



Trek 2000 International Ltd
(Registration Number 199905744N)
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FOR IMMEDIATE RELEASE

Trek posts US\$6.2 million net profit for FY2017; rewards shareholders with 1 Singapore cent dividend

- **Effective cost controls and favourable product mix lift gross profit margin 4.3 percentage points to 15.4%**
- **Robust positive operating cash flow generation of US\$15.4 million strengthens balance sheet to a net cash position of US\$37.0 million**
- **Capitalising on the global trend towards a fast-growing IoT market, the Group is investing further resources to revolutionise its core Interactive Consumer Solutions business**

SINGAPORE – 22 February 2018 - Trek 2000 International Ltd. (“Trek” or “the Group”), inventor and patent owner of the ThumbDrive™, board director of SD Card Association¹ and co-chairman of iSDIO forum, has announced its financial results for the three months (“4Q2017”) and full year ended 31 December 2017 (“FY2017”).

Financial Highlights (US\$ millions)	FY2017	FY2016	Change
Revenue	112.6	165.7	(32.1%)
Gross Profit	17.4	18.4	(5.8%)
Gross Profit Margin (%)	15.4	11.1	4.3 ppt
Net Profit Attributable to Owners of the Company	6.2	6.1	1.5%
Net Profit Margin (%)	5.6	4.3	1.3 ppt
Basic Earnings Per Share (US cents)	1.90	1.87	1.6%

Since the strategic divestment of Racer Technology Pte Ltd (“Racer”) on 14 March 2017, the Group has channeled resources on developing its core Interactive Consumer Solutions (“ICS”) business. Representing 97.5% of the Group’s revenue, the ICS business continues to be the key revenue generator underpinned by robust demand for its Wi-Fi memory modules, ThumbDrive®, Flucard® and Security Solutions.

While the divestment resulted in a 32.1% year-on-year (“yoy”) decline in revenue to US\$112.6 million for FY2017, the overall quality of earnings improved with margin expansion. Validating the conscientious efforts by the Group to control costs alongside the improvement to product mix, gross profit margin increased 4.3 percentage points to 15.4% for FY2017. Notably, the Group consolidated its key research and development (“R&D”) projects, which translated to a 27.4% yoy saving in R&D expenses to US\$2.1 million for FY2017.

As the Group streamlines its operations into a leaner organisation, net profit attributable to shareholders reported US\$6.2 million for FY2017.

Supported by the demand for the Group’s products, inventory turnover declined to four days (FY2016: 26 days). Improvements to the working capital cycle were also evident with corresponding declines in trade receivable days and trade payable days accordingly. These contributed positively to the operating cash flow generation of US\$15.4 million for FY2017.

¹ The SD Association is a global ecosystem of companies setting industry-leading memory card standards. (<https://www.sdcard.org/home/>)

The Group's ability to consistently generate positive cash flow strengthened the balance sheet with cash and cash equivalents rising to US\$37.0 million as at 31 December 2017 (31 December 2016: US\$28.4 million). The Group also holds US\$16.4 million worth of quoted investments, primarily in corporate bonds. As these bonds may easily be liquidated, it not only bolsters the Group's balance sheet strength but also provides a steady stream of interest income.

"Staying at the forefront of technology has been the hallmark of our success over the years. We recognise the need to evolve and seek to capitalise on upcoming trends within the vast Internet of Things ("IoT") market. With a war chest ready to support our growth strategies, we are well-poised to execute on our planned initiatives. Specifically, our engineering teams are driving changes by re-designing our solutions to better value-add our customers as we grow with them to propel up the value-chain.

Leveraging on our R&D capabilities and an asset-light platform, we had identified growth opportunities in the verticals of consumer wearable, medical and cloud technologies. It has always been in our DNA to innovate and expand beyond our present offering. To illustrate, we incorporated a wholly-owned subsidiary in November last year to specialise in the provision of high speed genomics analysis utilising artificial intelligence, deep learning, encrypted cloud data storage and clinical dashboarding.

As we look to revolutionise our offering, we are mindful to assure our shareholders with earnings stability. As such, our pursuit for consistent bottomline growth remains an unwavering priority. Amidst a challenging business environment, we continue to yield positive results and seek to explore strategic partnerships to ensure the long-term sustainability of the Group's operations. While we apprehend the presence of global business headwinds that may prevail, we remain cautiously optimistic of our prospects.

As a vote of confidence in the Group's future and to reward shareholders for their continued support, the Board recommends a first and final dividend of 1 Singapore cent."

- Mr Henn Tan, Executive Chairman and CEO of Trek 2000 International Ltd

-The End -

About Trek 2000 International Ltd

Trek 2000 International Ltd ("Trek"), an industry leader, innovator, original inventor and patent owner of the ThumbDrive® offers state-of-the-art design solutions ranging from Interactive Consumer Solutions, Wireless, Antipiracy, Compression and Encryption to sophisticated Enterprise Solutions all catering to the fast changing digital industry. Trek with its library of granted patents is represented all over the world and has offices in the U.S., Malaysia, Thailand, India, Hong Kong, Singapore, the Netherlands, China, the Philippines, Vietnam, Indonesia and Japan to serve the rapidly expanding markets across all regions.

A public listed company whose shares are quoted on the Singapore Stock Exchange (SGX:5AB), Trek was named by Forbes Global as one of the Best Small Companies in the World of 2000 and 2002. Trek also received the Best Managed small Company in Singapore by AsiaMoney (of Euromoney), the INVENT Singapore Award 2008 and the ASEAN Business Award for Innovation in 2011. The company was awarded Asia-Pacific Enterprise Leadership Awards for Spirit of Innovation Award in 2013, the SD Association Awards of Excellence in 2014 and conferred the One Asia – Avant-Garde Award and International Management Action Award in 2015. More recently in July 2016, the company was bestowed the prestigious Engineering Feats@IES-SG50 award by the Prime Minister of Singapore.

Trek®, ThumbDrive®, DivaDrive® and Flucard® are trademarks or registered trademarks of Trek Group of Companies in Singapore and / or other countries.

For more information, visit our website at <http://www.trek2000.com.sg>, <http://www.thumbdrive.com>, <http://www.flu-card.com>, <https://www.cloudstringers.com/>

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