

CIRCULAR DATED 14 JUNE 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the issued share capital of Trek 2000 International Ltd (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.



TREK 2000 INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Reg. No. 199905744N)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

IMPORTANT DATES AND TIMES

- | | | |
|--|---|---|
| Last date and time for lodgement of Proxy Form | : | 26 June 2017 at 10:30 a.m. |
| Date and time of Extraordinary General Meeting | : | 29 June 2017 at 10:30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM of the Company to be held on the same day and at the same place) |
| Place of Extraordinary General Meeting | : | 30 Loyang Way #07-13/14/15, Loyang Industrial Estate, Singapore 508769 |

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DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout unless the context requires otherwise:

| | | |
|--|---|--|
| “2016 Circular” | : | The Company’s Circular to Shareholders dated 22 September 2016, issued in connection with the 2016 EGM |
| “2016 EGM” | : | The extraordinary general meeting of the Company convened on 14 October 2016 |
| “2017 EGM” or “EGM” | : | The extraordinary general meeting of the Company to be convened on 29 June 2017, notice of which is set out on pages 23 to 25 of this Circular |
| “ACRA” | : | Accounting and Corporate Regulatory Authority of Singapore |
| “AGM” | : | The annual general meeting of the Company |
| “Approval Date” | : | The date of the forthcoming EGM at which the proposed renewal of the Share Buy-Back Mandate is approved |
| “Associate” | : | (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more |
| “Board” or “Board of Directors” | : | The board of Directors of the Company |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Circular” | : | This circular to Shareholders dated 14 June 2017 |
| “Code” | : | The Singapore Code on Take-overs and Mergers |
| “Companies Act” | : | The Companies Act, Chapter 50 of Singapore as amended, modified or supplemented from time to time |
| “Company” | : | Trek 2000 International Ltd |

DEFINITIONS

| | | |
|-------------------------------------|---|---|
| “Constitution” | : | The constitution of the Company, as amended, modified or supplemented from time to time |
| “Controlling Shareholder” | : | A person who holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury Shares and Subsidiary Holdings in the Company (unless otherwise determined by the SGX-ST) or who in fact exercises control over the Company |
| “CPF” | : | Central Provident Fund |
| “Directors” | : | The directors of the Company as at the date of this Circular |
| “EPS” | : | Earnings per Share |
| “FY” | : | Financial year ended or, as the case may be, ending 31 December |
| “Group” | : | The Company and its subsidiaries |
| “Henn Tan” | : | Henry Tan @ Henn Tan |
| “Latest Practicable Date” | : | 1 June 2017, being the latest practicable date prior to the printing of this Circular |
| “Listing Manual” | : | The listing manual of the SGX-ST, as amended, modified, or supplemented from time to time |
| “Market Day” | : | A day on which the SGX-ST is open for securities trading |
| “Notice of EGM” | : | The notice of the EGM as set out on pages 23 to 25 of this Circular |
| “NTA” | : | Net tangible assets |
| “Options” | : | Options to subscribe for Shares to be granted pursuant to the Trek 2000 International Ltd Share Option Scheme 2011 adopted by the Company on 21 April 2011, as modified or altered from time to time |
| “Ordinary Resolution” | : | The ordinary resolution as set out in the Notice of EGM |
| “Proxy Form” | : | The proxy form in respect of the EGM as set out in this Circular |
| “S\$” and “cents” | : | Singapore dollars and cents, respectively |
| “Securities and Futures Act” | : | The Securities and Futures Act, Chapter 289 of Singapore as amended, modified or supplemented from time to time |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Share Buy-Back” | : | The buy-back of Shares by the Company in accordance with the terms set out in this Circular as well as the relevant provisions of the Companies Act and the Listing Manual |

DEFINITIONS

| | | |
|---------------------------|---|---|
| “Share Buy-Back Mandate” | : | The general mandate to be given by Shareholders to authorise the Directors to effect Share Buy-Backs |
| “Shareholders” | : | Persons who are registered as holders of the Shares in the register of members of the Company, or where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares, mean the Depositors who have Shares entered against their names in the Depository Register |
| “Shares” | : | Ordinary shares in the capital of the Company |
| “SIC” | : | Securities Industry Council |
| “Subsidiary Holdings” | : | Shares held by subsidiaries of the Company in accordance with the Companies Act |
| “Substantial Shareholder” | : | A person who holds directly or indirectly 5% or more of the issued share capital in the Company |
| “treasury Shares” | : | Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances in which Section 76H of the Companies Act applies and have been held by the Company continuously since such Shares were so purchased |
| “US\$” and “cents” | : | United States dollars and cents, respectively |
| “%” or “per cent” | : | Percentage or per centum |

Unless otherwise specifically provided, the following exchange rate is used throughout this Circular:

| | | |
|----------|---|-----------|
| US\$1.00 | : | S\$1.4245 |
|----------|---|-----------|

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

LETTER TO SHAREHOLDERS

TREK 2000 INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199905744N)

Directors:

Henn Tan (*Chairman, Chief Executive Officer and Executive Director*)
Dr Long Ming Fai Edwin (*Executive Director and Deputy Chief Executive Officer*)
Khor Peng Soon (*Lead Independent Director*)
Chay Yee Meng (*Independent, Non-Executive Director*)
Celine Cha Mui Hwang (*Independent, Non-Executive Director*)
Chan Leng Wai (*Independent, Non-Executive Director*)
Loh Yih (*Independent, Non-Executive Director*)

Registered Office:

30 Loyang Way
#07-13/14/15
Loyang Industrial Estate
Singapore 508769

14 June 2017

To: The Shareholders of the Company

Dear Sir/Madam

1. INTRODUCTION

1.1 EGM

The Directors are convening an EGM to be held on 29 June 2017 to seek Shareholders' approval for the proposed renewal of the Share Buy-Back Mandate.

1.2 Circular

The purpose of this Circular is to provide Shareholders with information relating to the proposed renewal of the Share Buy-Back Mandate.

2. PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

The Company's existing Share Buy-Back Mandate was approved by Shareholders at the 2016 EGM. The rationale for the authority and limitations on, and the financial effects of, the Share Buy-Back Mandate were set out in the 2016 Circular.

The Share Buy-Back Mandate was expressed to take effect from the date of passing of the ordinary resolution approving it at the 2016 EGM and will expire on the date of the forthcoming AGM to be held on 29 June 2017. Accordingly, Shareholders' approval is being sought for the renewal of the Share Buy-Back Mandate at the 2017 EGM to be held as soon as practicable immediately following the conclusion or adjournment of the AGM to be held on 29 June 2017.

The Directors propose that the Share Buy-Back Mandate be renewed at the 2017 EGM to continue to authorise the Company to undertake buy-backs of its Shares. The Share Buy-Back Mandate is set out in the Ordinary Resolution contained in the Notice of EGM accompanying this Circular.

2.2 Rationale

The renewal of the Share Buy-Back Mandate authorising the Company to purchase its Shares would give the Company the flexibility to undertake Share Buy-Backs up to the 10% limit described in Section 2.3 below at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force.

LETTER TO SHAREHOLDERS

The rationale for the Company to undertake Share Buy-Backs is as follows:

- (a) a Share Buy-Back is one of the ways in which the return on equity of the Company may be improved, thereby enhancing Shareholders' value. Depending on market conditions, the Share Buy-Back Mandate may lead to an enhancement of the EPS and the NTA per Share of the Company;
- (b) the Share Buy-Back Mandate will facilitate the Company's return to Shareholders of surplus cash (if any) which is in excess of the financial needs of the Group in an expedient and cost-effective manner. This will enable the Company to have greater flexibility over its share capital structure and dividend policy;
- (c) the Directors are of the view that Share Buy-Backs by the Company may help to mitigate short-term market volatility in the price of the Shares, off-set the effects of short-term speculation and bolster the confidence of investors and Shareholders in the Company; and
- (d) a share repurchase programme will allow management to effectively manage and minimise the dilution impact (if any) associated with employee share schemes.

The Directors will only engage in Share Buy-Backs when they believe that it would benefit the Company and Shareholders, taking into consideration factors such as the amount of surplus cash available and the prevailing market conditions. In addition, the Directors do not intend to engage in Share Buy-Backs to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, the orderly trading of the Shares, or result in the Company being delisted from the SGX-ST.

2.3 Authority and Limits

The authority and limitations placed on Share Buy-Backs by the Company pursuant to the Share Buy-Back Mandate, if renewed at the forthcoming 2017 EGM, are the same as previously approved by Shareholders at the 2016 EGM and are summarised below:

(a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company.

The total number of Shares that may be purchased by the Company pursuant to the renewed Share Buy-Back Mandate is limited to that number of Shares representing not more than **10%** of the total number of issued Shares as at the Approval Date (excluding treasury Shares and Subsidiary Holdings). Treasury Shares and Subsidiary Holdings will be disregarded for the purpose of computing the 10% limit.

As at the Latest Practicable Date, there are no Subsidiary Holdings.

For illustrative purposes only, on the basis of 322,887,925 Shares in issue (excluding 1,229,000 treasury Shares) as at the Latest Practicable Date and assuming that no further Shares are issued and no Shares are purchased by the Company on or prior to the EGM, not more than 32,288,792 Shares (representing 10% of the Shares in issue as at that date) may be purchased by the Company pursuant to the renewed Share Buy-Back Mandate.

In the event that any of the Options that have vested are exercised during the period between the Latest Practicable Date and the date of the EGM, only those new Shares that are allotted and issued by the Approval Date pursuant to the exercise of such vested Options will be taken into account for the purposes of determining the total number of Shares as at the Approval Date.

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(b) Duration of authority

Share Buy-Backs may be made, at any time and from time to time, by the Company on and from the Approval Date, up to the earliest of:

- (i) the date on which the next AGM is held or required by law to be held;
- (ii) the date on which the authority conferred by the renewed Share Buy-Back Mandate is revoked or varied by Shareholders in general meeting; or
- (iii) the date on which Share Buy-Backs pursuant to the renewed Share Buy-Back Mandate are carried out to the full extent mandated.

(c) Manner of Share Buy-Backs

Share Buy-Backs may be made by way of:

- (i) an on-market purchase (“**On-Market Purchase**”) transacted by the Company through the trading system of the SGX-ST or on another securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (ii) an off-market purchase (otherwise than on a securities exchange), effected in accordance with an “equal access scheme” as defined in Section 76C of the Companies Act (“**Off-Market Purchase**”).

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual, the Companies Act and/or other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, an Off-Market Purchase effected in accordance with an equal access scheme must satisfy all of the following conditions:

- (i) offers for the purchase of Shares shall be made to every person who holds Shares, to purchase the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
 - (bb) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase, it is required to issue an offer document to all Shareholders containing at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Buy-Back;

LETTER TO SHAREHOLDERS

- (iv) the consequences, if any, of Share Buy-Backs by the Company that will arise under the Code or other applicable take-over rules;
 - (v) whether the Share Buy-Back, if made, could affect the listing of the Shares on the SGX-ST;
 - (vi) details of any Share Buy-Backs made by the Company in the previous 12 months (whether On-Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury Shares.
- (d) Maximum purchase price

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for a Share in the event of any Share Buy-Back shall be determined by the Directors. However, the purchase price to be paid for the Shares must not exceed:

- (i) in the case of an On-Market Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined below),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase.

For the above purposes:

“**Average Closing Price**” means 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 were recorded, immediately preceding the date of making the On-Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period.

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

Shares which are purchased by the Company shall, unless held as treasury Shares in accordance with the Companies Act, be deemed to be cancelled immediately on purchase, and all rights and privileges attached to those Shares will expire on cancellation. The total number of issued Shares will be diminished by the number of Shares purchased by the Company and which are not held as treasury Shares.

LETTER TO SHAREHOLDERS

2.5 Treasury Shares

Under the Companies Act, Shares purchased by the Company may be held or dealt with as treasury Shares. Some of the provisions on treasury Shares under the Companies Act are summarised below:

(a) Maximum holdings

The number of Shares held as treasury Shares cannot at any time exceed 10% of the total number of issued Shares (excluding treasury Shares).

(b) Voting and other rights

The Company cannot exercise any right in respect of treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury Shares. However, an allotment of shares as fully paid bonus shares in respect of the treasury Shares is allowed. A subdivision or consolidation of any treasury Share into treasury Shares of a smaller amount is also allowed so long as the total value of the treasury Shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares are held as treasury Shares, the Company may at any time (but subject always to the Code):

- (i) sell the treasury Shares for cash;
- (ii) transfer the treasury Shares for the purposes of, or pursuant to, an employees' share scheme;
- (iii) transfer the treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury Shares; or
- (v) sell, transfer or otherwise use the treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury Shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury Shares comprised in the usage, the number of treasury Shares before and after the usage, the percentage of the number of treasury Shares comprised in the usage against the total number of issued Shares (of the same class as the treasury Shares) which are listed on the SGX-ST before and after the usage and the value of the treasury Shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds

The Company may only apply funds for the Share Buy-Backs as provided in the Constitution and in accordance with the applicable laws in Singapore.

LETTER TO SHAREHOLDERS

Under the Companies Act, any purchase of the Shares may be made out of the Company's capital and/or distributable profits which are available for payment as dividends, so long as the Company is solvent.

The Company may use internal sources of funds and/or external borrowings to finance any Share Buy-Back pursuant to the Share Buy-Back Mandate. The Directors do not propose to exercise the renewed Share Buy-Back Mandate in a manner and to such an extent that it would have a material adverse effect on the working capital requirements of the Group.

2.7 Financial Effects

The financial effects of a Share Buy-Back on the Group and the Company will depend on, *inter alia*, whether the Shares are purchased out of profits and/or capital of the Company, the number of Shares purchased, the price paid for such Shares and whether the Shares purchased are held in treasury or cancelled.

The financial effects on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 are based on the assumptions set out below:

(a) Purchase out of profits and/or capital

Under the Companies Act, Share Buy-Backs by the Company may be made out of the Company's profits and/or capital, so long as the Company is solvent.

Where the consideration paid by the Company for the Share Buy-Back is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax, stamp duty and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the Share Buy-Back is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased.

Where the Share Buy-Back is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased and the prices at which the Shares are purchased.

(b) Number of Shares purchased

For illustrative purposes only, on the basis of 322,887,925 issued Shares as at the Latest Practicable Date (excluding 1,229,000 treasury Shares), and assuming no further Shares are issued or repurchased on or prior to the EGM, the purchase by the Company of up to the maximum limit of 10% of its issued Shares (excluding 1,229,000 treasury Shares) would result in the purchase of 32,288,792 Shares.

(c) Maximum price to be paid for Shares purchased

On-Market Purchase

For illustrative purposes only, in the case of an On-Market Purchase by the Company and assuming that the Company purchases 32,288,792 Shares at the Maximum Price of S\$0.1953 per Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding 26 April 2016, being the date on which trading in the Shares

LETTER TO SHAREHOLDERS

was suspended prior to the date of this Circular), the maximum amount of funds required for the purchase of the 32,288,792 Shares (excluding related expenses) is approximately S\$6,306,001 (US\$4,426,817).

Off-Market Purchase

For illustrative purposes only, in the case of an Off-Market Purchase by the Company and assuming that the Company purchases 32,288,792 Shares at the Maximum Price of S\$0.2232 per Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding 26 April 2016, being the date on which trading in the Shares was suspended prior to the date of this Circular), the maximum amount of funds required for the purchase of the 32,288,792 Shares (excluding related expenses) is approximately S\$7,206,858 (US\$5,059,220).

(d) Illustrative Financial Effects

For illustrative purposes only, and based on the assumptions set out above, the financial effects of the Share Buy-Backs pursuant to the renewed Share Buy-Back Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 as if the renewed Share Buy-Back Mandate had been effective on 1 January 2016 are as follows:

(i) **On-Market Purchases made entirely out of capital and cancelled**

| | GROUP | | COMPANY | |
|--|---|--|---|--|
| | Before the Share Buy-Back US\$ | After the Share Buy-Back US\$ | Before the Share Buy-Back US\$ | After the Share Buy-Back US\$ |
| As at 31 December 2016 | | | | |
| Shareholders' Funds, less non-controlling interests | 42,173,227 | 37,746,410 | 25,877,316 | 21,450,499 |
| NTA | 38,607,606 | 34,180,789 | 24,276,621 | 19,849,804 |
| Current Assets | 56,894,440 | 52,467,623 | 9,719,769 | 5,292,952 |
| Current Liabilities | 22,205,545 | 22,205,545 | 1,190,905 | 1,190,905 |
| Working Capital | 34,688,895 | 30,262,078 | 8,528,864 | 4,102,047 |
| Total Borrowings | 2,517,350 | 2,517,350 | - | - |
| Profit/(Loss) for the year attributable to shareholders of the Company | 6,073,373 | 6,073,373 | (16,232,244) | (16,232,244) |
| Number of Treasury Shares | 1,522,000 | 1,522,000 | 1,229,000 | 1,229,000 |
| Number of Ordinary Shares | 324,116,925 | 291,828,133 | 324,116,925 | 291,828,133 |
| Financial Ratios | | | | |
| NTA per Share (cents) | 11.9116 | 11.7126 | 7.4901 | 6.8019 |
| Gearing (%) | 5.969% | 6.669% | -% | -% |
| Current Ratio (times) | 2.56 | 2.36 | 8.16 | 4.44 |
| EPS (cents) | 1.8738 | 2.0811 | (5.0081) | (5.5623) |

LETTER TO SHAREHOLDERS

(ii) On-Market Purchases made entirely out of capital and held as treasury Shares

| | GROUP | | COMPANY | |
|--|---|--|---|--|
| | Before the Share Buy-Back US\$ | After the Share Buy-Back US\$ | Before the Share Buy-Back US\$ | After the Share Buy-Back US\$ |
| As at 31 December 2016 | | | | |
| Shareholders' Funds, less non-controlling interests | 42,173,227 | 37,746,410 | 25,877,316 | 21,450,499 |
| NTA | 38,607,606 | 34,180,789 | 24,276,621 | 19,849,804 |
| Current Assets | 56,894,440 | 52,467,623 | 9,719,769 | 5,292,952 |
| Current Liabilities | 22,205,545 | 22,205,545 | 1,190,905 | 1,190,905 |
| Working Capital | 34,688,895 | 30,262,078 | 8,528,864 | 4,102,047 |
| Total Borrowings | 2,517,350 | 2,517,350 | - | - |
| Profit/(Loss) for the year attributable to shareholders of the Company | 6,073,373 | 6,073,373 | (16,232,244) | (16,232,244) |
| Number of Treasury Shares | 1,522,000 | 33,810,792 | 1,229,000 | 33,517,792 |
| Number of Ordinary Shares | 324,116,925 | 291,828,133 | 324,116,925 | 291,828,133 |
| Financial Ratios | | | | |
| NTA per Share (cents) | 11.9116 | 10.5458 | 7.4901 | 6.1243 |
| Gearing (%) | 5.969% | 6.669% | -% | -% |
| Current Ratio (times) | 2.56 | 2.36 | 8.16 | 4.44 |
| EPS (cents) | 1.8738 | 1.8738 | (5.0081) | (5.0081) |

(iii) Off-Market Purchases made entirely out of capital and cancelled

| | GROUP | | COMPANY | |
|--|---|--|---|--|
| | Before the Share Buy-Back US\$ | After the Share Buy-Back US\$ | Before the Share Buy-Back US\$ | After the Share Buy-Back US\$ |
| As at 31 December 2016 | | | | |
| Shareholders' Funds, less non-controlling interests | 42,173,227 | 37,114,007 | 25,877,316 | 20,818,096 |
| NTA | 38,607,606 | 33,548,386 | 24,276,621 | 19,217,401 |
| Current Assets | 56,894,440 | 51,835,220 | 9,719,769 | 4,660,549 |
| Current Liabilities | 22,205,545 | 22,205,545 | 1,190,905 | 1,190,905 |
| Working Capital | 34,688,895 | 29,629,675 | 8,528,864 | 3,469,644 |
| Total Borrowings | 2,517,350 | 2,517,350 | - | - |
| Profit/(Loss) for the year attributable to shareholders of the Company | 6,073,373 | 6,073,373 | (16,232,244) | (16,232,244) |
| Number of Treasury Shares | 1,522,000 | 1,522,000 | 1,229,000 | 1,229,000 |
| Number of Ordinary Shares | 324,116,925 | 291,828,133 | 324,116,925 | 291,828,133 |
| Financial Ratios | | | | |
| NTA per Share (cents) | 11.9116 | 11.4959 | 7.4901 | 6.5852 |
| Gearing (%) | 5.969% | 6.783% | -% | -% |
| Current Ratio (times) | 2.56 | 2.33 | 8.16 | 3.91 |
| EPS (cents) | 1.8738 | 2.0811 | (5.0081) | (5.5623) |

LETTER TO SHAREHOLDERS

(iv) Off-Market Purchases made entirely out of capital and held as treasury Shares

| | GROUP | | COMPANY | |
|--|---|--|---|--|
| | Before the Share Buy-Back US\$ | After the Share Buy-Back US\$ | Before the Share Buy-Back US\$ | After the Share Buy-Back US\$ |
| As at 31 December 2016 | | | | |
| Shareholders' Funds, less non-controlling interests | 42,173,227 | 37,114,007 | 25,877,316 | 20,818,096 |
| NTA | 38,607,606 | 33,548,386 | 24,276,621 | 19,217,401 |
| Current Assets | 56,894,440 | 51,835,220 | 9,719,769 | 4,660,549 |
| Current Liabilities | 22,205,545 | 22,205,545 | 1,190,905 | 1,190,905 |
| Working Capital | 34,688,895 | 29,629,675 | 8,528,864 | 3,469,644 |
| Total Borrowings | 2,517,350 | 2,517,350 | - | - |
| Profit/(Loss) for the year attributable to shareholders of the Company | 6,073,373 | 6,073,373 | (16,232,244) | (16,232,244) |
| Number of Treasury Shares | 1,522,000 | 33,810,792 | 1,229,000 | 33,517,792 |
| Number of Ordinary Shares | 324,116,925 | 291,828,133 | 324,116,925 | 291,828,133 |
| Financial Ratios | | | | |
| NTA per Share (cents) | 11.9116 | 10.3507 | 7.4901 | 5.9292 |
| Gearing (%) | 5.969% | 6.783% | -% | -% |
| Current Ratio (times) | 2.56 | 2.33 | 8.16 | 3.91 |
| EPS (cents) | 1.8738 | 1.8738 | (5.0081) | (5.0081) |

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited FY2016 numbers and is not necessarily representative of the future financial performance of the Group or the Company.

Although the renewed Share Buy-Back Mandate would authorise the Company to buy back up to 10% of the total number of issued Shares (excluding treasury Shares and Subsidiary Holdings), the Company may not necessarily buy back or be able to buy back the entire 10% of the total number of its issued Shares (excluding treasury Shares and Subsidiary Holdings), or buy back or be able to buy back up to the maximum number of its issued Shares that it can hold in treasury as illustrated above. The Company may, subject to the requirements of the Companies Act, cancel all or part of the Shares repurchased and/or hold all or part of the Shares repurchased as treasury Shares, at its discretion.

The Directors will be prudent in exercising the renewed Share Buy-Back Mandate in the best interests of the Company and Shareholders and do not propose to exercise the mandate to such an extent that it will have a material adverse impact on the financial position of the Group or the Company. Share Buy-Backs will only be effected after assessing the relative impact of a Share Buy-Back taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and the performance of the Shares).

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or tax implications arising from a Share Buy-Back by the Company, or who may be subject to tax in their respective jurisdictions, should consult their own professional advisers.

LETTER TO SHAREHOLDERS

2.9 Reporting Requirements

(a) Notification to ACRA

Within 30 days of the passing of a Shareholders' resolution to approve any Share Buy-Back, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within 30 days of a Share Buy-Back on the SGX-ST or otherwise. Such notification in the form as may be prescribed by ACRA shall include details of the date of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled or held as treasury Shares, the Company's issued share capital before and after the purchase, the Company's issued share capital after the Share Buy-Back, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of profits or the capital of the Company, and such other information as may be prescribed from time to time.

(b) Notification to the SGX-ST

The Listing Manual specifies that a listed company shall report all purchases of its shares to the SGX-ST no later than 9.00 a.m. (i) in the case of an On-Market Purchase, on the Market Day following the day of purchase of any of its shares, and (ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer.

Such an announcement (which must be in the form prescribed in the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury Shares, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the Shares, the number of Shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury Shares and Subsidiary Holdings after the purchase, and the number of treasury Shares held and the number of Subsidiary Holdings after the purchase.

2.10 No Share Buy-Backs during Price Sensitive Developments

The Listing Manual does not expressly prohibit any purchase of its own shares by a listed company during any particular time(s). However, as the Company would be regarded as an "insider" in relation to any proposed purchase of its Shares, the Company will not engage in any Share Buy-Backs pursuant to the renewed Share Buy-Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Directors until such time as the price-sensitive information has been publicly announced. In particular, in line with the best practices on securities dealings in the Listing Manual, the Company will not engage in any Share Buy-Backs pursuant to the renewed Share Buy-Back Mandate during the period of one (1) month immediately before the announcement of the Company's full-year results and the period of two (2) weeks immediately before the announcement of the Company's results for each of the first three quarters of the financial year, as the case may be, and ending on the date of announcement of the relevant results.

2.11 Listing status of the Company's securities

The Listing Manual requires a listed company to ensure that at least 10% of the equity securities (excluding treasury Shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

The "public", as defined in the Listing Manual, are persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the Associates of such persons.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, 109,331,201 Shares, representing approximately 33.86% of the total number of issued Shares (excluding treasury Shares), are in the hands of the public.

Assuming that the Company purchases its Shares up to the maximum 10% limit pursuant to the renewed Share Buy-Back Mandate from the public and the Shares bought back are cancelled, the resultant percentage of Shares held in the hands of the public would be reduced to approximately 26.51%. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held by the public which would permit the Company to undertake Share Buy-Backs up to the full 10% limit pursuant to the renewed Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading of the Shares.

In undertaking any Share Buy-Backs, the Directors will use their best efforts to ensure that the Company does not effect a Share Buy-Back which would result in the number of Shares remaining in the hands of the public falling to such a level as to (i) cause market illiquidity, (ii) adversely affect the orderly trading of the Shares, or (iii) adversely affect the listing status of the Shares on the SGX-ST.

2.12 Previous Share Buy-Backs

The Company has not made any Share Buy-Backs during the 12-month period preceding the Latest Practicable Date.

3. TAKE-OVER IMPLICATIONS UNDER THE CODE

3.1 Provisions under the Code

(a) Obligation to Make a Take-over Offer

Under Appendix 2 of the Code, any increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him as a result of any Share Buy-Back will be treated as an acquisition for the purposes of Rule 14 of the Code.

Pursuant to Rule 14 of the Code, a Shareholder and persons acting in concert with him will incur an obligation to make a mandatory take-over offer for the Company if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

Consequently, depending on the number of Shares purchased by the Company and the Company's total number of issued Shares at that time, a Shareholder or a group of Shareholders acting in concert could, in certain circumstances, obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14 of the Code.

(b) Persons Acting In Concert

Under the Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

LETTER TO SHAREHOLDERS

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert with each other under the Code:

- (i) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, companies of which such companies are associated companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first mentioned company;
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (iii) the following persons and entities:
 - (1) an individual;
 - (2) the close relatives of (1);
 - (3) the related trusts of (1);
 - (4) any person who is accustomed to act in accordance with the instructions of (1);
 - (5) any companies controlled by any of (1), (2), (3) or (4); and
 - (6) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Code after a Share Buy-Back by the Company are set out in Appendix 2 of the Code.

(c) Effect of Rule 14 and Appendix 2 of the Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 ("**Take-over Obligation**") if, as a result of the Company purchasing Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or, if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury Shares shall be excluded.

Under Appendix 2, a Shareholder who is not acting in concert with the Directors, will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such a Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

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As at the Latest Practicable Date, based on the substantial shareholding notifications received by the Company and save as set out in Section 3.2 below, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Code in the event that the Company purchases the maximum number of Shares permissible under the Share Buy-Back Mandate.

3.2 Application of the Code

(a) Exemption under Appendix 2 of the Code for Henn Tan and parties acting in concert with him

On 7 March 2007, the SIC ruled that the presumption under the Code that Tan Boon Siong, Charlie Tan and Johnny Tan are acting in concert with Henn Tan in relation to the Company is not rebutted.

As at the Latest Practicable Date, our Director, namely Henn Tan, has a direct interest in 100,077,591 Shares, representing approximately 30.99% of the issued Shares (excluding treasury Shares), and is deemed interested in 720,000 Shares, representing approximately 0.22% of the issued Shares (excluding treasury Shares).

Henn Tan and his concert parties (collectively, the “**Henn Tan Group**”) are as follows:

| Director | Concert Parties |
|----------|--|
| Henn Tan | <ul style="list-style-type: none"> (i) Ang Poh Tee (Henn Tan’s wife) (ii) Tan Joon Yong Wayne (Henn Tan’s son) (iii) Tan Joon Wei Winn (Henn Tan’s son) (iv) Tan Boon Siong (Henn Tan’s brother) (v) Tan Boon Tat (Henn Tan’s brother) (vi) Charlie Tan (Henn Tan’s brother) (vii) Johnny Tan (Henn Tan’s brother) (viii) Tan Boon Liew (Henn Tan’s brother) |

As at the Latest Practicable Date, assuming that the Company exercises the renewed Share Buy-Back Mandate in full, the shareholdings of the Henn Tan Group before and after the assumed repurchase of 32,288,792 Shares by the Company are as follows:

| | <u>Before Repurchase</u> | | <u>After Repurchase</u> | |
|---------------------|--------------------------|-------------------|-------------------------|-------------------|
| | No. of Shares | %(¹) | No. of Shares | %(²) |
| Henn Tan | 100,077,591 | 30.99 | 100,077,591 | 34.44 |
| Ang Poh Tee | 720,000 | 0.22 | 720,000 | 0.25 |
| Tan Joon Yong Wayne | 2,371,176 | 0.73 | 2,371,176 | 0.82 |
| Tan Joon Wei Winn | 247,100 | 0.08 | 247,100 | 0.09 |
| Tan Boon Tat | - | - | - | - |
| Tan Boon Siong | 921,648 | 0.29 | 921,648 | 0.32 |
| Charlie Tan | - | - | - | - |
| Johnny Tan | 7,250 | 0.002 | 7,250 | 0.002 |
| Tan Boon Liew | - | - | - | - |
| Total | 104,344,765 | 32.32 | 104,344,765 | 35.91 |

Notes:

(1) Based on a total issued share capital of 322,887,925 Shares (excluding 1,229,000 treasury Shares) as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

- (2) Based on a total issued share capital of 290,599,133 Shares (excluding 1,229,000 treasury Shares), on the assumption that the Company has undertaken Share Buy-Backs up to the maximum limit of 10% of the total number of issued Shares (excluding treasury Shares), and that the 32,288,792 Shares bought back are cancelled (i.e. 322,887,925 Shares less 32,288,792 Shares bought back and cancelled).

As shown above, in the event that the Company should, pursuant to the renewed Share Buy-Back Mandate, purchase up to 10% of its issued Shares, the voting rights of the Henn Tan Group in the Company, would increase by 3.59% from a total of 32.32% to a total of 35.91% (on the assumption that there is no change in the number of Shares held by each of the parties concerned). Thus, under the Code, each of the members of the Henn Tan Group will become obliged under the Code to make an offer under Rule 14 of the Code, unless exempted under Section 3(a) of Appendix 2 of the Code.

(b) Conditions for exemption from having to make a general offer under Rule 14 of the Code

Pursuant to Appendix 2 of the Code, members from the Henn Tan Group will be exempted from the requirement to make a general offer for the Company pursuant to Rule 14 of the Code in the event that the Henn Tan Group's aggregate percentage of voting rights in the Company increases by more than 1% in any 6-month period as a result of the Company buying back its Shares pursuant to the Share Buy-Back Mandate, subject to the following conditions:

- (i) the circular to Shareholders on the resolution to approve the Share Buy-Back Mandate contains advice to the effect that by voting for the Share Buy-Back Mandate, Shareholders are waiving their rights to a general offer at the required price from members of the Henn Tan Group who, as a result of the Company buying back its shares, would increase their voting rights by more than 1% in any six-month period; and the names of members of the Henn Tan Group and their voting rights at the time of the resolution and after the proposed share buy-back under the Share Buy-Back Mandate are to be disclosed in the same circular;
- (ii) the resolution to authorise the Share Buy-Back Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buy-back under the Share Buy-Back Mandate;
- (iii) the members of the Henn Tan Group to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Share Buy-Back Mandate;
- (iv) within seven (7) days after the passing of the resolution to authorise the Share Buy-Back Mandate, Henn Tan to submit to the SIC a duly signed form as prescribed by the SIC; and
- (v) the members of the Henn Tan Group not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the proposed share buy-back under the Share Buy-Back Mandate is imminent and the earlier of:
 - (1) the date on which the authority of the Share Buy-Back Mandate expires; and
 - (2) the date on which the Company announces it has bought back such number of shares as authorised by the Share Buy-Back Mandate or it has decided to cease buying back its shares, as the case may be,

if such acquisitions, taken together with those purchased by the Company under the Share Buy-Back Mandate, would cause their aggregate voting rights to increase by more than 1% in the preceding six (6) months.

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If the Company has ceased to buy back its Shares and the increase in the aggregate voting rights held by members of the Henn Tan Group as a result of the Share Buy-Back is less than 1%, members of the Henn Tan Group may acquire further voting rights in the Company. However, any increase in their percentage voting rights in the Company as a result of the Company buying back its Shares under the Share Buy-Back Mandate will be taken into account together with any voting rights acquired by members of the Henn Tan Group (by whatever means) in determining whether members of the Henn Tan Group have increased their aggregate voting rights in the Company by more than 1% in any six-month period.

It should be noted that approving the renewed Share Buy-Back Mandate will constitute a waiver by the Shareholders in respect of their rights to a general offer by the Henn Tan Group, at the required price, if a Share Buy-Back by the Company results in an increase in their voting rights by more than 1% in any six-month period.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer for the Company under the Code as a result of any Share Buy-Backs by the Company are advised to consult their professional advisers and/or the SIC at the earliest opportunity.

(c) Submission of Form 2 to the SIC

Form 2 (submission by directors and their concert parties pursuant to Appendix 2 of the Code) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption (please refer to condition (iv) of Section 3.2(b) above) from the requirement to make a take-over offer under Rule 14 of the Code as a result of the Share Buy-Back Mandate.

As at the Latest Practicable Date, Henn Tan has informed the Company that he will be submitting Form 2 to the SIC within seven (7) days after the passing of the resolution approving the Share Buy-Back Mandate.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, based on the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders respectively, are as follows:

| | Direct Interest | | Deemed Interest | | Number of Shares comprised in outstanding Options |
|--|------------------|------------------|------------------|------------------|---|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | |
| Directors | | | | | |
| Henn Tan ⁽²⁾ | 100,077,591 | 30.99 | 720,000 | 0.22 | 2,720,000 |
| Dr Long Ming Fai Edwin | - | - | - | - | - |
| Khor Peng Soon | - | - | - | - | 90,000 |
| Celine Cha Mui Hwang | - | - | - | - | - |
| Chay Yee Meng ⁽³⁾ | - | - | 625,000 | 0.19 | - |
| Chan Leng Wai | - | - | - | - | - |
| Loh Yih | - | - | - | - | - |
| Substantial Shareholders | | | | | |
| Toshiba Corporation ⁽⁴⁾ | 44,212,359 | 13.69 | 8,500,000 | 2.63 | - |
| CTI II Limited | 27,500,000 | 8.52 | - | - | - |
| Creative Technology Ltd ⁽⁵⁾ | - | - | 27,500,000 | 8.52 | - |
| Sim Wong Hoo ⁽⁶⁾ | - | - | 27,500,000 | 8.52 | - |
| OSIM Corporation Ltd | 28,374,600 | 8.79 | - | - | - |

Notes:

- (1) Based on a total issued share capital of 322,887,925 Shares (excluding 1,229,000 treasury Shares) as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

- (2) Henn Tan is deemed interested in the 720,000 Shares held by his wife, Ang Poh Tee, by virtue of Section 7 of the Companies Act.
- (3) Chay Yee Meng is deemed interested in the 625,000 Shares held by his wife, Leong Wan Sing, by virtue of Section 7 of the Companies Act.
- (4) Toshiba Corporation is deemed interested in the 8,500,000 Shares held by its wholly-owned subsidiary, Toshiba Electronics Asia (Singapore) Pte Ltd.
- (5) Creative Technology Ltd (“CTL”) is deemed interested in the 27,500,000 Shares held by its wholly-owned subsidiary, CTI II Limited, by virtue of Section 7 of the Companies Act.
- (6) Sim Wong Hoo owns more than 20% of the issued share capital of CTL and is deemed interested in the 27,500,000 Shares held by CTI II Limited, by virtue of Section 7 of the Companies Act.

5. DIRECTORS’ RECOMMENDATIONS

Save for Henn Tan, who is required to abstain from recommending Shareholders to vote in favour of the proposed Share Buy-Back Mandate (in compliance with paragraph 3(a)(iii) of Appendix 2 of the Code and as reflected in condition (iii) of Section 3.2(b) above), the Directors are of the opinion that the renewal of the Share Buy-Back Mandate is in the best interests of the Company.

Accordingly, save for Henn Tan, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution set out in the Notice of EGM.

6. ABSTENTION FROM VOTING

Henn Tan has informed the Company that, save for members of the Henn Tan Group, who are presumed to be acting in concert with him for the purposes of the Code, there are no other parties acting in concert (as defined under the Code) with him for the purpose of the Ordinary Resolution relating to the proposed renewal of the Share Buy-Back Mandate.

In compliance with paragraph 3(a)(iii) of Appendix 2 of the Code (as reflected in condition (iii) of Section 3.2(b) above), Henn Tan will abstain, and will procure that his concert parties (being members of the Henn Tan Group) abstain from voting, whether by representative or proxy, on the Ordinary Resolution relating to the proposed renewal of the Share Buy-Back Mandate. In addition, Henn Tan will not accept, and will procure that members of the Henn Tan Group do not accept, nominations as proxy or otherwise vote at the EGM in respect of the Ordinary Resolution relating to the Share Buy-Back Mandate, unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish for their votes to be cast for the Ordinary Resolution relating to the proposed renewal of the Share Buy-Back Mandate. The Company will disregard any votes cast on the Ordinary Resolution relating to the proposed renewal of the Share Buy-Back Mandate by Henn Tan and his concert parties (being members of the Henn Tan Group).

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 23 to 25 of this Circular, will be held at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769 on 29 June 2017 at 10:30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf are requested to complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769, not less than 72 hours before the time fixed for the EGM.

The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the EGM if he subsequently wishes to do so. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the EGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769 during normal office hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution; and
- (b) the annual report of the Company for the financial year ended 31 December 2016.

Yours faithfully
For and on behalf of the Board of Directors of
TREK 2000 INTERNATIONAL LTD

Henn Tan
Chairman, Chief Executive Officer and Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

TREK 2000 INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199905744N)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **Extraordinary General Meeting** of Trek 2000 International Ltd (the “**Company**”) will be held at 30 Loyang Way #07-13/14/15, Loyang Industrial Estate, Singapore 508769 on 29 June 2017 at 10:30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolution set out below.

All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 14 June 2017.

RESOLUTION 1 – ORDINARY RESOLUTION PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE (on a poll taken)

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the directors of the Company (the “**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) 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 Singapore Exchange Securities Trading Limited (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
- 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 an ordinary resolution of shareholders of 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;

NOTICE OF EXTRAORDINARY GENERAL MEETING

(d) in this Resolution:

"Maximum Limit" means 10% of the issued Shares as at the date of the passing of this Ordinary Resolution (excluding any treasury Shares that may be held by the Company and Shares held by subsidiaries of the Company in accordance with the Companies Act);

"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 Ordinary Resolution.

By Order of the Board

Tan Wee Sin
Company Secretary

14 June 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPORTANT: PLEASE READ NOTES BELOW

NOTES:

- (1) All capitalised terms used herein which are not defined shall have the same meanings as ascribed to them in the circular dated 14 June 2017 to shareholders of the Company.
- (2) Except for a member of the Company who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Cap. 50 of Singapore (the "**Act**"), a member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies (not more than two (2)) to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- (3) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding (expressed as percentage of the whole) to be represented by each proxy.
- (4) Pursuant to Section 181(1C) of the Act, a member of the Company who is a Relevant Intermediary as defined under Section 181(6) of the Act entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant Intermediary" means:

- (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 holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide 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 under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (5) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
 - (6) If a proxy is to be appointed, the instrument appointing a proxy 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 72 hours before the time appointed for holding the EGM.
 - (7) The instrument appointing a proxy must be signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
 - (8) 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 EGM in order for the Depositor to be entitled to attend and vote at the EGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

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PROXY FORM

TREK 2000 INTERNATIONAL LTD

(Company Registration No. 199905744N)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Act"), Relevant Intermediaries (as defined in Section 181(6) of the Act) may appoint more than two (2) proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company ("CPF Investors"), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Extraordinary General Meeting.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 14 June 2017.

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 Shareholdings | |
|---------|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

and/or (delete as appropriate)

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---------|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

or failing *him/her/them, the Chairman of the Extraordinary General Meeting (the "EGM") of the Company as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, join in demanding a poll and to vote on a poll at the EGM, to be held at 30 Loyang Way #07-13/14/15, Loyang Industrial Estate, Singapore 508769 on 29 June 2017 at 10:30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place), and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of EGM. In the absence of specific directions, the *proxy/proxies will vote or abstain as *he/they may think fit, as *he/they will on any other matter arising at the EGM).

| Ordinary Resolution | For | Against |
|---|-----|---------|
| 1 To approve the proposed renewal of the Share Buy-Back Mandate | | |

Dated this _____ day of _____ 2017

| Total number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



PROXY FORM

NOTES:

1. A member should insert the total number of Shares held. If the member has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members of the Company, he should insert that number of Shares. If the member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares. If no number is inserted, the instrument of proxy shall be deemed to relate to all the Shares held by the member.
2. Except for a member of the Company who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Pursuant to Section 181(1C) of the Act, a member of the Company who is a Relevant Intermediary as defined under Section 181(6) of the Act entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant Intermediary” means:

- (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 holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide 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 under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such corporation.
 6. The instrument appointing a proxy must be signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 7. 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 72 hours before the time appointed for the EGM.
 8. 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 (“**CDP**”), 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/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.
 9. 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 EGM in order for the Depositor to be entitled to attend and vote at the EGM.