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on the SGX-ST, on which transactions in the Shares are recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme; and

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

- (e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."

[See Explanatory Note (viii)]

- 12. To transact any other business which may be properly transacted at an Annual General Meeting.

FOR AND ON BEHALF OF THE BOARD

Tan Henry @ Henn Tan
Executive Chairman & Chief Executive Officer

9 April 2018

Notice of Nineteenth Annual General Meeting

Explanatory Notes:

- i. Key information on Mr. Chay Yee Meng can be found on page 15 of the Annual Report 2017. Mr. Chay Yee Meng will, upon re-election as Director of the Company, remain as the Chairman of the Audit and Nominating Committees.
- ii. Key information on Mr. Neo Gim Kiong can be found on page 17 of the Annual Report 2017. Mr. Neo Gim Kiong will, upon re-election as Director of the Company, remain as the Chairman of Risk Review Committee and a member of the Audit Committee.
- iii. Key information on Professor Lee Chuen Neng can be found on page 16 of the Annual Report 2017.
- iv. Dr Long Ming Fai Edwin has indicated that he will not be seeking re-election as a Director of the Company and will retire at the conclusion of the AGM. Upon Dr Long Ming Fai Edwin's retirement, he will cease to be the Deputy Chief Executive Officer and Executive Director and a member of the Nominating and Risk Review Committees.
- v. Ms. Celine Cha Mui Hwang has indicated that she will not be seeking re-election as a Director of the Company and will retire at the conclusion of the AGM.
- vi. Resolution No. 7, if passed, will empower the Directors from the date of the passing of Ordinary Resolution No. 7 to the date of the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares and subsidiary holdings, if any) for issues other than on a pro-rata basis to shareholders.
- vii. Resolution 8, if passed, will empower the Directors, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general Meeting, whichever is the earlier, to offer and grant options and allot and issue shares in the Company pursuant to the 2011 Scheme of up to a number not exceeding in total 15% of the issued shares in the capital of the Company from time to time pursuant to the exercise of the options under the 2011 Scheme.
- viii. Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of on-market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares in the capital of the Company at the Maximum Price as defined in the Circular to Shareholders dated 9 April 2018.

Notice of Nineteenth Annual General Meeting

Notes:

- (a) A member of the Company shall be entitled to appoint not more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.
- (b) Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy.
- (c) Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

***Relevant Intermediary is:**

- i. a banking corporation licensed under the Banking Act, Cap. 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - ii. a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore and who holds shares in that capacity; or
 - iii. the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased on behalf of CPF investors.
- (d) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.
 - (e) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
 - (f) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 - (g) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769, not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting.
 - (h) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited not less than 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis of the Company (or its agents or service providers) of proxies and/or representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice of Nineteenth Annual General Meeting

NOTICE OF BOOK CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 7 May 2018, for the purpose of determining the shareholders' entitlement to the final (one-tier tax exempt) dividend of 1 Singapore cent per ordinary share for the financial year ended 31 December 2017 (the "**Final Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5:00 p.m. on 4 May 2018 will be registered to determine shareholders' entitlements to the Final Dividend. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5:00 p.m. on 4 May 2018 will be entitled to the Final Dividend.

The Final Dividend, upon shareholders' approval at the forthcoming Annual General Meeting, will be paid on 16 May 2018.

FOR AND ON BEHALF OF THE BOARD

Tan Henry @ Henn Tan
Executive Chairman & Chief Executive Officer

9 April 2018

This page has been intentionally left blank.

TREK 2000 INTERNATIONAL LTD

(Company Registration No. 199905744N)
(Incorporated in the Republic of Singapore)

NINETEENTH ANNUAL GENERAL MEETING

Proxy Form

IMPORTANT:

CPF investors

1. For investors who have used their CPF monies and/or SRS monies to buy Trek 2000 International Ltd's shares, the Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF / SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote. (Please see Note 4 for the definition of Relevant Intermediary)

*I / We, _____ (Name) _____ (NRIC/Passport no.)

of _____ (Address)

being *a member/members of Trek 2000 International Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding(s) to be presented by Proxy	
		No. of Shares	%
Address			

*and/or

Name	NRIC/Passport No.	Proportion of Shareholding(s) to be presented by Proxy	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Nineteenth Annual General Meeting ("AGM") of the Company to be held at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769 on Tuesday, 24 April 2018 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

No.	Ordinary Resolutions	For [#]	Against [#]
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2017 and the Directors' Statement and the Auditors' Report thereon.		
2.	To approve the payment of the Directors' fees of S\$151,751 for the financial year ended 31 December 2017.		
3.	Re-election of Mr. Chay Yee Meng as a Director of the Company.		
4.	Re-election of Mr. Neo Gim Kiong as a Director of the Company.		
5.	Re-election of Professor Lee Chuen Neng as a Director of the Company.		
6.	Re-appointment of Messrs Moore Stephens LLP as Auditors of the Company and authority for Directors to fix their remuneration.		
7.	Authority for Directors to allot and issue shares.		
8.	Authority for Directors to offer and grant options and allot shares, pursuant to the Trek 2000 International Ltd Share Option Scheme 2011.		
9.	Renewal of Share Buy-Back Mandate.		

Dated this _____ day of _____, 2018

Total number of Shares in:	No. of Shares held
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/ Common Seal

* Delete accordingly

If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.

IMPORTANT: Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company shall be entitled to appoint not more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

***Relevant Intermediary is:**

- (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or
 - (b) a person holding a capital markets services license to provide a custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased on behalf of CPF investors.
5. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.
 6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
 7. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 8. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769, not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting.
 9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are deposited with The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2018.



30 Loyang Way #07-13/14/15
Loyang Industrial Estate
Singapore 508769
Telephone: (65) 6546 6088
Fax : (65) 6546 6066
www.trek2000.com.sg

