

TREK 2000 INTERNATIONAL LTD
(the “**Company**”)
(Incorporated in the Republic of Singapore)
(Company Registration No. 199905744N)

RACER’S CAPITAL CALL – WAIVER FOR THE PROPOSED ISSUE

Introduction

Reference is made to the announcement released by the Company on 10 April 2015 (the “**Announcement**”) in relation to the Proposed Issue and the Proposed Grant. All capitalised terms used but not defined herein shall have the same meanings given to them in the Announcement.

The Company has consulted the SGX-ST on the application of Rule 805(2)(b) and Rule 1019(2) of the Listing Manual in relation to the Proposed Issue and the Option respectively as to whether Shareholders’ approval is required.

The Board of Directors is pleased to inform that the SGX-ST has on 3 November 2015 advised that:

- (i) Rule 1019(2) of the Listing Manual is not applicable to the Option; and
- (ii) the SGX-ST has no objection to the Company’s application for a waiver with regard to compliance with Rule 805(2)(b) of the Listing Manual (the “**Waiver**”),

subject to the conditions as described in the section entitled “Conditions” below.

Reasons for seeking Waiver

The Company has sought the Waiver for the following reasons:

- (i) The Company intends to conserve its cash reserves for its core electronics and technology business, which involves on-going organic growth and capital expenditure, as well as the pursuit of favourable collaborations and/or acquisition opportunities as and when such opportunities present themselves.
- (ii) Racer’s principal business (i.e. manufacturing of plastic products and components) does not form part of, and is independently operated from, the core electronics and technology business of the Group. The Group’s core business is not materially dependent on Racer for plastic design, prototyping and manufacturing services, as the Group has access to various other service providers in the Asia Pacific region.
- (iii) It is in the Company’s interests to defer participation in the Capital Call at this juncture (and permit the dilution of its equity in Racer) taking into account uncertainties and risks associated with the expansion plans of Racer. The Company is able to “restore” its present equity interest in Racer via the exercise of the Option if the expansion plans turn out favourably.
- (iv) The Company believes that there is no significant adverse impact to the Shareholders and/or the Group at this juncture, taking into account that: (a) the Company is able to “restore” its present equity interest in Racer via the exercise of the Option; and (b) Racer remains as a subsidiary, continues to be controlled by the Company, and its accounts continue to be consolidated with the accounts of the Company.

To support the Company's request for the Waiver, the Company has given an undertaking to the SGX-ST whereby: (A) the Board shall, no later than six (6) months prior to the expiry of the Option (which has a 2-year exercise period), review and consider if it is in the interests of the Group to exercise the Option to the fullest extent; and (B) if the Board resolves that it is not in the interests of the Group to exercise the Option to the fullest extent, the Company shall carry out and/or do all things necessary to obtain Shareholders' approval for the non-exercise of the Option, with a view to ensuring that Shareholders' approval is obtained as soon as reasonably practicable on or before the expiry of the Option.

Conditions

The Waiver is subject to the following conditions:

- (i) The Company announcing the Waiver, the reasons for seeking the Waiver, and the conditions as required under Rule 107 of the Listing Manual;
- (ii) Submission of a written confirmation from the Company that the Waiver does not contravene any rules and regulations governing the Company and the articles of association of the Company; and
- (iii) Submission of a written undertaking from the Company that the Company will seek Shareholders' approval should the Board decide not to exercise the Option (to the fullest extent), and if Shareholders' approval is required, such approval must be obtained in sufficient time to enable the Company to take appropriate action prior to the expiry of the Option.

All of the conditions set out above have been satisfied by the Company.

Chapter 10 of the Listing Manual

Pursuant to the Option Undertaking, Racer has on 4 November 2015 granted the Option to the Company. The Option, if exercised in full, allows the Company to subscribe for 5,430,000 new shares in Racer to regain a 47.5% equity interest in Racer.

The relative figures in respect of the acquisition of 5,430,000 new shares in Racer, as computed on the bases set out in Rule 1006 of the Listing Manual and based on the latest announced unaudited consolidated financial statements of the Group for the six months ended 30 June 2015 ("1H2015"), are as follows:

	<u>Bases of calculation</u>	<u>Size of relative figures (%)</u>
(i)	Rule 1006(a) – Net Asset Value	Not applicable.
(ii)	Rule 1006(b) – Net Profits ⁽¹⁾	8.1 ⁽²⁾
(iii)	Rule 1006(c) – Market Capitalisation	6.3 ⁽³⁾
(iv)	Rule 1006(d) – Equity Securities	Not applicable.
(v)	Rule 1006(e) – Reserves	Not applicable.

Notes:

- (1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.

- (2) The assets to be acquired comprise 5,430,000 New Racer Shares, representing approximately 28.5% of the enlarged issued share capital of Racer following the completion of the Proposed Issue. Based on the unaudited consolidated financial statements of the Group for 1H2015, net profits attributable to the assets acquired is approximately US\$155,530, compared with the Group's net profits of approximately US\$1,924,591 for 1H2015.
- (3) The market capitalisation of the Company is determined by multiplying the Company's total number of issued shares of 323,505,125 (excluding treasury shares) by S\$0.3203, being the weighted average share price of the Company's shares on 3 November 2015, the date preceding the date on which the Option is granted.

As none of the relative figures under Rule 1006 of the Listing Manual exceed 20% in relation to the subscription of 5,430,000 new shares in Racer (pursuant to the full exercise of the Option), neither the grant nor the exercise of the Option requires Shareholders' approval. The SGX-ST has also advised that Rule 1019(2) of the Listing Manual is not applicable to the Option.

Corrigendum to the Announcement

The Company wishes to clarify that paragraphs 6.4 and 6.5 of the Announcement should read as follows:

Paragraph 6.4

"As at 31 December 2014, based on the audited consolidated financial statements of the Group for FY2014, the book value and NTA value of the Company's 47.5% equity interest in Racer was approximately US\$7,618,555 and US\$6,496,226 respectively."

Paragraph 6.5

"Net profits attributable to the Company's 47.5% equity interest in Racer, based on the audited consolidated financial statements of the Group for FY2014, is approximately US\$825,547."

Save for the above, there are no other changes to be made to the Announcement.

Further Announcements

The Company will make further announcements as and when there are material developments on the above.

By Order of the Board

Henn Tan
Chairman, Chief Executive Officer and Executive Director

4 November 2015