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## **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)**

### **FURTHER CHANGE IN USE OF PROCEEDS FROM THE LISTING**

References are made to the prospectus of Trio Industrial Electronics Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 13 November 2017 (the “**Prospectus**”) in relation to the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”), the announcement of the Company dated 25 October 2019 in relation to the change in use of proceeds (the “**Announcement**”) and the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2023 Interim Report.

The board (the “**Board**”) of directors (the “**Directors**”) announces that the Board has resolved to change the use of net proceeds from the Listing.

### **FURTHER CHANGE IN USE OF PROCEEDS**

The actual net proceeds from the Listing, after deducting the listing-related expenses, were HK\$110.0 million (the “**Net Proceeds**”). As set out in the Announcement, the Group adjusted the intended use and allocation of the Net Proceeds on 25 October 2019 (the “**Reallocation**”). As disclosed in the section headed “USE OF PROCEEDS” in the 2023 Interim Report, the unutilised Net Proceeds as at 30 June 2023 were HK\$28.7 million, which were expected to be fully utilised by the end of 2023 for the development of new production base in the PRC.

The following table sets forth the status of use of Net Proceeds subsequent to the Reallocation as at the date of this announcement.

	<b>The actual Net Proceeds subsequent to the Reallocation</b> <i>HK\$' million</i>	<b>Utilised Net Proceeds up to the date of this announcement</b> <i>HK\$' million</i>	<b>Remaining balance as at the date of this announcement</b> <i>HK\$' million</i>
Development of new production base	77.8	(51.2)	26.6
Upgrading of existing production facilities	4.5	(4.5)	–
Establishment of offices in Dublin, Ireland and Paris, France	3.0	(3.0)	–
Establishment of the STC in Guangzhou City, Guangdong Province, the PRC	6.3	(6.3)	–
Working capital and other general corporate purposes	5.1	(5.1)	–
Business developments and operations in Europe	13.3	(13.3)	–
	<u>110.0</u>	<u>(83.4)</u>	<u>26.6</u>

As disclosed in the Prospectus, for the development of new production base, (i) approximately 49.3% of the Net Proceeds (equivalent to HK\$54.2 million of the actual Net Proceeds) would be used to install two automated SMT production lines, six interchangeable PCB assembly production lines and other machineries and equipment in the Group's new production base (which is to be converted from two of the Group's existing warehouses) in Nansha District, Guangzhou City, Guangdong Province, the PRC; (ii) approximately 13.1% of the Net Proceeds (equivalent to HK\$14.4 million of the actual Net Proceeds) would be used for the advance payment of rental deposit, electricity installation charges and rental prepayment in respect of the Group's new production base; and (iii) approximately 8.3% of the Net Proceeds (equivalent to HK\$9.2 million of the actual Net Proceeds) would be used for the configuration of the Group's new production base (which is to be converted from two of the Group's existing warehouses), including leasehold improvements.

The following table sets forth the status of use of Net Proceeds for the development of new production base with the sub-items as disclosed in the Prospectus as at the date of this announcement.

	<b>The actual Net Proceeds subsequent to the Reallocation <i>HK\$' million</i></b>	<b>Utilised Net Proceeds up to the date of this announcement <i>HK\$' million</i></b>	<b>Remaining balance as at the date of this announcement <i>HK\$' million</i></b>
Development of new production base:	77.8	(51.2)	26.6
– installation of SMT production lines, interchangeable PCB assembly production lines and other machineries and equipment in the Group's new production base in the PRC (the " <b>Sub-item 1</b> ")	54.2	(27.6)	26.6
– advance payment of rental deposit, electricity installation charges and rental prepayment in respect of the Group's new production base	14.4	(14.4)	–
– configuration of the Group's new production base including leasehold improvements (the " <b>Sub-item 3</b> ")	9.2	(9.2)	–

The Group's new production base in Nansha District, Guangzhou City, Guangdong Province, the PRC has been established and operational in 2023. In addition, based on the satisfactory performance of the Group's production plant in Thailand, the Group has planned to establish new production facilities in Thailand to further expand its production capabilities in Thailand to meet the customer demand. The Group also sees the business need to further improve the Group's new production bases in the PRC and Thailand. Having taken into account the above latest business development of the Group and the business needs, the Board has resolved to change the use of the unutilised Net Proceeds by (i) reallocating HK\$13.3 million from the Sub-item 1 to the Sub-item 3; and (ii) inclusion of the new production base in Thailand in the Sub-item 1 and the Sub-item 3.

The proposed change of use of the unutilised Net Proceeds (the “**Proposed Change**”) is summarised as follows:

	The actual Net Proceeds subsequent to the Reallocation <i>HK\$’ million</i>	Utilised Net Proceeds up to the date of this announcement <i>HK\$’ million</i>	Remaining balance as at the date of this announcement <i>HK\$’ million</i>	Revised allocation of unutilised Net Proceeds <i>HK\$’ million</i>	Expected time line of full utilisation of the balance
Development of new production base:	77.8	(51.2)	26.6	26.6	
– installation of SMT production lines, interchangeable PCB assembly production lines and other machineries and equipment in the Group’s new production bases in the PRC and Thailand	54.2	(27.6)	26.6	13.3	End of 2024 <sup>(Note)</sup>
– advance payment of rental deposit, electricity installation charges and rental prepayment in respect of the Group’s new production base	14.4	(14.4)	–	–	N/A
– configuration of the Group’s new production bases including leasehold improvements	9.2	(9.2)	–	13.3	End of 2024 <sup>(Note)</sup>
Upgrading of existing production facilities	4.5	(4.5)	–	–	N/A
Establishment of offices in Dublin, Ireland and Paris, France	3.0	(3.0)	–	–	N/A
Establishment of the STC in Guangzhou City, Guangdong Province, the PRC	6.3	(6.3)	–	–	N/A
Working capital and other general corporate purposes	5.1	(5.1)	–	–	N/A
Business developments and operations in Europe	13.3	(13.3)	–	–	N/A
	<u>110.0</u>	<u>(83.4)</u>	<u>26.6</u>		

*Note:* The expected timeline for using the unutilized Net Proceeds was before end of 2023 as disclosed in the 2023 Interim Report. Since the Group’s plans for the development of new production base in the PRC have been deferred due to the uncertain economic and market conditions and geopolitical uncertainties, and considering the development of new production facilities in Thailand as disclosed above, it is expected that the timeline for utilising the remaining portion of the Net Proceeds is extended to on or before 31 December 2024. The expected timeline of full utilisation is based on the Board’s best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions.

Save for the Proposed Changes as disclosed in the table above, there is no other change in the use of Net Proceeds.

The Board considers that the Proposed Change is in line with the current business development of the Group and allows the Group to deploy its financial resources more effectively and is hence in the interests of the Company and its shareholders as a whole. The Board also confirms that there is no material change in the principal business of the Group as set out in the Prospectus and the Proposed Change will not have a material adverse effect on the existing business operations of the Group.

By order of the Board  
**Trio Industrial Electronics Group Limited**  
**Wong Sze Chai**  
*Chairman and Executive Director*

Hong Kong, 22 December 2023

*As at the date of this announcement, the Board comprises Mr. Wong Sze Chai (Chairman), 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.*