

TREK 2000 INTERNATIONAL LTD

(the “Company”)

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905744N)

ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE SGX-ST LISTING MANUAL - DISCLAIMER OF OPINION BY INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Board of Directors of Trek 2000 International Ltd (the “Company”) wishes to announce that the independent auditors of the Company, Messrs Ernst & Young LLP (the “Independent Auditors”), have issued a disclaimer of opinion in their Independent Auditors’ Report on the financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2015.

Relevant sections of the Independent Auditors’ Report are reproduced below:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Trek 2000 International Ltd (the “Company”) and its subsidiaries (the “Group”), which comprise the balance sheets of the Group and the Company as at 31 December 2015, income statements, statements of comprehensive income and statements of changes in equity of the Group and the Company and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility 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 Singapore Financial Reporting Standards, 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance to Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

On-going investigations and inquiries into affairs of the Group and the Company

As disclosed in Note 2.28 to the financial statements, we noted certain inconsistencies in the accounting records maintained by the Group and the Company relating to amounts initially recorded

in inventories, intangible assets, sales and expenses. The Company also announced that it has become aware of certain interested person and related party transactions which were not previously disclosed in the financial statements.

Arising from the above, the Group and the Company have made adjustments to the financial statements for the year ended 31 December 2015 and restated the comparative figures in the previous years to correct the identified errors. The effects of the restatements are disclosed in Note 36 to the financial statements.

Basis for Disclaimer of Opinion (cont'd)

On-going investigations and inquiries into affairs of the Group and the Company (cont'd)

Further, the Company has appointed external professional firms to conduct an independent review on 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. The Company also announced that the Commercial Affairs Department (“CAD”) is conducting an investigation on the affairs of the Company. At of the date of this report, these reviews and CAD investigations are ongoing.

Based on information available to us, we were unable to obtain sufficient appropriate audit evidence about the correctness and adequacy of the adjustments and restatements made to the financial statements for the year ended 31 December 2015 and the preceding years. The outcome of the investigations mentioned in the preceding paragraphs might uncover other information which might require adjustments to be made to the financial statements.

Carrying values of assets

We were unable to obtain sufficient appropriate audit evidence about the appropriateness of the stated carrying value of the following classes of assets held by the Group and the Company at 31 December 2015:

		Carrying values 2015	
		Group US\$	Company US\$
Property, plant and equipment (Note 12)	a)	12,958,761	5,962
Intangible assets (Note 13)	a)	5,160,935	1,808,776
Investments in subsidiaries (Note 14)	b)	-	5,255,294
Amounts due from subsidiaries (Note 19)	b)	-	25,424,955
Amount due from a former subsidiary (Note 20)	b)	2,812,103	-
Inventories (Note 18)	c)	22,517,912	-

a) Property, plant and equipment (“PPE”) and Intangible assets

We have not been provided with sufficient information and explanations we considered necessary to obtain adequate assurance on the eligibility for capitalization of certain costs relating to intangible assets and the basis for providing impairment losses for PPE and intangible assets and consequently the recoverable amount of these assets.

b) Investments in subsidiaries, Amounts due from subsidiaries and Amounts due from former subsidiary.

We have not been provided with sufficient information and explanations on the assumptions used in the forecasts for establishing the recoverable value of these assets.

Basis for Disclaimer of Opinion (cont'd)

Carrying values of assets (cont'd)

c) *Inventories*

Due to differences between the accounting records and statements of account provided by a major supplier, we were unable to carry out all audit procedures we considered necessary to establish the existence of certain inventories recorded by the Group as at 31 December 2015. We were also unable to obtain information and explanations we considered necessary to ascertain if certain inventories were properly carried at lower of its cost or its net realisable value.

Tax provisions

As disclosed in Note 10 to the financial statements, the Group recorded an income tax benefit of US\$204,010 for the year ended 31 December 2015. The income tax payable and deferred tax liabilities recognised by the Group at 31 December 2015 were US\$768,245 and US\$456,996, respectively.

We have not been provided with sufficient information to ascertain whether the tax effects of the matters described in the preceding paragraphs had been adequately dealt with in these financial statements. Consequently, we are unable to determine whether any adjustments to the recorded income tax benefit, income tax payable and deferred tax liabilities are required.

Subsequent events

Because of events described in Note 2.28 to the financial statements, we were unable complete all audit procedures we considered necessary to obtain sufficient assurance that the significant matters after the balance sheet date had been adequately dealt with in these financial statements.

In view of the matters set out in the preceding paragraphs, we are unable to determine the appropriateness, completeness and accuracy of the financial statements, nor are we able to quantify the extent of further adjustments that might be necessary in respect of the financial statements of the Group and the Company for the financial year ended 31 December 2015 and preceding years.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph above, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

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, we are unable to report on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

BY ORDER OF THE BOARD

Trek 2000 International Ltd

Dr. Long Ming Fai Edwin
Executive Director and Deputy Chief Executive Officer

21 September 2016