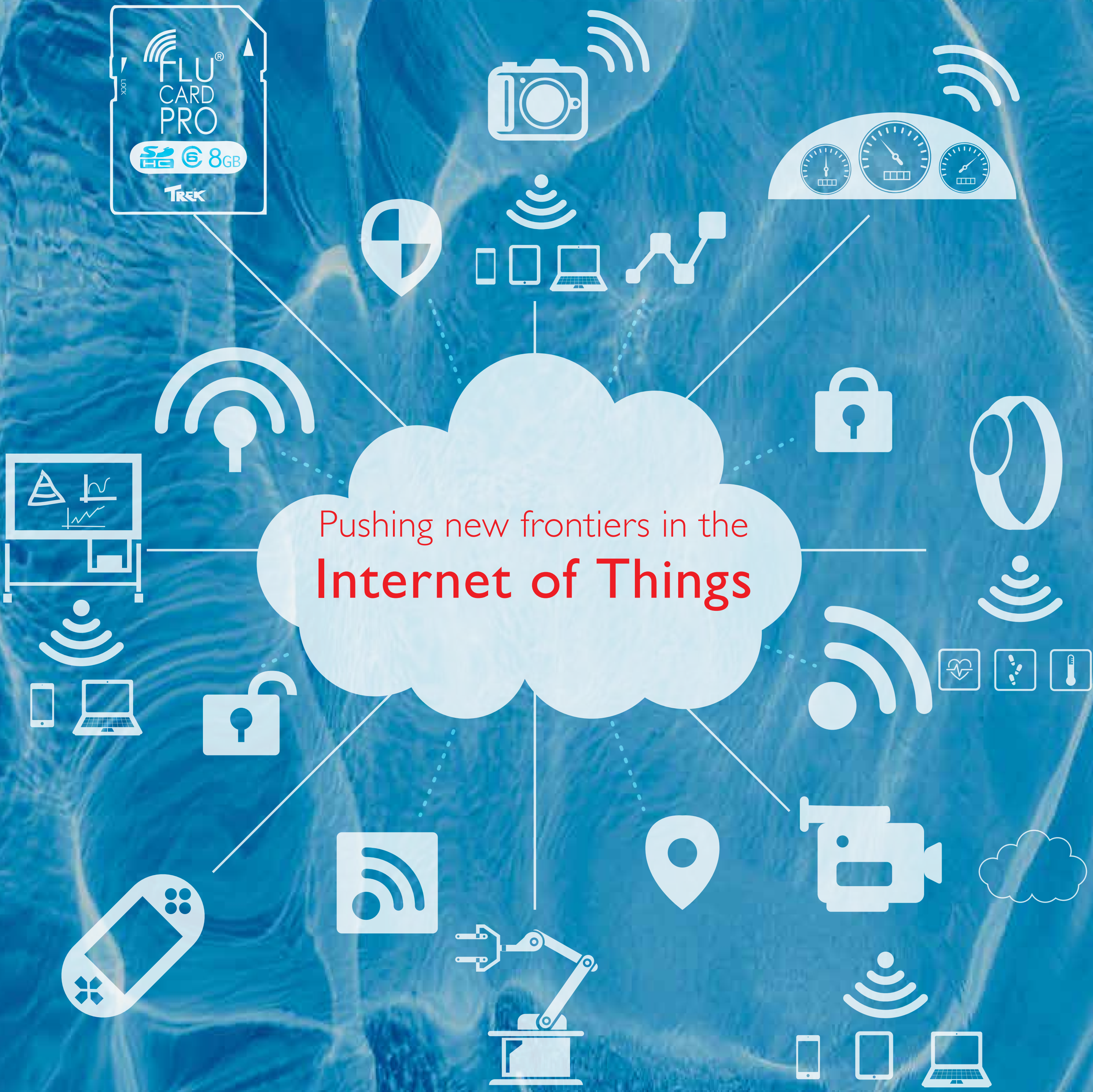
TREK®

INNOVATION: INSIDE OUT

Annual Report 2014



Pushing new frontiers in the Internet of Things

Water, a symbol of versatility and wisdom, embodies Trek's core value of *innovation.*

contents

Trek 2000 International Ltd (Trek) is an industry leader, innovator, inventor and patent owner. As the inventor of the revolutionary ThumbDrive® USB flash drive and Flucard®, we strive to be a leading Internet of Things (IoT) solutions provider with a portfolio of patented technologies.

With four core businesses in Interactive Consumer Solutions, Customised Solutions, Security Solutions and Licensing, Trek offers state-of-the-art solutions for the fast changing digital industry. We set ourselves apart and at the forefront of the digital industry through our creativity, innovativeness and ingenuity. Our library of 436 granted patents is represented all over the world. We have offices in the U.S., Malaysia, Thailand, India, Indonesia, Hong Kong, Singapore, the Netherlands, China, Vietnam, Japan and the Philippines in order to more effectively serve the rapidly growing global markets.

A public listed company on the Singapore Stock Exchange (SGX:5AB), Trek was named by Forbes Global as one of the Best Small Companies in the World in 2000 and 2002. Trek was also ranked as the Best Managed Small Company in Singapore by AsiaMoney (of Euromoney). Trek also received the INVENT Singapore Award 2008, the ASEAN Business Award for Innovation in 2011, Asia-Pacific Enterprise Leadership Awards for Spirit of Innovation Award in 2013, and SD Association Leadership Award in 2014.

In 2013, Trek partnered Panasonic to launch Cloud Stringers, a Flucard®-based platform set to revolutionise the way news footage is transmitted and transacted online across the global media and broadcasting industries. In 2014, the award winning Cloud Stringers received co-investments from Panasonic and Toshiba as a pledge of confidence in Trek's innovation and capabilities.

Despite our accomplishments, Trek continues to innovate unrelentingly. In order to keep our customers and ourselves ahead of the technology curve, we are a research and development (R&D)-focused company that specialises in external storage and security solutions. Supported by a team of visionary leaders, we strive to take the technology industry to the next level and change consumers' lives for the better.

Chairman's Statement

Dear shareholders,

Trek 2000 delivered a sterling set of financial results for the year ended 31 December 2014 (FY2014) achieved on the back of successful new partnerships and product offerings.

We are pleased to share that revenue registered a substantial 52.8% year-on-year (yoy) increase from **US$73.9 million** to **US$112.9 million** in FY2014, driven mainly by a **61.7%** rise in demand for our Interactive Consumer Solutions (ICS) business, formerly known as Mobile Media Solutions. Our licensing business also increased **6.5%** yoy as sales for third party licensing customers improved over the course of the year.

In addition, net profit after tax reported for the period surged **137.9%** yoy from **US$1.3 million** to **US$3.1 million** in FY2014.

"With our vision of becoming leading innovators of IoT, we seek to actively explore opportunities within the consumer technology space with an emphasis on cloud, wearable and medical technologies."

Our year in focus

Despite the uncertain global business climate, 2014 has proven to be a rewarding year for us as traction for our proprietary technologies gained momentum in the global market. In particular, the adaptability of our Flucard® across a variety of technological applications continued to drive growth and present us with fresh opportunities for collaboration and product diversification.

In February 2014, we announced that our proprietary Flucard® was granted patent protection for 20 years across major jurisdictions worldwide. This brings our total number of granted patents to 436 and is testament to Trek's ability to push the barrier for technological innovation and advancement. Furthermore, our partnership with Toshiba to enforce intellectual property (IP) has given us an added edge in protecting our growing library of patents.

To better reflect our business strategy, we rebranded our Mobile Media Solutions (MMS) to Interactive Consumer Solutions (ICS) in August 2014. Serving as our mainstay business segment with 90.2% contribution to our top-line figure, we continue to reinvent ourselves and transform engineering concepts into reality.

Leveraging on the versatility of the Flucard® and its Wi-Fi capabilities, we secured a US$25.0 million agreement in July 2014 to supply Wi-Fi modules to Rely/Mattel China, a global leader in toy manufacturing. The Wi-Fi modules were used in children educational interactive devices and penetrating this market was definitely a leap forward for us. We are excited to explore more opportunities within the growing consumer electronics market as we specialise in meeting global customers' needs with our expertise and customised products. As a pledge of continued confidence in our strength as an Original Equipment Manufacturer (OEM), Ricoh Imaging extended its collaboration efforts with us in October 2014 by introducing Flucard® to its latest PENTAX K-S1 Sweets Collection. This follows our previous partnership in November 2013, where we designed a customised Flucard® solution for Ricoh's PENTAX flagship K-3 digital SLR camera series.

With a focus on our strength in external storage and security solutions, we partnered Unimicron, a subsidiary of UMC, the world's largest printed circuit board manufacturer in a joint venture (JV) in October 2014 to produce consumer solid-state drives (SSDs) for portable consumer electronics. With the market's gravitation away from hard-disk drives (HDDs) to SSDs due to improved physical characteristics, the JV targets the Greater China market with a global demand valued at US$20.7 billion by 2016 . Staying current to industry's developments, this JV builds on our track record and expertise in R&D while utilizing Unimicron's extensive distribution network to establish our presence in the developing market.

Ensuring the future by helping to create it

The global Internet of Things (IoT) market is estimated to grow at a CAGR of 13.0%, from US$1.3 trillion in 2013 to US$3.04 trillion in 2020 . With our vision of becoming leading innovators of IoT, we seek to actively explore opportunities within the consumer technology space with an emphasis on cloud, wearable and medical technologies.

In 2014, we continued to develop our award winning cloud-based platform, Cloud Stringers, which allows users to upload, share and transact videos and photos for professional or non-business purposes. Last April, we featured Cloud Stringers to a global audience at the 2014 National Association of Broadcasters (NAB) Show in Las Vegas and received overwhelming reception.

Following its international showcase, our long-standing partner Toshiba as well as new partner Panasonic announced their investment of 15.3% each into Cloud Stringers. In addition, the two parties will also integrate Cloud Stringers with their market-leading professional cameras in order to allow a direct upload of images and videos onto the cloud platform. We are proud to have two multi-national electronics corporations on board to support us on our journey to revolutionise the way photos and video footage are transmitted and transacted worldwide. This is just the beginning. Moving forward we hope to tap onto our partners' extensive network in order to grow Cloud Stringers' user base and visibility in the global market.

On the consumer medical and wearable technology front, we have begun discussions with potential partners for the collaboration on technology and commercialisation. As experts in R&D and innovation, the possibilities for product development are endless. We expect that our focus in these areas will help set the foundation for our future and we are excited about the prospects of transforming this technology space.

While we continue to explore strategic partnerships and R&D initiatives in order to reach greater heights, we remain focused on riding our current growth momentum and developing our core ICS business segment, which continues to drive growth for the Group.

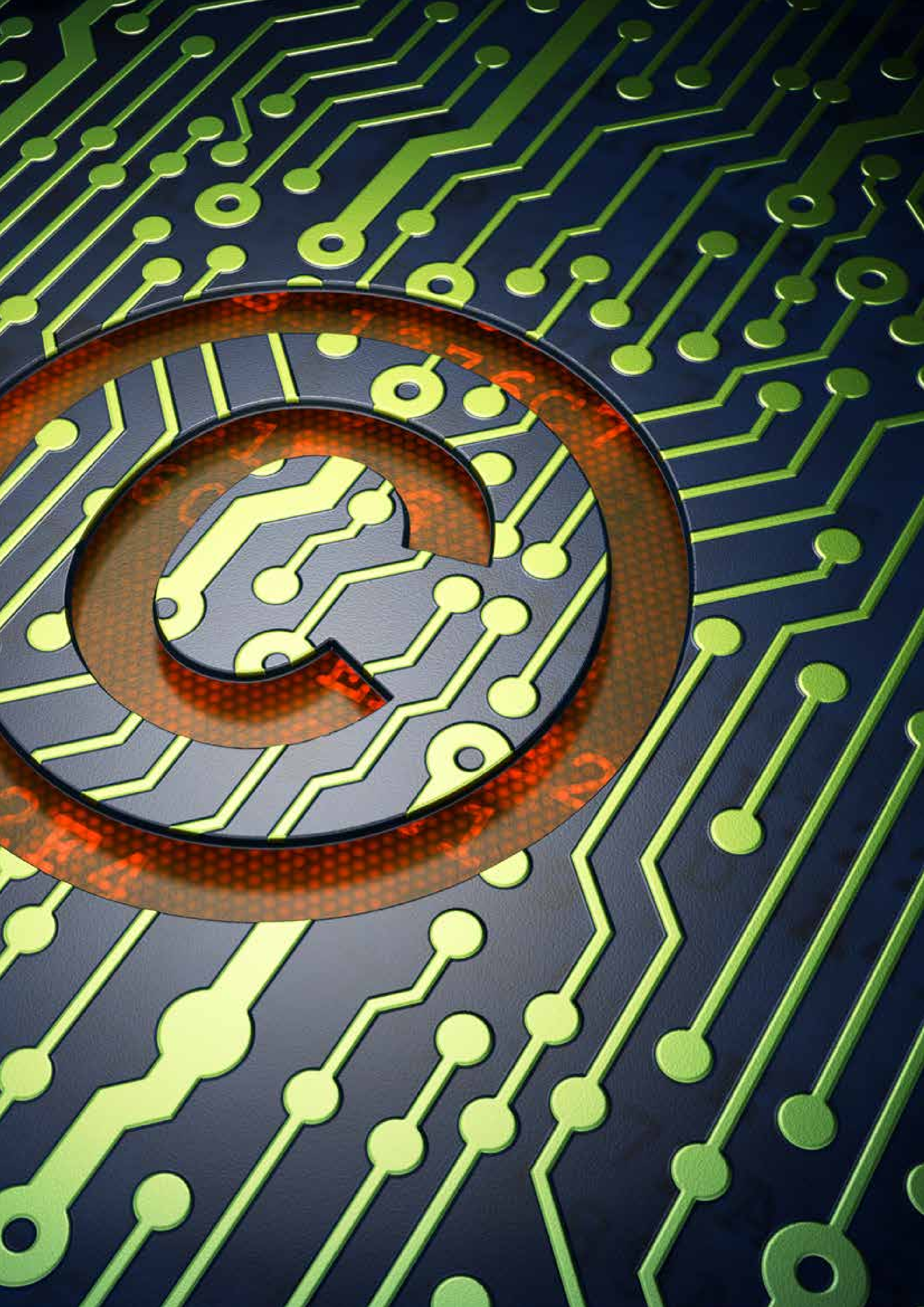
Appreciation and Dividends

I would like to take this opportunity to thank our Board of Directors, management and employees for their invaluable contributions and dedication to the company.

Last but not least, I would also like to thank our customers, business partners and shareholders for their confidence and trust in us. As appreciation for your continuous support, the Group has proposed a final dividend of 0.5 Singapore cents per share. It is this belief in us, in conjunction with our innovative spirit, which has made us who we are today.

We are excited for what's next for Trek. In the meantime, we look forward to your continued support as we fearlessly pursue our dreams of inventing more disruptive innovations.

Henn Tan
Chairman and CEO
Trek 2000 International Ltd



Intellectual Property

As a knowledge-based company, R&D is an essential pillar of Trek's foundation. Our dedicated and creative engineers constantly push themselves to pioneer solutions for our global customers. In order to protect our investments and conceptual ideas, we have built up a library of 436 granted patents across the world. Over the years, the growth of our Intellectual Property (IP) assets has led to the growth opportunities for Trek within licensing business.

Our IP Reach

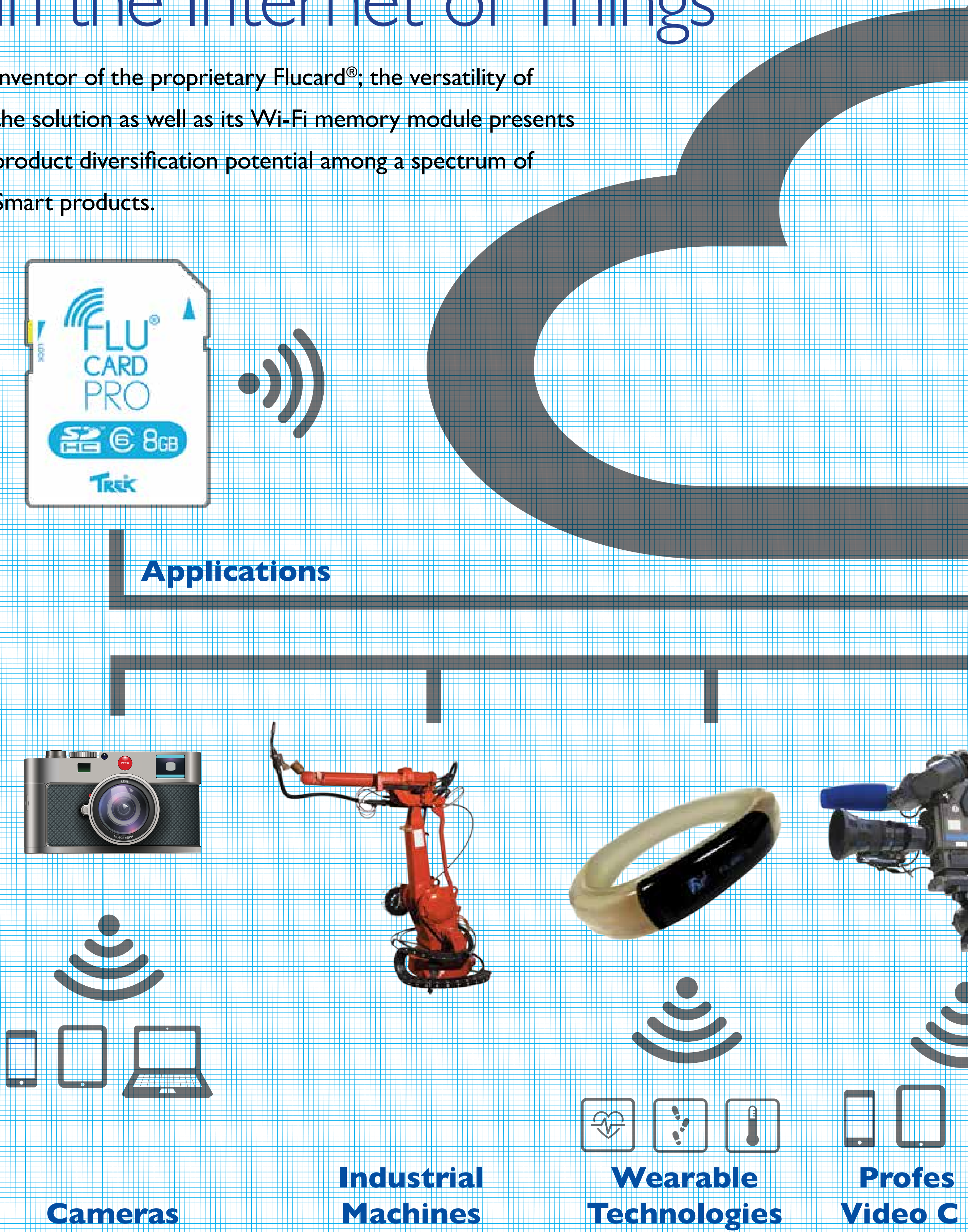
- Australia
- Brazil
- Brunei
- Canada
- China
- Eurasia
- Europe
- Germany
- Hong Kong
- India
- Indonesia
- Israel
- Japan
- Malaysia
- New Zealand
- Philippines
- Saudi Arabia
- Singapore
- South Africa
- South Korea
- Taiwan
- Thailand
- UAE
- United Kingdom
- USA
- Vietnam

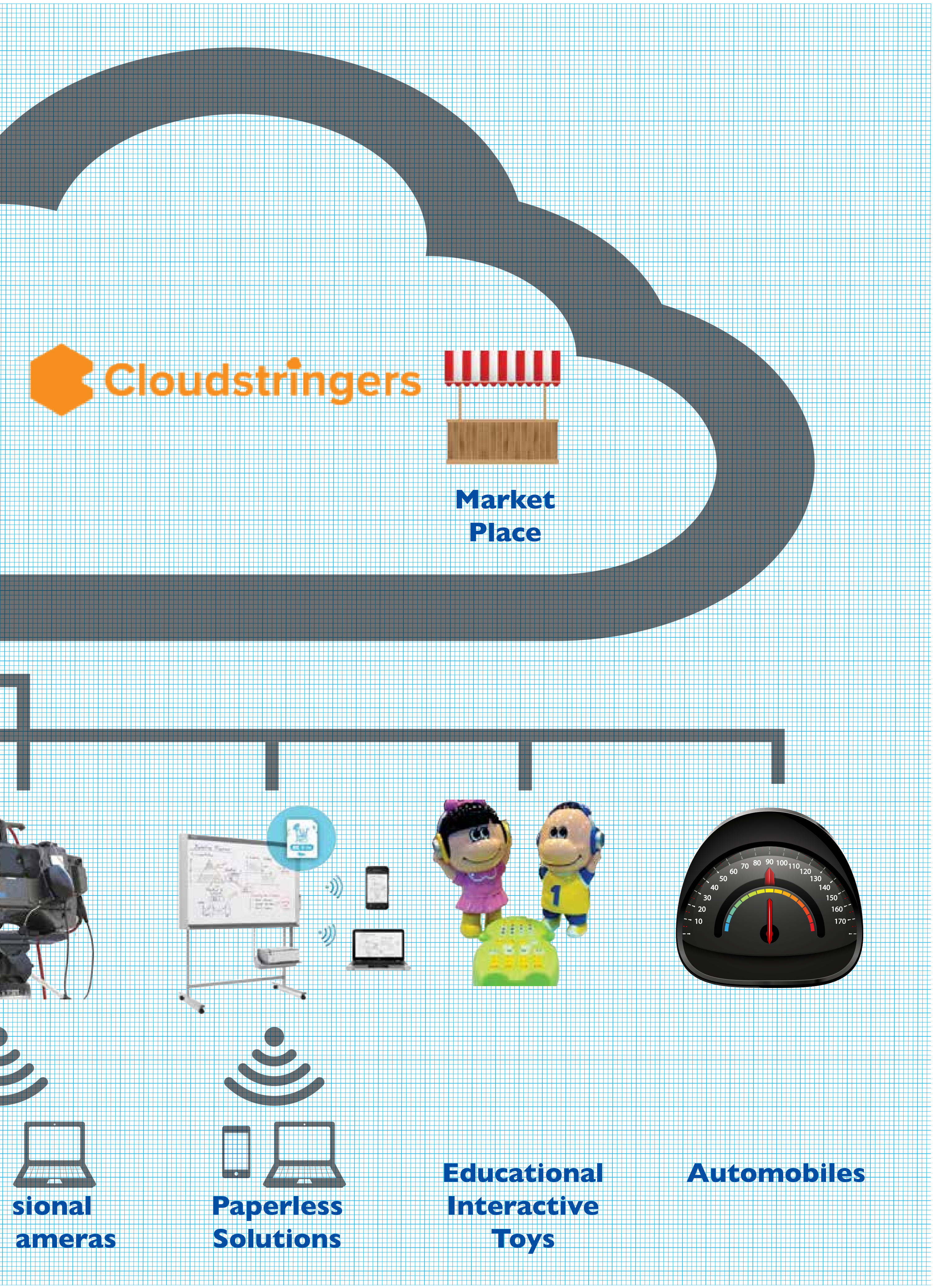
Our Patented Core Technology Solutions

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

How the Flucard® works in the Internet of Things

Inventor of the proprietary Flucard®; the versatility of the solution as well as its Wi-Fi memory module presents product diversification potential among a spectrum of Smart products.




Cloudstringers
Market Place
sional ameras
Paperless Solutions
Educational Interactive Toys
Automobiles

Trek's Patented Solutions

ThumbDrive® Hippo *ThumbDrive® Crypto* *ThumbDrive® Swipe* *ThumbDrive® STRIKES* *ThumbDrive® SWAN*

I. ThumbDrive® Solutions

a. ThumbDrive®

The patented ThumbDrive® is a USB flash drive that combines flash memory technologies with the ubiquitous USB connection.

b. ThumbDrive® Crypto

ThumbDrive® Crypto utilises a flash memory controller with a built-in hardware encryption engine, based on the Advanced Encryption Standard (AES), which is the U.S. Government approved standard to encrypt data. With Crypto, 100% of the storage area is encrypted.

c. ThumbDrive® Swipe

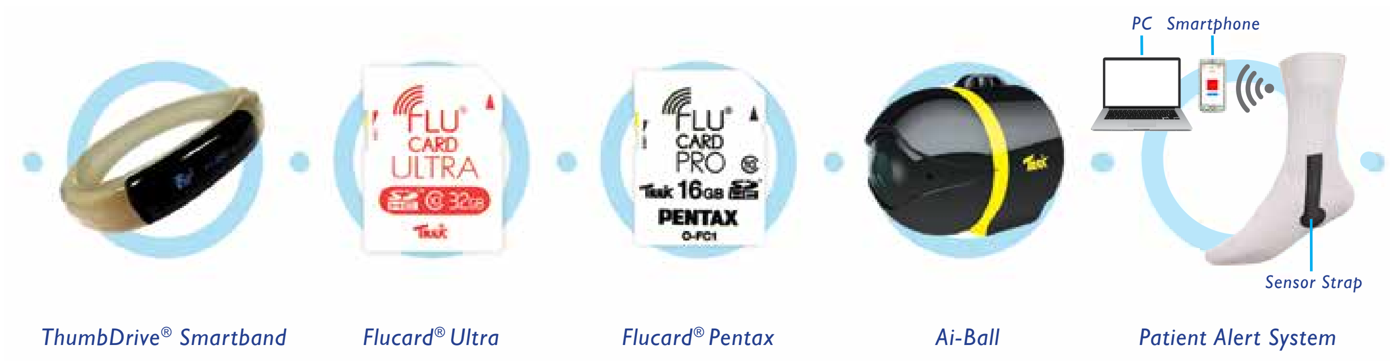
The ThumbDrive® Swipe is a USB flash device with the latest finger authentication sensor technology. Swipe protects all information on the device with state of the art encryption technology and authenticates users with an embedded finger authentication identification engine.

d. STRIKES

STRIKES – which stands for "Secure TRansaction, Identity, Key, Encryption & Storage" – is an innovative flash drive with an integrated smart chip, that can be used as secondary authentication for online transactions.

e. ThumbDrive® SWAN

ThumbDrive® SWAN is a Single-Write AccessNumerous device, which ensures that documents on the drive cannot be removed, overwritten or tampered with.



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

2. Wireless Solutions

a. ThumbDrive® Smartband
The wearable ThumbDrive® Smartband comes with USB drive and Fitness Apps features. It also comes with a free-of-charge Software Development Kit for software developers to write applications on top of the ThumbDrive® Smartband's platform.

b. Flucard® Ultra
Flucard® Ultra comes with faster speed and more advanced features. Flucard® Ultra is a wireless SD card that liberates your phototaking experience. Besides offering your existing camera the physical storage capacity of a SD card, it transforms the camera into a wireless device, giving a whole new dimension to capturing, storing and sharing your precious moments.

c. Ai-Ball
The size of a 50-cent coin, Ai-Ball is the world's smallest portable Wi-Fi video camera and offers users highquality 2-megapixel video streaming up to a distance of 20 metres without cable wires.

d. Patient Alert System
Targeting dementia patients, the wearable device has in-built Bluetooth and sensor capabilities which are pressure-driven.
It will trigger and alert medical staff via handphone/PC once a dementia patient alights from their bed.

Realising IoT through pillars of innovation

In the world we live in today, technology is so involved in every aspect of our lives that it is like a second skin. Advancement in technology has also become a critical growth driver in the current business landscape.

Our tagline "Innovation: Inside Out" represents the core principle at Trek, where simple ideas are nurtured into engineering concepts and then brought to life in the form of tangible products, which enhance consumers' lifestyles.

At Trek, we continuously reinvent ourselves to stay at the forefront of mobile data technology. As we move forward, we are dedicated to making the world a better place through our innovations, with special focus on three innovation pillars:

- Wearable Technology
- Medical Technology
- Cloud Technology

Wearable Technology

Where function meets fashion

Imagine a world where you can store your files on the go, track and achieve your fitness goals, through a ThumbDrive® Smartband.

Medical Technology

Advancing the world of healthcare

Imagine a world where your vital medical statistics are monitored with Flucard®-enabled medical devices from the comforts of your home and uploaded to cloud seamlessly for doctors to access and provide medical advice.

Cloud Technology

Connecting people to the news

Realise a world where images and videos of breaking news can be both uploaded and downloaded almost instantaneously. Cloud Stringers enables contents to be uploaded real-time with cameras equipped with Flucard® anywhere in the world. News footages and photos are then available for purchase and download in the "World's First Marketplace".

Financial Review

Segmental Analysis By Business Segments

Interactive Consumer Solutions (ICS) division, formerly known as Mobile Media Solutions, contributed primarily to total revenue with a contribution of 90.2% for the full year ended 31 December 2014 (FY2014). The Group's suite of proprietary products such as the ThumbDrive®, Security Solution, Flucard® and Wi-Fi memory modules for embedded SMART TOYS continue to drive revenue growth for the segment.

The Customised Solutions (CS) segment contributed to 7.9% of overall FY2014 revenue, a fall from 12.0% in FY2013. This is due to the Group's strategy to diversify its resources into its other business segments while retaining CS' existing customer base.

Licensing revenue contributed to the remaining 1.9% of overall revenue but remains a key revenue component for the Group. The continued growth of the segment is attributed to the success of our licensees in marketing the Group's products and solutions.

Segmental analysis by geography

Despite the tight competition within the technology market, the Group continued to grow its revenue in key countries, especially within the ASEAN region. As a result, revenue for the ASEAN market grew by 24.9% year-on-year (yoy) to US$53.8 million; China/HK by 185.1% yoy to US$39.5 million; Japan by 27.8% yoy to US$3.5 million; India by 11.8% yoy to US$4.3 million and Europe by 29.1% yoy to US$2.3 million.

Conversely, revenue from the United States declined 18.0% yoy to US$5.3 million due to an End-of-Line for a major project.

Income Statement

Revenue for FY2014 increased 53.0% yoy to US$112.9 million from US$73.9 million in FY2013.

Gross profit grew 29.9% yoy from US$9.8 million to US$12.7 million in FY2014. Similarly, the Group registered a 137.9% yoy increase in net profit after tax to US$3.1 million for FY2014 from US$1.3 million. The Group's sterling performance is attributable to the following factors:

Revenue

The growth in the Group's revenue was attributed to its ICS division which increased 62.0% yoy to US$101.9 million in FY2014 driven by sales of ThumbDrives®, Security Solution, Flucard® and Wi-Fi memory modules.

Licensing revenue also increased 6.5% yoy to US$2.1 million in FY2014 as sales from third party licensing customers registered an improvement.

Gross Profit

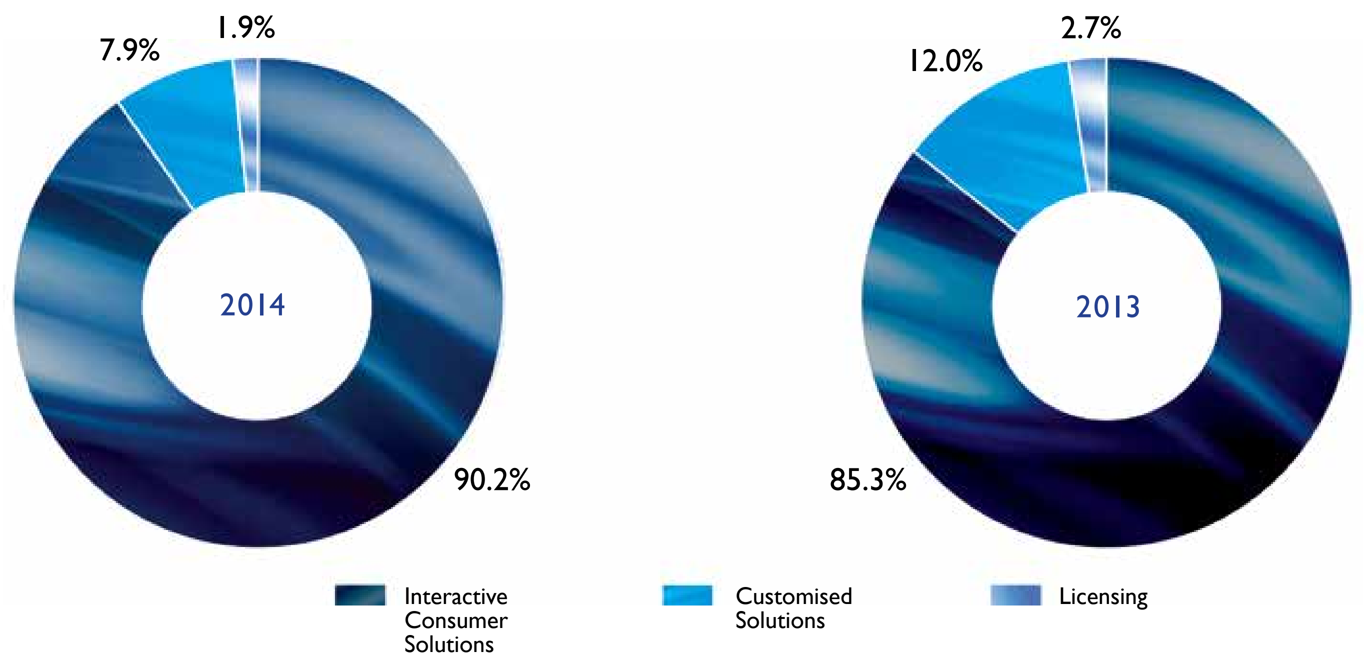
Gross profit grew 29.9% yoy from US$9.8 million to US$12.7 million in FY2014. In the same period, gross profit margin decreased marginally to 11.2% from 13.2% in FY2013. The decline in gross profit margin was a result of the Group's focusing on securing higher volume business.

Expenses

Total expenses increased 10.9% yoy to US$10.9 million in FY2014 from US$9.9 million in FY2013. The factors contributing to the increase are:

- Research and development expenses, including amortisation increased 9.5% yoy to US$4.0 million in FY2014 (FY2013: US$3.7million). This increase falls in line with the Group's increased activities in Intellectual Property (IP) registration and filing of new patents in FY2014.
- Marketing and distribution expenses registered a rise of 3.4% yoy to US$2.4 million in FY2014 (FY2013: US$2.3 million) mainly attributed to a ramp up in marketing efforts for Cloud Stringers.

REVENUE BY SEGMENTS



- General administration expenses increased 2.0% yoy to US$3.6 million in FY2014 (FY2013: US$3.5 million) contributed mainly by a rise in expenses incurred by subsidiaries.

- Other expenses increased 249.1% yoy to US$0.8 million in FY2014 (FY2013: US$0.2 million) due to foreign exchange losses arising from appreciation of the US dollar against the Singapore dollar and Malaysian Ringgit by 4% and 13% respectively.

Net Profit After Tax

The Group reported a net profit after tax of US$3.1 million (FY2013: US$1.3 million). The 137.9% increase is mainly attributed to a growth in revenue and an improvement in net profit margin.

Balance Sheet

Key highlights

- Plant, Property and Equipment reported an increase by US$0.3 million from US$10.9 million in FY13 to US$11.7 million in FY14, mainly due to the revaluation of property.

- Intangible Assets stood at US$11.2 million in FY2014 from $11.3 million in FY2013. These assets are derived from the Group's research and development (R&D) efforts, which included registration of new patents in its core interactive consumer solutions division and the development of R&D activities, focusing in particular on the Flucard® and Flucard® Wi-Fi memory module projects. As a technology leader, the Group has built up its library of patents to 436 granted patents across the world in FY2014 (FY2013: 420 patents granted).

- Quoted Investments increased to US$9.4 million from US$8.1 million due to an increase in investment in short-terms bonds.

- Unquoted Investments did not register a significant change and stands at US$0.2 million in FY2014 compared to US$0.2 million in FY2013.

- Trade Receivables, at the close of FY2014, stood at US$26.2 million from US$17.3 million in FY2013. Trade receivables turnover improved to 70 days in FY2014 compared to 76 days in FY2013.

- Inventory increased from US$10.8 million in FY2013 to US$12.9 million in FY2014 and inventory turnover improved to 43 days in FY2014 compared to 56 days in FY2013. The rise in inventory is due to lead time requirements for production planning.

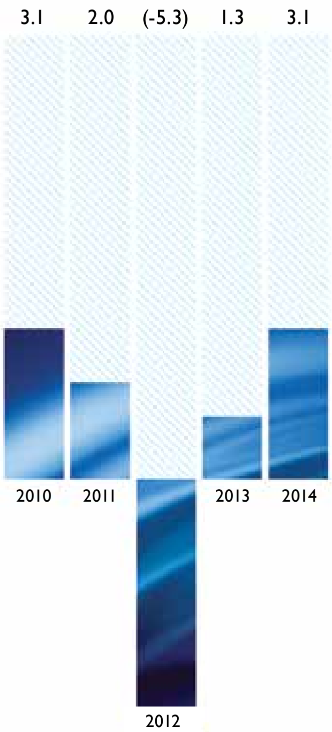
- Term loans and Bank overdrafts stood at US$7.6 million from US$3.0 million in FY2013, which was in line with the Group's revenue growth requirements.

- Shareholders' Funds in FY2014 amounted to US$51.5 million compared to US$46.0 million in FY2013, representing an increase of US$5.4 million yoy resulting from an increase in revenue reserves and the revaluation of property.

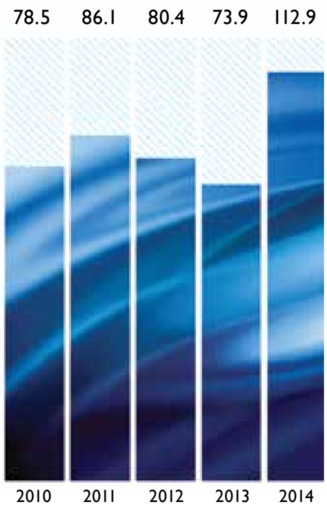
Cashflow Statement

As at 31 December 2014, the Group's cash and cash equivalents, which includes fixed deposits and bank overdrafts of US$3.2 million and US$1.9 million respectively, amounted to US$10.2 million. This marked an increase from US$8.5 million as at 31 December 2013.

PROFIT AFTER TAX (IN USD MILLIONS)



REVENUE (IN USD MILLIONS)



Board of Directors

Mr. Henn Tan
Chairman, Chief Executive Officer and Executive Director

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

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

- Ernst & Young Emerging Entrepreneur of the Year in 2002.
- He is a holder and inventor of numerous patents worldwide.
- The INVENT Singapore Award 2008.
- Special Achievement Award of the Year 2010 by Asia Pacific Entrepreneurship.
- Engineering Leadership Award by the Institute of Electrical and Electronics Engineer Inc (IEEE) in 2011.
- Rotary ASME Entrepreneur of the year for Innovation in 2011.
- Spirit of Innovation Award 2013 conferred by Asia-Pacific Enterprise Leadership Awards (APELA).
- He is a Director of Ren Ci Hospital Limited since November 2010. He does not hold any directorship or chairmanship in other listed companies presently and over the preceding three years.

Mr. Noel Hon Chia Chun
Independent, Non-Executive Director

Mr. Noel Hon joined the Board on 20 April 2004 and appointed as Chairman of Nominating Committee on 30 April 2013, a member of the Audit Committee on 24 March 2005 and member of Risk Review Committee on 10 May 2013.

He is currently Chairman of e-Cop Pte Ltd and sits on the Board of Certis CISCO. He is also a member of the Board of Singapore Pools (Private) Limited.

Mr. Noel Hon plays an active role in public service and was awarded the Public Service Star (Bar) BBM (L) in August 2003. In May 2003, he was also appointed as a Justice of Peace by the President of the Republic of Singapore.

He graduated from the University of Singapore with a Bachelor of Science degree with Honours and a Post Graduate Diploma in Business Administration.

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

Mr. Gurcharan Singh
Executive Director and
Head of Finance/Admin

Mr. Singh joined Trek 2000 in 1999. In November 2002, he became the Head of Finance and Administration and has been a Director since its public listing in May 2000.

He has more than 20 years' experience in the auditing/finance industry, including 5 years in the insurance industry.

He is a Certified Public Accountant and a Fellow of Association of Chartered Certified Accountants, United Kingdom (ACCA) and a member of the Institute of Singapore Chartered Accountants (ISCA).

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

Mr. Poo Teng Pin
Group's Director of R&D and
Executive Director

Mr. Poo is the Group's Director of R&D. He joined the Group since 1999 and has over the years developed his capabilities in firmware and software architectures.

As Head of R&D, he is responsible for the overall project planning and execution, which includes initial conceptualisation design work right through to registration of patentable products and the adoption of emerging technologies applicable to Trek's future R&D roadmap. He holds a Master's degree in Electronic engineering.

He joined the Board on 24 May 2006 as an Executive Director.

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

Mr. Heng Hang Song Francis
Independent, Non-Executive
Director

Mr. Heng joined the Board on 17 January 2013 and was appointed Chairman of Audit Committee on 19 April 2013.

Mr. Heng is Chief Executive Officer of Luzerne Partners Pte Ltd, an investment management company. He was formerly Vice President, Business Development at World Fuel Services, a NYSE listed company headquartered in Miami, Florida, USA and has held CFO positions in Wilmar International, SingTel, ST Engineering and Hongkong Land. In addition to CFO functions, Mr. Heng also had responsibilities for Infrastructure investments and e-Commerce businesses and investments. Mr. Heng also had previously held trading, foreign reserve investment and banking roles in JP Morgan, Monetary Authority of Singapore, and United Overseas Bank. Mr. Heng has lived and worked in New York, London, Switzerland and Hong Kong, in addition to his home country, Singapore.

Mr. Heng holds a Bachelor of Business Administration degree from the National University of Singapore, and attended the Program for Global Leadership at Harvard Business School. During his undergraduate studies, he was awarded a Japan Airlines Summer Scholarship program at Sophia University in Tokyo, Japan.

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

Board of Directors

Mr. Khor Peng Soon
Independent, Non-Executive Director

Mr. Khor joined the Board on 4 February 2013 and was appointed member of the Remuneration Committee on 30 April 2013 and Chairman of the Risk Review Committee on 10 May 2013.

He is the Chairman of ONI Global Pte Ltd. In this capacity, he oversees the company's GNC retail operations and shops in Singapore, Malaysia, Taiwan and Australia as well as its operations and retail shops in the People's Republic of China under the company's own RichLife brand. He is also the Managing Director of JP Ying Advisory and the Executive Director of Reborne Pte Ltd. He sits on the board of another publicly listed company Plastoform Holdings Limited and the boards of several other private companies. Mr. Khor previously held senior management positions in Temasek Holdings, SembCorp, Ernst & Young and the EDB.

He holds a Master of Engineering Science (Industrial Engineering) degree from the University of New South Wales, Australia.

Mr. Ng Chong Khim
Independent, Non-Executive Director

Mr. Ng joined the Board on 8 May 2014 and was appointed member of the Audit and Remuneration Committee.

Mr. Ng is Executive Director of Trusted Board Ltd, a company providing corporate secretarial services and e-polling solutions. He is also a Senior Advisor of Singapore Technologies Electronics Limited since 1 January 2012. Prior to his retirement from ST Electronics, Mr. Ng was its Deputy President (Corporate Services & Marketing), supervising the group's corporate functions including Finance, Human Resource, Materials & Logistics, Facilities, Security and Business Excellence. He was also responsible for the Corporate Marketing function of the ST Electronics Group and its local non-military business.

Mr. Ng joined ST Electronics in July 1997 as the Senior Vice President and General Manager of CET Technologies (now ST Electronics Info-Comm Systems). Prior to this appointment, Mr. Ng held senior management positions in several ICT companies, including Telecom Equipment (a subsidiary of SingTel) and Singapore Computer Systems. He served in the Singapore Ministry of Defence (MINDEF) from 1981 to 1990 and held the appointment of Assistant Director (Communication Systems) in the Defence Materials Organisation, responsible for the planning and development of large-scale communication systems for MINDEF. He was subsequently appointed Deputy Director (Management Services) of MINDEF.

Mr. Ng is a senior management consultant of Ryobi-Kiso Holdings Ltd, a ground engineering firm listed on SGX, and a member of the Singapore Institute of Directors.

Mr. Ng graduated from the National University of Singapore (NUS) with a Bachelor of Electrical Engineering (First-Class Honours) in 1981 and a degree of Master of Science in Industrial Engineering in 1986. He also holds a Diploma in Management Studies from the Singapore Institute of Management (SIM) and completed the Programme for Management Development (PMD) at Harvard Business School. Mr. Ng is a Fellow of IES (Institution of Engineers, Singapore).

Mr. Ng serves as a board member of Casino Regulatory Authority (CRA), a member of the Advisory Committee of the Bachelor of Technology (B.Tech) Programme of NUS as well as the Engineering Advisory Committee of Nanyang Polytechnic.

Group Structure

TREK®
INNOVATION: INSIDE OUT

TREK 2000 International Ltd

- 100% **Trek Technology (Singapore) Pte Ltd**
  - 100% **Trek Technology (India) Pvt Ltd**
    Domestic Branches: Bangalore, New Delhi, Chennai and Mumbai
  - 66.1% **Cloud Stringers Singapore (S) Pte Ltd**
  - 75% **Unimemory Technology (S) Pte Ltd**
- 100% **S-Com System (S) Pte Ltd**
- 39% **Trek Technology (Thailand) Company Ltd**
- 100% **TrekStor USA Inc.**
- 47.5% **Racer Technology Pte Ltd**
- 100% **Japan-Singapore Future Technology Lab Pte Ltd**
- 100% **Trek Systems (M) Sdn Bhd**
  Branch Offices: Penang and Kuala Lumpur
  - 100% **Thumbdrive Media Sdn Bhd**
- 100% **Trek Technology (Shanghai) Co. Ltd.**
  Domestic Branches: Shenzhen and Beijing
- 100% **Trek Technology (Hong Kong) Co, Ltd**
  - 100% **Trek Systems (Shanghai) Co, Ltd**
- 100% **Trek Technology Europe B. V.**
- 100% **Trek Technology Japan Office**
- 100% **Trek Technology, Ho Chi Minh Vietnam Rep. Office**
- 100% **Trek Technology, Philippines Rep. Office**

Key Management

Mr. Willy Koh Kee Joo
CEO, Racer Technology Pte Ltd

Mr. Koh is the Founder/Chief Executive Officer (Corporate) of Racer Technology Pte Ltd. He has more than 28 years' experience and is responsible and oversees the smooth operations of all the factories. He heads the R & D division for medical devices and prototyping and has few product patterns under his name.

Beside Racer he also a co-founder of five startup companies, and was a recipient of successful Entrepreneur for 2011, SMEI Asia 2011 Award. He holds an Advance Diploma in Mechanical Engineering, diploma in Chemical Process (Gold Medalist). He is a member of The Institution of Manufacturing Engineer England since 1991, Senior Member of Society of Manufacturing USA since 2000 and member of Machining Technology Association MTA.

Mr. Vincent Leong Chee Weng
President, Operations and System Solutions

Mr. Leong joined the Group in Aug 2014 and brings with him more than 15 years experience in marketing and international business. Prior to joining the Group, Mr. Leong was the VP International Business, Singapore Technologies Electronics. As President Operations and System Solutions, he is responsible for the overall operations of the Group, including marketing, sales and strategic planning. Mr. Leong received his Bachelor of Science (Economics) in Management Studies from the University of London.

Dr. Shew Paul Waie
Head of R&D, Software

Dr. Shew joined the Group in 2006 and brings with him 15 years of experience. He is responsible for the overall planning and development of software capabilities. Dr. Shew received his Bachelor of Engineering degree and Ph.D in Electrical Engineering from the National University of Singapore.

Mr. Lee Jia Ta
Executive Director/General Manager, Racer Technology Pte Ltd.

Mr. Lee is the Executive Director/General Manager (Corporate) of Racer Technology Pte Ltd. He has more than 20 years' experience in managing manufacturing operations, especially injection moulding line and quality control requirements. He holds qualify certificate in Manufacturing.

Mr. Chan Koon Keat
Head of R&D, Firmware, Kuala Lumpur, Malaysia.

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

DSP(R) Poo Ah An, PPP, AMK, PCK, PKT
Country Manager, Malaysia

Mr. Poo, a retired Senior Malaysian Police officer, is an Executive Director of Trek Systems (M) Sdn Bhd in Malaysia, a subsidiary of Trek 2000 International Ltd, since 2003. As Head, his responsibilities include strategic planning, sales, marketing as well as management.

Mr. Tan Chun Liang, Nick
Head, Interactive Consumer Solutions Division, Singapore

Mr. Nick Tan as Country Manager is responsible for the overall Marketing and Sales, Planning and Strategy in Thailand, since 2005. He is also managing the retail and hypermarkets channels in Singapore. He holds a Diploma in Business and Management (Monash Australia) and Business Marketing Certificate of Chartered Institute of Marketing.

Mr. Gopu Siva
Country Manager, India

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

Mr. Eddie Chan Kam Loy
Country Manager, Indonesia

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

Mr. Thach Ngo Phan Tuan
Country Manager, Vietnam

Mr. Thach joined the Group in 2012 and as Country Manager, he is responsible for the overall Marketing and Sales, Planning and Strategy in Vietnam. He is also heading the Research and Development team in Vietnam. He received his Bachelor of Telecommunication degree from the Ho Chi Minh City University of Technology.

Mr. Takrit Tanasnitikul
Country Manager, Thailand

Mr. Takrit joined the Group in 2014 and as Country Manager is responsible for the overall Marketing and Sales, Planning and Strategy in Thailand. He is also heading the Research and Development team in Thailand. He received his Master of Engineering degree from King Mongkut's University of Technology Thonburi, Thailand.

Mr. Wayne Tan
Director, Cloud Stringers

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

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

Mr. Junichi Yamazaki
Country Manager, Japan

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

Mr. Zhao Lin
Country Manager, China/Hong Kong

Mr. Zhao Lin as Country Manager, he is responsible for the overall Marketing and Sales, Planning and Strategy in China/Hong Kong, since 2011. Mr. Zhao Lin holds a Bachelor's degree in Information and Engineering from Jiangxi University of Science and Technology, Ganzhou City.

Ms. Teresita Nicdao Cornelio
Country Manager, Philippines

Ms. Teresita as Country Manager is responsible for the overall Marketing and Sales, Planning and Strategy in Philippines, since 2014. She holds a management degree from Letran College, Philippines.

Corporate Information

BOARD OF DIRECTORS

Executive:
Henn Tan
(Chairman and
Chief Executive Officer)
Gurcharan Singh
Poo Teng Pin

Non-Executive and Independent:
Noel Hon Chia Chun
Heng Hang Song, Francis
Khor Peng Soon
Ng Chong Khim

Audit Committee
Heng Hang Song, Francis
(Chairman)
Noel Hon Chia Chun
Ng Chong Khim

Nominating Committee
Noel Hon Chia Chun
(Chairman)
Khor Peng Soon
Henn Tan

Remuneration Committee
Khor Peng Soon
(Chairman)
Ng Chong Khim
Henn Tan

COMPANY SECRETARY

Ng Kwee Lian
Tan Giok Lan

REGISTERED OFFICE

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

Telephone number:
(65) 6546 6088

Fax number:
(65) 6546 6066

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

STOCK LISTING

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

SHARE REGISTRARS

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

AUDITORS

Ernst & Young
One Raffles Quay
#18-01 North Tower
Singapore 048583

AUDIT PARTNER-IN-CHARGE

Mak Keat Meng
Date of Appointment :
Effective financial year beginning
31 December 2014

Financial Contents

Report on Corporate Governance

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

BOARD MATTERS

Board's Conduct of its Affairs (Principle 1)

The Board of Directors ("the Board"), which meets at least four times a year, supervises the management of the business and the affairs of the Company and its Subsidiaries ("the Group"). The Board's role is to:

1. provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

2. establish a framework of prudent and effective controls which enables risks to be assessed and managed;

3. review management performance;

4. set the Group's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and

5. consider sustainability issues as part of its strategic formulation.

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

a) Approval of quarterly results announcements;

b) Approval of annual results and accounts;

c) Declaration of interim dividends and proposal of final dividends;

d) Convening of shareholders' meetings;

e) Approval of corporate strategy;

f) Authorisation of merger and acquisition transactions; and

g) Authorisation of major transactions.

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

	Board of Directors			Audit Committee			Remuneration Committee			Nominating Committee		
		Number of Meetings			Number of Meetings			Number of Meetings			Number of Meetings	
	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended
Executive Directors												
Mr. Henn Tan	C	4	3	-	-	-	M	2	2	M	2	2
Mr. Gurcharan Singh	M	4	4	-	-	-	-	-	-			
Mr. Poo Teng Pin	M	4	2	-	-	-	-	-	-	-	-	-

Report on Corporate Governance

	Board of Directors			Audit Committee			Remuneration Committee			Nominating Committee		
		Number of Meetings			Number of Meetings			Number of Meetings			Number of Meetings	
	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended
Non-Executive Directors:												
Mr. Seah Moon Ming[1]	M	4	0	M	4	0	C	2	0	M	2	0
Mr. Noel Hon Chia Chun	M	4	4	M	4	4	-	-	-	C	2	2
Mr. Heng Hang Song Francis	M	4	4	C	4	4	-	-	-	-	-	-
Mr. Khor Peng Soon[2]	M	4	4	-	-	-	C	2	2	M	2	1
Mr. Ng Chong Khim[3]	M	4	3	M	4	3	M	2	1	-	-	-

Denotes: C – Chairman M – Member

1 *Resigned on 8 May 2014*

2 *Appointed Chairman of Remuneration Committee and Member of Nominating Committee on 8 May 2014*

3 *Appointed Director and Member of Audit Committee and Remuneration Committee on 8 May 2014*

Access to Information (Principle 6)

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

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

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

Board Composition and Guidance (Principle 2)

The Board comprises seven Directors, four of whom namely, Messrs Noel Hon Chia Chun, Khor Peng Soon, Heng Hang Song Francis and Ng Chong Khim, are independent and non-executive.

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

The Board, through the Nominating Committee ("NC"), reviews the independence of each Director, board structure, size and composition annually. The NC confirms that the independent Directors made up at least half of the Board. The Board has concurred with the NC's review on the independence of Mr. Noel Hon Chia Chun who has served on the Board beyond nine years from the date of his first appointment. Mr. Hon has considerable board experience and continues to demonstrated independence of judgment in his deliberations at the Board and Committee levels.

Report on Corporate Governance

As the majority of the Board is independent, the NC is satisfied that no individual or group is able to dominate the Board's decision-making process. The Board consists of high calibre members with a wealth of knowledge, expertise and experience. They contribute valuable direction and insights, drawing from their vast experience in matters relating to accounting, finance, business and general corporate matters.

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

The Board has considered and agreed with the NC's recommendation to defer the need to set guidelines for maximum directorships in a listed company that a Director can hold.

The NC does not make any determination on the tenure of an independent non-executive director as the NC takes the view that in ascertaining a Director's independence, it is his ability to exercise independence of mind and judgment to act honestly and in the best interests of the Company that matters.

The Company has benefited from management's access to its Directors for guidance and exchange of views both inside and outside the formal environment of Board and Board Committee meetings.

Chairman and Chief Executive Officer (Principle 3)

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

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

a) Approving Board meeting agenda and leading the Board to ensure its effectiveness;

b) Reviewing key proposals and Board papers before they are presented to the Board and ensuring that Board Members are provided with accurate and timely information;

c) Monitoring communications and relations between the Company and its Shareholders, between the Board and management, between Executive and Non-Executive Directors, and between Independent and Non-Independent Directors, with a view to encouraging constructive relations and dialogue amongst them;

d) Facilitating the effective contribution of Non-Executive Directors; and

e) Promoting high standards of corporate governance.

The Company has appointed Mr. Khor Peng Soon as the Lead Independent Director who will make himself available to shareholders where they have concerns and for which contact through the normal channels of the Chairman and CEO or Chief Financial Officer has failed to resolve or is inappropriate. Led by the Lead Independent Director, the independent Directors meet periodically (without the presence of the other directors) and provide feedback to the Chairman after such meetings.

Nominating Committee (Principle 4)

The Nominating Committee ("NC") comprises three members, who at the date of this Report are:

Noel Hon Chia Chun Chairman
Khor Peng Soon
Henn Tan

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

a) Annual review of skills required by the Board, and the size of the Board;

Report on Corporate Governance

b) Review the independence of each Director and ensure that the independent directors make up at least half of the Board and also comprise a lead independent director who is a member of the NC;

c) Review whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, when he has multiple board representations, taking into consideration the directors' number of listed company board representations and other principal commitments;

d) Decide how the Board's performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;

e) Formal assessment of the effectiveness of the Board as a whole and each individual Director; and

f) Review and recommend to the Board on relevant matters relating to the board succession plans, development of process for evaluation of Board, Board committees and Directors' performance, and training programs for the Board, etc.

At each Annual General Meeting ("AGM"), one-third of the Directors with the longest term in office is required to retire and submit themselves for re-election. At the forthcoming AGM, Messrs Henn Tan and Gurcharan Singh will be due for retirement pursuant to Article 91 of the Company's Articles of Association and Mr. Ng Chong Khim will cease to hold office pursuant to Article 97 of the Company's Articles of Association. Mr. Ng Chong Khim has confirmed that he does not have any relationship with his fellow directors nor with the Company and its substantial shareholders. The retiring Directors, being eligible, have offered themselves for re-election.

	Age	**Academic & professional qualifications**	**Board committee as Chairman or Member**	**Directorship: date of first appointment/ Date of last re-election**	**Board appointment whether executive or non-executive**	**Due for re-election at next AGM**
Name of Director:						
Mr. Henn Tan	58	Doctorate in Business Administration	Member: - Remuneration Committee - Nominating Committee	Mr. Tan was appointed as Director on 23 September 1999 and he was last re-elected on 19 April 2013	Executive Chairman & CEO	Yes (Article 91)
Mr. Gurcharan Singh	58	Certified Public Accountant and a Fellow of Association of Chartered Certified Accountants, United Kingdom (ACCA) and a member of the Institute of Singapore Chartered Accountants (ISCA)	N/A	Mr. Singh was appointed on 14 April 2000 and was last re-elected on 19 April 2013	Executive	Yes (Article 91)
Mr. Noel Hon Chia Chun	68	University of Singapore with a Bachelor of Science degree with Honours and a Post Graduate Diploma in Business Administration	Chairman: - Nominating Committee Member: - Audit Committee - Risk Review Committee	Mr. Hon was appointed on 20 April 2004 and was last re-elected on 23 April 2014	Non-Executive / Independent	N/A
Mr. Poo Teng Pin	37	Master in Engineering	N/A	Mr. Poo was appointed on 24 May 2006 and was last re-elected on 23 April 2014	Executive	N/A
Mr. Heng Hang Song Francis	55	Bachelor of Business Administration degree from National University of Singapore	Chairman: Audit Committee	Mr. Heng was appointed on 17 January 2013 and was last re-elected on 19 April 2013	Non-Executive / Independent	N/A
Mr. Khor Peng Soon	65	Master of Engineering Science degree from University of New South Wales, Sydney, Australia	Chairman: - Remuneration Committee - Risk Review Committee Member: Nominating Committee	Mr. Khor was appointed on 4 February 2013 and was last re-elected on 19 April 2013	Non-Executive / Independent	N/A
Mr. Ng Chong Khim	57	Master of Science in Industrial Engineering from National University of Singapore	Member: - Audit Committee - Remuneration Committee	Mr. Ng was appointed on 8 May 2014	Non-Executive / Independent	Yes (Article 97)

Report on Corporate Governance

Board Performance (Principle 5)

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and the effectiveness of the individual Directors. The Board has delegated this responsibility to the NC. The NC conducted a collective assessment of the Board and their feedback was collated and shared with the Board.

The Board comprises members with considerable years of experience in the industry, technology, finance and management. Each member brings to the Board his expertise in the relevant fields to make balanced decisions.

The Board's performance is ultimately reflected in the performance of the Group.

REMUNERATION MATTERS

Annual Remuneration Report

Remuneration Committee (Principle 7)

The Remuneration Committee ("RC") comprises the following members:

Khor Peng Soon Chairman
Ng Chong Khim
Henn Tan

The Remuneration Committee ("RC") has access to expert advice in the field of executive compensation outside the Company where required and ensures independence of such expert appointment.

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

a) Advising the Board on the framework of remuneration policies for Executive and Non-Executive Directors;

b) Reviewing and approving the granting of share options to the Executive Directors;

c) Reviewing and approving the award of aggregate variable cash bonuses and share options to the employees of the Group; and

d) Overseeing management development and succession planning in the Group.

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

Level and Mix of Remuneration (Principle 8)

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

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

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

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

Report on Corporate Governance

Remuneration (Principle 9)

The Remuneration Framework covers all aspects of remuneration for the Executive Directors, Non-Executive Directors, Independent Directors and key Executives of the Company. Although the 2012 CGCode states that the Company should fully disclose the remuneration of each individual directors and the CEO on a named basis, the Company has decided against doing so because of competitive pressures resulting from such disclosures. A breakdown, showing the level and mix of each individual director's remuneration and the top fifteen key executives (who are not Directors of the Company) for the financial year ended 31 December 2014 is as follows:

Directors' Remuneration Band	Fees[1] %	Salary %	Bonus %	Total %
S$250,000 to $499,999				
Mr. Henn Tan	-	100	-	100
Below S$250,000				
Mr. Gurcharan Singh	-	100	-	100
Mr. Poo Teng Pin	-	100	-	100
Mr. Seah Moon Ming[2]	-	-	-	-
Mr. Noel Hon Chia Chun	100	-	-	100
Mr. Khor Peng Soon	100	-	-	100
Mr. Heng Hang Song Francis	100	-	-	100
Mr. Ng Chong Khim	100	-	-	100

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

(2) resigned on 8 May 2014

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

Key Executives

The remuneration of the top fifteen executives of the Group for the financial year ended 31 December 2014 is shown in the following bands:

Remuneration Band	**Name of Executives**
Below $250,000	Mr. Willy Koh – CEO, Racer Technology (S) Pte Ltd
	Mr. Vincent Leong Chee Weng – President, Operations and System Solutions
	Dr. Shew Paul Waie – Head, of R&D, (Software)
	Mr Lee Chia Ta - ED/GM, Racer Technology (S) Pte Ltd
	Mr Chan Koon Keet – Head of R&D, Kuala Lumpur
	Mr. Poo Ah An– Country Manager, Malaysia
	Mr. Nick Tan Chun Liang – Head Interactive Consumer Solutions, Singapore
	Mr. Thach Ngo Phan Tuan – Country Manager, Vietnam
	Mr. Eddie Chan Kam Loy- Country manager, Indonesia
	Mr. S. Gopu – Country Manager, India
	Mr. Wayne Tan - Director, Cloud Stringers
	Mr. Takrit Tanasnitikul - Country Manager – Thailand
	Mr. Junichi Yamazaki - Country Manager, Japan
	Mr. Zhao Lin - Country Manager, China/Hong Kong
	Ms. Teresita Nicdao Cornelio - Country Manager, Philippines

During the year, there were no termination, retirement and post-employment benefits granted to Directors, the CEO and the top seventeen key management personnel other than in compliance with the standard contractual notice period termination payment.

Report on Corporate Governance

Immediate Family Member of Director

There are no employees who are immediate family members of a director whose remuneration exceed S$50,000 during the year, except for Mr. Tan Boon Tat and Mr. Tan Boon Siong, brothers of Mr. Henn Tan, CEO & Chairman of the Company, and Mr. Tan Joon Yong Wayne, son of Mr. Henn Tan, whose remuneration exceeded S$50,000 during the financial year ended 31 December 2014.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls (Principle 11)

Risk Review Committee

The Company has established a Risk Review Committee ("RRC") comprising:

Khor Peng Soon	Chairman
Noel Hon Chia Chun	
Foo Kok Wah	

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

The Terms of Reference of the RRC include the following:

(i) Review the adequacy of the Group's risk review framework to ensure that robust risk review is in place:

- Adopt an enterprise-wide risk review framework to enhance its risk management capabilities; and
- Financial and operational key risk indicators are in place to track key risk exposures.

(ii) Review and discuss with Management, the policies and procedures for identifying, assessing, controlling, monitoring and reporting the Group's significant risk:

- The procedures for identifying strategic and business risks and controlling their financial impact on the Group and the operational effectiveness of the policies and procedures related to risk;
- The policies for ensuring compliance with relevant regulatory and legal requirements and in the case of financial statements, generally accepted accounting principles;
- Arrangements for the protection of the Group's ownership of intellectual property and other non-physical assets; and
- Policies and practices for detecting, reporting and preventing fraud, serious breaches of business conduct, and whistle-blowing procedures supporting reporting to the RRC.

(iii) Review the risk profile of the Group periodically, and discuss with Management the policies, procedures and action plans for mitigating and managing risks; and

(iv) Review the overall appropriateness and effectiveness of the risk review system.

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

During the year, RRC members discussed and considered matters in accordance with its terms of reference.

Report on Corporate Governance

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

The Board also receives assurance from CEO and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.

Audit Committee (Principle 12)

The Audit Committee ("AC") comprises three Board members, all of whom are Independent, Non-Executive Directors. The members of the AC at the date of this report are:-

Heng Hang Song Francis Chairman
Ng Chong Khim
Noel Hon Chia Chun

Mr. Heng Hang Song Francis, brings with him his past experience as Chief Financial Officer in his previous companies. The other members of the AC have many years of experience in business management and finance. The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions. The AC is routinely updated on proposed and impending changes in accounting standards and issues which have a direct impact on financial statements.

The AC convened four meetings during the financial year. The AC has also met with the internal and external auditors, without the presence of the Company's management, at least once a year. Details of members and their attendance at meetings are provided in pages 24 to 25.

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

(i) Reviews the audit plans of the internal and external auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;

(ii) Reviews significant financial reporting issues so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance before submission to the Board of Directors;

(iii) Reviews the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management systems via reviews carried out by the internal auditors;

(iv) Meets with the internal and external auditors, without the presence of management at least once a year;

(v) Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vi) Reviews the cost effectiveness and the independence and objectivity of the external auditors;

(vii) Reviews the nature and extent of non-audit services provided by the external auditors to ensure that their independence is not compromised;

(viii) Recommends to the Board of Directors the external auditors to be re-appointed, approves the audit fees and reviews the scope and results of the audit;

(ix) Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and

(x) Reviews interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

Report on Corporate Governance

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

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. For the full year 2014, S$235,330 was paid to the external auditors for audit and non-audit services, of which S$48,030 or 24% were for non-audit services. The AC is satisfied with the independence and objectivity of Ernst & Young LLP as external auditors and has recommended to the Board of Directors their re-appointment as auditors of the Company at the forthcoming AGM. The AC has also conducted a review of interested person transactions.

Ernst & Young LLP in Singapore audits Singapore incorporated subsidiaries that are not exempt from audit under the Singapore Companies Act. Subsidiaries incorporated in countries outside Singapore that require an audit in their local jurisdictions are largely audited by other independent member firms of the Ernst & Young. Some of our overseas associates and jointly controlled entities which engage other auditing firms do not constitute a significant number. The names of the auditing firms of our subsidiaries, associates and jointly controlled entities are disclosed at pages 75 and 78 of this Annual Report. The Company has complied with Rules 712, 715 and 716 of the SGX Listing Manual in relation to the engagement of its auditors.

A former partner or director of the Company's existing external auditing firm or auditing corporation shall not act as a member of the AC (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation.

Internal Audit (Principle 13)

The Company and the Group have established an internal audit function that is independent of the activities it audits. The AC reviews the adequacy and effectiveness of the internal audit function and approves the hiring, removal, evaluation and compensation of the head of the internal audit function or the firm to which the internal audit function is outsourced. The internal auditors plan the audit scope and schedule in consultation with the management, which is subject to the review and final approval of the AC. The internal auditors report findings and recommendations to the Chairman of the AC.

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

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

Accountability (Principle 10)

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

Shareholder Rights (Principle 14)
Communication with Shareholders (Principle 15)
Greater Shareholder Participation (Principle 16)

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

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

Report on Corporate Governance

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

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

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

DEALINGS IN SECURITIES

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

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons. During the year under review, there were no interested person transactions.

MATERIAL CONTRACTS

No material contracts were entered between the Company or any of its subsidiaries with any director or controlling shareholder during the financial year ended 31 December 2014.

RISK MANAGEMENT

Inherent Industry Risk

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

Global shortage of key components

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

Report on Corporate Governance

Dependence on Key Personnel

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

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Trek 2000 International Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the income statement, statement of comprehensive income, balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

Directors

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

Henn Tan	Chairman and Chief Executive Officer
Gurcharan Singh	
Hon Chia Chun Noel	
Poo Teng Pin	
Heng Hang Song Francis	
Khor Peng Soon	
Ng Chong Khim	(Appointed on 8 May 2014)

Arrangement to enable directors to acquire shares and debentures

Except as described in the paragraph on "Options", neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

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

	Direct interest			Deemed interest		
Name of director	**At 1.1.2014**	**At 31.12.2014**	**At 21.1.2015**	**At 1.1.2014**	**At 31.12.2014**	**At 21.1.2015**
The Company						
Trek 2000 International Ltd						
Ordinary shares						
Henn Tan	99,635,591	99,635,591	99,635,591	5,091,176	820,000	820,000
Gurcharan Singh	372,500	372,500	372,500	–	–	–
Poo Teng Pin	65,000	65,000	65,000	–	–	–
Hon Chia Chun Noel	150,000	210,000	210,000	–	–	–

Name of director	At 1.1.2014	At 31.12.2014	At 21.1.2015
Options to subscribe for ordinary shares in the Company			
Henn Tan	1,120,000	1,120,000	1,120,000
Gurcharan Singh	445,000	445,000	445,000
Hon Chia Chun Noel	60,000	–	–
Poo Teng Pin	595,000	595,000	595,000

Directors' Report

Directors' interest in shares and debentures (cont'd)

		No. of shares	
		At	At
Name of director	**Deemed interest held through:**	**31.12.2014**	**21.1.2015**
Henn Tan	Wife, Ang Poh Tee	820,000	820,000

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

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

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

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

(i) The Trek 2000 International Ltd Share Option Scheme 2011 (the "ESOS 2011") was approved by shareholders at an extraordinary general meeting held on 21 April 2011. Following the approval, the Trek 2000 International Ltd share option scheme (the "ESOS 2001") was terminated (collectively the "ESOS").

(ii) The ESOS caters to participants, who are selected full-time employees, executive directors and non-executive directors of the Group.

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

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

Khor Peng Soon (Chairman)
Ng Chong Khim
Henn Tan

(iv) The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any rights to participate in any share issues of any other company in the Group.

(v) During the financial year ended 31 December 2014, no options were granted and accepted under the ESOS 2011 to subscribe for ordinary shares.

(vi) During the financial year ended 31 December 2014, 90,000 options were exercised under the ESOS to subscribe for ordinary shares.

(vii) During the financial year ended 31 December 2014, 370,000 options were lapsed due to resignation of employees/directors.

(viii) Details on outstanding options to subscribe for ordinary shares as at 31 December 2014 are found in Note 27 of the notes to the financial statements.

Directors' Report

Options (cont'd)

(ix) Directors granted options under the ESOS are as follows:

Directors	ESOS Grant	Options granted during the financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options exercised/ lapsed since commencement of the plan to end of financial year	Aggregate options outstanding at end of financial year	Exercise price (S$)
Henn Tan	No. 11	–	120,000	–	120,000	0.399
	No. 12	–	600,000	–	600,000	0.326
	No. 14	–	400,000	–	400,000	0.200
Gurcharan Singh	No. 11	–	100,000	–	100,000	0.399
	No. 12	–	300,000	–	300,000	0.326
	No. 13	–	90,000	† (45,000)	45,000	0.146
Hon Chia Chun Noel	No. 13	–	60,000	† (60,000)	–	–
Poo Teng Pin	No. 11	–	100,000	–	100,000	0.399
	No. 12	–	400,000	–	400,000	0.326
	No. 13	–	90,000	† (45,000)	45,000	0.146
	No. 14	–	50,000	–	50,000	0.200

† Options that were exercised during the period of the grant.

(x) Since the commencement of the ESOS till the end of the financial year:

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

Audit Committee

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

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors
- Reviews the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC

Directors' Report

Audit Committee (cont'd)

- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

- Reviews the cost effectiveness and the independence and objectivity of the external auditors

- Reviews the nature and extent of non-audit services provided by the external auditors

- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit

- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate

- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members, except for two where one member was absent. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board,

Henn Tan
Director

Gurcharan Singh
Director

Singapore
30 March 2015

Statement by Directors

We, Henn Tan and Gurcharan Singh, being two of the directors of Trek 2000 International Ltd, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, income statements, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of business, and changes in equity of the Group and the Company and the changes in cash flows of the Group for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

Henn Tan
Director

Gurcharan Singh
Director

Singapore
30 March 2015

Independent Auditor's Report

For the financial year ended 31 December 2014

To the Members of Trek 2000 International Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Trek 2000 International Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 41 to 102, which comprise the balance sheets of the Group and the Company as at 31 December 2014, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income, and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity of the Group and the Company and the cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2015

Income Statements

For the financial year ended 31 December 2014

(In US Dollar)

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
		$	$	$	$
Revenue	4	112,948,929	73,922,680	9,164	95,442
Cost of sales		(100,266,119)	(64,158,202)	(117,596)	(141,989)
Gross profit/(loss)		12,682,810	9,764,478	(108,432)	(46,547)
Other items of income:					
Interest income	5	648,562	497,964	575,920	476,465
Other income	6	650,856	899,417	312,703	374,848
Other items of expense:					
Research and development		(4,027,639)	(3,678,854)	(368,187)	(320,363)
Marketing and distribution		(2,379,739)	(2,301,299)	(797,077)	(685,114)
General administration		(3,565,392)	(3,494,892)	(865,399)	(604,484)
Other expenses	7	(811,966)	(231,787)	(405,375)	(30,222)
Finance costs	8	(149,597)	(151,709)	–	–
Profit/(loss) before income tax	9	3,047,895	1,303,318	(1,655,847)	(835,417)
Income tax benefit/ (expense)	10	25,736	(10,973)	513,921	65,343
Profit/(loss) for the year		3,073,631	1,292,345	(1,141,926)	(770,074)
Attributable to:					
Owners of the Company		2,545,405	1,007,596	(1,141,926)	(770,074)
Non-controlling interests		528,226	284,749	–	–
		3,073,631	1,292,345	(1,141,926)	(770,074)
Earnings per share attributable to owners of the Company (cents per share)					
Basic		0.86	0.34		
Diluted		0.85	0.34		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2014

(In US Dollar)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Profit/(loss) for the year	3,073,631	1,292,345	(1,141,926)	(770,074)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Net fair value changes on investment securities				
- Fair value adjustment	29,075	144,683	29,075	144,683
- Transfer to profit or loss upon disposal	(30,000)	(232,361)	(30,000)	(232,361)
	(925)	(87,678)	(925)	(87,678)
Foreign currency translation	(881,344)	(241,865)	–	–
Items that will not be reclassified to profit or loss				
Net surplus on revaluation of freehold and leasehold properties	2,571,543	–	–	–
Other comprehensive income for the year, net of tax	1,689,274	(329,543)	(925)	(87,678)
Total comprehensive income for the year	4,762,905	962,802	(1,142,851)	(857,752)
Attributable to:				
Owners of the Company	3,056,033	690,714	(1,142,851)	(857,752)
Non-controlling interests	1,706,872	272,088	–	–
	4,762,905	962,802	(1,142,851)	(857,752)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2014

(In US Dollar)

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Non-current assets					
Property, plant, and equipment	12	11,736,270	10,858,501	7,739	7,379
Intangible assets	13	11,229,215	11,340,513	4,499,869	4,696,720
Investment in subsidiaries	14	–	–	5,441,209	6,507,062
Investment in associates	15	–	–	5,407	5,407
Quoted investments	16	9,407,703	8,095,121	9,407,703	8,095,121
Unquoted investments	17	197,065	204,773	–	–
		32,570,253	30,498,908	19,361,927	19,311,689
Current assets					
Inventories	18	12,883,025	10,775,003	–	–
Prepayments		1,677,665	1,580,624	353,434	991,654
Trade receivables	19	26,193,884	17,296,074	13,658	15,539
Amounts due from subsidiaries	20	–	–	17,992,056	18,899,969
Amounts due from associates	20	185,948	184,933	–	–
Other receivables	21	4,592,340	1,852,579	986,527	374,956
Cash and short-term deposits	22	12,049,842	10,056,938	462,165	1,258,376
		57,582,704	41,746,151	19,807,840	21,540,494
Total assets		90,152,957	72,245,059	39,169,767	40,852,183
Current liabilities					
Trade payables and accruals	23	20,674,166	17,009,561	101,172	233,196
Other payables	23	8,416,569	4,050,882	325,934	229,879
Hire purchase payables	24	238,757	269,143	–	–
Term loans and overdrafts	25	6,913,665	2,183,950	–	–
Income tax payable		838,408	505,619	–	183,383
Amount due to subsidiaries		–	–	54,230	54,278
		37,081,565	24,019,155	481,336	700,736
Net current assets		20,501,139	17,726,996	19,326,504	20,839,758

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2014

(In US Dollar)

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Non-current liabilities					
Term loans	25	682,475	860,727	–	–
Deferred taxation	26	695,582	1,088,590	–	330,538
Hire purchase payables	24	192,656	196,274	–	–
		1,570,713	2,145,591	–	330,538
Total liabilities		38,652,278	26,164,746	481,336	1,031,274
Net assets		51,500,679	46,080,313	38,688,431	39,820,909
Equity attributable to owners of the Company					
Share capital	27	29,605,242	29,594,866	29,605,242	29,594,866
Treasury shares	27	(256,914)	(256,914)	(221,397)	(221,397)
Revenue reserve		8,571,177	6,025,772	8,725,121	9,867,047
Other reserves	28	4,721,631	4,211,003	579,465	580,393
		42,641,136	39,574,727	38,688,431	39,820,909
Non-controlling interests		8,859,543	6,505,586	–	–
Total equity		51,500,679	46,080,313	38,688,431	39,820,909
Total liabilities and equity		90,152,957	72,245,059	39,169,767	40,852,183

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2014

(In US Dollar)

Group						Attributable to owners of the Company						
	Total equity	Equity attributable to owners of the Company, total	Share capital (Note 27)	Treasury shares	Revenue reserve	Total other reserves	Capital reserve	Asset revaluation reserve	Fair value adjustment reserve	Employee share option reserve	Translation reserve	Non-controlling interests
2014	$	$	$	$	$	$	$	$	$	$	$	$
Opening balance at 1 January 2014	46,080,313	39,574,727	29,594,866	(256,914)	6,025,772	4,211,003	2,716,551	334,112	365,603	214,790	579,947	6,505,586
Profit for the year	3,073,631	2,545,405	–	–	2,545,405	–	–	–	–	–	–	528,226
Other comprehensive income												
Net loss on investment securities	(925)	(925)	–	–	–	(925)	–	–	(925)	–	–	–
Net surplus on revaluation of freehold and leasehold land and buildings	2,571,543	1,694,437	–	–	–	1,694,437	–	1,694,437	–	–	–	877,106
Foreign currency translation	(881,344)	(1,182,884)	–	–	–	(1,182,884)	–	–	–	–	(1,182,884)	301,540
Other comprehensive income for the year, net of tax	1,689,274	510,628	–	–	–	510,628	–	1,694,437	(925)	–	(1,182,884)	1,178,646
Total comprehensive income for the year	4,762,905	3,056,033	–	–	2,545,405	510,628	–	1,694,437	(925)	–	(1,182,884)	1,706,872
Contributions by and distributions to owners												
Increase in share through exercise of share options	10,376	10,376	10,376	–	–	–	–	–	–	–	–	–
Capital contribution from non-controlling interest	468,454	–	–	–	–	–	–	–	–	–	–	468,454
Disposal of subsidiary	178,631	–	–	–	–	–	–	–	–	–	–	178,631
Total transactions with owners in their capacity as owners	657,461	10,376	10,376	–	–	–	–	–	–	–	–	647,085
Closing balance at 31 December 2014	51,500,679	42,641,136	29,605,242	(256,914)	8,571,177	4,721,631	2,716,551	2,028,549	364,678	214,790	(602,937)	8,859,543

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2014

(In US Dollar)

Group 2013	Total equity $	Equity attributable to owners of the Company, total $	Share capital (Note 27) $	Treasury shares $	Revenue reserve $	Total other reserves $	Capital reserve $	Asset revaluation reserve $	Fair value adjustment reserve $	Employee share option reserve $	Translation reserve $	Non-controlling interests $
		Attributable to owners of the Company										
Opening balance at 1 January 2013	45,892,380	39,658,882	29,580,657	(256,914)	5,619,254	4,715,885	2,716,551	334,112	453,281	402,790	809,151	6,233,498
Profit for the year	1,292,345	1,007,596	–	–	1,007,596	–	–	–	–	–	–	284,749
Other comprehensive income												
Net loss on investment securities	(87,678)	(87,678)	–	–	–	(87,678)	–	–	(87,678)	–	–	–
Foreign currency translation	(241,865)	(229,204)	–	–	–	(229,204)	–	–	–	–	(229,204)	(12,661)
Other comprehensive income for the year, net of tax	(329,543)	(316,882)	–	–	–	(316,882)	–	–	(87,678)	–	(229,204)	(12,661)
Total comprehensive income for the year	962,802	690,714	–	–	1,007,596	(316,882)	–	–	(87,678)	–	(229,204)	272,088
Contributions by and distributions to owners												
Increase in share through exercise of share options	14,209	14,209	14,209	–	–	–	–	–	–	–	–	–
Share based payment	(188,000)	(188,000)	–	–	–	(188,000)	–	–	–	(188,000)	–	–
Dividends paid (Note 36)	(601,078)	(601,078)	–	–	(601,078)	–	–	–	–	–	–	–
Total transactions with owners in their capacity as owners	(774,869)	(774,869)	14,209	–	(601,078)	(188,000)	–	–	–	(188,000)	–	–
Closing balance at 31 December 2013	46,080,313	39,574,727	29,594,866	(256,914)	6,025,772	4,211,003	2,716,551	334,112	365,603	214,790	579,947	6,505,586

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2014

(In US Dollar)

Company	**Total equity** $	**Share capital (Note 27)** $	**Treasury shares** $	**Revenue reserve** $	**Total other reserves** $	**Fair value adjustment reserve** $	**Employee share option reserve** $
2014							
Opening balance at 1 January 2014	39,820,909	29,594,866	(221,397)	9,867,047	580,393	365,603	214,790
Loss for the year	(1,141,926)	–	–	(1,141,926)	–	–	–
<u>Other comprehensive income</u>							
Net loss on investment securities	(925)	–	–	–	(925)	(925)	–
Other comprehensive income for the year, net of tax	(925)	–	–	–	(925)	(925)	–
Total comprehensive income for the year	(1,142,851)	–	–	(1,141,926)	(925)	(925)	–
<u>Contributions by and distributions to owners</u>							
Increase in share through exercise of share options	10,373	10,376	–	–	(3)	–	(3)
Share based payment							
Closing balance at 31 December 2014	38,688,431	29,605,242	(221,397)	8,725,121	579,465	364,678	214,787

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2014

(In US Dollar)

Company	**Total equity** $	**Share capital (Note 27)** $	**Treasury shares** $	**Revenue reserve** $	**Total other reserves** $	**Fair value adjustment reserve** $	**Employee share option reserve** $
2013							
Opening balance at 1 January 2013	41,453,530	29,580,657	(221,397)	11,238,199	856,071	453,281	402,790
Loss for the year	(770,074)	–	–	(770,074)	–	–	–
Other comprehensive income							
Net loss on investment securities	(87,678)	–	–	–	(87,678)	(87,678)	–
Other comprehensive income for the year, net of tax	(87,678)	–	–	–	(87,678)	(87,678)	–
Total comprehensive income for the year	(857,752)	–	–	(770,074)	(87,678)	(87,678)	–
Contributions by and distributions to owners							
Increase in share through exercise of share options	14,209	14,209	–	–	–	–	–
Share based payment	(188,000)	–	–	–	(188,000)	–	(188,000)
Dividends paid, representing total transactions with owners in their capacity as owners (Note 36)	(601,078)	–	–	(601,078)	–	–	–
Closing balance at 31 December 2013	39,820,909	29,594,866	(221,397)	9,867,047	580,393	365,603	214,790

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flow

For the financial year ended 31 December 2014

(In US Dollar)

	Note	2014 $	2013 $
Cash flow from operating activities:			
Profit before income tax		3,047,895	1,303,318
Adjustments for:			
Amortisation of intangible assets	13	1,776,206	1,536,342
Depreciation of property, plant and equipment	12	1,397,989	1,585,943
Net fair value gain on investment securities (transferred from equity on disposal of investment securities)	6	(30,000)	(232,361)
Net gain on disposal of property, plant and equipment	6	(18,359)	(16,369)
Write-back for doubtful debts	19	(250,489)	(395,822)
Provision for doubtful debts	19	109,068	357,554
Write back of inventory obsolescence	18	–	34,183
Share based payment		90,000	(188,000)
Interest income	5	(648,562)	(497,964)
Interest expense	8	149,597	151,709
Loss on disposal of subsidiary		1,891	–
Operating cash flows before changes in working capital		5,625,236	3,638,533
Increase in trade, other receivables, amount due from associate and prepayments		(14,493,322)	(3,268,371)
Increase in inventories		(4,214,485)	(1,968,260)
Increase in trade and other payables		14,471,686	7,993,453
Cash flows generated from operations		1,389,115	6,395,355
Interest received		86,528	23,592
Interest paid		(149,597)	(151,709)
Income taxes refund		75,735	61,745
Net cash generated from operating activities		1,401,781	6,328,983
Cash flow from investing activities:			
Proceeds from disposal property, plant and equipment		35,435	88,060
Proceeds from disposal of investment securities		1,130,000	1,878,351
Net cash outflow from disposal of subsidiary	14	(541,609)	–
Purchase of property, plant and equipment	12	(1,175,493)	(1,140,332)
Purchase of quoted investments		(2,439,775)	(3,013,250)
Purchase of unquoted investments		–	(57,990)
Payment for patent and trademark registration expenses		(272,610)	(610,069)
Payment for development expenditures	13	(1,456,093)	(1,530,484)
Interest income from available-for-sale investment	5	573,304	474,372
Net cash used in investing activities		(4,146,841)	(3,911,342)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flow

For the financial year ended 31 December 2014

(In US Dollar)

	Note	2014	2013
		$	$
Cash flow from financing activities:			
Proceeds from exercise of employee share options	27	10,376	14,209
Repayment of hire purchase instalments		(334,566)	(305,573)
Repayment of term loans		(1,178,839)	(305,230)
Proceeds from term loans		5,500,000	916,549
Capital contribution from non-controlling interest		468,454	–
Payment of dividends	36	–	(601,078)
Net cash generated from/(used in) financing activities		4,465,425	(281,123)
Net increase in cash and cash equivalents		1,720,365	2,136,518
Cash and cash equivalents at beginning of year		8,454,971	6,349,060
Effect of foreign exchange difference		(12,954)	(30,607)
Cash and cash equivalents at end of year	22	10,162,382	8,454,971

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2014

1. Corporate information

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

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

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

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except for leasehold and freehold properties that have been stated at revalued amounts and available-for-sale financial assets that have been measured at their fair values.

The financial statements are presented in United States Dollars ("USD" or "$"), unless otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the Financial Reporting Standards ("FRS") that are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 Business Combinations	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(e) Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
(f) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 is described below.

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 is effective for financial periods beginning on or after 1 January 2017. FRS 115 establishes a five-step model that apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles).

Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

<u>FRS 109 Financial Instruments</u>

FRS 109 is effective for financial periods beginning on or after 1 January 2018. FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach in FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, and enables companies to reflect their risk management activities better in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows. FRS 109 is principle-based, and will more closely align hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 and FRS 109 will have an impact on the Group.

2.4 *Basis of consolidation and business combinations*

A) Basis of consolidation

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

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

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

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

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

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

A) Basis of consolidation (cont'd)

- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;

Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

B) Business combinations

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

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

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

2.5 *Transactions with non-controlling interests*

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

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

2.6 *Foreign currency*

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency (cont'd)***

(a) ***Transactions and balances***

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

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

(b) ***Consolidated financial statements***

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

2.7 ***Property, plant and equipment***

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

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

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

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

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

2.8 ***Intangible assets***

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

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

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

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

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

(i) ***Research and development costs***

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

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

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

(ii) ***Patents and trademarks***

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.9 *Impairment of non-financial assets*

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

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

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

2.10 *Subsidiaries*

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

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

2.11 *Associates*

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.11 *Associates (cont'd)*

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

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

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

2.12 *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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

(a) ***Loans and receivables***

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

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

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

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

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

Derecognition

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial assets (cont'd)***

Regular way purchase or sale of a financial asset

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

2.13 ***Impairment of financial assets***

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

(a) ***Financial assets carried at amortised cost***

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.13 ***Impairment of financial assets (cont'd)***

(c) ***Available-for-sale financial assets (cont'd)***

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

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

2.14 ***Cash and cash equivalents***

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

2.15 ***Inventories***

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

- Raw materials: purchase costs on a first-in first-out basis, which includes purchase price and other incidental costs.

- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

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

2.16 ***Provisions***

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

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

2.17 ***Government grants***

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.18 ***Financial liabilities***

Initial recognition and measurement

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

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

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

Derecognition

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

Offsetting of financial instruments

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

2.19 ***Borrowing costs***

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

2.20 ***Employee benefits***

(a) ***Defined contribution plans***

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

(b) ***Employee share option plans***

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.21 ***Leases***

As lessee

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

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

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

2.22 ***Revenue***

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

(a) ***Sale of goods***

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

(b) ***Licensing income***

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

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

(c) ***Interest income***

Interest income is recognised using the effective interest method.

(d) ***Dividend income***

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.23 ***Taxes***

(a) ***Current income tax***

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

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

(b) ***Deferred tax***

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.23 ***Taxes (cont'd)***

(c) ***Sales tax***

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

2.24 ***Treasury shares***

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

2.25 ***Share capital and share issuance expenses***

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

2.26 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

2.27 ***Segment reporting***

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgments made in applying accounting policies*

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

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 2.8. Initial capitalisation of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amount to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of the Group's intangible assets at balance sheet date is disclosed in Note 13 to the financial statements.

3.2 *Key sources of estimation uncertainty*

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

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

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

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

(b) ***Taxes***

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

4. Revenue

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Sale of goods	110,804,028	71,906,277	–	–
Licensing income	2,144,901	2,013,671	9,164	92,710
Dividend income from Available-for-sale financial assets	–	2,732	–	2,732
	112,948,929	73,922,680	9,164	95,442

5. Interest income

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Interest income from:				
- Short-term deposits	75,258	23,592	2,616	2,093
- Available-for-sale financial assets	573,304	474,372	573,304	474,372
	648,562	497,964	575,920	476,465

6. Other income

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Net gain on disposal of property plant and equipment	18,359	16,369	–	–
Freight income	32,632	8,253	–	–
Foreign exchange gain	–	53,315	–	–
Government grant	416,082	184,064	100,876	36,855
Other income	153,783	405,055	181,827	105,632
Net gain on disposal of investment securities	30,000	232,361	30,000	232,361
	650,856	899,417	312,703	374,848

7. Other expenses

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Foreign exchange loss	810,075	231,787	16,367	30,222
Disposal of subsidiary	1,891	–	389,008	–
	811,966	231,787	405,375	30,222

Notes to the Financial Statements

For the financial year ended 31 December 2014

8. Finance costs

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Interest expense on:				
- Obligations under finance leases	18,419	13,885	–	–
- Term loans	131,178	137,824	–	–
	149,597	151,709	–	–

9. Profit/(loss) before income tax

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

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Cost of inventories sold	89,349,981	52,197,038	–	–
(Write-back)/provision for doubtful debts	(141,421)	(38,268)	–	8,610
Depreciation of property, plant and equipment	1,397,989	1,585,943	3,991	8,611
Amortisation of intangible assets [(1)]	1,776,206	1,536,342	461,540	439,974
Operating lease expenses (Note 31)	242,885	228,394	–	–
Legal and other professional fees	602,596	628,438	600,000	604,655
Employee benefits expense (Note 29)	4,223,602	3,848,701	–	–
Audit fees:				
- Auditors of the Company	131,635	135,891	55,342	61,356
- Other auditors	16,444	26,850	–	–
Non-audit fees:				
- Auditors of the Company	37,973	41,247	16,260	23,927
- Other auditors	8,507	13,238	–	–
Directors' remuneration:				
- Directors of the Company	459,414	456,846	–	–
- Other directors of subsidiaries	509,432	531,182	–	–
Directors' fees	71,041	103,315	83,120	90,000

[(1)] The Group's and Company's amortisation of intangible assets of $1,654,998 (2013: $1,388,889) and $343,944 (2013: $297,985), respectively are reported under "Research and development" in the income statement. The Group's and Company's remaining amortisation of intangible assets of $121,208 (2013: $147,453) and $117,596 (2013: $141,989) respectively are reported under "Cost of sales" in the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2014

10. Income tax benefit/(expense)

The major components of income tax benefit/(expense) are:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Consolidated income statement:				
Current income tax				
- Current income taxation	(553,923)	(121,192)	(97,906)	–
- Over-provision in previous years	105,056	107,534	183,383	65,343
	(448,867)	(13,658)	85,477	65,343
Deferred income tax				
- Origination and reversal of temporary differences	(610,399)	(299,654)	–	–
- Benefits from previously unrecognised tax losses	695,051	302,339	97,906	–
- Over-provision in previous years	389,951	–	330,538	–
	474,603	2,685	428,444	–
Income tax benefit/(expense) recognised in profit or loss	25,736	(10,973)	513,921	65,343

The reconciliation between tax benefit/(expense) and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 is as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Tax (expense)/benefit at the domestic rates applicable to profits in the countries where the Group operates	(352,318)	(179,637)	281,494	142,021
Adjustments:				
Income not subject to taxation	21,724	12,608	-	464
Effect of partial tax exemption and tax relief	22,897	217,707	-	102,000
Non-deductible expenses	(204,545)	(81,825)	(186,581)	(102,840)
Over-provision in previous years-current	105,056	107,534	183,383	65,343
Over-provision in previous years-deferred	389,951	-	330,538	-
Benefits from previously unrecognised tax losses	695,051	302,339	97,906	–
Transfer of losses under Group Relief	-	-	(158,676)	-
Deferred tax assets not recognised	(617,943)	(355,465)	(34,143)	(141,645)
Others	(34,137)	(34,234)	-	–
Income tax benefit/(expense) recognised in profit or loss	25,736	(10,973)	513,921	65,343

Relationship between tax (expense)/benefit and accounting profit/(loss) (cont'd)

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

At the end of the reporting period, the Group has tax losses of approximately $9,004,374 (2013: $10,015,786) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Notes to the Financial Statements

For the financial year ended 31 December 2014

11. Earnings per share

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

Diluted earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2014	**2013**
	$	**$**
Profit net of tax attributable to ordinary equity holders of the Company used in computation of basic earnings per share	2,545,405	1,007,596
	No. of shares	
Weighted average number of ordinary shares for basic earnings per share computation	296,351,309	296,238,925
Basic earnings per share (in cents)	0.86	0.34

	Group	
	2014	**2013**
	No. of shares	
Weighted average number of ordinary shares for basic earnings per share computation *	296,351,309	296,238,925
Effect of dilutive share options +	1,705,483	271,925
Weighted average number of ordinary shares used to compute diluted earnings per share *	298,056,792	296,510,850
Fully diluted earnings per share (in cents)	0.85	0.34

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

\+ 420,000 (2013: 3,270,575) share options granted to employees under the existing share option scheme have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Since the end of the financial year, senior executives have exercised the options to acquire 90,000 (2013: 120,000) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

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

Notes to the Financial Statements
For the financial year ended 31 December 2014

12. Property, plant and equipment

Group	At Valuation		At Cost						
	Freehold property $	Leasehold property $	Furniture and fittings $	Renovations $	Office equipment $	Computers $	Motor vehicles $	Plant and machinery $	Total $
Cost or valuation									
At 1 January 2013	1,216,685	2,623,224	322,914	1,358,345	445,080	826,563	688,832	8,762,470	16,244,113
Exchange differences	(69,570)	(88,694)	(7,651)	(76,714)	(14,755)	(21,044)	(9,396)	(266,354)	(554,178)
Additions	–	–	11,011	200,701	43,279	239,601	57,990	1,141,087	1,693,669
Disposals	–	–	(72,483)	(14,234)	(17,838)	(28,674)	(3,103)	(556,952)	(693,284)
At 31 December 2013 and 1 January 2014	1,147,115	2,534,530	253,791	1,468,098	455,766	1,016,446	734,323	9,080,251	16,690,320
Exchange differences	(98,085)	(98,512)	(6,808)	(110,304)	(22,347)	(37,588)	(17,130)	(452,201)	(842,975)
Additions	–	2,665	38,775	175,351	146,127	517,414	258,955	354,947	1,494,234
Disposals	–	–	–	(5,872)	(5,558)	(30,633)	(69,665)	(128,200)	(239,928)
Revaluation of surplus	630,960	1,940,583	–	–	–	–	–	–	2,571,543
Elimination of accumulated depreciation on revaluation	(61,020)	(532,535)	–	–	–	–	–	–	(593,555)
Disposal of subsidiary	–	–	(5,315)	(411,575)	(126,192)	(159,024)	(16,931)	(2,887,874)	(3,606,911)
At 31 December 2014	1,618,970	3,846,731	280,443	1,115,698	447,796	1,306,615	889,552	5,966,923	15,472,728

Notes to the Financial Statements
For the financial year ended 31 December 2014

12. Property, plant and equipment (cont'd)

Group	At Valuation		At Cost							
	Freehold property $	Leasehold property $	Furniture and fittings $	Renovations $	Office equipment $	Computers $	Motor vehicles $	Plant and machinery $	Total $
Accumulated depreciation									
At 1 January 2013	68,559	327,343	196,548	649,995	254,922	552,485	474,018	2,671,232	5,195,102
Exchange differences	(11,329)	(16,955)	(6,545)	(54,878)	(11,122)	(18,091)	(5,164)	(203,549)	(327,633)
Depreciation charge	48,935	131,659	20,763	132,665	53,875	159,627	93,588	944,831	1,585,943
Disposals	–	–	(72,483)	(14,234)	(16,963)	(28,554)	(2,482)	(486,877)	(621,593)
At 31 December 2013 and 1 January 2014	106,165	442,047	138,283	713,548	280,712	665,467	559,960	2,925,637	5,831,819
Exchange differences	(21,618)	(24,004)	(5,737)	(73,548)	(17,236)	(28,758)	(10,383)	(287,844)	(469,128)
Depreciation charge	44,840	114,492	22,389	107,730	63,036	196,536	95,899	753,067	1,397,989
Disposals	–	–	–	(5,872)	(5,080)	(28,223)	(69,665)	(114,012)	(222,852)
Elimination of accumulated depreciation on revaluation	(61,020)	(532,535)	–	–	–	–	–	–	(593,555)
Disposal of subsidiary	–	–	(4,627)	(385,853)	(107,105)	(97,631)	(15,238)	(1,597,361)	(2,207,815)
At 31 December 2014	68,367	–	150,308	356,005	214,327	707,391	560,573	1,679,487	3,736,458
Net carrying amount									
At 31 December 2013	1,040,950	2,092,483	115,508	754,550	175,054	350,979	174,363	6,154,614	10,858,501
At 31 December 2014	1,550,603	3,846,731	130,135	759,693	233,469	599,224	328,979	4,287,436	11,736,270

Notes to the Financial Statements

For the financial year ended 31 December 2014

12. Property, plant and equipment (cont'd)

Company	Computers 2014 $	Computers 2013 $
Cost		
At 1 January	122,012	115,683
Additions	4,351	6,329
At 31 December	126,363	122,012
Accumulated depreciation		
At 1 January	114,633	106,023
Charge for the year	3,991	8,610
At 31 December	118,624	114,633
Net carrying amount		
At 31 December	7,739	7,379

Revaluation of freehold and leasehold properties

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

Freehold property at 10 Jalan Besar: 26 November 2014
Leasehold property at 30 Loyang Way: 24 November 2014
Leasehold property at 28 Changi South Street 1: 5 February 2015
Leasehold property at PLO 67 Jalan Cyber 2, Senai Industrial Estate III: 2 October 2014

The Group assessed that based on the market conditions and circumstances, the fair value at the above dates of revaluation approximates to the fair value as of 31 December 2014.

If the revalued assets were measured using the cost model, the carrying amounts as at 31 December would be as follows:

	Group 2014 $	Group 2013 $
Freehold property	216,182	223,178
Leasehold properties	1,786,433	1,905,456

Assets pledged as security

The leasehold properties at 28 Changi South Street 1 Changi South Industrial Estate Singapore and PLO 67 Jalan Cyber 2, Senai Industrial Estate III, Central Park, Johor Malaysia with net carrying amounts of $2,395,567 (2013: $1,306,758) and $1,048,443 (2013: $584,974) respectively are mortgaged to the banks as security for the loans (Note 25).

Assets held under hire purchase

During the financial year, the Group acquired plant and equipment with an aggregate cost of $318,741 (2013: $553,337) by means of hire purchase. The cash outflow on acquisition of property, plant and equipment amounted to $1,175,493 (2013: $1,140,332).

The carrying amount of motor vehicles, computers and plant and machinery under hire purchase agreements as at the balance sheet date were $107,364, $63,281 and $390,413 respectively (2013: $33,930, $88,713 and $523,343).

Notes to the Financial Statements

For the financial year ended 31 December 2014

13. Intangible assets

Group	Patents	Trademarks	Development costs	Total
	$	$	$	$
Cost				
At 1 January 2013	14,144,903	532,789	11,999,791	26,677,483
Additions	606,360	3,709	1,530,484	2,140,553
Exchange differences	–	–	(49,175)	(49,175)
At 31 December 2013 and 1 January 2014	14,751,263	536,498	13,481,100	28,768,861
Additions	272,072	538	1,456,093	1,728,703
Exchange differences	–	–	(102,872)	(102,872)
At 31 December 2014	15,023,335	537,036	14,834,321	30,394,692
Accumulated amortisation and impairment				
At 1 January 2013	9,710,279	277,313	5,913,207	15,900,799
Amortisation	439,897	20,739	1,075,706	1,536,342
Exchange differences	–	–	(8,793)	(8,793)
At 31 December 2013 and 1 January 2014	10,150,176	298,052	6,980,120	17,428,348
Amortisation	400,589	73,319	1,302,298	1,776,206
Exchange differences	–	–	(39,077)	(39,077)
At 31 December 2014	10,550,765	371,371	8,243,341	19,165,477
Net carrying amount				
At 31 December 2013	4,601,087	238,446	6,500,980	11,340,513
At 31 December 2014	4,472,570	165,665	6,590,980	11,229,215

Company	Patents and trademarks	
	2014	**2013**
	$	$
Cost		
At 1 January	14,505,567	13,965,007
Additions - internal development	264,689	540,560
At 31 December	14,770,256	14,505,567
Accumulated amortisation and impairment		
At 1 January	9,808,847	9,368,873
Amortisation	461,540	439,974
Impairment	–	–
At 31 December	10,270,387	9,808,847
Net carrying amount		
At 31 December	4,499,869	4,696,720

Notes to the Financial Statements

For the financial year ended 31 December 2014

13. Intangible assets (cont'd)

Patents and trademarks

Patents and trademarks (e.g. "TREK", "DivaDrive", "Flucard" and "*ThumbDrive*") relate to costs of registering the invention and trademark, which are internal developments. As explained in Note 2.8, patents and trademarks are amortised over 5 to 20 years from the date of commercialisation and have an average remaining amortisation period of 9.8 years (2013: 10.5 years).

Development costs

Development costs relate to development expenditure incurred on each individual project. As explained in Note 2.8, development costs are amortised over 5 to 20 years from the date the project is completed and have an average remaining amortisation period of 5.1 years (2013: 6 years).

All research costs and development costs not eligible for capitalisation have been expensed and recognised in "Research and development" line item in profit or loss.

Amortisation expenses

The amortisation of patents, trademarks and development costs is included in the "Research and development" and "Cost of sales" line items in the profit or loss.

14. Investment in subsidiaries

(a) Composition of the Group

	Company	
	2014	**2013**
	$	$
Shares, at cost	5,441,209	6,507,062

Name of company (Country of incorporation)	**Principal activities**	**Proportion (%) of ownership interest**	
		2014	**2013**
		%	%
Held by the Company:			
Trek Technology (Singapore) Pte Ltd (i) (Singapore)	Research, design, development and dealing in computer hardware, software, electronic components and other related products	100	100
S-Com System (S) Pte Ltd (i) (Singapore)	Research, design, development and dealing in computer hardware, software, electronic components and other related products	100	100
Trek Systems (M) Sdn Bhd (ii) (Malaysia)	Research, design, development and dealing in computer hardware, software, electronic components and other related products	100	100
Trek Technology (HK) Co. Ltd (ii) (Hong Kong)	Marketing and distribution	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

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

Name of company (Country of incorporation)	Principal activities	Proportion (%) of ownership interest 2014 %	2013 %
Held by the Company (cont'd):			
Trekstor USA Inc. # (United States of America)	Marketing and distribution	100	100
Trek Technology (Shanghai) Co. Ltd (iii) (People's Republic of China)	Marketing and distribution	100	100
Trek Technology Europe B.V. (iv) (The Netherlands)	Marketing and distribution	100	100
Tracer Technology Pte Ltd ("Tracer") (xii) (Singapore)	Manufacture of plastic and metal moulds	–	45
Racer Technology Pte Ltd ("Racer") (i) (Singapore)	Manufacture of plastic products	47.5	47.5
Japan-Singapore Future Technology Lab Pte Ltd (i) (Singapore)	Research and experimental development on medical technologies	100	–
Held through Trek Technology (Singapore) Pte Ltd			
Trek Technology (India) Pvt Ltd (viii) (India)	Research, development, marketing and distribution	100	100
Cloud Stringers (S) Pte Ltd (ix) (Singapore)	Development and marketing of web portal services, including social networking sites.	66.1	–
Unimemory Technology (S) Pte Ltd (xii) (Singapore)	Research, design, development and distribution of memory modules and other related products and solutions.	100	–
Held through Trek Technology (HK) Co. Ltd			
Trek Systems (Shanghai) Co Ltd (vii) (People's Republic of China)	Marketing and distribution	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

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

Name of company (Country of incorporation)	Principal activities	Proportion (%) of ownership interest by the Group 2014 %	2013 %
Held through Trek Systems (M) Sdn Bhd			
Thumbdrive Media Sdn Bhd (ii) (Malaysia)	Research, design, development and dealing in computer hardware, software, electronic components and other related products	100	100
Held through Tracer:			
Tracer Technology (Suzhou) Co. Ltd (x) (People's Republic of China)	Manufacture of plastic and metal moulds	–	53
SEII Manufacturing Sdn Bhd (xi) (Malaysia)	Manufacture and assembly of electrical and engineering products	–	36
P.T. Reikou Indonesia (vi) (Indonesia)	Manufacture of plastic and metal moulds	–	45
Itechnik Precision Engineering Sdn Bhd (xi) (Malaysia)	Manufacture of plastic parts for electrical and electronic instruments	–	31
Suzhou Microcut Technologies Co. Ltd (xiii) (People's Republic of China)	Manufacture of plastic and metal moulds	–	27
Held through Racer:			
Racer Technology Sdn Bhd (Formerly known as Anjene Sdn Bhd) (v) (Malaysia)	Manufacture of plastic products for consumer, industrial and commercial use	48	48
PT Racer Technology Batam (xiv) (Indonesia)	Manufacture of plastic products for consumer, industrial and commercial use	47	47

(i) Audited by Ernst & Young LLP, Singapore
(ii) Audited by member firms of Ernst & Young Global in Malaysia and Hong Kong
(iii) Audited by Shanghai Yonghua Certified Public Accountants Co., Ltd
(iv) Audited by Vola & Leinders Registered Accountants
(v) Audited by Y.F Ng & Associates, Malaysia
(vi) Audited by Kap Idris & Sudiharto, Indonesia
(vii) Audited by Shanghai Mingyu Daya Certified Public Accountants Co Ltd, China
(viii) Audited by T. D. Jagadeesha & Co., Chartered Accountants, India
(ix) Audited by KPMG LLP, Singapore
(x) Audited by Suzhou Jianxin Certified Public Accountants Co Ltd, China
(xi) Audited by Chong & Associates, Malaysia
(xii) Audited by Chan Geok Huat & Co, Singapore
(xiii) Audited by Suzhou Xinruitianheng Certified Public Accountants Co Ltd, China
(xiv) Audited by Drs Sayuti Gazali, Indonesia

\# No statutory audit requirement in the country of incorporation

Notes to the Financial Statements

For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

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

Investment in Racer

The Group considers these companies as subsidiaries as it has power to govern the financial and operating policies of these companies through its ability to control the Board of Directors of these companies, and direct the relevant activities, i.e. the activities that significantly affect the returns of these companies.

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

The Group has the following subsidiary sub-group that has NCI that is material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period $	Accumulated NCI at the end of reporting period $'000
31 December 2014:				
Racer Group	Singapore	52.5%	906,811	8,420,509
31 December 2013:				
Racer Group	Singapore	52.5%	690,878	7,131,699

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of Racer Group are as follows:

Summarised balance sheets

	Racer Group	
	As at 31 December 2014 $	**As at 31 December 2013** $
Current		
Assets	19,660,326	16,165,633
Liabilities	(12,664,984)	(11,565,102)
Net current assets	6,995,342	4,600,531
Non-current		
Assets	10,605,928	10,734,992
Liabilities	(1,562,206)	(1,751,335)
Net non-current assets	9,043,722	8,983,657
Net assets	16,039,064	13,584,188

Notes to the Financial Statements

For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

(d) Summarised statement of comprehensive income

	Racer Group	
	As at 31 December 2014	**As at 31 December 2013**
	$	**$**
Revenue	27,926,026	27,101,987
Profit before income tax	1,737,994	1,363,995
Income tax expense	(10,735)	(48,036)
Profit after tax and total comprehensive income	1,727,259	1,315,959

(e) Other summarised information

	Racer Group	
	2014	**2013**
	$	**$**
Net cash flows from operations	482,826	1,022,205
Acquisition of significant Property, Plant and Equipment	495,680	1,290,023

(f) Loss of control in subsidiary

In 2014, the Group entered into a sale agreement to dispose all of its interest in Tracer. The disposal consideration is due from the buyer as of 31 December 2014.

The value of assets and liabilities of Tracer recorded in the consolidated financial statements as at date of disposal, and the effects of the disposal were:

	2014
	$
Property, plant and equipment	1,399,096
Trade and other receivables	3,112,500
Inventories	1,464,610
Prepayments	86,507
Cash and short-term deposits	541,609
	6,604,322
Trade and other payables	(6,008,387)
Income tax payable	(72,058)
Deferred tax	(34,198)
Carrying value of net assets	489,679
Cash consideration received*	–
Cash and cash equivalents of the subsidiary	(541,609)
Net cash outflow on disposal of a subsidiary	(541,609)

* As of 31 December 2014, the cash consideration is due from buyer and recorded as other receivables in Note 21.

Notes to the Financial Statements

For the financial year ended 31 December 2014

15. Investment in associates

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Unquoted shares, at cost	1,523,440	1,523,440	2,902,384	2,902,384
Goodwill on acquisition	1,378,944	1,378,944	–	–
Impairment loss	(2,896,977)	(2,896,977)	(2,896,977)	(2,896,977)
Share of post-acquisition reserve	(5,407)	(5,407)	–	–
Carrying amount of investments	–	–	5,407	5,407

There is no material associate in the group. The associates are:

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Company	
		2014	2013
		%	%
Trek Technology (Thailand) Company Ltd (i) (Thailand)	Marketing of computer, hardware, software, electronic components and other related products	39	39
STrek International Company Limited (ii) (Hong Kong)	Dormant	45	45

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

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

The Group has not recognised losses relating to its associates where their share of losses exceeds the Group's interests in the associates. The Group's cumulative share of unrecognised losses at the end of the reporting period was $331,710 (2013: $293,969) of which $37,741 (2013: $30,208) was the share of the current year's losses. The group has no obligation in respect of these losses. STrek International Co Ltd has also become dormant after year ended 31 December 2009.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2014	2013
	$	$
Loss for the year and total comprehensive income	(96,772)	(77,457)

16. Quoted investments

	Group and Company	
	2014	2013
	$	$
Non-current:		
Available-for-sale financial assets		
- USD corporate bonds	9,026,714	7,690,671
- Singapore Dollar ("SGD") corporate bonds	380,989	404,450
	9,407,703	8,095,121

The quoted corporate bonds pay fixed interest rates on a quarterly basis ranging from 3.89% to 8.375% (2013: 3.89% to 9.5%) per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2014

17. Unquoted investments

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Available-for-sale financial assets				
Unquoted equity investments, at cost	197,065	204,773	–	–

18. Inventories

	Group	
	2014	2013
	$	$
Balance sheet:		
Raw materials	6,701,319	6,103,769
Finished goods	4,795,813	2,639,263
Work in progress	1,385,893	2,031,971
Total inventories at lower of cost and net realisable value	12,883,025	10,775,003
Inventories are stated after deducting allowance for inventory obsolescence of:	(1,182,828)	(1,111,397)
Income statement:		
Inventories recognised as an expense in cost of sales inclusive of the following charge:	89,349,981	52,197,038
- Write-back of inventory obsolescence	–	34,183

19. Trade receivables

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade receivables:				
- Third parties	26,583,941	18,014,652	13,658	15,539
- Associates	262,183	322,414	–	–
	26,846,124	18,337,066	13,658	15,539
Allowance for doubtful debts:				
- Third parties	(390,057)	(718,699)	–	–
- Associates	(262,183)	(322,293)	–	–
	(652,240)	(1,040,992)	–	–
Trade receivables, net of allowance	26,193,884	17,296,074	13,658	15,539
Other receivables (Note 21)	4,592,340	1,852,579	986,527	374,956
Amounts due from associates (Note 20)	185,948	184,933	–	–
Amounts due from subsidiaries (Note 20)	–	–	17,992,056	18,899,969
Total trade and other receivables	30,972,172	19,333,586	18,992,241	19,290,464
Add: Cash and short-term deposits (Note 22)	12,049,842	10,056,938	462,165	1,258,376
Less: Sales and tax receivables	(239,604)	(393,487)	(12,493)	(12,724)
Total loans and receivables	42,782,410	28,977,037	19,441,913	20,536,116

Trade receivables

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

19. Trade receivables (cont'd)

Amounts due from associated companies

Amounts due from associates are trade in nature, unsecured, non-interest bearing, and repayable in cash upon demand.

Receivables that are impaired

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

	Group			
	Collectively impaired		Individually impaired	
	2014	2013	2014	2013
	$	$	$	$
Trade receivables - nominal amounts	1,125,701	1,599,434	307,066	709,866
Less: Allowance for impairment	(652,241)	(1,040,992)	(307,066)	(709,866)
	473,460	558,442	–	–
Movements in allowance account				
At 1 January	1,040,992	1,304,045	709,866	384,328
Charge for the year	109,068	357,554	16,050	569,688
Write-back	(250,489)	(395,822)	(418,850)	(244,150)
Utilised	(167,669)	(202,736)	–	–
Exchange differences	(7,914)	(22,049)	–	–
Disposal of subsidiary	(71,747)	–	–	–
At 31 December	652,241	1,040,992	307,066	709,866

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to $7,872,359 (2013: $11,150,382) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2014	2013
	$	$
Trade receivables past due but not impaired		
Lesser than 30 days	1,459,921	5,985,033
30 to 60 days	1,135,778	4,839,953
61 to 90 days	5,276,660	325,396
	7,872,359	11,150,382

Notes to the Financial Statements

For the financial year ended 31 December 2014

20. Amounts due from subsidiaries and associates

Subsidiaries

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

Associates

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

21. Other receivables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	$	$	$
Amounts due from related parties	3,249	7,646	–	–
Deposits	212,508	206,144	–	–
Sundry receivables	1,055,763	1,519,866	845,371	261,139
Accrued income	154,921	118,923	141,156	113,817
Amounts due from former subsidary	3,165,899	–	–	–
	4,592,340	1,852,579	986,527	374,956

The amounts due from the related parties are non-trade in nature, unsecured, non-interest bearing and repayable in cash upon demand. Consideration of $676,845 included in sundry receivables is an amount due from buyer of Tracer which was disposed during 2014 (Note 14). The amount is non-interest bearing and repayable within one year.

22. Cash and short-term deposits

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	$	$	$
Cash at banks and on hand	8,879,478	4,912,970	462,165	165,837
Short-term deposits	3,170,364	5,143,968	–	1,092,539
Cash and short-term deposits	12,049,842	10,056,938	462,165	1,258,376

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and three months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates, ranging from 0.08% to 3.25% (2013: 0.1% to 0.2%) per annum.

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	$	$	$
Cash and short-term deposits	12,049,842	10,056,938	462,165	1,258,376
Bank overdrafts (Note 25)	(1,887,460)	(1,601,967)	–	–
Cash and cash equivalents	10,162,382	8,454,971	462,165	1,258,376

Notes to the Financial Statements

For the financial year ended 31 December 2014

23. Trade payables and accruals

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade payables and accruals				
- Third parties	20,660,100	16,988,814	101,172	233,196
- Related parties	14,066	20,747	–	–
	20,674,166	17,009,561	101,172	233,196
Other payables				
- Other creditors	4,870,002	1,280,266	4,051	–
- Non-trade creditors	419,262	945,065	65,112	54,394
- Accrued expenses	1,802,219	1,815,331	256,771	175,485
- Related parties	26,209	10,220	–	–
- Amount due from former subsidaries	1,298,877	–	–	–
	8,416,569	4,050,882	325,934	229,879
Total trade and other payables	29,090,735	21,060,443	427,106	463,075
Add:				
Hire purchase payables (current) (Note 24)	238,757	269,143	–	–
Hire purchase payables (non-current) (Note 24)	192,656	196,274	–	–
Term loans (current) (Note 25)	6,913,665	2,183,950	–	–
Term loans (non-current) (Note 25)	682,475	860,727	–	–
Amount due to subsidiaries	–	–	54,230	54,278
Total financial liabilities carried at amortised cost	37,118,288	24,570,537	481,336	517,353

Trade payables and accruals

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

Amounts due to related parties and subsidiaries

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

24. Hire purchase payables

The Group leases certain motor vehicles and plant and machinery under hire purchase. These leases have varying terms of renewal and purchase options. The interest rates implicit in the hire purchase range from 1.5% to 3.57% (2013: 1.6% to 3.0%) per annum. Future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows:

	Group			
	2014		2013	
	Minimum Payment $	Present value of payment $	Minimum payment $	Present value of payment $
Within one year	240,544	238,757	270,076	269,143
After one year but not more than five years	192,989	188,677	198,242	194,197
Beyond five years	4,456	3,979	2,543	2,077
Total future minimum lease payments	437,989	431,413	470,861	465,417
Less: Amounts representing finance charges	(6,576)	–	(5,444)	–
Present value of net minimum lease payments	431,413	431,413	465,417	465,417

25. Term loans and overdrafts

	Group	
	2014 $	2013 $
Current:		
- Bank overdrafts	1,887,460	1,601,967
- Bank borrowings (secured)	90,957	130,235
- Bank borrowings (unsecured)	4,935,248	451,748
	6,913,665	2,183,950
Non-current:		
- Bank borrowings (secured)	340,596	458,294
- Bank borrowings (unsecured)	341,879	402,433
	682,475	860,727
Total term loans and overdrafts	7,596,140	3,044,677
Repayable:		
- Not later than 1 year	6,913,665	2,183,950
- Between 1 to 5 years	527,630	89,501
- After 5 years	154,845	771,226
Total term loans and overdrafts	7,596,140	3,044,677

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For the financial year ended 31 December 2014

25. Term loans and overdrafts (cont'd)

Bank overdrafts

Bank overdrafts are denominated in SGD, repayable on demand, bear interest at 0.5% over bank's prime lending rate and are secured by a legal charge over the leasehold property of a subsidiary.

Bank borrowings

Bank borrowings are denominated mainly in US$, SGD and Malaysian Ringgit ("RM"). As of 31 December 2014, the interest rates for bank borrowings ranged from 1.87% to 5% (2013: 2.92% to 5.5%) per annum.

The borrowings are secured by a legal charge over the leasehold land and building of certain subsidiaries of the Group (Note 12). Some of the borrowings are also guaranteed by a director of a subsidiary of the Group.

26. Deferred taxation

	Group				Company			
	Consolidated balance sheet		Consolidated income statement		Balance sheet		Income statement	
	2014	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	$	$
Deferred tax assets:								
Unutilised tax losses	1,082,301	885,913	298,793	(111,140)	766,293	782,985	81,214	68,461
Other temporary differences	251,347	39,433	211,914	(129,611)	–	16,711	(16,711)	(51,750)
	1,333,648	925,346	510,707	(240,751)	766,293	799,696	64,503	16,711
Deferred tax liabilities:								
Differences in depreciation/ amortisation	(1,564,708)	(1,328,787)	(235,921)	348,289	(766,293)	(799,696)	33,403	(16,711)
Other temporary differences	(86,820)	(286,637)	199,817	(104,853)	–	(330,538)	330,538	–
Fair value adjustments on acquisition of subsidiaries	(377,702)	(398,512)	–	–	–	–	–	–
	(695,582)	(1,088,590)			–	(330,538)		
Deferred income tax benefit			474,603	2,685			428,444	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

27. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2014		2013	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares				
At 1 January	297,581,925	29,594,866	297,461,925	29,580,657
Exercise of employee share options	90,000	10,376	120,000	14,209
At 31 December	297,671,925	29,605,242	297,581,925	29,594,866

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

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

(b) *Treasury shares*

	Group			
	2014		2013	
	No. of shares	$	No. of Shares	$
At 1 January	1,293,000	256,914	1,293,000	256,914
Addition during the financial year	–	–	–	–
At 31 December	1,293,000	256,914	1,293,000	256,914

	Company			
	2014		2013	
	No. of shares	$	No. of Shares	$
At 1 January and 31 December	1,000,000	221,397	1,000,000	221,397

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

27. Share capital and treasury shares (cont'd)

(c) ***Share options***

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

Date options granted	**2007 Options 20 Apr 2007**	**2007 Options 20 Apr 2007**	**2007 Options 9 Nov 2007**	**2007 Options 9 Nov 2007**	**2009 Options 12 May 2009**
Grant option number	11	11	12	12	13
Option exercise period					
From	20 Apr 2008	20 Apr 2009	9 Nov 2008	9 Nov 2009	12 May 2010
To	20 Apr 2017	20 Apr 2017	9 Nov 2017	9 Nov 2017	12 May 2018
Number of holders at 31.12.2014	4	4	3	3	7
Exercise price per option	S$0.399	S$0.399	S$0.326	S$0.326	S$0.146
Number of options outstanding					
At 1.1.2014	210,000	210,000	650,000	650,000	117,500
Lapsed/withdrawn	–	–	–	–	(75,000)
Exercised	–	–	–	–	(30,000)
At 31.12.2014	210,000	210,000	650,000	650,000	12,500

The details of the ESOS, which was started in 2001, were set out in the financial statements of that year. Also, please see Note 29 for further details.

Notes to the Financial Statements

For the financial year ended 31 December 2014

	2009 Options 12 May 2009	2010 Options 12 Feb 2010	2010 Options 12 Feb 2010	2011 Options 11 July 2011	2011 Options 11 July 2011	2013 Options 29 Aug 2013	2013 Options 29 Aug 2013	Total 2014
	13	14	14	16	16	17	17	
	12 May 2011	12 Feb 2011	12 Feb 2012	11 July 2012	11 July 2013	29 Aug 2014	29 Aug 2015	
	12 May 2018	12 Feb 2019	12 Feb 2019	11 July 2020	11 July 2020	29 Aug 2021	29 Aug 2021	
	7	2	2	8	8	1	1	
	S$0.146	S$0.200	S$0.200	S$0.356	S$0.356	S$0.243	S$0.243	
	255,000	275,000	275,000	410,000	410,000	40,000	40,000	3,542,500
	(75,000)	(50,000)	(50,000)	(35,000)	(35,000)	(25,000)	(25,000)	(370,000)
	(60,000)	–	–	–	–	–	–	(90,000)
	120,000	225,000	225,000	375,000	375,000	15,000	15,000	3,082,500

Notes to the Financial Statements

For the financial year ended 31 December 2014

28. Other reserves

(a) ***Capital reserve***

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

(b) ***Asset revaluation reserve***

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

(c) ***Fair value adjustment reserve***

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

(d) ***Employee share options reserve***

Employee share option reserve represents equity-settled share options granted to employees (Note 29). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry, withdrawal or exercise of the share options.

(e) ***Translation reserve***

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

29. Employee benefits

	Group	
	2014	**2013**
	$	**$**
Employee benefits (including executive directors):		
Salaries	3,284,026	3,166,095
Bonuses	623,442	370,342
Contributions to defined contribution plans	316,134	312,264
	4,223,602	3,848,701

<u>The Trek 2000 International Ltd Share Option Scheme</u>

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

29. Employee benefits (cont'd)

Movement of share options during the financial year

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

	2014		2013	
	No.	WAEP S$	No.	WAEP S$
Outstanding at 1 January	3,542,500	0.3012	6,022,500	0.3008
Granted [(1)]	–	–	80,000	0.2430
Forfeited [(2)]	(370,000)	0.154	(280,000)	0.2940
Expired [(3)]	–	–	(2,160,000)	0.2700
Exercised	(90,000)	0.146	(120,000)	0.1460
Outstanding at 31 December [(4)]	3,082,500	0.3163	3,542,500	0.3012
Exercisable at 31 December	3,082,500	0.3163	3,462,500	0.3082

(1) The weighted average fair value of options granted during the year was S$Nil (2013: S$0.0802).

(2) 250,000 (2013: Nil) of the options forfeited pertains to those options held by directors who have resigned from the group.

(3) None (2013: 1,440,000) of the options expired pertains to those options held by directors who are holding executive functions in the Group. The option period of which, commences from the first anniversary of the date of grant but before the fifth anniversary of such date of grant.

(4) The range of exercise prices for options outstanding at the end of the year was 2014: S$0.146 to S$0.399 (2013: S$0.146 to S$0.399). The weighted average remaining contractual life for these options is 4.3 years (2013: 4.903 years).

Fair value of share options granted

The fair value of share options as at the date of grant, was estimated using a trinomial option pricing model in the Bloomberg Executive Option Valuation Module, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the options granted in the year ended 31 December 2013:

	2013
Dividend yield [(1)] (%)	2.198
Expected volatility [(2)] (%)	45
Historical volatility [(3)] (%)	45
Risk-free interest rate [(4)] (%)	1.230
Expected life of option [(5)] (years)	4.200

(1) Dividend yield was estimated based on historical dividend share for previous years and future dividend streams projected by management.

(2) Expected volatility was determined after considering the historical volatility of the share price that is generally commensurate with the expected term of the option, and after considering the effects of the Company's market profile and major corporate transactions.

(3) Historical volatility was estimated based on the analysis of the historical volatility of the shares of the Company.

(4) Risk-free interest rate used was the annual yield of a Singapore Government Securities Bond, based on the Singapore Sovereign yield curve, with maturity comparable to the expected term of the grants.

(5) Expected life of option was estimated based on the expected exercise trends of the employees under the scheme, having considered the expected share price performance in the future.

Notes to the Financial Statements

For the financial year ended 31 December 2014

30. Related party transactions

(a) ***Sale and purchase of goods and services***

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Service fee income from subsidiaries	–	–	96,000	96,000
Service fee expense to subsidiaries	–	–	435,000	435,000
Purchase of goods from related parties	–	100,645	–	–

(b) ***Compensation of key management personnel***

	Group	
	2014	**2013**
	$	**$**
Short-term employee benefits	1,367,274	1,436,375
Contributions to defined contribution plans	84,126	88,686
	1,451,400	1,525,061
Comprise amounts paid to:		
- Directors of the Group	1,039,886	1,062,525
- Other key management personnel	411,514	462,536
	1,451,400	1,525,061

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

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

During the financial year:

No (2013: 80,000) share options were granted to the (2013: 2) key management personnel under the Trek 2000 International Ltd Share Option Scheme at exercise price of S$Nil (2013: S$0.243) per share.

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

At the end of the reporting period, the total number of outstanding share options granted by the Company to the directors under the Share Option Scheme amount to 2,160,000 (2013: 2,470,000).

Notes to the Financial Statements

For the financial year ended 31 December 2014

30. Related party transactions (cont'd)

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

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

- 420,000 ordinary shares at a price of S$0.399 each, exercisable between 20 April 2008 and 20 April 2017
- 1,300,000 ordinary shares at a price of S$0.326 each, exercisable between 9 November 2008 and 9 November 2017
- 107,500 ordinary shares at a price of S$0.146 each, exercisable between 12 May 2010 and 12 May 2018
- 450,000 ordinary shares at a price of S$0.20 each exercisable between 12 February 2013 and 12 February 2019
- 450,000 ordinary shares at a price of S$0.356 each exercisable between 11 July 2011 and 11 July 2020
- 30,000 ordinary shares at a price of S$0.243 each exercisable between 29 Aug 2014 and 29 Aug 2021

31. Operating lease commitments as lessee

The Group has entered into commercial leases on certain motor vehicles, office equipment and rental of the office spaces. These leases have an average tenure of between three and six years with no renewal option or contingent rent provision included in the contracts. The Group is restricted from sub-leasing the leased equipment to third parties. Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2014 amounted to $242,885 (2013: $228,394).

Future minimum lease rental payable under non-cancellable operating lease at the balance sheet date is as follows:

	Group	
	2014	2013
	$	$
Not later than one year	135,794	152,583
Later than one year but not later than five years	138,370	121,026

32. Fair value of assets and liabilities

(a) *Assets and liabilities measured at fair value*

Fair value hierarchy

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

32. Fair value of assets and liabilities (cont'd)

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

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

	Group 2014			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
Financial assets:				
Available-for-sale financial assets				
- Quoted corporate bonds (Note 16)	9,407,703	–	–	9,407,703
Financial assets as at 31 December 2014	9,407,703	–	–	9,407,703
Non-financial assets:				
Property, plant and equipment				
- Freehold property	–	–	1,550,603	1,550,603
- Leasehold property	–	–	3,846,731	3,846,731
Non-financial assets as at 31 December 2014	–	–	5,397,334	5,397,334

The following table presents the valuation techniques and key inputs that were used to determine the fair value of the freehold and leasehold properties categorised under Level 3 of the fair value hierarchy.

Valuation techniques	Key unobservable inputs	Range
Market comparison	Transacted prices of comparable properties. Adjustments are made for any difference in the location, tenure, size and condition of the specific property.	$20 psf to $2,988 psf

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

	Company 2014			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
Financial assets:				
Available-for-sale financial assets				
- Quoted corporate bonds (Note 16)	9,407,703	–	–	9,407,703
Financial assets as at 31 December 2014	9,407,703	–	–	9,407,703

Notes to the Financial Statements

For the financial year ended 31 December 2014

32. Fair value of assets and liabilities (cont'd)

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

	Group and Company 2013			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
Financial assets:				
Available-for-sale financial assets				
- Quoted corporate bonds (Note 16)	8,095,121	–	–	8,095,121
Financial assets as at 31 December 2014	8,095,121	–	–	8,095,121

(b) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2014 but for which fair value is disclosed:

	Group 2014				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount
	$	$	$	$	$
Liabilities:					
Term loans (non-current)	–	–	676,154	676,154	682,475
Hire purchase payables	–	–	403,721	403,721	431,413

	Group 2013				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount
	$	$	$	$	$
Liabilities:					
Term loans (non-current)	–	–	882,925	882,925	860,727
Hire purchase payables	–	–	455,887	455,887	465,417

Notes to the Financial Statements

For the financial year ended 31 December 2014

32. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

Determination of fair value

Term loans, hire purchase payables

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

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

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

	Group			
	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial asset:				
- Equity instruments at cost	197,065	*	204,773	*
Financial liabilities:				
- Term loans (non-current)	682,475	676,154	860,727	882,925
- Hire purchase payables	431,413	403,721	465,417	455,887

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

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because the fair value cannot be measured reliably. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of these investments in the foreseeable future. The Group intends to eventually dispose of these investments through sale to institutional investors.

33. Financial risk management objectives and policies

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

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

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

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For the financial year ended 31 December 2014

33. Financial risk management objectives and policies (cont'd)

(a) *Credit risk*

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of Senior Management.

Exposure to credit risk

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

Financial assets that are neither past due nor impaired

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

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

(b) *Foreign currency risk*

The Group has minimal transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. Approximately 30% (2013: 30%) of the Group's sales are denominated in foreign currency.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in SGD and RM) amount to $6,679,957 and $207,299 (2013: $4,077,702 and $112,000) for the Group and Company respectively. For trade receivables, foreign currency balances (mainly in SGD) amount to $2,408,642 (2013: $2,009,580). Included in trade payables are amounts of $1,032,333 (2013: $1,815,934) denominated in SGD and $nil (2013: $1,133,427) denominated in Chinese Renminbi.

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

Sensitivity analysis for foreign currency risk

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

	Group	
	Profit net of tax	
	2014	**2013**
	$	**$**
SGD/USD		
- Strengthened by 3% (2013: 3%)	154,782	41,966
- Weakened by 3% (2013: 3%)	(154,782)	(41,966)

Notes to the Financial Statements

For the financial year ended 31 December 2014

33. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

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

	2014 $'000				2013 $'000			
Group	**One year or less**	**One to five years**	**Over five years**	**Total**	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial assets:								
Quoted investments	–	1,741	7,667	9,408	–	847	7,248	8,095
Unquoted investments	–	–	197	197	–	–	205	205
Trade and other receivables	30,972	–	–	30,972	19,334	–	–	19,334
Cash and short-term deposits	12,050	–	–	12,050	10,057	–	–	10,057
Total undiscounted financial assets	43,022	1,741	7,864	52,627	29,391	847	7,453	37,691
Financial liabilities:								
Trade and accruals	20,674	–	–	20,674	17,010	–	–	17,010
Other payables	8,417	–	–	8,417	4,051	–	–	4,051
Hire purchase payables	241	193	4	438	270	198	3	471
Term loans	7,012	633	161	7,806	2,226	91	944	3,261
Total undiscounted financial liabilities	36,344	826	165	37,335	23,557	289	947	24,793
Total net undiscounted financial assets	6,678	915	7,699	15,292	5,834	558	6,506	12,898

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For the financial year ended 31 December 2014

33. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk (cont'd)*

Company	2014 $'000 One year or less	2014 $'000 One to five years	2014 $'000 Over five years	2014 $'000 Total	2013 $'000 One year or less	2013 $'000 One to five years	2013 $'000 Over five years	2013 $'000 Total
Financial assets:								
Quoted investments	–	1,741	7,667	9,408	–	847	7,248	8,095
Trade and other receivables	18,992	–	–	18,992	19,290	–	–	19,290
Cash and short-term deposits	462	–	–	462	1,258	–	–	1,258
Total undiscounted financial assets	19,454	1,741	7,667	28,862	20,548	847	7,248	28,643
Financial liabilities:								
Trade and accruals	101	–	–	101	233	–	–	233
Other payables	325	–	–	325	230	–	–	230
Amount due to subsidiaries	54	–	–	54	54	–	–	54
Total undiscounted financial liabilities	480	–	–	480	517	–	–	517
Total net undiscounted financial assets	18,974	1,741	7,667	28,382	20,031	847	7,248	28,126

(d) *Market price risk*

Market price risk is the risk that the fair value of future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group and Company are exposed to debt price risk arising from its investment in quoted debt instruments. These instruments are quoted on the SGX-ST in Singapore and some quoted outside Singapore and are classified as held as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

The Group's policy is to invest in a mix of quoted debt securities from various industries, with the objective of managing market price risk and to derive potential returns from capital appreciation and dividend income streams.

Sensitivity analysis for market price risk

As at end of the reporting period, if the market prices had been 2% (2013: 2%) higher/lower with all other variables held constant, the Group's and Company's other reserve in equity would have been $188,154 (2013: $165,315) higher/lower, arising as a result of an increase/decrease in the fair value of quoted investments classified as available-for-sale.

Notes to the Financial Statements

For the financial year ended 31 December 2014

33. Financial risk management objectives and policies (cont'd)

(e) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its interest-bearing loans and quoted investments. The Group's policy is to manage interest cost using floating rate loans and borrowings, depending on the liquidity needs of the Group, with the objective of ensuring that there is sufficient net cash for the Group's operations at reasonable interest rates. The Group does not enter into interest rate swaps.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2013: 75) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $38,515 (2013: $13,663) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within the net debt, trade payables and accruals, other payables, hire purchase payables, term loans, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserve.

	Group	
	2014	**2013**
	$	**$**
Trade payables and accruals (Note 23)	20,674,166	17,009,561
Other payables (Note 23)	8,416,569	4,050,882
Hire purchase payables (Note 24)	431,413	465,417
Term loans (Note 25)	7,596,140	3,044,677
Less: Cash and short-term deposits (Note 22)	(12,049,842)	(10,056,938)
Net debt	25,068,446	14,513,599
Equity attributable to the owners of the Company	42,641,136	39,574,727
Less: Fair value adjustment reserve	(364,678)	(365,603)
Total capital	42,276,458	39,209,124
Capital and net debt	67,344,904	53,722,723
Gearing ratio	37.2%	27.0%

Notes to the Financial Statements

For the financial year ended 31 December 2014

35. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

I. The *Interactive Consumer Solutions* business segment is driven by the creativity, innovativeness and ingenuity from the Group's core Research and Development division. Serving as the mainstay growth driver for the Group, it offers patented products and solutions covered under the following core technologies:

- USB
- Wireless
- Anti-piracy
- Compression
- Security/Encryption
- Enterprise Solutions
- Portable Storage Solutions encompassing Flash Memory, Hard Disk and Optical Technologies

As a leading external storage solutions provider with a portfolio of innovative and patented products and solutions, the Group continues to leverage on its specialisation in external storage and security solutions to reinvent and develop new product offerings. These include our proprietary inventions such as ThumbDrive™ USB Flash Drive, Flucard® and Ai-Ball™.

II. The Customised Solutions segment is driven by customers' specification, needs and requirements. The Group provides expertise in the area of design solutions that incorporate its software, hardware and firmware. Developed specific to customers' requirements, they have the flexibility to purchase either the complete design-in module or sub-modules in semi-customised or customised forms.

III. The Licensing business segment involves the provision of licensees based on the Group's library of patented technologies and trademarks

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit of loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Finance costs and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements

For the financial year ended 31 December 2014

35. Segment information (cont'd)

Business segments

	Customised Solutions		Interactive Consumer Solutions		Licensing		Adjustments		Notes	Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013		2014	2013
	$	$	$	$	$	$	$	$		$	$
Segment revenue (1)											
Sales to external customers	8,914,883	8,889,698	101,889,145	63,019,311	2,144,901	2,013,671	–	–		112,948,929	73,922,680
Results:											
Interest income	51,190	59,884	585,056	424,515	12,316	13,565	–	–		648,562	497,964
Dividend income	–	–	–	2,732	–	–	–	–		–	2,732
Depreciation and amortisation	110,341	190,720	2,942,646	2,784,112	121,208	147,453	–	–		3,174,195	3,122,285
Impairment of intangible assets	–	–	–	–	–	–	–	–		–	–
Other non-cash (income)/ expenses	(13,848)	(5,644)	(127,573)	(32,624)	–	–	–	–		(141,421)	(38,268)
Segment profit /(loss)	48,812	7,420	2,023,439	707,340	476,679	239,571	498,965	348,987	A	3,047,895	1,303,318
Assets:											
Addition to non-current assets	49,762	70,457	2,875,135	3,763,765	–	–	–	–	B	2,924,897	3,834,222
Segment assets	6,787,606	7,759,025	62,531,368	44,845,627	11,229,215	11,340,513	9,604,768	8,299,894	C	90,152,957	72,245,059
Segment liabilities	2,848,520	3,106,351	26,242,215	17,954,092	–	–	9,561,543	5,104,303	D	38,652,278	26,164,746

(1) There were no inter-segment sales during the year.

Notes to the Financial Statements

For the financial year ended 31 December 2014

35. Segment information (cont'd)

Business segments (cont'd)

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

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

	Group	
	2014	2013
	$	$
Interest income	648,562	497,964
Dividend income	–	2,732
Finance costs	(149,597)	(151,709)
	498,965	348,987

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

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

	$	$
Unquoted investments	197,065	204,773
Quoted investments - current	9,407,703	8,095,121
	9,604,768	8,299,894

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

	$	$
Hire purchase payables (current)	238,757	269,143
Hire purchase payables (non-current)	192,656	196,274
Income tax payable	838,408	505,619
Deferred taxation	695,582	1,088,590
Term loans and overdrafts (current)	6,913,665	2,183,950
Term loans (non-current)	682,475	860,727
	9,561,543	5,104,303

Notes to the Financial Statements

For the financial year ended 31 December 2014

35. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore	49,062	36,748	20,811	18,511
China/Hong Kong	39,471	13,845	7	7
United States	5,320	6,485	–	–
Malaysia	4,635	5,994	664	809
India	4,297	3,844	–	–
Japan	3,547	2,774	–	–
Germany	571	–	–	–
UK	350	–	–	–
Thailand	132	370	–	–
Others	5,564	3,863	1,483	2,872
	112,949	73,923	22,965	22,199

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

Information about major customers

Revenue from 2 (2013: 1) major customers amounted to $ 56,077,294 and $10,756,848 (2013: $ 11,918,545) arising from sales by the Interactive Consumer Solutions segment.

36. Dividends

	Group	
	2014	2013
	$	$
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2013 of S$Nil (2012:S$0.0025) per ordinary share	–	601,078
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2014 of S$0.005 (2013: S$ Nil) per ordinary share	1,138,000	–

37. Authorisation of financial statements

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 30 March 2015.

Statistics of Shareholdings

As at 17 March 2015

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES (excluding treasury shares)	%
1 - 99	10	0.51	289	0.00
100 - 1,000	134	6.87	72,324	0.02
1,001 - 10,000	875	44.83	5,021,621	1.69
10,001 - 1,000,000	914	46.82	64,620,967	21.75
1,000,001 and above	19	0.97	227,401,724	76.54
TOTAL	**1,952**	**100.00**	**297,116,925**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES (excluding treasury shares)	%
1.	TAN HENRY	100,035,591	33.67
2.	MAYBANK KIM ENG SECURITIES PTE. LTD.	44,148,509	14.86
3.	CTI II LIMITED	27,500,000	9.26
4.	DBS NOMINEES (PRIVATE) LIMITED	9,170,500	3.09
5.	TOSHIBA ELECTRONICS ASIA (SINGAPORE) PTE LTD	8,500,000	2.86
6.	HONG LEONG FINANCE NOMINEES PTE LTD	5,879,000	1.98
7.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,819,900	1.62
8.	PHILLIP SECURITIES PTE LTD	4,713,200	1.59
9.	TAN JOON YONG WAYNE (CHEN JUNRONG)	4,371,176	1.47
10.	TAN KAY TOH OR YU HEA RYEONG	4,271,000	1.44
11.	CITIBANK NOMINEES SINGAPORE PTE LTD	2,695,300	0.91
12.	CHONG GEORGE	2,443,600	0.82
13.	CHEW GHIM BOK	1,497,000	0.50
14.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,405,500	0.47
15.	RHB SECURITIES SINGAPORE PTE. LTD.	1,348,000	0.45
16.	NEO CHYE YONG (LIANG CAIRONG)	1,290,000	0.43
17.	NG GOH HOCK	1,114,000	0.37
18.	TAN BOON SIONG	1,100,448	0.37
19.	YEO CHIU LIM @ YEO CHIN LING	1,099,000	0.37
20.	CLARENDON CAPITAL PARTNERS LTD	1,000,000	0.34
	TOTAL	**228,401,724**	**76.87**

Percentage of Shareholdings in Public Hands

36.90% of the Company Shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Statistics of Shareholdings

As at 17 March 2015

Substantial Shareholders
(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Henn Tan (1)	100,035,591	33.67%	820,000	0.28%
Toshiba Corporation (2)	44,212,359	14.88%	8,500,000	2.86%
CTI II Limited (3)	27,500,000	9.26%	0	0
Creative Technology Ltd (3)	0	0	27,500,000	9.26%
Sim Wong Hoo (4)	0	0	27,500,000	9.26%

Notes:

(1) Henn Tan is deemed interested in the 820,000 Shares held by his wife, Ang Poh Tee by virtue of Section 7 of the Companies Act, Cap 50;

(2) Toshiba Corporation is deemed interested in the 8,500,000 Shares held by its wholly owned subsidiary, Toshiba Electronics Asia (Singapore) Pte Ltd;

(3) 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, Cap 50;

(4) 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, Cap 50.

Notice of Sixteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual 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 Friday, 24 April 2015 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 December 2014 and the Auditors' Report thereon. **Resolution 1**

2. To declare a first and final ordinary tax exempt (one-tier) dividend of 0.5 Singapore cent per share for the year ended 31 December 2014. **Resolution 2**

3. To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 91 of the Articles of Association of the Company and who, being eligible, offer themselves for re-election:

   (i) Mr. Henn Tan **Resolution 3**
   (ii) Mr. Gurcharan Singh **Resolution 4**

4. To re-elect Mr. Ng Chong Khim*, whom will cease to hold office pursuant to Article 97 of the Articles of Association of the Company and who, being eligible, offer himself for re-election. **Resolution 5**

   * Mr. Ng Chong Khim will, upon re-election as Director of the Company, continue as a Member of the Audit Committee and Remuneration Committee. Mr. Ng is considered an independent director for the purpose of Rule 704(8) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual.

5. To approve the sum of S$73,606 as Directors' fees for the year ended 31 December 2014. (2013: S$76,422) **Resolution 6**

6. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

   That authority be and is hereby given to the Directors to: **Resolution 8**

   (a) (i) issue shares in the capital of the Company (the "**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Notice of Sixteenth Annual General Meeting

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. That the Directors be empowered to issue ordinary shares to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the approved Trek 2000 International Ltd Share Option Scheme 2011 (the "**2011 Scheme**") upon the exercise of such options and in accordance with the terms and conditions of the 2011 Scheme, provided that the aggregate number of ordinary shares issued pursuant to the 2011 Scheme shall not exceed 15% of the issued ordinary share capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **Resolution 9**

By Order of the Board

Ng Kwee Lian
Tan Giok Lan
Company Secretaries
Singapore, 8 April 2015

Notice of Sixteenth Annual General Meeting

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES

Resolutions 3 to 5
The Directors who have offered themselves for re-election have each confirmed that, save as disclosed in the Annual Report 2014, he does not have any relationships (including immediate family relationships) with the other Directors, the Company or its 10% shareholders. A list of all current directorships in other listed companies and details of other principal commitments held by each of these Directors can be found on pages 16 to 18 of the Annual Report 2014.

Resolution 8
Resolution 8 is to empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments up to a number not exceeding fifty per centum (50%) of the issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this resolution. For issues other than on a *pro rata* basis to all shareholders, the aggregate number of shares to be issued shall not exceed twenty per centum (20%) of the issued shares (excluding treasury shares) in the capital of the Company.

For the purpose of this resolution, the percentage of issued shares is based on the issued shares (excluding treasury shares) in the capital of the Company at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

Resolution 9
Resolution 9 is to empower the Directors from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to offer and grant options and allot and issue shares in the Company pursuant to the 2011 Scheme of up to a number not exceeding in total fifteen per centum (15%) of the issued ordinary shares in the capital of the Company from time to time pursuant to the exercise of the options under the 2011 Scheme.

NOTES

(1) A member of the Company entitled to attend and vote at the Sixteenth Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) The instrument appointing a proxy must be lodged at the registered office of the Company at 30 Loyang Way #07-13/14/15, Loyang Industrial Estate, Singapore 508769 not less than 48 hours before the time appointed for the Meeting.

TREK 2000 INTERNATIONAL LTD

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

SIXTEENTH ANNUAL GENERAL MEETING

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT:

CPF investors

1. For investors who have used their CPF monies to buy Trek 2000 International Ltd's shares, the 2014 Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company (Please note Note No. 7 on the reverse side).

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 Annual General Meeting dated 8 April 2015.

I/We, ____

of ____

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, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting (the "Meeting") of the Company to be held at 30 Loyang Way #07-13/14/15, Loyang Industrial Estate, Singapore 508769 on Friday, 24 April 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1	Adoption of Accounts and Reports		
2	Declaration of First and Final Ordinary Tax Exempt (one-tier) Dividend		
3	Re-election of Mr Henn Tan as Director pursuant to Article 91 of the Articles of Association of the Company		
4	Re-election of Mr Gurcharan Singh as Director pursuant to Article 91 of the Articles of Association of the Company		
5	Re-election of Mr Ng Chong Khim as Director pursuant to Article 97 of the Articles of Association of the Company		
6	Approval of Directors' Fees		
7	Re-appointment of Ernst & Young LLP as Auditors		
	Special Business		
8	Authority for Directors to Issue Shares		
9	Authority for Directors to offer and grant options and allot shares, pursuant to the Trek 2000 International Ltd Share Option Scheme 2011		

Dated this __________ day of ____________________ 2015

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

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. 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 48 hours before the time appointed for the Meeting.

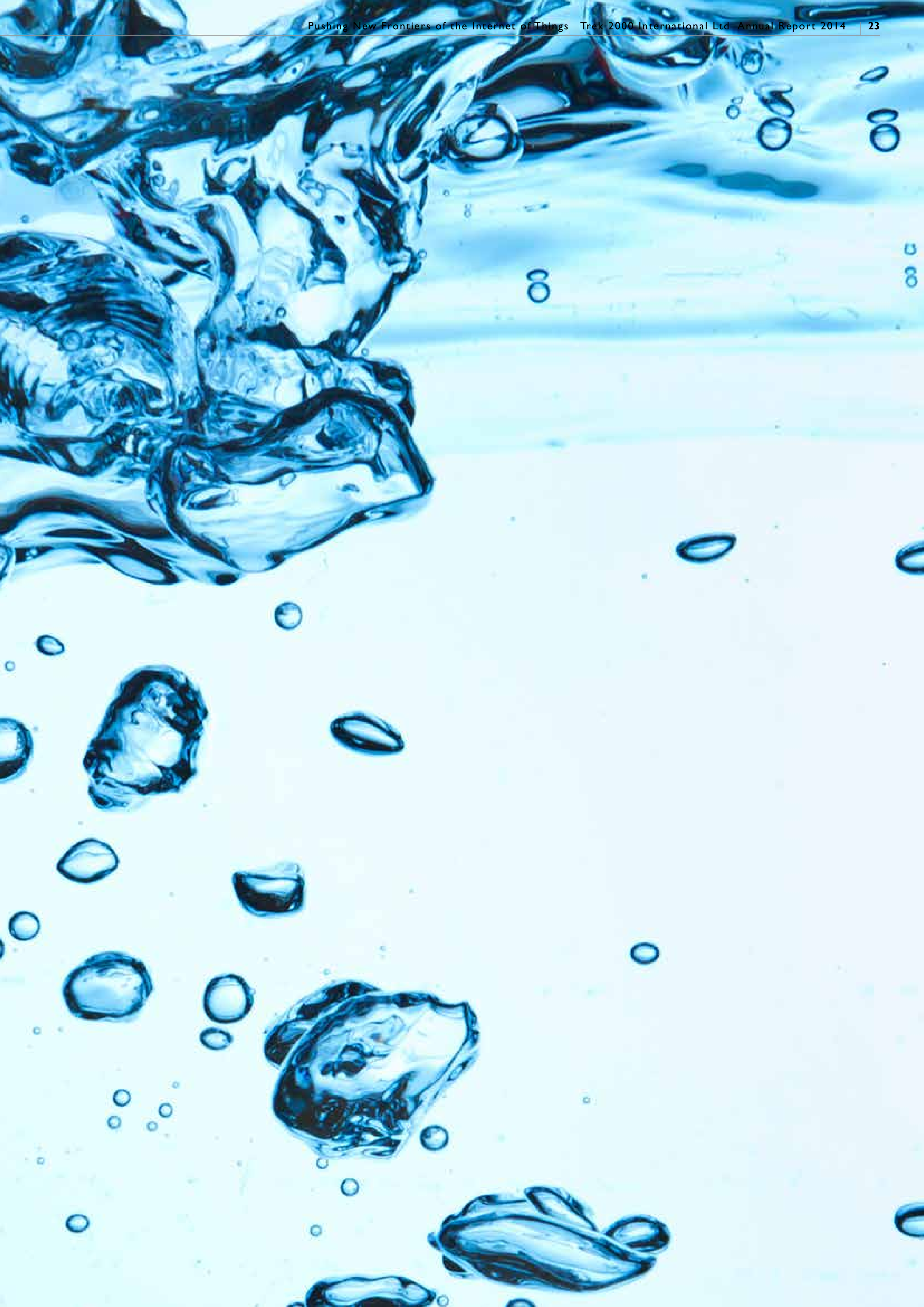
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney 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.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. Agent Banks acting on the request of the CPF investors who wish to attend the Meeting as observers are requested to submit in writing, a list with details of the investors' names, NRIC/Passport number, addresses and number of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the registered office of the Company at 30 Loyang Way, #07-13/14/15 Loyang Industrial Estate, Singapore 508769, not less than 48 hours before the time appointed for the Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



INNOVATION: INSIDE OUT

30 Loyang Way #07-13/14/15 Loyang Industrial Estate Singapore 508769
Telephone number: (65) 6546 6088 Fax number: (65) 6546 6066
www.trek2000.com.sg