



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

## Full Year Financial Statements and Dividend Announcement for the year ended 31 December 2017

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

#### 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

#### UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

##### (i) Consolidated Income Statement

	Year Ended		Increase/ (Decrease) %
	2017 US\$'000	2016 US\$'000	
<b>Revenue</b>	112,617	165,725	(32.05)
Cost of sales	(95,250)	(147,285)	(35.33)
<b>Gross profit</b>	17,367	18,440	(5.82)
<b>Other items of income:</b>			
Interest income	1,107	662	67.22
Other income	413	700	(41.00)
<b>Other items of expense:</b>			
Research and development	(2,109)	(2,905)	(27.40)
Marketing and distribution	(1,907)	(2,515)	(24.17)
General administration	(5,646)	(6,228)	(9.34)
Other expenses	(1,667)	(10)	N.M.
Finance costs	(18)	(145)	(87.59)
Profit before income tax [1]	7,540	7,999	(5.74)
Income tax expense	(1,217)	(918)	32.57
<b>Profit for the period</b>	<b>6,323</b>	<b>7,081</b>	(10.70)
Profit for the period attributable to:			
Owners of the Company	6,164	6,073	1.50
Non-controlling interests	159	1,008	(84.23)
	<b>6,323</b>	<b>7,081</b>	(10.70)
Earnings per share attributable to owners of the Company (expressed in cents per share):			
– Basic	1.90	1.87	
– Diluted	1.88	1.87	

**(ii) Breakdown and Explanatory Notes to Consolidated Income Statement**

**[1]** Profit before income tax is stated after (charging)/crediting the following:

	Year Ended		Increase/ (Decrease) %
	2017 US\$'000	2016 US\$'000	
Interest income from:			
– Short-term deposits	296	138	114.49
– Quoted investments	811	524	54.77
Net gain on disposal of property, plant and equipment	–	19	(100.00)
Allowance for doubtful debts, net	(207)	(50)	314.00
Depreciation of property, plant and equipment	(394)	(1,072)	(63.25)
Property, plant and equipment written off	–	(2)	(100.00)
Amortisation of intangible assets	(900)	(960)	(6.25)
Intangible asset written off	–	(811)	(100.00)
Reversal for stock obsolescence	98	3,755	(97.39)
Interest expense on:			
– Hire purchase payables	(2)	(15)	(86.67)
– Term loans and bank overdrafts	(16)	(130)	(87.69)

**(iii) Statement of consolidated comprehensive income statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial period**

	Group		
	FY2017 US\$'000	FY2016 US\$'000	Increase/ (Decrease) %
<b>Profit for the year</b>	<b>6,323</b>	<b>7,081</b>	<b>(10.70)</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Fair value changes on quoted investments	667	10	N.M.
Net deficit on revaluation of freehold and leasehold land and buildings	(179)	–	100.00
Foreign currency translation	439	(278)	N.M.
Other comprehensive income for the year, net of tax	927	(268)	N.M.
<b>Total comprehensive income for the year</b>	<b>7,250</b>	<b>6,813</b>	<b>6.41</b>
Total comprehensive income for the year			
Attributable to:			
Owners of the Company	7,073	6,004	17.80
Non-controlling interests	177	809	(78.12)
	<b>7,250</b>	<b>6,813</b>	<b>6.41</b>

N.M. – not meaningful

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

BALANCE SHEETS AS AT	GROUP		COMPANY	
	31 Dec 2017 US\$'000	31 Dec 2016 US\$'000	31 Dec 2017 US\$'000	31 Dec 2016 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	1,540	10,314	9	13
Intangible assets	2,645	3,566	1,374	1,601
Investment in subsidiaries	–	–	1,603	3,485
Investment in associates	–	–	5	5
Quoted investments	16,435	12,244	16,435	12,244
Unquoted investments	–	180	–	–
	<b>20,620</b>	<b>26,304</b>	<b>19,426</b>	<b>17,348</b>
<b>Current assets</b>				
Inventories	1,057	10,294	–	–
Trade and other receivables	3,254	17,107	4,334	563
Prepayments	153	259	825	76
Short term deposits	25,684	16,519	8,433	7,794
Cash at banks and on hand	11,294	12,716	760	1,287
	<b>41,442</b>	<b>56,895</b>	<b>14,352</b>	<b>9,720</b>
<b>Total assets</b>	<b>62,062</b>	<b>83,199</b>	<b>33,778</b>	<b>27,068</b>
<b>Current liabilities</b>				
Trade payables and accruals	1,943	14,464	24	121
Other payables	7,514	5,106	3,729	1,069
Hire purchase payables	–	151	–	–
Term loans and bank overdrafts	–	1,241	–	–
Income tax payable	1,952	1,244	–	–
	<b>11,409</b>	<b>22,206</b>	<b>3,753</b>	<b>1,190</b>
<b>Net current assets</b>	<b>30,033</b>	<b>34,689</b>	<b>10,599</b>	<b>8,530</b>
<b>Non-current liabilities</b>				
Term loans	–	967	–	–
Deferred taxation	42	698	–	–
Hire purchase payables	–	159	–	–
	<b>42</b>	<b>1,824</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>	<b>11,451</b>	<b>24,030</b>	<b>3,753</b>	<b>1,190</b>
<b>Net assets</b>	<b>50,611</b>	<b>59,169</b>	<b>30,025</b>	<b>25,878</b>
<b>Equity attributable to the owners of the Company</b>				
Share capital	37,829	37,829	37,829	37,829
Treasury shares	(263)	(298)	(263)	(263)
Revenue reserve	7,076	3,649	(9,011)	(12,473)
Capital reserve	2,717	2,717	–	–
Asset revaluation reserve	1,056	2,029	–	–
Translation reserve	(586)	(1,007)	–	–
Other reserves	1,431	(2,747)	1,470	785
	<b>49,260</b>	<b>42,172</b>	<b>30,025</b>	<b>25,878</b>
Non-controlling interests	1,351	16,997	–	–
<b>Total equity</b>	<b>50,611</b>	<b>59,169</b>	<b>30,025</b>	<b>25,878</b>
<b>Total equity and liabilities</b>	<b>62,062</b>	<b>83,199</b>	<b>33,778</b>	<b>27,068</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

As at 31 December 2017		As at 31 December 2016	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
–	–	1,392	–

**Amount repayable after one year**

As at 31 December 2017		As at 31 December 2016	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
–	–	1,126	–

**Details of any collateral:**

The Group's motor vehicles, plant and equipment with carrying amount of US\$ Nil (31 December 2016: US\$480,798) are pledged as collaterals to the hire purchase creditors.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

**CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December**

	<b>Year ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flow from operating activities:</b>		
Profit before income tax	7,540	7,999
Adjustments for:		
Amortisation of intangible assets	900	960
Intangible asset written off	–	811
Depreciation of property, plant and equipment	394	1,072
Property, plant and equipment written off	–	2
Impairment loss on property, plant and equipment	277	212
Net fair value loss on quoted investments (transferred from equity on disposal of quoted investments)	106	10
Net gain on disposal of property, plant and equipment	–	(19)
Net loss on disposal of a subsidiary	1,303	–
Allowance for doubtful debts, net	207	50
Reversal for stock obsolescence	(98)	(3,755)
Share based payment	19	245
Interest income	(1,107)	(662)
Interest expense	18	145
Provision for customer claims/warranty	1,594	900
Unrealised foreign exchange gain	(87)	(261)
	<b>11,066</b>	<b>7,709</b>
<b>Operating profit before changes in working capital</b>	<b>11,066</b>	<b>7,709</b>
Decrease/(Increase) in trade and other receivables, and prepayments	7,155	(1,417)
Decrease in inventories	5,148	16,004
Decrease in trade and other payables	(7,845)	(13,145)
<b>Cash generated from operating activities</b>	<b>15,524</b>	<b>9,151</b>
Income tax paid	(419)	(191)
Interest received	296	138
Interest paid	(18)	(145)
<b>Net cash generated from operating activities</b>	<b>15,383</b>	<b>8,953</b>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of property, plant and equipment	42	25
Proceeds from disposal of quoted investments	576	4,937
Purchase of property, plant and equipment	(33)	(1,346)
Purchase of quoted investments	(4,207)	(8,433)
Acquisition from minority shareholders	(363)	–
Net cash outflow from disposal of a subsidiary	(3,672)	–
Consideration received in relation to the disposal of subsidiary in previous year	24	152
Payment for patent and trademark registration expenses	(1)	(20)
Payment for development expenditures	–	(156)
Interest income from quoted investments	811	524
<b>Net cash used in investing activities</b>	<b>(6,823)</b>	<b>(4,317)</b>
<b>Cash flow from financing activities</b>		
Purchase of treasury shares	–	(15)
Proceeds from hire purchase	–	–
Repayment of hire purchase instalments	(30)	(220)
Repayment of term loans	(20)	(88)
Proceeds from term loans	–	574
Transaction costs on repurchase of shares	–	–
<b>Net cash (used in)/generated from financing activities</b>	<b>(50)</b>	<b>251</b>
Net increase in cash and cash equivalents	8,510	4,887
Cash and cash equivalents at beginning of year	28,424	23,453
Effect of foreign exchange difference	44	84
<b>Cash and cash equivalents at end of year</b>	<b>36,978</b>	<b>28,424</b>

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

The Group's cash and cash equivalents in the consolidated statement of cash flow consist of the following:

	<b>2017</b> <b>US\$'000</b>	<b>2016</b> <b>US\$'000</b>
Cash at banks and on hand	11,294	12,716
Short-term deposits	25,684	16,519
Bank overdrafts	–	(811)
	<u>36,978</u>	<u>28,424</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Attributable to owners of the Company</b>							Non- Controlling Interests US\$'000	Total Equity US\$'000	
	Share Capital US\$'000	Treasury Shares US\$'000	Revenue Reserve US\$'000	Capital Reserve US\$'000	Asset Revaluation Reserve US\$'000	Translation Reserve US\$'000	Other Reserves US\$'000			Total US\$'000
<b>THE GROUP</b>										
<b>Balance as at 1 January 2016</b>	37,829	(283)	(2,469)	2,717	2,029	(928)	(2,957)	35,938	16,188	52,126
Share buyback	–	(15)	–	–	–	–	–	(15)	–	(15)
Grant of equity-settled share options	–	–	–	–	–	–	245	245	–	245
Forfeiture of vested equity-settled share options	–	–	45	–	–	–	(45)	–	–	–
Total comprehensive income for the period	–	–	6,073	–	–	(79)	10	6,004	809	6,813
<b>Balance as at 31 December 2016</b>	<b>37,829</b>	<b>(298)</b>	<b>3,649</b>	<b>2,717</b>	<b>2,029</b>	<b>(1,007)</b>	<b>(2,747)</b>	<b>42,172</b>	<b>16,997</b>	<b>59,169</b>
<b>Balance as at 1 January 2017</b>	37,829	(298)	3,649	2,717	2,029	(1,007)	(2,747)	42,172	16,997	59,169
Disposal of a subsidiary	–	35	(2,738)	–	(794)	–	3,532	35	(15,499)	(15,464)
Grant of equity-settled share options	–	–	–	–	–	–	19	19	–	19
Forfeiture of vested equity-settled share options	–	–	1	–	–	–	(1)	–	–	–
Share acquisition from minority shareholders	–	–	–	–	–	–	(39)	(39)	(324)	(363)
Total comprehensive income for the period	–	–	6,164	–	(179)	421	667	7,073	177	7,250
<b>Balance as at 31 December 2017</b>	<b>37,829</b>	<b>(263)</b>	<b>7,076</b>	<b>2,717</b>	<b>1,056</b>	<b>(586)</b>	<b>1,431</b>	<b>49,260</b>	<b>1,351</b>	<b>50,611</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

	Attributable to owners of the Company							
	Share Capital US\$'000	Treasury Shares US\$'000	Revenue Reserve US\$'000	Capital Reserve US\$'000	Asset Revaluation Reserve US\$'000	Translation Reserve US\$'000	Other Reserves US\$'000	Total US\$'000
<b>THE COMPANY</b>								
<b>Balance as at 1 January 2016</b>	37,829	(248)	3,714	–	–	–	639	41,934
Share buyback	–	(15)	–	–	–	–	–	(15)
Grant of equity-settled share options	–	–	–	–	–	–	181	181
Forfeiture of vested equity-settled share options	–	–	45	–	–	–	(45)	–
Total comprehensive income for the period	–	–	(16,232)	–	–	–	10	(16,222)
<b>Balance as at 31 December 2016</b>	<b>37,829</b>	<b>(263)</b>	<b>(12,473)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>785</b>	<b>25,878</b>
<b>Balance as at 1 January 2017</b>	37,829	(263)	(12,473)	–	–	–	785	25,878
Grant of equity-settled share options to employees	–	–	–	–	–	–	19	19
Forfeiture of vested equity-settled share options	–	–	1	–	–	–	(1)	–
Total comprehensive income for the period	–	–	3,461	–	–	–	667	4,128
<b>Balance as at 31 December 2017</b>	<b>37,829</b>	<b>(263)</b>	<b>(9,011)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,470</b>	<b>30,025</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the issued and paid-up capital of the Company, since the previous period reported on.

During the year, no share options were granted under the Trek 2000 International Share Options Scheme 2011.

The outstanding share options under Trek 2000 International Share Options Scheme is as follows:

	Year ended 31 December	
	FY2017	FY2016
<b>Unexercised share options</b>	No. of share options	No. of share options
Balance as at 1 January	4,982,500	6,727,500
Share options forfeited during the period	(1,102,500)	(1,745,000)
<b>Balance as at 31 December</b>	<b>3,880,000</b>	<b>4,982,500</b>

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2017, the share capital of the Company (excluding treasury shares) is as follows:

<b>Ordinary shares issued and fully paid</b>	No. of shares	US\$
Balance as at 1 January 2017	322,887,925	37,566,187
Movement in ordinary shares during the period	-	-
<b>Balance as at 31 December 2017</b>	<b>322,887,925</b>	<b>37,566,187</b>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

During the year, no new treasury shares were acquired by the Company to acquire shares pursuant to the Share Purchase Mandate to be held as "Treasury Shares".

	Group		Company	
	No. of shares	US\$	No. of shares	US\$
Balance as at 1 January 2017	1,522,000	298,272	1,229,000	262,755
Disposal of a subsidiary	(293,000)	(35,517)	-	-
<b>Balance as at 31 December 2017</b>	<b>1,229,000</b>	<b>262,755</b>	<b>1,229,000</b>	<b>262,755</b>

As a result of the disposal of Racer Technology Pte Ltd and its subsidiaries ("Racer Group") in 1QFY2017, Racer Group's investment in the Company is no longer deemed as treasury shares.

	Group		Company	
	No. of shares	US\$	No. of shares	US\$
Balance as at 1 January 2016	1,450,100	283,123	1,157,100	247,606
Repurchase of shares and held as Treasury Shares	71,900	15,149	71,900	15,149
<b>Balance as at 31 December 2016</b>	<b>1,522,000</b>	<b>298,272</b>	<b>1,229,000</b>	<b>262,755</b>



2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard or practice.**

The above figures have not been audited or reviewed by its auditors.

3. **Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2016.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

<b>THE GROUP</b>	Year ended 31 December	
	FY2017	FY2016
Profit net of tax attributable to ordinary equity holders of the Company used in computation of basic earnings per share (US\$'000)	6,164	6,073
Weighted average number of ordinary shares for basic earnings per share computation (in '000)	324,117	324,117
Weighted average number of ordinary shares for diluted earnings per share computation (in '000)	327,066	324,117
<b>(Amount in USD cents)</b>		
Earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Basic earnings per share (in cents)	1.90	1.87
(ii) Diluted earnings per share (in cents)	1.88	1.87

Note:

*Basic earnings per share amounts are calculated by dividing profit for the period that is attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.*

*Diluted earnings per share amounts are calculated by dividing profit for the period that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period 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.*

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

NET ASSET VALUE	GROUP		COMPANY	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Number of ordinary shares (in'000)	322,888	322,595	322,888	322,888
<b>(Amount in USD cents)</b>				
Net asset value per ordinary share based on issued share capital at the end of the period	15.26	13.07	9.30	8.01

Net asset value represents total assets less total liabilities and non-controlling interests.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

For the full year ended 31 December 2017 ("FY2017"), the Group reported a 32.1% year-on-year ("yoy") decrease in revenue to US\$112.6 million. Gross profit decreased 5.8% yoy to US\$17.4 million, while gross profit margin increased from 11.1% to 15.4%. The Group reported a 1.5% yoy increase in net profit attributable to owners of the Company to US\$6.2 million.

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

**Revenue**

The decrease in revenue of 32.1% was mainly due to decrease in Interactive Consumer Solutions ("ICS") division and the disposal of Racer Group in the first quarter of FY2017. The Group's ICS division continues to be a key revenue generator, accounting for 97.5% of the overall revenue in FY2017.

**Profitability**

Gross profit margin improved from 11.1% to 15.4% yoy in FY2017, and this was mainly attributed to the Group's containment of cost of goods sold.

**Expenses**

The Group's total expenses amounted to US\$11.3 million in FY2017 (FY2016: US\$11.8 million) representing a decrease of 3.9% yoy. The factors contributing to the changes are as follow:

- Research and development ("R&D") expenses reported a decrease of 27.4% yoy to US\$2.1 million in FY2017 (FY2016: US\$2.9 million). The decrease was mainly due to management consolidation of key R&D projects.
- Marketing and distribution expenses decreased by 24.2% yoy to US\$1.9 million in FY2017 (FY2016: US\$2.5 million). This was mainly due to decrease in marketing activities upon the disposal of Racer Group in the first quarter of 2017 as less marketing and distribution expenses were recorded in our books.
- General administrative expenses decreased from US\$6.2 million in FY2016 to US\$5.6 million in FY2017 due mainly to lower staff-related cost.
- Other expenses increased from US\$0.01 million in FY2016 to US\$1.7 million in FY2017 due mainly to losses incurred upon disposal of Racer Group in the first quarter of 2017 and quoted investments.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (cont'd)**

**Net profit after tax attributable to owners of the Company**

The Group reported a net profit attributable to owners of the Company of US\$6.2 million in FY2017 (FY2016: US\$6.1 million) despite the challenging economic environment.

**Other Financial Highlights**

- **Property, plant and equipment** – The decrease in the Group's property, plant and equipment was mainly due to the disposal of Racer Group's property, plant and equipment in the first quarter of 2017 as less property, plant and equipment were carried in our books.
- **Intangible assets** – The Group's intangible assets decreased by US\$0.9 million and this was mainly due to amortisation of project costs during the year.
- **Quoted investments** – The Group's investment in quoted investment increased by US\$4.2 million to US\$16.4 million in FY2017 (FY2016: US\$12.2 million). This was mainly due to additional investments made in quoted investments.
- **Inventories** – The Group's inventories amounted to US\$1.1 million as at 31 December 2017, a decrease by US\$9.2 million from US\$10.3 million in 31 December 2016. Inventory turnover days in FY2017 were 4 days (FY2016: 26 days).
- **Trade and other receivables** – The Group's trade and other debtors amounted to US\$3.3 million as at 31 December 2017 as compared to US\$17.1 million. Trade receivable turnover days were 9 days in FY2017 (FY2016: 20 days).
- **Trade payables and accruals** – The Group's trade payables and accruals amounted to US\$1.9 million as at 31 December 2017 as compared to US\$14.5 million as at 31 December 2016. Trade payable turnover days were 7 days in FY2017 (FY2016: 36 days).

**Cashflow**

The Group's cash and cash equivalent as at 31 December 2017 amounted to US\$37.0 million compared to US\$28.4 million as at 31 December 2016. The main increase in the cash position in FY2017 was mainly due to the cash inflow of US\$15.4 million generated from the operations, which was partly offset by the cash outflow of US\$6.8 million from the investment activities (net cash outflow for purchases of quoted investments and disposal of Racer Group).

**Other matters**

Apart from the above, shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 18.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not Applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Leveraging on the Group's R&D capabilities, resources are being committed by its engineering teams to re-design solutions in order to better value-add its customers. The Group continues to execute its overarching growth strategy of penetrating the Internet of Things ("IoT") market in consumer wearable, medical and cloud technologies. While charting steady growth, the Group continues to explore strategic partnerships to ensure the long-term sustainability of the Group's operations.

Looking ahead, the Group expects the global business environments to remain challenging. With the acute supply of strategic components globally from strategic vendors expected to extend into early 2018, revenue may be affected as a result in the near-term. In the interim, efforts are committed into diversifying its supplier base to mitigate risks going forward.

Notwithstanding the near-term business headwinds, the Group maintains a resilient balance sheet with net cash and cash equivalents at US\$37.0 million (31 December 2016: US\$28.4 million) while quoted investments increased to US\$16.4 million. Amid an uncertain business landscape, the Group's improved financial position provides the impetus for it to execute its growth strategies.

**Other matters**

Apart from the above, shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 18.

**11. Dividend**

**(a) Current Financial Period Reported On**

Yes, an ordinary dividend is recommended.

Name of Dividend	:	First and Final Dividend
Dividend Type	:	Cash
Dividend Rate	:	1 Singapore cent
Tax Rate	:	Tax exempt dividend (one-tier)
Total Amount Payable	:	S\$3.229 million (US\$2.396 million)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial period?  
**NO**

**(c) Date payable**

The dividend is payable on 16 May 2018.

**(d) Books closure date**

The Register of Members and Register of Transfer of the Company will be closed on 7 May 2018 for the purpose of determining shareholders' entitlement of dividends.

Registerable transfers received by the Company's Share Register, Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, up to 5.00 p.m. on 4 May 2018 will be registered before entitlements to the dividend are determined.

**12. If no dividend has been declared/(recommended), a statement to that effect**

No interim dividend has been declared/(recommended) for the current period under review.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The Company does not have any general mandate from shareholders pursuant to Rule 920.

**Other matters**

Shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 18.

- 14. If the case of an announcement of interim financial statement (quarterly or half-yearly), the issuer's directors must confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading, in any material aspect. Please confirm that such a statement has been made.**

Not applicable.

- 15. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7 under Rule 720(1)).**

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

	Customised Solutions	Interactive Consumer Solutions	Licensing	Adjustments	Note	Total
	US\$'000	US\$'000	US\$'000	US\$'000		US\$'000
<b>Year ended 31 December 2017</b>						
Sales to external customers	2,585	109,802	230	–		112,617
Inter-segment sales*	–	–	–	–		–
<b>Total revenue</b>	<b>2,585</b>	<b>109,802</b>	<b>230</b>	<b>–</b>		<b>112,617</b>
<b>Results:</b>						
Depreciation and amortisation	9	1,283	2	–		1,294
Impairment loss on property, plant and equipment	7	270	–	–		277
Allowance for doubtful debts, net	5	202	–	–		207
<b>Segment profit</b>	<b>148</b>	<b>6,290</b>	<b>13</b>	<b>1,089</b>	A	<b>7,540</b>
Additions to non-current assets	1	32	–	–	B	33
<b>Segment assets</b>	<b>1,074</b>	<b>41,908</b>	<b>2,645</b>	<b>16,435</b>	C	<b>62,062</b>
<b>Segment liabilities</b>	<b>236</b>	<b>9,221</b>	<b>–</b>	<b>1,994</b>	D	<b>11,451</b>
	Customised Solutions	Interactive Consumer Solutions	Licensing	Adjustments	Note	Total
	US\$'000	US\$'000	US\$'000	US\$'000		US\$'000
<b>Year ended 31 December 2016</b>						
Sales to external customers	2,399	163,112	214	–		165,725
Inter-segment sales*	–	–	–	–		–
<b>Total revenue</b>	<b>2,399</b>	<b>163,112</b>	<b>214</b>	<b>–</b>		<b>165,725</b>
<b>Results:</b>						
Depreciation and amortisation	16	2,015	1	–		2,032
Property, plant and equipment written off	–	2	–	–		2
Intangible assets written off	–	811	–	–		811
Impairment loss on property, plant and equipment	3	209	–	–		212
Allowance for doubtful debts, net	1	49	–	–		50
<b>Segment profit</b>	<b>108</b>	<b>7,365</b>	<b>9</b>	<b>517</b>	A	<b>7,999</b>
Additions to non-current assets	25	1,721	–	–	B	1,746
<b>Segment assets</b>	<b>1,060</b>	<b>66,149</b>	<b>3,566</b>	<b>12,424</b>	C	<b>83,199</b>
<b>Segment liabilities</b>	<b>309</b>	<b>19,261</b>	<b>–</b>	<b>4,460</b>	D	<b>24,030</b>

\* - There were no inter-segment sales during the year.

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/(loss) to arrive at "Profit/(Loss) before income tax" presented in the consolidated income statement:

	Group	
	2017	2016
	US\$'000	US\$'000
Interest income	1,107	662
Finance costs	(18)	(145)
	<u>1,089</u>	<u>517</u>

- B Additions to non-current assets consist of additions to property, plant and equipment and intangible assets. During the year, the Group acquired plant and equipment with an aggregate cost of US\$Nil (2016: US\$224,000) by means of hire purchase.

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

	Group	
	2017	2016
	US\$'000	US\$'000
Quoted investments	16,435	12,244
Unquoted investments	–	180
	<u>16,435</u>	<u>12,424</u>

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

	Group	
	2017	2016
	US\$'000	US\$'000
Hire purchase payables (current)	–	151
Hire purchase payables (non-current)	–	159
Income tax payable	1,952	1,244
Deferred taxation	42	698
Term loans and bank overdrafts (current)	–	1,241
Term loans (non-current)	–	967
	<u>1,994</u>	<u>4,460</u>

### Segment Results by Geographical Segment

#### Sales to external customers

(US\$'000)	Revenue		Non-current assets	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
China/Hong Kong	65,663	92,429	1	3
Malaysia	22,161	28,096	1	1,061
Taiwan	17,553	12,113	–	–
Singapore	2,303	22,103	4,178	11,679
India	1,715	1,519	5	7
United States of America	1,098	4,483	–	–
Europe	367	1,819	–	–
Others	1,757	3,163	–	1,130
	<u>112,617</u>	<u>165,725</u>	<u>4,185</u>	<u>13,880</u>

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

China/Hong Kong was the main contributor for the Group's revenue in FY2017, followed by Malaysia and Taiwan.

Revenue of US\$84.1 million are derived from 5 external customers (FY2016: US\$117.1 million from 5 external customers).

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

**Segmental Analysis – by Business Segments**

By business segments, the core ICS division dominates as the key revenue generator accounting for 97.5% of its revenue. The Group's ICS solutions/products comprise Thumbdrive®, Flucard®, Security Solutions, WiFi Memory Modules for embedded devices continue to dominate as the main engine of growth for the ICS business segment.

**Segmental Analysis – by Geography**

In FY2017, notwithstanding the market competition, the Group focused on key markets like China/Hong Kong, Malaysia and Taiwan.

Singapore saw a drop by 89.6% due to shift in focus to China/Hong Kong, Malaysia and Taiwan.

**18. A breakdown of sales**

		Group		
		US\$'000		%
		Latest Full Year 2017	Previous Full Year 2016	Change
(a)	Sales reported for first half year	71,596	81,595	(12.25)
(b)	Operating profit reported for first half year	3,330	1,846	80.39
(c)	Sales reported for second half year	41,021	84,130	(51.24)
(d)	Operating profit/(loss) reported for second half year	2,993	5,235	(42.83)

**19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	Latest Full Year 2017 US\$	Previous Full Year 2016 US\$
Ordinary	2,395,828	-
Preference	-	-
<b>Total</b>	<b>2,395,828</b>	<b>-</b>



**20. Disclosure of person occupying a managerial position in the issues of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director/or CEO and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Tan Boon Tat	60	Brother of Mr Tan Henry @ Henn Tan	Director of Trek Technology (Singapore) Pte Ltd (wholly-owned subsidiary of the Company) and Store Manager of the Company, since 31 October 1995.  Duties : - To oversee the proper distribution of inventory for the Company and its subsidiaries ("the Group"); and  - To ensure that goods and materials are delivered to the Group's customers in a timely and proper manner.	Nil
Tan Boon Liew	53	Brother of Mr Tan Henry @ Henn Tan	Assistant Manager in the Company, since 15 July 1997.  Duties: - To manage and oversee the despatch of goods to the Group's customers.	Nil
Tan Joon Yong Wayne	31	Son of Mr Tan Henry @ Henn Tan	Director of Cloud Stringers (S) Pte Ltd, a subsidiary of Trek Technology (Singapore) Pte Ltd, since 13 March 2014. He resigned on 18 April 2016 and re-appointed subsequently on 3 January 2017.  Duties: - To manage and oversee the business development and corporate action plans on its secured online ecosystem platform for content owners to store, view, share, exchange and transact with others.	Nil

*\* Henn Tan is the Chairman and Chief Executive Officer of Trek 2000 International Ltd.*

BY ORDER OF THE BOARD

**EDWIN LONG MING FAI**

Director  
22 February 2018

## **Appendix**

### **CAUTIONARY STATEMENT**

As previously announced, the Company is co-operating with the CAD in its on-going investigations relating to document deficiencies. In addition, RSM is currently in the midst of the Phase 2 Review. Pending the completion of such investigation/review, the company may make adjustments to FY2015 & FY2016 financial statements, if required.

Further information can be found in the announcements dated 25 February 2016, 1 March 2016, 14 March 2016, 17 March 2016, 7 April 2016, 26 April 2016, 25 May 2016, 1 June 2016, 8 June 2016, 18 July 2017 and 8 September 2017.

In view of the foregoing, shareholders and investors are advised to carefully monitor and refer to further announcements released by the Company for updates, and to consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take. They are therefore cautioned against placing undue reliance on the same.