TRIO INDUSTRIAL ELECTRONICS GROUP LIMITED
致豐工業電子集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1710)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of Trio Industrial Electronics Group Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2023, together with comparative figures for the six months ended 30 June 2022 as follows:

FINANCIAL HIGHLIGHTS:

- Revenue for the six months ended 30 June 2023 increased by 35.6% to HK$565.9 million as compared with the corresponding period of 2022.
- Gross profit for the six months ended 30 June 2023 increased by 63.0% to HK$119.0 million, while gross profit margin increased by 3.5 percentage points to 21.0% as compared with the corresponding period of 2022.
- The Group reported a profit before income tax of HK$27.7 million for the six months ended 30 June 2023 as compared with HK$1.4 million for the corresponding period of 2022.
- Profit attributable to owners of the Company for the six months ended 30 June 2023 was HK$21.7 million, as compared with HK$0.9 million for the corresponding period of 2022.

INTERIM DIVIDEND:

- The Board has resolved to declare an interim dividend of HK0.8 cent per ordinary share for the six months ended 30 June 2023 (six months ended 30 June 2022: HK0.8 cent per ordinary share).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited) (Restated, note 15)
Revenue	*4*	**565,855**	417,416
Cost of sales	*5*	**(446,811)**	(344,432)
Gross profit		**119,044**	72,984
Other income	*4*	**2,443**	2,196
Selling and distribution expenses	*5*	**(9,741)**	(7,531)
Administrative expenses	*5*	**(81,329)**	(66,370)
Other operating income, net	*5*	**2,462**	4,003
Profit from operations		**32,879**	5,282
Finance expenses, net	*6*	**(5,191)**	(3,887)
Profit before income tax		**27,688**	1,395
Income tax expense	*7*	**(5,948)**	(519)
Profit for the period attributable to owners of the Company		**21,740**	876
Other comprehensive expense for the period, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences		**(1,927)**	(854)
Total comprehensive income for the period attributable to owners of the Company		**19,813**	22
Earnings per share			
– Basic and diluted (HK cents)	*8*	**2.17**	0.09

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2023 HK$'000 (Unaudited)	As at 31 December 2022 HK$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		**66,848**	57,997
Right-of-use assets		**100,662**	102,047
Financial assets at fair value through profit or loss – non-current		**3,409**	10,998
Prepayment		**2,935**	6,260
Deferred tax assets		**–**	1,133
		173,854	178,435
Current assets			
Inventories		**268,339**	244,213
Trade and other receivables	*10*	**222,142**	200,744
Prepayments and deposits		**32,108**	20,830
Financial asset at fair value through profit or loss – current		**287**	342
Restricted bank deposits		**16,385**	6,156
Bank and cash balances		**57,358**	72,796
		596,619	545,081
Current liabilities			
Trade and other payables	*11*	**204,386**	158,895
Contract liabilities		**34,299**	38,414
Bank borrowings	*12*	**16,769**	20,970
Lease liabilities – current		**9,386**	8,795
Current income tax liabilities		**15,014**	11,679
		279,854	238,753
Net current assets		**316,765**	306,328
Total assets less current liabilities		**490,619**	484,763
Non-current liabilities			
Lease liabilities – non-current		**96,515**	97,139
Deferred tax liabilities		**2,370**	3,759
		98,885	100,898
Net assets		**391,734**	383,865
Equity			
Share capital	*13*	**281,507**	281,507
Reserves		**110,227**	102,358
Total equity		**391,734**	383,865

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The principal place of business and registered office of the Company is at Block J, 5/F., Phase II, Kaiser Estate, 51 Man Yue Street, Hung Hom, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of electronic products. The immediate holding company of the Company is Trio Industrial Electronics Holding Limited, a company incorporated in the British Virgin Islands with limited liability.

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 ("**Interim Financial Information**") is presented in thousands of Hong Kong dollars ("**HK$'000**"), unless otherwise stated.

2 BASIS OF PREPARATION

The Interim Financial Information, which does not constitute the Group's statutory financial statements, has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and in compliance with the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the year ended 31 December 2022 that is included in the Interim Financial Information as comparative information does not constitute the Group's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622, the laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Except as described below, the accounting policies used in the preparation of the Interim Financial Information are consistent with those set out in the annual report for the year ended 31 December 2022.

New and amended standards effective in 2023 which are relevant to the Group's operations

The Group has adopted the following new and amended standards which are effective for the financial period beginning on or after 1 January 2023 and relevant to the Group:

HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies
HKAS 8 (Amendment)	Definition of Accounting Estimates
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendment)	International Tax Reform — Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts

The application of the above new and amended standards in the current interim period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group has not applied any amended standards or interpretation that is not yet effective for the current interim period.

3 SEGMENT INFORMATION

Operating segments are determined based on the information reviewed by the chief operating decision maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of the Company.

Operating segments are reported in the manner consistent with the internal reporting provided to the CODM. The Group is subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole. The Board considers the performance assessment of the Group should be based on the profit/(loss) before income tax of the Group as a whole and regards the Group as a single operating segment and reviews internal reporting accordingly. Therefore, the Board considers there to be only one operating segment under the requirements of HKFRS 8 "Operating Segments".

The Group provides manufacturing and sales of electronic products, which are carried out internationally, through the production complexes located in the People's Republic of China (the "**PRC**"), Ireland, and Thailand during the six months ended 30 June 2023 and 2022.

Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by the CODM internally. Accordingly, no segment assets and liabilities are presented.

Geographical information

During the six months ended 30 June 2023, the majority of revenue was derived from customers in Europe (mainly the United Kingdom (the "**UK**"), Switzerland, Ireland, Denmark, and Sweden), while the remaining revenue was from customers in the United States of America (the "**US**"), the PRC (including Hong Kong), and others (mainly Australia).

Revenue from the sale of goods is recognised at a point in time.

In relation to non-current assets held by the Group (primarily represented by property, plant and equipment and right-of-use assets), land and buildings with carrying values as at 30 June 2023 of HK$22,425,000 (31 December 2022: HK$23,000,000) are located in Hong Kong. Other property, plant and equipment and right-of-use assets are primarily located in the PRC and Thailand.

4 REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Sales of goods	**565,855**	417,416
Other income		
Commission income	**111**	60
Government grants	**828**	692
Investment income	**87**	117
Rental income	**141**	164
Scrap material sales income	**879**	636
Service income	**57**	192
Sundry income	**340**	335
	2,443	2,196

5 EXPENSES BY NATURE

Expenses included "cost of sales", "selling and distribution expenses" and "administrative expenses", and "other operating income, net" are analysed as follows:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Employee benefit expenses (including Directors' emoluments)	**109,654**	95,462
Auditors' remuneration	**2,465**	1,439
Depreciation for property, plant and equipment	**6,181**	6,614
Depreciation for right-of-use assets	**6,356**	3,925
Amortisation of insurance expense	**9**	17
Obsolete inventories written off	**658**	6
Expenses related to short-term leases	**1,019**	661
Fair value loss on financial assets at fair value through profit or loss	**33**	592
Gain on foreign exchange, net	**(3,124)**	(2,373)
Loss on disposal of financial assets at fair value through profit or loss	**1,535**	–
Gain on disposal of property, plant and equipment	**(16)**	–
Reversal of impairment loss on inventories	**(1,381)**	(2,321)
(Reversal of)/provision for impairment loss on trade receivables	**(176)**	76

6 FINANCE EXPENSES, NET

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income		
Bank interest income	**508**	52
Finance expenses		
Interest on bank borrowings – wholly repayable within five years	**(815)**	(965)
Interest on lease liabilities	**(2,277)**	(501)
Other finance expenses		
Bank charges	**(2,607)**	(2,473)
Finance expenses	**(5,699)**	(3,939)
Finance expenses, net	**(5,191)**	(3,887)

7 INCOME TAX EXPENSE

The amount of taxation in the interim condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax:		
– Hong Kong	**27**	2,938
– PRC	**6,121**	–
Overprovision in prior years	**–**	(34)
Deferred tax credit	**(200)**	(2,385)
Income tax expense	**5,948**	519

(a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. The Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK$2 million for the six months ended 30 June 2023 and 2022.

(b) No provision for corporate income tax in other jurisdictions has been made as the Group has no assessable incomes in the relevant jurisdictions during the six months ended 30 June 2023 and 2022.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2022.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(HK$'000)*	**21,740**	876
Weighted average number of ordinary shares in issue *(thousand shares)*	**1,000,000**	1,000,000
Basic earnings per share *(HK cents)*	**2.17**	0.09

(b) Diluted earnings per share

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares for the six months ended 30 June 2023 and 2022.

9 DIVIDENDS

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period		
Final dividend for 2022 paid of HK1.2 cents (2022: nil) per ordinary share	**12,000**	–
Dividend declared after the end of the interim reporting period		
Interim dividend of HK0.8 cent (2022: HK0.8 cent) per ordinary share	**8,000**	8,000

A final dividend in respect of the year ended 31 December 2022 of HK1.2 cents per ordinary share, amounting to a total dividend of HK$12,000,000, was declared and recognised as distribution in the six months ended 30 June 2023.

Since the interim dividend of HK0.8 cent per ordinary share is declared after the reporting period, such dividend has not been recognised as liability in the Interim Financial Information.

10 TRADE AND OTHER RECEIVABLES

	Note	As at 30 June 2023 HK$'000 (Unaudited)	As at 31 December 2022 HK$'000 (Audited)
Trade receivables	(a)	**219,947**	198,604
Less: Provision for impairment loss on trade receivables		**(2,171)**	(2,347)
Trade receivables – net		**217,776**	196,257
Other receivables		**4,366**	4,487
		222,142	200,744

Under the factoring arrangement with banks, the Group has transferred certain trade receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. The Group has legally transferred all of the risks and rewards of ownership of the discounted trade receivables to the financial institutions. The carrying amounts of the trade receivables exclude receivables which are subject to a factoring arrangement.

Note:

(a) Trade receivables arise from trading of electronic products. The payment terms of trade receivables granted to third party customers generally range from full payment before shipment to 75 days after the end of month. As at 30 June 2023 and 31 December 2022, the aging analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2023 HK$'000 (Unaudited)	As at 31 December 2022 HK$'000 (Audited)
Below 30 days	**127,120**	67,577
Between 31 and 60 days	**69,383**	59,730
Over 60 days	**23,444**	71,297
	219,947	198,604

11 TRADE AND OTHER PAYABLES

	Note	As at 30 June 2023 HK$'000 (Unaudited)	As at 31 December 2022 HK$'000 (Audited)
Trade payables	(a)	**159,951**	132,932
Bills payable		**662**	–
Accruals and other payables		**43,773**	25,963
		204,386	158,895

Note:

(a) The credit terms of trade payables granted by the vendors generally range from full payment before shipment to net 180 days. As at 30 June 2023 and 31 December 2022, the aging analysis of trade payables based on invoice date is as follows:

	As at 30 June 2023 HK$'000 (Unaudited)	As at 31 December 2022 HK$'000 (Audited)
Below 30 days	**98,065**	56,307
Between 31 and 60 days	**42,920**	42,254
Over 60 days	**18,966**	34,371
	159,951	132,932

12 BANK BORROWINGS

	Note	As at 30 June 2023 HK$'000 (Unaudited)	As at 31 December 2022 HK$'000 (Audited)
Secured bank borrowings	(a)	**16,769**	20,970

The Group's bank borrowings were repayable as follows (without taking into account the Repayment on Demand Clause as detailed in note (a) below):

	As at 30 June 2023 HK$'000 (Unaudited)	As at 31 December 2022 HK$'000 (Audited)
Within 1 year	**16,769**	19,150
Between 1 and 2 years	**–**	986
Between 2 and 5 years	**–**	834
	16,769	20,970

Notes:

(a) As these borrowings include a clause that gives the lender the unconditional right to call the borrowings at any times ("**Repayment on Demand Clause**"), according to HK Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause", which requires the classification of whole term loans containing the repayment on demand clause as current liabilities, these borrowings were classified by the Group as current liabilities.

(b) As at 30 June 2023 and 31 December 2022, the total bank borrowings were pledged by certain assets and their carrying amounts were shown as below:

	As at 30 June 2023 ***HK$'000*** **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)
Property, plant and equipment	**22,425**	23,000
Financial assets at fair value through profit or loss	**1,839**	9,325
Restricted bank deposits	**16,385**	6,156
	40,649	38,481

The exposure of the Group's bank borrowings to interest rate changes and the contractual repricing dates at the end of each reporting period are as follows:

	As at 30 June 2023 ***HK$'000*** **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)
Variable rates	**16,769**	20,970

13 SHARE CAPITAL

	As at 30 June 2023 (Unaudited)		As at 31 December 2022 (Audited)	
	Number of shares	**Amount** ***HK$'000***	Number of shares	Amount *HK$'000*
Issued and fully paid				
At beginning and the end of period/year	**1,000,000,000**	**281,507**	1,000,000,000	281,507

14 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As at 30 June 2023	As at 31 December 2022
	HK$'000	*HK$'000*
Property, plant and equipment	**2,558**	1,121

(b) Lease commitments – as a lessee

The Group has recognised right-of-use assets and lease liabilities for all leases, except for short-term leases with original lease term of less than one year. The total future minimum lease payments under non-cancellable leases for which no lease liabilities have been recognised by the Group as at 30 June 2023 and 31 December 2022 are as follows:

	As at 30 June 2023	As at 31 December 2022
	HK$'000	*HK$'000*
Within one year	**81**	565

15. COMPARATIVE FIGURES

The following comparative figures in the condensed consolidated statement of comprehensive income have been reclassified to conform with the current period's presentation of the Group:

- Reclassification of fair value loss on financial assets at fair value through profit and loss in the amount of HK$592,000 from other income to other operating income, net to fairly present its nature.

- Reclassification of gain on foreign exchange, net in the amount of HK$2,373,000 from other income to other operating income, net to fairly present its nature.

In the opinion of the Board, the reclassification made to the comparative figures has no significant impact on the Group's condensed consolidated statement of comprehensive income for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Founded in 1983, the Group is an electronics manufacturing services (EMS) provider specialising in the manufacturing and sales of customised industrial electronic components and products. The Group is headquartered in Hong Kong and has production facilities in the PRC, Thailand and Ireland.

The Group specialises in manufacturing and selling customised industrial electronic components and products. Our product range includes electro-mechanical products, switch-mode power supplies, smart chargers, and smart vending systems. These products have extensive applications across various industrial and commercial sectors, including renewable energy facilities, telecommunications systems, commercial freight equipment, medical and healthcare devices, gaming and entertainment systems, as well as security and access systems.

In the first half of 2023, amid uncertainties in the global economic outlook, such as potential new virus variants, geopolitical tensions, surging inflation, rising interest rates, and currency depreciation pressures, positive business opportunities continue to emerge.

The COVID-19 pandemic and global economic slowdown have acted as catalysts for health consciousness, digital transformation, automation solutions, and energy-efficient solutions. These factors have impacted companies, work styles, and societies, leading to increased global demand for medical and healthcare devices, renewable energy facilities, telecommunications systems, energy-efficient equipment, and digital gaming systems. As a result, there has been a notable increase in demand for our original equipment manufacturer (OEM) products, including smart vending systems, switch-mode power supplies, and electro-mechanical products. This surge in demand is particularly prominent in the European market.

For the six months ended 30 June 2023, the Group's revenue grew by 35.6% to HK$565.9 million (six months ended 30 June 2022: HK$417.4 million), mainly driven by the increased sales of smart vending systems, switch-mode power supplies, and electro-mechanical products in Europe and the United States.

To meet the increasing customer demand and enhance operational capacity, we strategically leased two new buildings adjacent to our existing production base in the PRC. These buildings became operational in May 2023, with one serving as a dedicated warehouse and the other as a production factory. These additions not only expand our facilities but also create synergies with our existing production base, optimising logistics and administrative costs. The production factory, equipped with advanced automation and digitisation equipment, empowers us to enhance production efficiency and effectively respond to the growing demand for high-value and heavy-duty product series.

Our Group is committed to smart manufacturing, which encompasses innovation, automation, and technological advancements. With the distinction of being the first industrial electronics provider in Hong Kong to obtain Level 1 Industry 4.0 certification, we prioritise leveraging smart manufacturing practices to enhance supply chain management efficiency, streamline production processes, and achieve cost reduction. Our dedication to continuous improvement drives us to optimise production techniques and upgrade our product offerings consistently. By doing so, we ensure the production of high-quality industrial electronics products that meet the evolving needs of our customers.

As a result, for the six months ended 30 June 2023, the gross profit of the Group increased by 3.5 percentage points to 21.0% (six months ended 30 June 2022: 17.5%). Moreover, the profit attributable to owners of the Company for the six months ended 30 June 2023 grew by HK$20.8 million, reaching HK$21.7 million (six months ended 30 June 2022: HK$0.9 million).

FINANCIAL REVIEW

Revenue

The following table summarises the amount of revenue generated and as a percentage of total revenue from each product category for the six months ended 30 June 2023 and 2022, respectively:

	Six months ended 30 June					
	2023		2022		Changes	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
	(Unaudited)		(Unaudited)		(Unaudited)	
Smart vending systems	**179,278**	**31.7**	38,801	9.3	140,477	+362.0
Electro-mechanical products	**173,514**	**30.7**	161,543	38.7	11,971	+7.4
Switch-mode power supplies	**148,357**	**26.2**	95,710	22.9	52,647	+55.0
Smart chargers	**59,903**	**10.6**	112,196	26.9	(52,293)	-46.6
Others[1]	**4,803**	**0.8**	9,166	2.2	(4,363)	-47.6
Total	**565,855**	**100.0**	417,416	100.0	148,439	+35.6

Note:

(1) Others include automatic testing equipment ("**ATE**"), power switch gear boards and catering equipment control boards.

Revenue for the six months ended 30 June 2023 increased by HK$148.4 million as compared with the corresponding period of 2022, primarily due to the increase in sales of smart vending systems, electromechanical products, and switch-mode power supplies as a result of the growing customer demand, as discussed in the "Business Review" section above. However, this growth in revenue was partially offset by the decrease in sales of smart chargers and other products, reflecting a decline in demand for these products.

The table below summarises the geographical revenue segment based on location of customers for six months ended 30 June 2023 and 2022, respectively:

	Six months ended 30 June					
	2023		2022		Changes	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
	(Unaudited)		(Unaudited)		(Unaudited)	
Europe[1]	**495,654**	**87.6**	336,731	80.7	158,923	+47.2
North America[2]	**50,132**	**8.9**	48,974	11.7	1,158	+2.4
The PRC (including Hong Kong)	**9,849**	**1.7**	12,925	3.1	(3,076)	-23.8
South-east Asia[3]	**3,865**	**0.7**	5,183	1.2	(1,318)	-25.4
Others[4]	**6,355**	**1.1**	13,603	3.3	(7,248)	-53.3
Total	**565,855**	**100.0**	417,416	100.0	148,439	+35.6

Notes:

(1) Europe includes Austria, Denmark, Estonia, France, Germany, Hungary, Ireland, Italy, Malta, the Netherlands, Spain, Sweden, Switzerland, and the UK.

(2) North America includes the US.

(3) South-east Asia includes Malaysia, Philippines, Singapore and Vietnam.

(4) Others include Australia, Brazil, Israel, Japan, and Taiwan.

Europe and North America continued to be the major markets for the Group, accounting for 96.5% and 92.4% of the Group's total revenue for the six months ended 30 June 2023 and 2022, respectively. During the six months ended 30 June 2023, sales to customers in Europe had a significant increase of 47.2%, while sales to customers in North America grew by 2.4% compared to the same period last year. These increases were a result of the growing demand for the Group's products in these regions, as discussed in the "Business Review" section above.

Cost of sales

The cost of sales primarily consisted of direct materials, direct labor costs, and manufacturing overheads. During the six months ended 30 June 2023, the cost of sales increased by 29.7%, primarily attributed to: (i) an increase in material costs in line with the growth in revenue, and (ii) an increase in depreciation for right-of-use assets resulting from the inclusion of two leased factory buildings in the PRC that were delivered to the Group in June 2022.

Gross profit and gross profit margin

As a result of the aforementioned factors, the Group achieved a gross profit of HK$119.0 million for the six months ended 30 June 2023, representing an increase of 63.0% compared to the corresponding period in 2022. Gross profit margin also increased by 3.5 percentage points to 21.0% for the first half of 2023, as compared with 17.5% for the corresponding period in 2022.

Other income

Other income primarily comprises sales of scrap materials, government grants and subsidies received in the PRC and Hong Kong, rental income, service income, commission income and investment income. The Group recorded a HK$0.2 million increase in other income, reaching HK$2.4 million for the first half of 2023 compared with the same period of 2022. The increase was primarily driven by higher income from scrap material sales and the receipt of government grants and subsidies in the PRC, partially offset by a decrease in service income.

Other income is re-defined to exclude fair value gain/loss on financial assets at fair value through profit and loss and gain/loss on foreign exchange, and as such comparative figures were adjusted accordingly.

Selling and distribution expenses

Selling and distribution expenses primarily consist of freight and transportation expenses, sales commission expenses, inspection fee, advertising and promotion expenses and marine insurance expenses. Selling and distribution expenses increased from HK$7.5 million for the six months ended 30 June 2022 to HK$9.7 million for the same period in 2023 mainly reflecting the payment of higher commissions to sales agents and the higher advertising and promotion expenses incurred to facilitate sales during the period.

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses (including directors' emolument) and depreciation of property, plant and equipment and right-of-use assets, auditors' remuneration, insurance expenses and other general administrative expenses. Administrative expenses grew from HK$66.4 million for the first half of 2022 to HK$81.3 million for the same period in 2023. The increase in administrative expenses was mainly due to the rising employee benefit expenses for directors, management and sales and administrative staff within the Group.

Other operating income, net

Other operating income, net mainly consists of gain on foreign exchange, reversal of impairment loss on inventories, obsolete inventories written off, loss on disposal of financial assets at fair value through profit or loss, fair value loss on financial assets at fair value through profit or loss and reversal of/provision for impairment loss on trade receivables. Other operating income, net dropped from HK$4.0 million in the first half of 2022 to HK$2.5 million for the same period in 2023, mainly due to loss on disposal of financial asset at fair value through profit or loss of HK$1.5 million during the period.

Other operating income, net is re-defined to include fair value gain/loss on financial assets at fair value through profit and loss and gain/loss on foreign exchange, and as such comparative figures were adjusted accordingly.

Finance expenses, net

Finance expenses, net represent interest on lease liabilities and bank borrowings, bank charges and interest income on bank deposits. Finance expenses, net went up from HK$3.9 million in the first half of 2022 to HK$5.2 million in the same period of 2023. The increase is mainly attributable to the increase in interest on lease liabilities, resulting from the inclusion of two leased factory buildings in the PRC that were delivered to the Group in June 2022.

Income tax expense

Income tax expense increased from HK$0.5 million for the six months ended 30 June 2022 to HK$5.9 million for the same period in 2023, mainly due to the increase in assessable profits for the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2023, the Group's operation and capital requirements were financed principally through a combination of cash flows generated from the operating activities, proceeds from the listing of the shares of the Company on the Main Board of the Stock Exchange on 23 November 2017 (the "**Listing**") and bank borrowings. As at 30 June 2023, the Group had bank borrowings of HK$16.8 million (31 December 2022: HK$21.0 million), which were classified as current liabilities and primarily denominated in HK$ and United States Dollars ("**US$**"). In addition, as at 30 June 2023, the Group had undrawn banking facilities of HK$231.5 million (31 December 2022: HK$191.4 million) and cash and bank balances (including restricted bank deposits) of HK$73.7 million (31 December 2022: HK$79.0 million). Cash and bank balances (including restricted bank deposits) were mainly denominated in HK$, US$, RMB, Thai Baht ("**THB**") and Euros ("**EUR**").

As at 30 June 2023, the Group had net current assets of HK$316.8 million (31 December 2022: HK$306.3 million). The Group's current ratio (as calculated by current assets divided by current liabilities) was 2.1 times as at 30 June 2023 (31 December 2022: 2.3 times). Gearing ratio is calculated by net debt divided by total capital at the end of the reporting period. Net debt is calculated as total borrowings less cash and bank balances, while total capital is calculated as "equity" as shown in the interim condensed consolidated statement of financial position, plus net debt, where applicable. As at 30 June 2023, the gearing ratio was not applicable ("**N/A**") (31 December 2022: N/A) to the Group as the Group continued to record a net cash position (being cash and bank balances less total borrowings to be positive).

FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to a variety of financial risks: (i) market risk (including foreign exchange risk, cash flow and fair value interest rate risk), (ii) credit risk; and (iii) liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign exchange risk

The Group operates mainly in Hong Kong, the PRC, Thailand, and Ireland. Entities within the Group are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to HK$, RMB, THB and EUR. Foreign exchange risk arises from export sales, purchases, other future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The management of the Company has set up a policy to require the Group to manage its foreign exchange risk. It manages its foreign currency risk by closely monitoring the movements of foreign currency rates and will consider entering into forward foreign exchange contracts to reduce the exposure should the need arises.

During six months ended 30 June 2023 and 2022, the Group had not entered into any forward foreign exchange contract.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank borrowings. Bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group does not adopt any interest hedging strategy.

For the six months ended 30 June 2023 and 2022, all bank borrowings of the Group were arranged at floating rates varied with the then prevailing market condition.

As at 30 June 2023, the Group had bank borrowings of HK$16.8 million (31 December 2022: HK$21.0 million), which were primarily denominated in HK$ and US$.

Credit risk

The Group's credit risks are primarily attributable to financial instruments, financial assets at fair value through profits or loss, trade receivables, deposits and other receivables, time deposits and cash deposited at banks.

In respect of time deposits and cash deposited at banks, the credit risk is considered to be low as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The management of the Group makes periodic assessment on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the debtors. Considering that the Group's historical experience in collection of trade and other receivables falls within the recorded allowances, the management is of the opinion that adequate provision for uncollectible receivables has been made in the interim condensed consolidated financial statements.

The Group is also exposed to credit risk in relation to financial assets that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

Liquidity risk

Cash flow forecast is performed for the operating entities of the Group. Such forecast takes into consideration the Group's debt financing plans, covenant compliance and, if applicable, external regulatory or legal requirements – for example, currency restrictions.

The Group maintains liquidity through various sources, including the orderly realisation of short-term financial assets and receivables and long-term financing including long-term borrowings. The Group strives to maintain funding flexibility by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings which enable the Group to sustain its business in the foreseeable future.

COMMITMENTS

Details of the Group's commitments as at 30 June 2023 are set out in note 14 to the condensed consolidated interim financial information in this announcement.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the six months ended 30 June 2023. The capital structure of the Group consists of bank borrowings and equity attributable to owners of the Company, comprising issued share capital and reserves.

As at 30 June 2023, the Company had 1,000,000,000 shares in issue (31 December 2022: 1,000,000,000 shares).

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 30 June 2023 (31 December 2022: nil).

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions nor disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the prospectus dated 13 November 2017 (the "**Prospectus**") or otherwise in this announcement, the Group currently has no other plan for material investments and capital assets.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 June 2023 (31 December 2022: nil).

TREASURY MANAGEMENT

During the six months ended 30 June 2023, there had been no material change in the Group's funding and treasury policies. The Group has a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business.

The Group's objectives when managing capital are to ensure that members of the Group will be able to continue as a going concern while maximising the return to the shareholders of the Company (the "**Shareholders**") through the optimisation of its debt and equity balance. The Group manages the amount of capital in proportion to risk and makes adjustments to its overall capital structure. The management of the Group closely reviews the trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. The management of the Group carefully monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements to manage liquidity risk.

PLEDGE OF ASSETS

As at 30 June 2023, the financial assets at fair value through profit or loss amounted to HK$1.8 million (31 December 2022: HK$9.3 million), property, plant and equipment amounted to HK$22.4 million (31 December 2022: HK$23.0 million) and bank deposits amounted to HK$16.4 million (31 December 2022: HK$6.2 million) have been pledged as security for the bank borrowings of the Group.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were approximately 1,700 as at 30 June 2023 (31 December 2022: approximately 1,600). The Group's employee benefit expenses mainly included salaries, overtime payment, discretionary bonus, other staff benefits and contributions to retirement schemes.

For the six months ended 30 June 2023, the Group's total employee benefit expenses (including Directors' emoluments) amounted to HK$109.7 million (six months ended 30 June 2022: HK$95.5 million). Remuneration is determined with reference to the qualification, experience and work performance, whereas the payment of discretionary bonus is generally subject to work performance, the financial performance of the Group in that particular year and general market conditions.

The Group operates a share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible Directors and employees of the Group, who contribute to the success of the Group's operations. As at 30 June 2023, the Group did not have any outstanding share options granted under the Share Option Scheme (31 December 2022: nil). No share options were granted, exercised or lapsed under the Share Option Scheme during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

COMPARISON OF BUSINESS STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The following sets out a comparison of the business strategies as stated in the Prospectus with the Group's actual business progress for the six months ended 30 June 2023 and up to the date of this announcement:

Business strategies as stated in the Prospectus	**Actual business progress up to the date of this announcement**
Continue to expand the customer base in the European market and explore new markets in the PRC, the US and other Asian countries	Amidst the uncertainties in the global economic outlook, which include potential new virus variants, geopolitical tensions, surging inflation, and currency depreciation pressures, it is noteworthy that positive business opportunities continue to emerge. The COVID-19 pandemic and global economic slowdown have served as catalysts for digital transformation, impacting companies, work styles, and societies. Consequently, there has been an increased global demand for medical and healthcare devices, automation solutions, smart charging solutions, energy-efficient equipment, and self-service kiosks. Taking advantage of the relentless efforts of our marketing team, the Group has successfully expanded its customer base in Europe, the US, the PRC (including Hong Kong) and South-east Asia. Furthermore, our Electric Vehicle charger ("**EV charger**") business is actively exploring markets in Europe and Asia. To capitalise on these opportunities, the Group will persist in allocating additional resources towards sales and marketing activities.
Manufacture products of higher value and/or with higher profit contribution per the resources	The Group specialises in manufacturing and selling customised industrial electronic components and products. Our product range includes electromechanical products, switch-mode power supplies, smart chargers, and smart vending systems. These products find wide applications in various industrial and commercial sectors, including renewable energy facilities, telecommunications systems, commercial freight equipment, medical and healthcare devices, gaming and entertainment systems, as well as security and access systems. These industrial electronic products are distinguished by their exceptional quality, technical precision, and their ability to deliver higher value and make significant profit contributions per allocated resources.

Business strategies as stated in the Prospectus	**Actual business progress up to the date of this announcement**
Continue to expand the operations in automatic test equipment ("**ATE**") business segment	The global economic slowdown and uncertain business environment have prompted our customers in the ATE business to adopt a cautious approach towards project development and capital investment, leading to a decline in demand for ATEs. Consequently, we have decided to suspend our strategy of expanding operations in the ATE business. Instead, we have reallocated our ATE resources to further strengthen our capabilities in our core businesses of industrial electronic manufacturing services. This strategic reallocation of resources allows us to navigate the challenging economic landscape, optimise operational efficiency, and maintain our unwavering commitment to delivering high-quality industrial electronic solutions.
Strengthen the sales and marketing efforts in the industrial electronic manufacturing services sector	We have prioritised maintaining strong relationships with customers and partners through regular visits, fostering better cooperation and project development. Besides, we actively collaborate with customers, design houses, and industry participants to drive innovation and explore new products. Our active participation in industry exhibitions, trade fairs, and promotional campaigns allows us to stay informed about market developments, connect with potential customers, and seise emerging opportunities. To enhance our online presence, we have placed significant emphasis on enriching the content of our website. This includes providing timely corporate news and updates, showcasing our state-of-the-art smart manufacturing processes, and highlighting our superior quality industrial electronics products. Through these efforts, we aim to strengthen our reputation and solidify our position as a leading provider of customised industrial electronic components and products.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this announcement
Further enhance production efficiency and expand production capacity	As disclosed in the Company's announcements dated 23 April 2021, 22 June 2021, 15 December 2021, 18 March 2022, and 13 May 2022, along with the circular dated 26 July 2021, the Group entered into tenancy agreements with the Shiji Cooperative Economic Association of Dongchong Town, Nansha District, Guangzhou City, Guangdong Province (廣東省廣州市南沙區東涌鎮石基股份合作經濟聯合社) for leasing two factory buildings which are strategically located adjacent to our existing production plant. The renovation of these facilities was completed, and operations commenced in May 2023. With one building serving as a warehouse and the other as a production factory, this expansion enables us to increase our production capacity and effectively meet the growing demand from our customers. The expansion plan is designed to create synergies, optimise logistics and administrative costs, and maximise production efficiency. Equipped with advanced automation and digitalisation production lines, the new production factory enhances our capabilities to handle large-volume production of high-value and heavy-duty product series. Additionally, due to the satisfactory performance of our production plant in Thailand, our management is planning further expansion of production capabilities in Thailand to cater to customer demand. Through these strategic measures, we are confident in our ability to meet the evolving needs of our customers and solidify our position as a leading industrial electronic manufacturing service provider.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this announcement
Continue to recruit talents and professionals	To maintain our competitive edge in the industrial electronics manufacturing industry, our Group has implemented a strategic approach focused on the recruitment and development of skilled professionals. In line with our commitment to high added value and the integration of new technologies, we have transformed our strategic talent center (STC) in Guangzhou City, Guangdong Province, China into an innovation and development hub. This transformation aims to attract and nurture technological talents, enhance our infrastructure, and drive the application of advanced technologies and innovation throughout our operations. As of 30 June 2023, the STC had eight employees who provided a wide range of value-added services to the Group. Looking ahead, our management remains dedicated to continuously attracting and recruiting talented individuals of the requisite caliber and scale for the STC. By doing so, we ensure that they can provide crucial support to the Group's ongoing operations and contribute to our sustained growth and success in the industry.

USE OF PROCEEDS

The following table sets forth the status of use of net proceeds from the Listing as at 30 June 2023 and the expected timeline of the use of the unutilised proceeds:

Business strategies as set out in the Prospectus	The actual net proceeds prior to the reallocation approved by the Board on 25 October 2019 (the "Reallocation")	The Reallocation	The actual net proceeds subsequent to the Reallocation	Utilised net proceeds up to 31 December 2022	Unutilised net proceeds as at 1 January 2023	Utilised net proceeds during the six months ended 30 June 2023	Balance as at 30 June 2023	Expected timeline of full utilisation of the balance as at 30 June 2023
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	
Development of new production base	77.8	–	77.8	(43.3)	34.5	(5.8)	28.7	End of 2023
Upgrading of existing production facilities	4.5	–	4.5	(4.5)	–	–	–	N/A
Establishment of offices in Dublin, Ireland and Paris, France	11.3	(8.3)	3.0	(3.0)	–	–	–	N/A
Establishment of the STC in Guangzhou City, Guangdong Province, the PRC	11.3	(5.0)	6.3	(6.3)	–	–	–	N/A
Working capital and other general corporate purposes	5.1	–	5.1	(5.1)	–	–	–	N/A
Business developments and operations in Europe	–	13.3	13.3	(13.3)	–	–	–	N/A
	110.0	–	110.0	(75.5)	34.5	(5.8)	28.7	

The unutilised net proceeds have been deposited in interest-bearing bank accounts with licensed banks in Hong Kong. The Board closely monitors the use of net proceeds with reference to those disclosed in the Prospectus and the announcement of the Company dated 25 October 2019 as to the change in use of proceeds from the Listing. Due to the uncertain economic and market conditions, driven by the multiple waves of COVID-19 and geopolitical uncertainties, the Group's plan for the development of new production base in the PRC has been deferred. The remaining portion of the net proceeds are expected to be utilised up to the financial year ending 31 December 2023. The expected timeline of full utilisation is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions.

OUTLOOK

Looking ahead, the economic conditions for the remainder of the year are expected to remain challenging, with downside risks and a lower growth rate due to the longer-term effects brought by higher interest rates and geopolitical instability. These factors make predictions particularly difficult. However, the management remains cautiously optimistic about the prospects and will maintain vigilance in the face of the challenging operating environment.

The Group's order backlog continues to reflect a strong demand for our products, driven by an increasing emphasis on health consciousness, digital transformation, automation solutions, and energy efficiency. In line with this, the Group will allocate additional resources to sales and marketing activities to explore new business opportunities. Concurrently, we will invest in new technologies to enhance production efficiency and capabilities in both the PRC and Thailand. Moreover, we have plans to further expand our production capabilities in Thailand to meet the growing customer demand. Through these endeavors, we aim to maintain our position at the forefront of the industry and strengthen our market presence in these regions.

On the other hand, the demand for electric vehicles, solar and wind power, and batteries is thriving. Many countries are proactively investing their resources in energy-saving and environmental protection initiatives. The new energy vehicle industry is experiencing significant growth, supported by favorable government policies. The Group has been diligently working in these relevant areas, including the production of electro-mechanical components and power supplies for solar and wind power equipment, as well as the development of electric vehicle chargers under our own brand name, Deltrix. Through strategic cooperation with market participants, we are enhancing the product design, development, and sales and marketing of our electric vehicle charger products. With our formulated and implemented initiatives, the Group is well-prepared to meet the surging market demand for new energy products. Currently, we are actively exploring markets in Europe, Singapore, Hong Kong, and Kazakhstan. Looking ahead, we will continue to allocate additional resources to sales and marketing activities, aiming to explore new business opportunities in the new energy-related market. Through these efforts, we aim to strengthen our position further and capitalise on the growing demand in the industry.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.8 cent per ordinary share of the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: HK0.8 cent per ordinary share). The said interim dividend is expected to be paid on Friday, 20 October 2023 to the Shareholders whose names appear on the register of members of the Company on Friday, 29 September 2023, being the record date for determination of entitlements to the interim dividend.

A final dividend of HK1.2 cents per ordinary share of the Company for the year ended 31 December 2022, representing an amount of HK$12.0 million, was approved by the Shareholders at the annual general meeting held on 23 May 2023, and was subsequently paid on 7 July 2023.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlement to the interim dividend, the register of members of the Company will be closed from Wednesday, 27 September 2023 to Friday, 29 September 2023, both days inclusive. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 26 September 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this announcement, there are no significant events affecting the Group after the six months ended 30 June 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Company's corporate governance code is based on the principles of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Company is committed to ensuring a quality Board and its transparency and accountability to its Shareholders. The Company complied with all code provisions in the CG Code during the six months ended 30 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct governing Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and there were no events of non-compliance during the six months ended 30 June 2023.

AUDIT COMMITTEE

The Audit Committee was established on 27 October 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of the CG Code. As at the date of this announcement, the Audit Committee comprises three members, namely Ms. Law Ying Wai Denise, Mr. Hau Siu Laam and Mr. Fung Chun Chung. The chairperson of the Audit Committee is Ms. Law Ying Wai Denise.

The Audit Committee has reviewed this preliminary interim results announcement and the unaudited Interim Financial Information.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited Interim Financial Information has been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The review report of the independent auditor will be included in the interim report to be sent to the Shareholders.

On behalf of the Board
Trio Industrial Electronics Group Limited
Wong Sze Chai
Chairman and executive Director

Hong Kong, 29 August 2023

As at the date of this announcement, the Board comprises Mr. Wong Sze Chai, Mr. Tai Leung Lam, Mr. Joseph Mac Carthy, and Mr. Lo Ka Kei Jun as executive Directors, Mr. Kwan Tak Sum Stanley as non-executive Director, and Mr. Fung Chun Chung, Mr. Hau Siu Laam and Ms. Law Ying Wai Denise as independent non-executive Directors.