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)

(1) ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023; AND (2) RESUMPTION OF TRADING

The board (the "**Board**") of directors (the "**Directors**") of Trio Industrial Electronics Group Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 ("**FY2023**"), together with comparative figures for the year ended 31 December 2022 ("**FY2022**") as follows:

FINANCIAL HIGHLIGHTS:

- Revenue for FY2023 increased by 18.6% to HK$1,160.2 million as compared with FY2022.

- Gross profit for FY2023 increased by 7.4% to HK$222.7 million, while gross profit margin decreased by 2.0 percentage points to 19.2% as compared with FY2022.

- The Group reported a profit before income tax of HK$57.4 million in FY2023 as compared with a profit before income tax of HK$55.9 million in FY2022.

- Profit attributable to owners of the Company for FY2023 was HK$47.1 million (after deducting HK$4.8 million for one-time gratuities and a bonus paid to a resigned director and a senior management member), as compared with a profit of HK$45.4 million in FY2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The following table sets forth our consolidated statement of comprehensive income for the years indicated:

	Note	Year ended 31 December 2023 *HK$'000*	2022 *HK$'000* (Restated, note 17)
Revenue	*5*	**1,160,211**	978,103
Cost of sales	*6*	**(937,490)**	(770,808)
Gross profit		**222,721**	207,295
Other income	*5*	**4,596**	6,196
Selling and distribution expenses	*6*	**(18,626)**	(15,940)
Administrative expenses	*6*	**(150,172)**	(133,780)
Other operating income, net	*7*	**8,763**	2,878
Profit from operations		**67,282**	66,649
Finance expenses, net	*8*	**(9,837)**	(10,770)
Profit before income tax		**57,445**	55,879
Income tax expense	*9*	**(10,296)**	(10,461)
Profit for the year attributable to owners of the Company		**47,149**	45,418
Other comprehensive (expense)/income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gains/(losses) on revaluation of land and building, net of tax		**946**	(644)
Currency translation differences		**(1,337)**	2,305
Other comprehensive (expense)/income for the year, net of tax		**(391)**	1,661
Total comprehensive income for the year attributable to owners of the Company		**46,758**	47,079
Earnings per share			
– Basic and diluted *(HK cents)*	*10*	**4.71**	4.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table sets forth our consolidated statement of financial position as at the dates indicated:

	Note	As at 31 December **2023** *HK$'000*	2022 *HK$'000*
Assets			
Non-current assets			
Property, plant and equipment		**76,006**	57,997
Right-of-use assets		**100,467**	102,047
Prepayments and deposits		**1,581**	6,260
Financial assets at fair value through profit or loss		**3,345**	10,998
Deferred tax assets		**–**	1,133
		181,399	178,435
Current assets			
Inventories		**205,612**	244,213
Trade and other receivables	*12*	**202,564**	200,744
Prepayments and deposits		**15,241**	20,830
Tax recoverable		**204**	–
Financial assets at fair value through profit or loss		**258**	342
Restricted bank deposits		**16,543**	6,156
Cash and cash equivalents		**60,949**	72,796
		501,371	545,081
Current liabilities			
Trade and other payables	*13*	**123,498**	158,895
Contract liabilities	*14*	**16,865**	38,414
Borrowings	*15*	**20,657**	20,970
Lease liabilities		**7,116**	8,795
Current income tax liabilities		**4,730**	11,679
		172,866	238,753
Net current assets		**328,505**	306,328
Total assets less current liabilities		**509,904**	484,763

	Note	As at 31 December 2023 HK$'000	2022 HK$'000
Non-current liabilities			
Lease liabilities		**95,633**	97,139
Deferred tax liabilities		**3,536**	3,759
		99,169	100,898
Net assets		**410,735**	383,865
Equity			
Share capital	*16*	**281,507**	281,507
Reserves		**129,228**	102,358
Total equity		**410,735**	383,865

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Trio Industrial Electronics Group Limited (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, Hunghom, Kowloon, Hong Kong.

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

The consolidated financial statements are presented in thousands of Hong Kong dollars ("**HK$'000**"), unless otherwise stated.

The financial information relating to the years ended 31 December 2023 and 2022 included in this announcement does not constitute the statutory annual consolidated financial statements of the Group for those years but is derived from those 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 in Hong Kong as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2023 in due course.

The Company's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and requirements of the Companies Ordinance. HKFRSs comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by HKICPA.

The consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023.

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 (Amendment)	Insurance Contracts

The adoptions listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and amended standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 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.

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 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**"), Thailand and Ireland during the years ended 31 December 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.

Information about major customers

External customers contribute over 10% of total revenue of the Group for the years ended 31 December are as follows:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**403,793**	137,693
Customer B	**187,232**	131,093
Customer C	**131,899**	231,765

Geographical information

The table below summarises the geographical revenue segment based on location of customers for the years ended 31 December 2023 and 2022:

	2023	2022
	HK$'000	*HK$'000*
Europe	**1,034,228**	800,243
North America	**84,189**	113,211
The PRC	**17,337**	22,391
South-east Asia	**7,503**	11,013
Hong Kong	**3,195**	5,772
Others	**13,759**	25,473
Total	**1,160,211**	978,103

During the year ended 31 December 2023, majority of revenue were derived from customers in Europe (mainly the United Kingdom (the "**UK**"), Switzerland and Ireland), while the remaining revenue were derived from customers in the United States of America (the "**US**"), the PRC, South-east Asia, Hong Kong and others (mainly Australia and Brazil).

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 31 December 2023 of HK$22,900,000 (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.

5 REVENUE AND OTHER INCOME

	Note	2023 HK$'000	2022 HK$'000 (Restated)
Revenue			
Sales of goods	(a)	**1,160,211**	978,103
Other income			
Commission income		**181**	195
Investment income		**167**	222
Government grants		**2,130**	1,860
Scrap material sales income		**1,242**	2,558
Rental income		**158**	388
Service income		**58**	210
Gain on lease modification		**–**	18
Sundry income		**660**	745
		4,596	6,196

Note:

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

6 EXPENSES BY NATURE

	2023 HK$'000	2022 HK$'000
Cost of inventories	**806,564**	637,792
Employee benefit expenses (including directors' remuneration)	**192,644**	193,175
Depreciation for property, plant and equipment	**13,693**	12,883
Depreciation on right-of-use assets	**13,215**	10,066
Freight and transportation expenses	**10,392**	11,142
Utilities expenses	**8,409**	7,344
Auditors' remuneration		
– Audit services	**2,395**	2,233
– Non-audit services	**1,020**	777
Expenses related to short-term leases	**1,416**	1,648

7 OTHER OPERATING INCOME, NET

	2023 HK$'000	2022 HK$'000 (Restated)
Gain on foreign exchange, net	**4,823**	2,120
Obsolete inventories written off	**(1,182)**	(604)
Fair value loss on financial assets at fair value through profit or loss	**(127)**	(826)
Gain/(loss) on disposal of property, plant and equipment	**12**	(222)
Provision for impairment loss on trade receivables	**(1,466)**	(501)
Reversal of impairment loss on inventories	**8,251**	2,944
Others	**(1,548)**	(33)
	8,763	2,878

8 FINANCE EXPENSES, NET

	2023 HK$'000	2022 HK$'000
Finance income		
Bank interest income	**1,331**	413
Finance expenses		
Interest on bank borrowings	**(1,621)**	(2,344)
Interest on lease liabilities	**(4,671)**	(3,080)
Bank charges	**(4,876)**	(5,759)
	(11,168)	(11,183)
Finance expenses, net	**(9,837)**	(10,770)

9 INCOME TAX EXPENSE

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

	Note	2023 HK$'000	2022 HK$'000
Current income tax:			
– Hong Kong	*(a)*	**5,799**	7,031
– The PRC		**3,577**	–
Under provision in prior years		**2**	30
Deferred tax expense		**918**	3,400
Income tax expense		**10,296**	10,461

Note:

(a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of estimated assessable profits of the 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 years ended 31 December 2023 and 2022.

10 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 years ended 31 December 2023 and 2022.

	2023	2022
Profit attributable to owners of the Company *(HK$'000)*	**47,149**	45,418
Weighted average number of ordinary shares in issue *(thousand shares)*	**1,000,000**	1,000,000
Basic earnings per share *(HK cents)*	**4.71**	4.54

(b) Diluted earnings per share

Diluted earnings per share was the same as basic earnings per share due to the absence of dilutive potential ordinary shares for the years ended 31 December 2023 and 2022.

11 DIVIDENDS

	2023	2022
	HK$'000	*HK$'000*
Final dividend for 2022 paid of HK1.2 cents (final dividend for 2021: nil) per ordinary share	**12,000**	–
Interim dividend paid of HK0.8 cent (2022: HK0.8 cent) per ordinary share	**8,000**	8,000
	20,000	8,000

Note:

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 year ended 31 December 2023.

The Board did not recommend any final dividend for the year ended 31 December 2023.

12 TRADE AND OTHER RECEIVABLES

	Note	2023 HK$'000	2022 HK$'000
Trade receivables	(a)	**201,358**	198,604
Less: Provision for impairment loss on trade receivables		**(3,813)**	(2,347)
Trade receivables – net		**197,545**	196,257
Other receivables		**5,019**	4,487
		202,564	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 the 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. The aging analysis of the trade receivables based on invoice date at the end of the reporting period is as follows:

	2023 HK$'000	2022 HK$'000
Below 30 days	**45,654**	67,577
Between 31 and 60 days	**45,472**	59,730
Over 60 days	**110,232**	71,297
	201,358	198,604

13 TRADE AND OTHER PAYABLES

	Note	2023 HK$'000	2022 HK$'000
Trade payables	*(a)*	**102,959**	132,932
Accruals		**18,743**	20,853
Other payables and provisions		**1,796**	5,110
		123,498	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. The aging analysis of trade payables based on invoice date at the end of reporting period is as follows:

	2023 HK$'000	2022 HK$'000
Below 30 days	**36,688**	56,307
Between 31 and 60 days	**25,201**	42,254
Over 60 days	**41,070**	34,371
	102,959	132,932

14 CONTRACT LIABILITIES

Revenue recognised in relation to contract liabilities

As at 31 December 2023 and 2022, the Group recognised the following liabilities related to contracts with customers:

	2023 HK$'000	2022 HK$'000
Contract liabilities	**16,865**	38,414

(a) Change in contract liabilities

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance under the contracts which are mainly from sales of goods. Contract liabilities have decreased due to satisfaction of performance obligations from previous year during the year and reduction in prepayment received for goods to be delivered as of the reporting date.

(b) Revenue recognised in relation to contract liabilities

The following table shows the amounts of the revenue recognised for the years ended 31 December 2023 and 2022 which relates to carried-forward contract liabilities.

	2023 HK$'000	2022 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sales of goods	**28,672**	9,345

(c) Unsatisfied contracts related to sales of goods

The Group has applied the practical expedient to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting dates for its sales contracts for electronic products as the performance obligations have an original expected duration of one year or less.

15 BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Secured bank borrowings	**20,657**	20,970

The Group's borrowings were repayable as follows (without taking into account the repayment on demand clause as detailed in note (a) below):

	2023	2022
	HK$'000	*HK$'000*
Within 1 year	**13,157**	19,150
Between 1 and 2 years	**5,000**	986
Between 2 and 5 years	**2,500**	834
	20,657	20,970

Notes:

(a) As these loans include a clause that gives the lender the unconditional right to call the loans 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", these loans were classified by the Company as current liabilities.

(b) As at 31 December 2023 and 2022, the total borrowings were secured by the following assets and their carrying values were shown below:

	2023	2022
	HK$'000	*HK$'000*
Property, plant and equipment	**22,900**	23,000
Financial assets at fair value through profit or loss	**1,870**	9,325
Restricted bank deposits	**16,543**	6,156
	41,313	38,481

The borrowings were also secured by an indemnity for an unlimited amount executed by the Company.

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

	2023	2022
	HK$'000	*HK$'000*
Variable rate	**20,657**	20,970

The fair value of current borrowings approximates their carrying amounts, as the impact of discounting is not significant.

The effective interest rate of bank borrowings is 7.82% per annum for the year ended 31 December 2023 (2022: 5.55% per annum).

(d) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2023	2022
	HK$'000	*HK$'000*
HK$	**14,800**	3,561
US$	**5,857**	17,409
	20,657	20,970

(e) The Group has the following undrawn borrowing facilities:

	2023	2022
	HK$'000	*HK$'000*
Expiring within one year	**220,376**	191,419

16 SHARE CAPITAL

	2023		2022	
	Number of shares	**Amount** ***HK$'000***	Number of shares	Amount *HK$'000*
Issued and fully paid				
At the beginning and the end of the year	**1,000,000,000**	**281,507**	1,000,000,000	281,507

17 COMPARATIVE FIGURES

The following comparative figures in the consolidated statement of comprehensive income have been reclassified to conform with the current year'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$826,000 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$2,120,000 from "other income" to "other operating income, net" to fairly present its nature.

In the opinion of the Board, the reclassifications made to the comparative figures have no significant impact on the Group's consolidated statement of comprehensive income for the year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

As a leading electronics manufacturing services (EMS) provider specialising in customised industrial electronic components and products, our Group has solidified its position in the industry. With headquarters in Hong Kong and production facilities in the PRC, Thailand and Ireland, we have established a strong presence in the market.

Our expertise lies in manufacturing and selling a diverse range of industrial electronic products, including electro-mechanical components, switch-mode power supplies, smart chargers, and smart vending systems. These products have extensive applications in various sectors, such as gaming and entertainment, medical and healthcare, renewable energy, telecommunication, commercial freight, security, and access control systems.

Despite the challenging global economic environment characterised by high interest rates, inflationary pressures, geopolitical tensions, the emergence of new virus variants, and currency depreciation, we successfully identified and capitalised on positive business opportunities.

The COVID-19 pandemic and the subsequent global economic slowdown acted as catalysts for changes in consumer behaviour, resulting in heightened health consciousness, increased digital transformation, automation solutions, and a demand for energy-efficient products. These shifts have significantly impacted companies, work styles and societies, leading to a surge in the global demand for medical and healthcare devices, renewable energy facilities, telecommunication systems, energy-efficient equipment and digital gaming systems. Among our product portfolio, our smart vending systems and switch-mode power supplies have experienced substantial growth in demand in the European market.

Our revenue for FY2023 experienced a remarkable growth of 18.6%, reaching a record high of HK$1,160.2 million (2022: HK$978.1 million). This impressive growth was primarily driven by increased sales of our smart vending systems and switch-mode power supplies in Europe. The surge in demand from these key markets highlights the effectiveness of our market expansion strategies and the strength of our product offerings.

In line with our commitment to meeting customer demand and bolstering operational capacity, we strategically expanded our presence. We leased two adjacent buildings near our existing production base in the PRC, which have become operational in May 2023. One building serves as a dedicated warehouse, while the other functions as a production factory. These additions not only expand our facilities but also generate synergies with our existing operations, optimising logistics and administrative costs. Through the integration of advanced automation and digital production lines, the new factory significantly enhances our capabilities for large-scale production of high-value and heavy-duty product series.

Building upon the success of our production plant in Thailand, we are actively expanding our production capabilities in the region. We have leased an additional factory building near our existing facility, which is scheduled to commence operations in the second quarter of 2024. This strategic move allows us to further strengthen our production capacity and effectively cater to the evolving needs of our valued customers.

We are steadfast in our commitment to smart manufacturing practices, which encompass innovation, automation, and technological advancements. As pioneers in Hong Kong, we proudly obtained Level 1 Industry 4.0 certification, positioning us at the forefront of smart manufacturing. Leveraging these practices, we continuously enhance supply chain management efficiency, streamline production processes and achieve cost reduction. By prioritising continuous improvement, we optimise production techniques and consistently upgrade our product offerings, ensuring the delivery of high-quality industrial electronic products that precisely meet the evolving demands of our customers. For FY2023, our dedication and strategic actions yielded impressive results. The profit attributable to owners of the Company increased by HK$1.7 million, reaching HK$47.1 million (2022: HK$45.4 million). These numbers reflect our Group's resilience, agility and ability to navigate through challenging times while maintaining steady growth.

FINANCIAL REVIEW

Revenue

The following table summarises the amount of revenue generated and as a percentage of total revenue from each product category for FY2023 and FY2022:

	FY2023		FY2022		Changes	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Smart vending systems	**407,826**	**35.2**	143,445	14.7	+264,381	+184.3
Electro-mechanical products	**314,739**	**27.1**	377,517	38.6	-62,778	-16.6
Switch-mode power supplies	**297,062**	**25.6**	218,354	22.3	+78,708	+36.0
Smart chargers	**135,019**	**11.6**	232,758	23.8	-97,739	-42.0
Others[(1)]	**5,565**	**0.5**	6,029	0.6	-464	-7.7
Total	**1,160,211**	**100.0**	978,103	100.0	+182,108	+18.6

Note:

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

Revenue for FY2023 increased by HK$182.1 million as compared with FY2022, primarily due to the increase in sales of smart vending systems and switch-mode power supplies as a result of the growing customer demand, as discussed in the section headed "Business Review" above. However, this growth in revenue was partially offset by the decrease in sales of electro-mechanical products, 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 FY2023 and FY2022:

	FY2023		FY2022		Changes	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Europe[(1)]	**1,034,228**	**89.1**	800,243	81.8	+233,985	+29.2
North America[(2)]	**84,189**	**7.3**	113,211	11.6	-29,022	-25.6
The PRC (including Hong Kong)	**20,532**	**1.8**	28,163	2.9	-7,631	-27.1
South-east Asia[(3)]	**7,503**	**0.6**	11,013	1.1	-3,510	-31.9
Others[(4)]	**13,759**	**1.2**	25,473	2.6	-11,714	-46.0
Total	**1,160,211**	**100.0**	978,103	100.0	+182,108	+18.6

Notes:

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

(2) North America includes the US.

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

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

Europe and North America continued to be the major markets of the Group which in aggregate accounted for 96.4% and 93.4% of total revenue in FY2023 and FY2022 respectively. Sales to customers in Europe had a significant increase of 29.2% in FY2023 compared to FY2022, which was resulted from the growing demand for the Group's products in these regions, as discussed in the section headed "Business Review" above.

Cost of sales

The Group's cost of sales mainly comprised direct materials, direct labour costs, and manufacturing overheads. Cost of sales for FY2023 increased by 21.6% to HK$937.5 million from HK$770.8 million in FY2022. The increase in cost of sales is a combination of: (i) an increase in material costs in line with the growth in revenue; (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; and (iii) decrease in direct labour cost.

Gross profit and gross profit margin

As a result of the aforementioned factors, the Group achieved a gross profit of HK$222.7 million in FY2023, representing an increase of 7.4% compared to FY2022. However, the gross profit margin reduced by 2.0 percentage points to 19.2% in FY2023 from 21.2% in FY2022.

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's other income dropped from HK$6.2 million in FY2022 to HK$4.6 million in FY2023. The decrease was mainly due to the decrease in scrap material sales income of HK$1.3 million during the reporting period.

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. These expenses increased from HK$15.9 million in FY2022 to HK$18.6 million in FY2023, mainly resulted from higher commissions paid to sales agents and increased advertising and promotion expenses incurred to facilitate sales.

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses (including directors' remuneration), depreciation for property, plant and equipment and right-of-use assets, auditors' remuneration, insurance expenses and other general administrative expenses. Administrative expenses grew by 12.3% from HK$133.8 million in FY2022 to HK$150.2 million in FY2023. The increase in administrative expenses was mainly due to the rise in employee benefit expenses of directors, management, sales and administrative staff in the Group, which included an amount of HK$4.8 million for one-time gratuities and a bonus paid to a resigned director and a senior management member during the year.

Other operating income, net

Other operating income, net mainly consists of net gain on foreign exchange, reversal of impairment loss on inventories, obsolete inventories written off, fair value loss on financial assets at fair value through profit or loss and provision for impairment loss on trade receivables. Other operating income, net increased from HK$2.9 million in FY2022 to HK$8.8 million in FY2023, which is primarily resulted from the increase in reversal of impairment loss on inventories of HK$5.3 million in FY2023.

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 reduced by 9.3% from HK$10.8 million in FY2022 to HK$9.8 million in FY2023. The decrease is mainly attributable to the following factors: (i) an increase in bank interest income; (ii) a decrease in bank charges and bank interest expenses; and (iii) partially offset by an increase in interest on lease liabilities due to 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 decreased from HK$10.5 million in FY2022 to HK$10.3 million in FY2023, mainly attributable to the utilisation of deferred tax.

LIQUIDITY AND FINANCIAL RESOURCES

During FY2023, the Group primarily financed its operational and capital requirements 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 31 December 2023, the Group had bank borrowings of HK$20.7 million (2022: HK$21.0 million), which were classified as current liabilities and primarily denominated in Hong Kong dollars ("**HK$**") and United States Dollars ("**US$**"). In addition, as at 31 December 2023, the Group had undrawn banking facilities of HK$220.4 million (2022: HK$191.4 million) and restricted bank deposits and cash and cash equivalents of HK$77.5 million (2022: HK$79.0 million), which were mainly denominated in HK$, US$, Renminbi ("**RMB**"), Thai Baht ("**THB**") and Euro ("**EUR**").

As at 31 December 2023, the Group had net current assets of HK$328.5 million (2022: HK$306.3 million). The Group's current ratio, calculated by dividing current assets by current liabilities, increased from 2.3 times as at 31 December 2022 to 2.9 times as at 31 December 2023. The Group's gearing ratio, determined by dividing net debt by total capital at the end of the reporting period, was not applicable ("**N/A**") as at 31 December 2023 (2022: N/A) since the Group maintained a positive net cash position (cash and cash equivalents minus borrowings). Net debt is calculated as bank borrowings less cash and cash equivalents while total capital is calculated as "total equity" as shown in the consolidated statement of financial position plus net debt, where applicable.

FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to various financial risks, including (i) market risk (including foreign exchange risk, price risk and cash flow interest rate risk), (ii) credit risk; and (iii) liquidity risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse impacts 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 US$, RMB, THB and EUR. Foreign exchange risk arises from export sales, purchases, other future commercial transactions and monetary assets and liabilities denominated in currencies other than 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 against its functional currencies. It manages its foreign currency risk by closely monitoring the movements of foreign currency rates and may enter into forward foreign exchange contracts to mitigate exposure should the need arise. During FY2023 and FY2022, the Group did not enter into any forward foreign exchange contract.

Price risk

The Group is exposed to equity securities price risk from equity instruments held by the Group which is classified in the consolidated statement of financial position as financial assets at fair value through profit or loss. The Group mitigates its price risk exposure by maintaining a portfolio of investments with different risk and return profiles, and ensuring the investment portfolio is frequently reviewed and monitored.

Cash flow interest rate risk

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

During FY2023 and FY2022, all bank borrowings of the Group were arranged at floating rates varied with prevailing market condition.

As at 31 December 2023, the Group had bank borrowings of HK$20.7 million (2022: HK$21.0 million), primarily denominated in HK$ and US$.

Credit risk

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

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

The management of the Group conducts periodic assessment on the recoverability of trade and other receivables based on historical payment records, the duration of the overdue periods, the financial strength of debtors and the presence of any disputes with the debtors. According to the Group's historical experience in collection of trade and other receivables, the irrecoverable trade and other receivables fall within the recognised allowances and the management is of the opinion that adequate provision for uncollectible receivables has been made.

As at 31 December 2023, the Group has concentration of credit risk as 49.0% (2022: 11.6%) and 81.0% (2022: 73.1%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

Liquidity risk

Cash flow forecasts are performed in the operating entities of the Group. These forecasts consider the Group's debt financing plans, covenant compliance, and any applicable external regulatory or legal requirements, such as currency restrictions.

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

COMMITMENTS

(a) The Group's capital expenditure on property, plant and equipment contracted for but not recognised as liabilities as at 31 December 2023 amounted to HK$4.8 million (2022: HK$1.1 million).

(b) 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 31 December 2023 amounted to HK$152,000 (2022: HK$565,000).

CAPITAL STRUCTURE

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

SIGNIFICANT INVESTMENTS

As at 31 December 2023, the Group did not hold any significant investments (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 FY2023 (2022: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CONTINGENT LIABILITIES

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

TREASURY MANAGEMENT

During FY2023, there were no material change in the Group's funding and treasury policies. The Group maintains an adequate level of cash and banking facilities to support its normal business operations.

The Group's capital management objectives are to ensure the continuity of the Group as a going concern while maximising the return to the Shareholders through an optimal balance of debt and equity. The Group manages the amount of capital in proportion to risk and makes necessary adjustments to its overall capital structure. The management of the Group closely monitors trade receivable balances for any overdue amounts 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 its assets, liabilities and commitments can meet its funding requirements and effectively manage liquidity risk.

PLEDGE OF ASSETS

As at 31 December 2023, the financial assets at fair value through profit or loss amounted to HK$1.9 million (2022: HK$9.3 million), property, plant and equipment amounted to HK$22.9 million (2022: HK$23.0 million), bank deposits amounted to HK$16.5 million (2022: HK$6.2 million) and an indemnity for an unlimited amount executed by the Company were pledged as security for the bank borrowings of the Group.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were approximately 1,560 as at 31 December 2023 (2022: approximately 1,600). The Group's employee benefit expenses mainly included salaries, overtime payment, discretionary bonus, directors' remuneration, other staff benefits and contributions to retirement schemes.

For FY2023, the Group's total employee benefit expenses (including directors' remuneration) amounted to HK$192.6 million (2022: HK$193.2 million). Remuneration is determined with reference to the qualification, experience and work performance, whereas the discretionary bonus is subject to work performance and the financial performance of the Group in that particular year and prevailing market conditions.

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 FY2023 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, including a high interest rate and high inflation environment, geopolitical tensions, new virus variants and currency depreciation, positive business opportunities continue to emerge. The COVID-19 pandemic and global economic slowdown have driven digital transformation, impacting companies, work styles and societies. This has resulted in an increased global demand for medical and healthcare devices, automation solutions, smart charging solutions, energy-efficient equipment and self-service kiosks. By leveraging the dedicated efforts of our marketing team, the Group has successfully expanded its customer base in Europe, the US, the PRC (including Hong Kong) and other Asian countries. To capitalise on emerging opportunities, the Group will continue to allocate additional resources to sales and marketing activities.
Manufacture products of higher value and/or with higher profit contribution per the resources	The Group specialises in manufacturing and sale of customised industrial electronic components and products. Our diverse product range includes electro-mechanical products, switch-mode power supplies, smart chargers and smart vending systems. These products have diverse applications across industrial and commercial sectors, including medical and healthcare devices, renewable energy systems, telecommunication systems, commercial freight equipment, security and access control systems, as well as gaming and entertainment systems. Our industrial electronic products are renowned for their exceptional quality, technical precision, and their ability to deliver high value and make significant profit contributions.

Continue to expand the operations in ATE business segment	The global economic slowdown and uncertain business environment have led our customers in the ATE business to adopt a cautious approach in project development and capital investment. As a result, there has been a decline in demand for ATEs. In light of this, we have decided to suspend our expansion plans in the ATE business and instead reallocate our resources to strengthen our capabilities in our core business of industrial electronic manufacturing services. This strategic reallocation allows us to navigate the challenging economic landscape, optimise operational efficiency, and maintain our dedication to delivering high-quality industrial electronic solutions.
Strengthen the sales and marketing efforts in the industrial electronic manufacturing services sector	We prioritise maintaining strong relationships with customers and partners through regular visits, fostering better cooperation and project development. Additionally, we actively collaborate with customers, design houses and industry participants to drive innovation and explore new products. By actively participating in industry exhibitions, trade fairs and promotional campaigns, we stay informed about market developments, connect with potential customers and seize 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 electronic 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.
Further enhance the production efficiencies and expand the 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) to lease two factory buildings adjacent to our existing production plant. These buildings have gradually commenced operations since May 2023, with one building serving as a warehouse and the other as a production facility. This expansion enables us to increase our production capacity and effectively meet the growing demand from our customers. The expansion plan aims to create synergies with the existing production facilities, optimise logistics and administrative costs, and maximise production efficiencies. By integrating advanced automation and digital production lines, the new factory enhances our capabilities to undertake large-scale production of high-value and heavy-duty product series. Moreover, building upon the successful performance of our production plant in Thailand, our management has taken steps to further expand our production capabilities in the region. We have recently leased an additional factory building in close proximity to our existing production facility. This strategic move allows us to further enhance our production capacity and cater to the evolving needs of our customers. With these measures in place, we are confident in our ability to solidify our position as a leading provider of industrial electronic manufacturing services.

Continue to recruit talents and professionals

To maintain our competitive edge in the industrial electronics manufacturing industry, our Group has implemented a strategic approach that focuses on recruiting and developing skilled professionals. As part of our commitment to high value-added solutions and the integration of new technologies, we have transformed our strategic talent centre ("**STC**") in Guangzhou City, Guangdong Province, China into an innovation and development hub. This transformation aims to attract and cultivate technological talents, enhance our infrastructure, and drive the application of advanced technologies and innovation across our operations. As of 31 December 2023, the STC employed eleven individuals to provide a wide range of value-added services for the Group. Looking ahead, our management remains dedicated to continuously attract and recruit talented individuals of the highest caliber and scale for the STC. This ensures that they can provide essential support to our ongoing operations and contribute to our continued 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 31 December 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 on 25 October 2019 (the "First Reallocation")**	**The First Reallocation**	**The actual net proceeds subsequent to the First Reallocation**	**Utilised net proceeds up to 31 December 2022**	**Unutilised net proceeds as at 1 January 2023**	**The reallocation on 22 December 2023** ***(Note)***	**Utilised net proceeds during the year ended 31 December 2023**	**Balance as at 31 December 2023**	**Expected timeline of full utilisation of the balance as at 31 December 2023**
	HK$' million	*HK$' 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	–	(10.3)	24.2	
– 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 (the "**Sub-item 1**") *(note)*	54.2	–	54.2	(23.8)	30.4	(13.3)	(6.0)	11.1	End of 2024
– advance payment of rental deposit, electricity installation charges and rental prepayment in respect of the Group's new production base	14.4	–	14.4	(10.3)	4.1	–	(4.1)	–	–

Business strategies as set out in the Prospectus	The actual net proceeds prior to the reallocation on 25 October 2019 (the "First Reallocation")	The First Reallocation	The actual net proceeds subsequent to the First Reallocation	Utilised net proceeds up to 31 December 2022	Unutilised net proceeds as at 1 January 2023	The reallocation on 22 December 2023 *(Note)*	Utilised net proceeds during the year ended 31 December 2023	Balance as at 31 December 2023	Expected timeline of full utilisation of the balance as at 31 December 2023
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	
– configuration of the Group's new production bases including leasehold improvements (the "**Sub-item 3**") *(note)*	9.2	–	9.2	(9.2)	–	13.3	(0.2)	13.1	End of 2024
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	–	(10.3)	24.2	

Note: Having taken into account the latest business development of the Group and the business needs, the Board 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. Please refer to the announcement of the Company dated 22 December 2023 for further details in relation to the change of use of proceeds.

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 announcements of the Company dated 25 October 2019 and 22 December 2023 as to the change in use of proceeds from the Listing. The remaining portion of the net proceeds are expected to be utilised up to the financial year ending 31 December 2024. 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, we anticipate that the economic conditions for the coming year will remain challenging, characterised by downside risks and a lower growth rate due to factors such as high interest rates, inflation and geopolitical instability. Despite these challenges, our management maintains a cautious yet optimistic outlook. We are committed to vigilance in navigating the demanding operating environment.

The Group's order backlog continues to reflect strong demand for our products, driven by a growing emphasis on health consciousness, digital transformation, automation solutions and energy efficiency. To capitalise on these trends, we will allocate additional resources to bolster our sales and marketing activities, enabling us to explore new business opportunities effectively. Simultaneously, we will invest in new technologies to enhance our production efficiencies and capabilities in both the PRC and Thailand.

Building upon the success of our production plant in Thailand, we are proactively expanding our production capabilities in the region. We have secured an additional factory building near our existing facility, which is scheduled to commence operations in the second quarter of 2024. This strategic move significantly strengthens our production capacity, empowering us to meet the evolving needs of our esteemed customers more effectively.

Furthermore, the global demand for electric vehicles, solar power and wind power, along with batteries, continues to thrive as countries worldwide invest significant resources in energy-saving and environmental protection initiatives. The new energy vehicle industry is experiencing substantial growth, driven by favourable government policies. In light of this, we maintain a highly optimistic outlook, particularly in the emerging sectors of electric vehicles, solar power and wind power. The Group has been actively involved in these areas, manufacturing components for solar and wind power applications, and developing esteemed electric vehicle chargers under our renowned Deltrix brand. Aligning with China's influential "Belt and Road" initiative, the Group is actively pursuing expansion opportunities in Central Asia, including Kazakhstan. Simultaneously, we have set our sights on establishing a robust presence in Hong Kong, Macau and Southeast Asia by offering comprehensive solutions for electric vehicle charging. Our ultimate ambition is to create a "Greater Asia Renewable Energy Business Circle", fostering collaboration and promoting sustainable growth throughout the region.

As we look ahead, we will continue to allocate additional resources to our sales and marketing activities, with a clear focus on exploring new business prospects in the new energy-related markets. Through these concerted efforts, we aim to fortify our position and seize the growing opportunities in the industry. Our commitment to delivering excellence and meeting the needs of our stakeholders remains unwavering.

DIVIDENDS

An interim dividend of HK0.8 cent (2022: HK0.8 cent) per ordinary share totalling HK$8,000,000 was paid to the Shareholders on 20 October 2023 (2022: 17 October 2022).

The Board did not recommend any final dividend for FY2023 (2022: HK1.2 cents).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Tuesday, 28 May 2024, the register of members of the Company will be closed from Thursday, 23 May 2024 to Tuesday, 28 May 2024, both days inclusive, during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, 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 not later than 4:30 p.m. on Wednesday, 22 May 2024.

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 FY2023.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Group after FY2023 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 C1 to the Listing Rules. The Company is committed to ensuring a quality board and transparency and accountability to the Shareholders.

The Company complied with all code provisions in the CG Code during FY2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities in Appendix C3 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 year ended 31 December 2023 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (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 C4 and paragraph D3 of the CG Code. The Audit Committee comprises three members, namely Ms. Law Ying Wai Denise, Mr. Fung Chun Chung and Mr. Hau Siu Laam. The chairperson of the Audit Committee is Ms. Law Ying Wai Denise. The Audit Committee reviewed the preliminary results announcement and the consolidated financial statements of the Group for the year ended 31 December 2023. The Audit Committee also reviewed the effectiveness of internal control system of the Group and considered the system to be effective and adequate.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's independent auditor, PricewaterhouseCoopers, Certified Public Accountants of Hong Kong ("**PricewaterhouseCoopers**") to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

RESUMPTION OF TRADING

References are made to (i) the announcement of Company dated 28 March 2024 in relation to, among other things, the delay in publication of the annual results of the Group for the year ended 31 December 2023; and (ii) the announcement of Company dated 1 April 2024 in relation to the suspension of trading in the shares of the Company on the Stock Exchange.

At the request of the Company, trading in the Company's shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024, pending the publication of this announcement.

In light of the publication of this announcement, an application has been/will be made by the Company to the Stock Exchange for resumption of trading in the Company's shares with effect from 9:00 a.m. on 15 April 2024.

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

Hong Kong, 12 April 2024

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.

* *for identification purpose only*