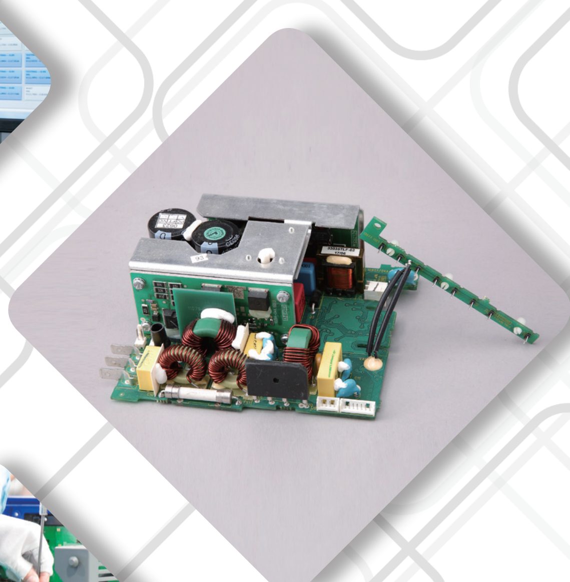
TRIO INDUSTRIAL ELECTRONICS GROUP LIMITED
致豐工業電子集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 1710

GLOBAL OFFERING



Sole Sponsor

HALCYON 鎧盛

HALCYON CAPITAL LIMITED

Joint Bookrunners and Joint Lead Managers

HALCYON 鎧盛
HALCYON SECURITIES LIMITED

VMS 鼎珮

GREAT ROC
CAPITAL SECURITIES LIMITED
鴻鵬資本證券有限公司

KGI
CHINA DEVELOPMENT FINANCIAL
KGI Capital Asia Limited

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

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

(Incorporated in Hong Kong with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**250,000,000 Shares (subject to adjustment and the exercise of the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**25,000,000 Shares (subject to adjustment)**
Number of International Placing Shares	**:**	**225,000,000 Shares (subject to adjustment and the exercise of the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$0.72 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Stock code	**:**	**1710**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection – Documents Delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state in the United States, and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The Offer Shares are being offered and sold only outside of the United States in offshore transactions in reliance on Regulations S.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 17 November 2017 and, in any event, not later than Tuesday, 21 November 2017. The Offer Price will be no more than HK$0.72 per Offer Share and is currently expected to be no less than HK$0.52 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by Tuesday, 21 November 2017 between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information contained in this prospectus, including the risk factors set out in "Risk Factors" in this prospectus.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.trio-ieg.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. See "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for termination" in this prospectus.

13 November 2017

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in English in South China Morning Post and in Chinese in Hong Kong Economic Times and on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.trio-ieg.com**.*

Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website **www.hkeipo.hk**[2] .... 11:30 a.m. on Thursday, 16 November 2017

Application lists of the Hong Kong Public Offering open[3] .... 11:45 a.m. on Thursday, 16 November 2017

Latest time to lodge **WHITE** and **YELLOW** Application Forms .... 12:00 noon on Thursday, 16 November 2017

Latest time to give **electronic application instructions** to HKSCC[4] .... 12:00 noon on Thursday, 16 November 2017

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) .... 12:00 noon on Thursday, 16 November 2017

Application lists of the Hong Kong Public Offering close .... 12:00 noon on Thursday, 16 November 2017

Expected Price Determination Date[5] .... Friday, 17 November 2017

(1) Announcement of:

- the Offer Price;
- an indication of the level of interest in the International Placing;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares

to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.trio-ieg.com** on or before[6] .... Wednesday, 22 November 2017

(2) Announcement of results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.trio-ieg.com** (See "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" in this prospectus) from . . . . Wednesday, 22 November 2017

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.trio-ieg.com** from . . . . Wednesday, 22 November 2017

Results of allocations for the Hong Kong Public Offering will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function . . . . Wednesday, 22 November 2017

Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[6] [7] . . . . . Wednesday, 22 November 2017

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques on or before[7] [8] . . . Wednesday, 22 November 2017

Dealings in Shares on the Stock Exchange to commence on . . . . Thursday, 23 November 2017

Notes:

(1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Thursday, 16 November 2017, the application lists will not open on that day. See "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Offer Shares – 6. Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or around Friday, 17 November 2017 and, in any event, not later than Tuesday, 21 November 2017. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company by Tuesday, 21 November 2017, the Global Offering will not proceed and will lapse accordingly.

(6) **Share certificates for the Offer Shares are expected to be issued on or before Wednesday, 22 November 2017 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on the Listing Date. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates and before they become valid do so entirely at their own risk.**

(7) Applicants who apply on **WHITE** Application Forms or through **HK eIPO White Form** for 1,000,000 Hong Kong Offer Shares or more and who have provided all information required by their Application Forms may collect refund cheques (where applicable) and Share certificates (where applicable) from our Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 22 November 2017 or any other place and date hereafter notified by our Company in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) as the place and date of despatch of Share certificates/refund cheques. Individual applicants who opt for collection in person must not authorise any other person to make collection on their behalf. Applicants being corporations which opt for collection in person must attend by their authorised representatives, each bearing a letter of authorisation from such corporation stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity and authorisation documents (where applicable) acceptable to our Share Registrar. Uncollected Share certificates and refund cheques will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms promptly thereafter. Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more and who have provided all information required by their Application Forms may collect their refund cheques, if any, in person but may not elect to collect their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participant's stock account or CCASS Investor Participant's stock account, as appropriate. The procedures for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for Hong Kong Offer Shares are the same as those for applicants who apply on **WHITE** Application Forms or through **HK eIPO White Form**. See "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus for further details.

(8) **HK eIPO White Form e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.**

See "Underwriting", "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details relating to the structure and conditions of the Global Offering and procedures on the applications for the Hong Kong Offer Shares, including the expected timetable, terms and conditions of an application, effect of bad weather, and the despatch of refund cheques and Share certificates.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdictions or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdictions other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdictions other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering. Information contained in our website, located at ***www.trio-ieg.com****, does not form part of this prospectus.*

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CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Founded in 1983, we are an EMS provider specialising in the manufacturing and sales of customised industrial electronic components and products, with headquarters in Hong Kong and production facilities in Nansha District, Guangzhou City, Guangdong Province, the PRC. According to the Ipsos Report, our market share in the North American and European market in terms of sales value in the industrial EMS industry in 2016 was 0.07% and 0.25%, respectively.

As an OEM of industrial electronic components and products, we provide our customers with a comprehensive scope of services, from procurement of raw materials, manufacturing to product delivery. We also provide technical advice and engineering solutions to our customers during product design and development stage. Our OEM products include: (i) electro-mechanical products (which fall into the categories of medical devices, renewable energy equipment, home security solutions and water filtration systems as referred to in "Industry Overview" in this prospectus); (ii) switch-mode power supplies; and (iii) smart chargers, which are generally applied in various industrial electronic equipment such as (a) renewable energy facilities; (b) telecommunications equipment; (c) commercial freight equipment; (d) medical devices; and (e) security systems. Our OEM products are manufactured according to the specifications provided by our customers and are incorporated into their end products or sold as stand-alone products under their own brands. The table below sets out a breakdown of our revenue during the Track Record Period by product category:

	For the year ended 31 December						For the five months ended 31 May		For the five months ended 31 May	
	2014		2015		2016		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Electro-mechanical products	260,711	50.4	306,281	46.6	257,708	34.6	122,167	37.3	110,030	37.0
Switch-mode power supplies	169,024	32.7	163,082	24.8	138,520	18.6	61,347	18.7	58,727	19.8
Smart chargers	83,048	16.0	178,746	27.2	336,601	45.2	137,822	42.1	127,215	42.8
Others(1)	4,696	0.9	9,505	1.4	12,070	1.6	6,372	1.9	1,343	0.4
Total	517,479	100.0	657,614	100.0	744,899	100.0	327,708	100.0	297,315	100.0

Note:

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

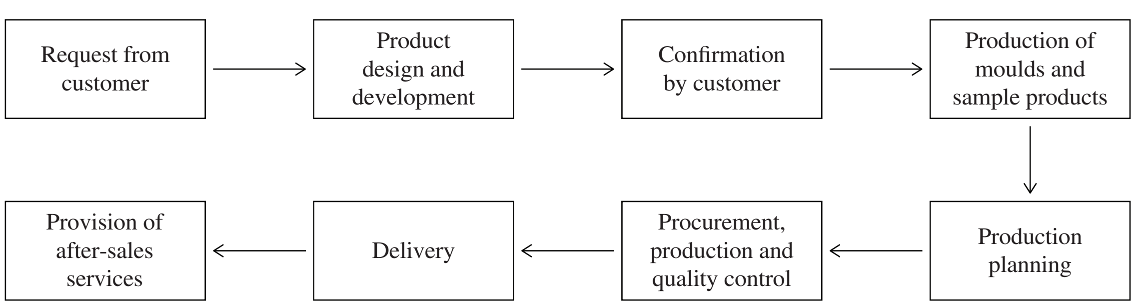
Leveraging our substantial experience and expertise in the industrial EMS sector, in 2015, we began to operate in a new business segment and market and sell ATE, which is designed and manufactured by us, under our own brand. ATE is tailor-made to accommodate the different quality control standards and procedures required or specified by our customers and is able to carry out burn-in process and conduct performance and quality tests on products of varying sizes and functionalities. Our Directors believe that such capabilities are unique among our competitors and will allow us to broaden our sources of revenue and enhance our competitiveness in the industrial EMS sector.

As part of our continuing efforts to enhance our production efficiency and flexibility, we have developed T-MICS, a manufacturing execution system, which is applied throughout our entire production process. T-MICS connects different aspects of the production process and is highly integrated through collecting, storing and analysing real time data at each critical stage of production. By analysing the production data collected by T-MICS, we are able to identify bottlenecks in our production process and better formulate our production plans and schedules (including the use of our machineries and equipment), thereby optimising our production efficiency. In addition, T-MICS closely monitors how well we achieve our performance targets in relation to productivity and quality assurance. As one of the modules of T-MICS, our UL traceability record system allows us to, through the use of QR codes, efficiently retrieve production data and accurately trace our raw materials and products to their origins. See "Business – Production – Application of T-MICS" and "Business – Quality Control – UL Traceability Record System" in this prospectus for further details.

In order to increase our production capacity, we intend to (i) increase the level of automation in our production process; and (ii) set up new production facilities by converting our warehouses into two factory buildings. See "Business – Business Strategies – Further enhance our production efficiency and expand our production capacity" in this prospectus for further details of our expansion plan.

OUR BUSINESS MODEL

We are principally engaged in the manufacturing and sales of customised industrial electronic components and products. As an OEM, we manufacture products in accordance with the design and technical specifications provided by our customers. The following diagram illustrates our business model:



See "Business – Our Business Model" in this prospectus for further details.

OUR PRODUCTION FACILITIES

As at the Latest Practicable Date, we had one production base located in Nansha District, Guangzhou City, Guangdong Province, the PRC and we operated four fully-automated fixed production lines and 66 interchangeable production lines which can be adjusted according to our production schedule.

As SMD process is a fundamental step in the manufacturing of our products, the production volume of our products is subject to the output volume of our SMT lines. The following table sets out our designed annual production capacity, actual annual production time and average utilisation rate of our SMT lines during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May
	2014	**2015**	**2016**	**2017**
Number of SMT lines	3	4	4	4
Number of available SMT machine hours *(hours)*[(1)]	18,840	20,380	22,800	9,440
Number of productive SMT machine hours *(hours)*[(2)]	14,114	16,814	17,679	7,362
Utilisation rate *(%)*[(3)]	74.9	82.5	77.5	78.0

Notes:

(1) The number of available SMT machine hours is calculated by multiplying the number of SMT lines by the number of hours in a day and the number of days in a year that our SMT machines are expected to operate. The above calculation is based on the assumptions that our SMT machines operate 20 hours a day, and 314 days, 298 days, 285 days and 118 days for FY2014, FY2015, FY2016 and 5M2017, respectively.

(2) The number of productive SMT machine hours is calculated based on the number of actual machine hours utilised in production, which includes set-up time but excludes unforeseen maintenance downtime.

(3) The utilisation rate is calculated by dividing the number of available SMT machine hours by the number of productive SMT machine hours.

See "Business – Production Facilities" in this prospectus for further details.

OUR CUSTOMERS

We have a broad clientele. Most of our major customers are reputable international corporations principally engaging in the manufacturing and sales of industrial electronic products, with whom we have maintained business relationship for more than 10 years. During the Track Record Period, our products were sold to customers located in more than 15 countries around the world, and Europe was our largest market, accounting for 71.3%, 60.7%, 62.4% and 70.3% of our total revenue for FY2014, FY2015, FY2016 and 5M2017, respectively. For FY2014, FY2015, FY2016 and 5M2017, our five largest customers accounted for 73.8%, 70.1%, 81.0% and 81.5% of our total revenue, respectively, while our largest customer accounted for 29.8%, 27.2%, 45.2% and 42.8% of our total revenue, respectively.

The following table sets out a breakdown of our revenue by geographical segment during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May		For the five months ended 31 May	
	2014		2015		2016		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Europe[1]	368,865	71.3	398,989	60.7	465,129	62.4	202,293	61.7	209,127	70.3
North America[2]	88,101	17.0	171,708	26.1	215,004	28.9	96,442	29.4	61,746	20.8
South-east Asia[3]	28,751	5.6	31,040	4.7	32,314	4.3	11,278	3.4	14,544	4.9
PRC (including Hong Kong)	28,959	5.6	47,618	7.2	24,609	3.3	14,387	4.4	6,180	2.1
Others[4]	2,803	0.5	8,259	1.3	7,843	1.1	3,308	1.1	5,718	1.9
Total	517,479	100.0	657,614	100.0	744,899	100.0	327,708	100.0	297,315	100.0

Notes:

(1) Europe includes Austria, Denmark, France, Germany, Hungary, Ireland, Italy, the Netherlands, Spain, Switzerland and the United Kingdom.

(2) North America refers to the United States for FY2014 and FY2015, and the United States and Canada for FY2016 and 5M2017.

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

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

See "Business – Our Customers" in this prospectus for further details.

OUR SUPPLIERS

Our major raw materials include integrated circuits, metal parts, plastic parts, PCB components, capacitors, connectors, transistors, cables and cores. For FY2014, FY2015, FY2016 and 5M2017, the cost of raw materials amounted to HK$303.8 million, HK$400.9 million, HK$440.5 million and HK$169.2 million, respectively, representing 79.3%, 81.4%, 82.1% and 81.5% of our total cost of sales, respectively. See "Business – Our Suppliers" in this prospectus for further details.

COMPETITIVE LANDSCAPE

According to the Ipsos Report, the global EMS industry is highly concentrated with the top 10 service providers accounting for 65.0% of the total global industry revenue in 2016. The industrial EMS industry in the PRC and Hong Kong is a mature market and less concentrated and its sales value is expected to increase at a CAGR of 4.0% from 2017 to 2020. The industrial EMS industry is less competitive than the consumer EMS industry since there are fewer industrial EMS providers due to the higher technological requirements for manufacturing industrial electronic products and components, thus posting higher technological entry barriers for a company to become an industrial EMS provider.

OUR COMPETITIVE STRENGTHS

Our Directors believe that we possess the following competitive strengths, which have contributed to our success and distinguished us from our competitors:

- our comprehensive scope of services, coupled with our continuous pursuit to achieve Industry 4.0 accreditation, the application of T-MICS and our quality control system, differentiates us from our competitors in the industrial EMS sector;
- we specialise in the manufacturing of industrial electronic components and products, which allows us to enjoy a higher profit contribution than consumer EMS providers, and have obtained certifications and recognitions from various key consulting and certification institutions and regulatory authorities;
- we have established long-term and stable business relationships with our major customers, most of which are world-renowned industrial electronics manufacturers and sellers; and
- we have an experienced and dedicated management team with extensive industry experience.

See "Business – Competitive Strengths" in this prospectus for further details.

OUR BUSINESS STRATEGIES

We intend to increase our market share and enhance our overall competitiveness by implementing the following strategies:

- continue to expand our customer base in the European market and explore new markets in the PRC, the United States and other Asian countries;
- manufacture products of higher value and/or with higher profit contribution per our resources;
- continue to expand our operations in the ATE business segment;
- further enhance our production efficiency and expand our production capacity by increasing the level of automation in our production process and converting certain of our existing leased properties in the PRC into two factory buildings;
- strengthen our sales and marketing efforts in the industrial EMS sector; and
- continue to recruit talents and professionals.

See "Business – Business Strategies" in this prospectus for further details.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Bonus Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme), Trio Holding will hold 75.0% of our issued Shares. As at the Latest Practicable Date, (i) Trio Holding was owned as to 32.5%, 32.5%, 17.5% and 17.5% by Nawk Investment, LLT Investment, Proactive Investment and Grand Energy, respectively; (ii) Nawk Investment, LLT Investment and Proactive Investment were directly and wholly owned by Mr. Stanley Kwan, Mr. Tai and Mr. Lai, respectively; and (iii) Grand Energy was directly and wholly owned by King Fung Nominees on trust for Mr. Mac Carthy. Because of their interests in Trio Holding, Mr. Stanley Kwan, Mr. Tai, Mr. Lai, Mr. Mac Carthy, Nawk Investment, LLT Investment, Proactive Investment, Grand Energy and King Fung Nominees will be regarded as our Controlling Shareholders and together be entitled to exercise and control 75.0% of our entire issued share capital immediately upon Listing.

See "Relationship with our Controlling Shareholders" in this prospectus for further details.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables summarise our selected financial information during the Track Record Period and should be read in conjunction with our financial information included in the Accountant's Report in Appendix I to this prospectus.

Selected Information from the Consolidated Statements of Comprehensive Income

	For the year ended 31 December			For the five months ended 31 May	For the five months ended 31 May
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Revenue	517,479	657,614	744,899	327,708	297,315
Gross profit	134,435	165,328	208,496	88,240	89,718
Profit before tax	28,501	42,513	97,355	42,321	26,236
Profit for the year/period	21,878	29,757	75,257	32,700	20,294

Selected Information from the Consolidated Statements of Financial Position

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	226,255	251,952	243,503	286,252
Current liabilities	162,370	179,845	135,757	184,728
Net current assets	63,885	72,107	107,746	101,524
Non-current assets	51,948	56,943	50,721	47,620
Non-current liabilities	7,954	4,123	3,712	3,706
Net assets	107,879	124,927	154,755	145,438

Selected Information from the Consolidated Statements of Cash Flows

	For the year ended 31 December			For the five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Net cash generated from operating activities	5,615	57,928	59,708	26,193	61,599
Net cash (used in)/generated from investing activities	(12,276)	(26,438)	(15,925)	(7,034)	908
Net cash generated from/(used in) financing activities	10,746	(33,846)	(35,975)	(15,450)	(37,222)
Net increase/(decrease) in cash and cash equivalents	4,085	(2,356)	7,808	3,709	25,285
Cash and cash equivalents at beginning of the year/period	(2,968)	1,117	(1,239)	(1,239)	6,569
Cash and cash equivalents at the end of the year/period	1,117	(1,239)	6,569	2,470	31,854

See "Financial Information – Results of Operations" in this prospectus for details of fluctuation in our financial results.

Sales Volume, Average Selling Price and Gross Profit Margin by Product Category

The following table sets out a breakdown of our sales volume, average selling price and gross profit margin by product category during the Track Record Period:

	For the year ended 31 December									For the five months ended 31 May			For the five months ended 31 May		
	2014			2015			2016			2016			2017		
	Sales volume	Average selling price per unit	Gross profit margin	Sales volume	Average selling price per unit	Gross profit margin	Sales volume	Average selling price per unit	Gross profit margin	Sales volume	Average selling price per unit	Gross profit margin	Sales volume	Average selling price per unit	Gross profit margin
	'000 units	*HK$*	*%*	*'000 units*	*HK$*	*%*	*'000 units*	*HK$*	*%*	*'000 units*	*HK$*	*%*	*'000 units*	*HK$*	*%*
Electro-mechanical products	9,561	27.3	34.8	10,765	28.5	34.7	9,985	25.8	36.5	4,175	29.3	36.4	4,529	24.3	38.5
Switch-mode power supplies	3,606	46.9	18.5	2,895	56.3	18.0	3,044	45.5	21.5	1,279	48.0	20.3	1,476	39.8	25.1
Smart chargers	81	1,015.5	13.2	199	897.1	15.3	245	1,373.5	23.7	102	1,358.0	21.0	75	1,698.1	25.3
Others[1]	140	33.6	30.1	85	112.0	25.3	177	68.4	41.1	83	76.4	39.3	32	42.0	29.9

Note:

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

We recorded an increase in gross profit margin for each of our product categories. Such increase was mainly attributable to the combined effects of (i) the increase in demand of certain types of product models of which we were able to charge a relatively higher profit margin; and (ii) the relatively smaller magnitude of increase in cost of sales as compared to the increase in revenue in 2016 as a result of our initiatives in cost-saving.

FINANCIAL RATIOS

	As at 31 December			As at 31 May
	2014	2015	2016	2017
Current ratio	1.4	1.4	1.8	1.5
Quick ratio	0.7	0.7	1.0	0.9
Gearing ratio[1]	26.8%	19.7%	14.5%	10.5%
Net debt to equity ratio	13.8%	10.3%	3.7%	N/A[2]

	For the year ended 31 December 2014	2015	2016	For the five months ended 31 May 2017
Return on asset ratio	7.9%	9.6%	25.6%	N/A[(3)]
Return on equity ratio	20.3%	23.8%	48.6%	N/A[(3)]
Interest coverage ratio	5.1	6.0	11.2	8.3

Notes:

(1) Gearing ratio is calculated by dividing total debts (being the total interest-bearing loans including banks and other borrowings) by total equity as at the respective year-end date.

(2) Our Group recorded a net cash position.

(3) Such ratio is not applicable as it is not comparable to annual numbers.

The decrease in gearing ratio from 26.8% as at 31 December 2014 to 19.7% as at 31 December 2015 was principally attributable to decrease in borrowings of HK$6.2 million and partially offset by increase in finance lease payables of HK$1.9 million, and increase in total equity of HK$17.0 million. The decrease in gearing ratio from 19.7% as at 31 December 2015 to 14.5% as at 31 December 2016 was principally attributable to increase in total equity by HK$29.9 million, as well as decrease in borrowings by HK$1.4 million driven by contribution from the profit for FY 2016 and partially offset by declaration of dividend. The further decrease in gearing ratio to 10.5% in 5M2017 was principally attributable to the decrease in borrowings of HK$7.1 million while partially offset by the decrease in total equity by HK$9.3 million.

For the calculation of the financial ratios, see "Financial Information – Key Financial Ratios" in this prospectus for further details.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to specialise in the manufacturing of customised industrial electronic components and products, and to expand our operations in the ATE business segment. After the participation in Electronica held in Munich, Germany, an industry exhibition, in October 2016, we have established contacts with several customers through paying visits and providing quotations to them, and in June 2017, some of such customers placed purchase orders for certain power supply products.

We continue to explore opportunities for our ATE business through paying visits to our potential customers and design ATE with different specifications. Due to our more active marketing efforts, we have received new enquiries from potential customers for our ATE products.

We are also actively working on plans to bridge the gaps between our existing operational systems and Industry 4.0 with a view to achieve the Industry 4.0 accreditation. We continue to make capital commitment to achieve a higher level of automation in our manufacturing process and recruit engineers to further modify our existing manufacturing system.

During the nine months ended 30 September 2017, our revenue amounted to HK$567.1 million, which represented a slight decrease as compared to the corresponding period in FY2016. However, as contributed by the increase in sales of certain models of smart chargers with relatively high profit margin, our Group was able to achieve an improvement in gross profit as well as gross profit margin as compared to the corresponding period in FY2016. Our Directors are responsible for the preparation of our unaudited consolidated management accounts for the nine months ended 30 September 2017 in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA. Our consolidated management accounts for the nine months ended 30 September 2017 are unaudited but have been reviewed by our Company's reporting accountant, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

As a result of (i) Listing; (ii) the recruitment of high calibre personnel for our strategic talent office in Guangzhou City as part of our business strategies; (iii) general salary increment for our employees; and (iv) fees payable to our Executive Directors, we expect to record a substantial increase in legal and professional fees, direct labour costs and employee benefit expenses for FY2017.

Our Directors confirm that, subsequent to the Track Record Period and up to the date of this prospectus, save as disclosed above, there had been no material adverse change in the financial or trading position or prospects of our Group.

LISTING EXPENSES

During the Track Record Period, we had incurred Listing expenses of HK$8.1 million, HK$4.0 million and HK$6.1 million, which were recognised as administrative expenses in our consolidated income statements for FY2015, FY2016 and 5M2017, respectively. We expect to incur additional Listing expenses (including underwriting commission and management fee of HK$10.9 million, assuming mid-point of the proposed Offer Price range and before any exercise of the Over-allotment Option, to be paid to the Underwriters) of HK$27.7 million, of which an additional HK$9.8 million is expected to be recognised as administrative expenses during the remaining months of FY2017 and the remaining balance is expected to be recognised as a deduction in equity directly upon Listing.

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and estimated expenses paid and payable by us in connection thereto, are estimated to be approximately HK$109.2 million before exercise of the Over-allotment Option, assuming an Offer Price of HK$0.62 per Share, being the mid-point of the proposed Offer Price range of HK$0.52 to HK$0.72 per Share. We intend to use such net proceeds as follows:

- approximately HK$81.7 million (or approximately 74.8% of our total estimated net proceeds) will be used to further enhance our production efficiency and expand our production capacity, of which:

(i) for development of new production base

- approximately HK$53.8 million (or approximately 49.3% of our total estimated net proceeds) will be used to install two automated SMT production lines, six interchangeable PCB assembly production lines and other machineries and equipment in our new production base (which is to be converted from two of our existing warehouses) in Nansha District, Guangzhou City, Guangdong Province, the PRC;

- approximately HK$23.4 million will be used as follows:

  - HK$14.3 million (equivalent to RMB12.3 million) (or approximately 13.1% of our total estimated net proceeds) will be used for the advance payment of rental deposit, electricity installation charges and rental prepayment in respect of our new production base; and

  - approximately HK$9.1 million (or approximately 8.3% of our total estimated net proceeds) will be used for the configuration of our new production base (which is to be converted from two of our existing warehouses), including leasehold improvements;

(ii) for upgrading of existing production facilities

- approximately HK$4.5 million (or approximately 4.1% of our total estimated net proceeds) will be used to upgrade our existing production facilities;

- approximately HK$11.2 million (or approximately 10.3% of our total estimated net proceeds) will be used to establish offices in Dublin, Ireland and Paris, France (for purposes such as company incorporation, capital injection, purchase of office equipment, office renovation and payment of rental deposit, staff cost (for the recruitment of approximately three employees at each new office at Dublin and Paris) as well as advertising and promotion expenses) and for the expansion of our customer base in Europe;

- approximately HK$11.2 million (or approximately 10.3% of our total estimated net proceeds) will be used to establish our strategic talent office in Guangzhou City, Guangdong Province, the PRC and to recruit high calibre personnel such as engineers, IT technicians, procurement specialists, accountants and internal auditors; and

- the balance to be used for working capital and other general corporate purposes.

See "Future Plans and Use of Proceeds" in this prospectus for further details.

The following table sets out a breakdown of our proposed capital expenditure and payment in connection with our expansion plans:

	HK$' million
Upgrade of machineries and equipment	37.2
Setting up of new production floors	21.1
Installation of new production lines	55.1
Advance payment for rental deposit, rent and electricity installation charges	15.1
	128.5

DIVIDEND

The declaration of dividend is subject to the discretion of our Board and the approval of our Shareholders. We do not have a dividend policy or a pre-determined dividend payout ratio. Our Directors may recommend a payment of dividend in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our Articles of Association and the Companies Ordinance, including the approval of our Shareholders. Any future declarations of dividend may or may not reflect our historical declarations of dividend and will be at the absolute discretion of our Directors.

We cannot assure you that we will be able to distribute dividend of the amount below or any amount, or at all, in any year. The declaration and payment of dividend may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future.

For FY2014, FY2015 and FY2016, we had declared dividend of HK$18.1 million, HK$14.5 million and HK$47.0 million, respectively, to our Shareholders, which represented 82.7%, 48.7%, 62.4% of our net profit in FY2014, FY2015 and FY2016, respectively. A HK$30.0 million dividend was also declared on 15 March 2017 and was paid to our Shareholders on 28 March 2017 with our own internal resources. However, this should not be used as a reference or basis to determine the level of dividend that may be declared or paid by us in the future.

OFFER STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

	Based on minimum indicative Offer Price of HK$0.52	Based on maximum indicative Offer Price of HK$0.72
Market capitalisation of our Shares(1)	HK$520.0 million	HK$720.0 million
Unaudited pro forma adjusted net tangible asset value per Share(2)	HK$0.25	HK$0.30

Notes:

(1) The calculation of market capitalisation is based on the 1,000,000,000 Shares expected to be in issue at the Offer Price immediately upon completion of the Bonus Issue and the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after adjustments referred to in "Unaudited Pro Forma Financial Information – Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" in Appendix II to this prospectus and on the basis of 1,000,000,000 Shares to be in issue at the Offer Price immediately upon completion of the Bonus Issue and the Global Offering.

(3) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 31 May 2017.

RISK FACTORS

Our business is subject to a number of risks, including but not limited to risks relating to our business and industry, risks relating to the country in which we operate, and risks relating to the Global Offering. Some of the major risks we face include:

- our five largest customers accounted for more than 70.0% of our total revenue during the Track Record Period. Any loss of our major customers or any request for price reduction may materially and adversely affect our business performance and financial condition;
- there are defects in the title of or right to use certain of our leased properties in the PRC and we may be required to relocate from our existing production base in the Nansha District;
- the conversion of certain of our leased properties in the PRC into two factory buildings may not be successful;
- the amount of EIT payable by us may, as a result of our intercompany sales, be subject to adjustment by competent PRC authorities, which may materially and adversely affect our profitability and financial condition; and
- fluctuations in the prices of raw materials may affect our cost of sales and adversely affect our business operations and profitability.

The entire prospectus should be read carefully and we strongly caution you not to place any reliance on any information contained in press articles or disseminated through our media relating to us and/or the Global Offering, certain of which may not be consistent with the information contained in this prospectus.

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"*5M2016*"	the five months ended 31 May 2016
"*5M2017*"	the five months ended 31 May 2017
"*Application Form(s)*"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or where the context so requires, any of them, that are used in connection with the Hong Kong Public Offering
"*Articles*" or "*Articles of Association*"	the articles of association of our Company conditionally adopted on 27 October 2017 which will take effect on the Listing Date, a summary of which is set out in Appendix III to this prospectus as amended from time to time
"*associate(s)*"	has the meaning ascribed thereto under the Listing Rules
"*Audit Committee*"	the audit committee of our Board
"*Board*" or "*Board of Directors*"	our board of Directors
"*Bonus Issue*"	the bonus issue of 749,999,998 Shares without payment and as fully-paid Shares issued by our Company to Trio Holding as further described in "Statutory and General Information – Further Information about our Company – 5. Written resolutions of our sole Shareholder passed on 27 October 2017" in Appendix IV to this prospectus
"*Business Day(s)*"	any day(s) (other than a Saturday(s), Sunday(s) or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business to the public
"*BVI*"	the British Virgin Islands
"*CCASS*"	the Central Clearing and Settlement System established and operated by HKSCC
"*CCASS Clearing Participant*"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"*CCASS Custodian Participant*"	a person admitted to participate in CCASS as a custodian participant

"*CCASS Investor Participant*"	a person admitted to participate in CCASS as an investor participant who may be an individual or Sole individuals or a corporation
"*CCASS Participant*"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"*Chairman*"	the chairman of our Board
"*China*" or "*PRC*"	the People's Republic of China and, for the purpose of this prospectus only, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People's Republic of China
"*close associate(s)*"	has the meaning ascribed thereto under the Listing Rules
"*Companies Ordinance*"	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"*Companies (WUMP) Ordinance*"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"*Company*" or "*our Company*"	Trio Industrial Electronics Group Limited (致豐工業電子集團有限公司), the holding company of our Group after the Reorganisation and the listing vehicle for the Listing, which was incorporated in Hong Kong with limited liability on 15 April 2016 and the Shares of which are to be listed on the Main Board
"*connected person(s)*"	has the meaning ascribed thereto under the Listing Rules
"*connected transaction(s)*"	has the meaning ascribed thereto under the Listing Rules
"*Controlling Shareholder(s)*"	has the meaning ascribed thereto under the Listing Rules and, for the purpose of this prospectus, refers to Trio Holding, Nawk Investment, LLT Investment, Proactive Investment, King Fung Nominees, Grand Energy, Mr. Stanley Kwan, Mr. Tai, Mr. Lai and Mr. Mac Carthy
"*core connected person(s)*"	has the meaning ascribed thereto under the Listing Rules

"*Corporate Governance Code*"	Corporate Governance Code set out in Appendix 14 to the Listing Rules
"*Deed of Indemnity*"	the deed of indemnity dated 10 November 2017 and executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in "Statutory and General Information – Other Information – 13. Tax, estate duty and other indemnity" in Appendix IV to this prospectus
"*Deed of Non-competition*"	the deed of non-competition dated 10 November 2017 executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in "Relationship with our Controlling Shareholders – Deed of Non-competition" in this prospectus
"*Director(s)*" or "*our Directors*"	director(s) of our Company
"*EIT*"	enterprise income tax (企業所得稅)
"*EIT Law*"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法)
"*EITIR*"	the Enterprise Income Tax Implementation Regulations (中華人民共和國企業所得稅法實施條例)
"***electronic application instruction(s)***"	instruction(s) given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Hong Kong Offer Shares
"*EU*" or "*European Union*"	the European Union first established by the treaty made at Maastricht on 7 February 1992
"*Euros*" or "*EUR*"	the lawful currency adopted by 19 of the 28 member states of the European Union as at the Latest Practicable Date
"*Executive Director(s)*"	executive Director(s) of our Company
"*FY2014*"	the financial year ended 31 December 2014
"*FY2015*"	the financial year ended 31 December 2015
"*FY2016*"	the financial year ended 31 December 2016

"*FY2017*"	the financial year ending 31 December 2017
"*GBP*"	British pound sterling, the lawful currency of the United Kingdom
"*Global Offering*"	the Hong Kong Public Offering and the International Placing
"*Grand Energy*"	Grand Energy Investment Limited, a company incorporated under the laws of Hong Kong with limited liability on 10 September 2010, indirectly and wholly owned by Mr. Mac Carthy, and one of our Controlling Shareholders
"***GREEN** Application Form(s)*"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider
"*Group*", "*we*", "*our*", "*our Group*" or "*us*"	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"*Guangzhou PEMS*"	Professional Electronics Manufacturing Solutions (Guangzhou) Limited* (廣州市普發電子工業設備有限公司), a WFOE established under the laws of the PRC with limited liability on 3 November 2016, an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"***HK eIPO White Form***"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **HK eIPO White Form** at **www.hkeipo.hk**
"***HK eIPO White Form** Service Provider*"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**
"*HKFRSs*"	Hong Kong Financial Reporting Standards, as issued by the HKICPA
"*HKICPA*"	The Hong Kong Institute of Certified Public Accountants

"*HKSCC*"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"*HKSCC Nominees*"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"*Hong Kong*" or "*HK*"	the Hong Kong Special Administrative Region of the PRC
"*Hong Kong dollars*", "*HKD*" or "*HK$*"	Hong Kong dollars, the lawful currency of Hong Kong
"*Hong Kong Offer Shares*"	the 25,000,000 new Shares initially being offered by our Company for subscription pursuant to the Hong Kong Public Offering at the Offer Price, subject to any adjustment or re-allocation as described in "Structure and Conditions of the Global Offering" in this prospectus
"*Hong Kong Public Offering*"	the offer of Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms relating thereto, as further described in "Structure and Conditions of the Global Offering – The Hong Kong Public Offering" in this prospectus
"*Hong Kong Takeovers Code*" or "*Takeovers Code*"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"*Hong Kong Underwriter(s)*"	the underwriter(s) for the Hong Kong Public Offering as referred to in "Underwriting – Hong Kong Underwriters" in this prospectus
"*Hong Kong Underwriting Agreement*"	the underwriting agreement dated 10 November 2017 relating to the Hong Kong Public Offering entered into among our Company, our Executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners and the Hong Kong Underwriters, as further described in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement" in this prospectus

"*Independent Non-executive Director(s)*"	independent non-executive Director(s) of our Company
"*independent third party(ies)*"	any entity or person who is not a connected person within the meaning ascribed thereto under the Listing Rules
"*International Placing*"	the conditional placing of the International Placing Shares for and on behalf of our Company outside the United States (including professional, institutional and corporate investors and excluding retail investors in Hong Kong) in reliance on Regulation S, subject to adjustment and the exercise of the Over-allotment Option as further described in "Structure and Conditions of the Global Offering" in this prospectus
"*International Placing Shares*"	225,000,000 new Shares being initially offered by our Company for subscription under the International Placing subject to adjustment and together, where relevant, with any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option as further described in "Structure and Conditions of the Global Offering" in this prospectus
"*International Underwriters*"	the several underwriters for the International Placing who are expected to enter into the International Underwriting Agreement to underwrite the International Placing
"*International Underwriting Agreement*"	the underwriting agreement expected to be entered into on or around the Price Determination Date by, among others, our Company, our Executive Directors, the Sole Sponsor, the Joint Bookrunners and the International Underwriters relating to the International Placing
"*Ipsos*"	Ipsos Limited, an independent industry expert commissioned by our Company to prepare the Ipsos Report
"*Ipsos Report*"	an independent research report dated 7 July 2017 commissioned by us and prepared by Ipsos for the purpose of the Listing

"*Issuing Mandate*"	the general unconditional mandate given to our Directors by our Shareholders relating to the issue of Shares, as further described in "Statutory and General Information – Further Information about our Company – 5. Written resolutions of our sole Shareholder passed on 27 October 2017" in Appendix IV to this prospectus
"*Joint Bookrunners*" or "*Joint Lead Managers*"	Halcyon Securities Limited, VMS Securities Limited, Great Roc Capital Securities Limited and KGI Capital Asia Limited
"*King Fung Nominees*"	King Fung Nominees Limited, a company incorporated under the laws of Hong Kong with limited liability on 24 August 1984, and one of our Controlling Shareholders
"*Latest Practicable Date*"	5 November 2017, being the latest practicable date for ascertaining certain information in this prospectus before its publication
"*Listing*"	the listing of the Shares on the Main Board
"*Listing Committee*"	the listing sub-committee of the board of directors of the Hong Kong Stock Exchange
"*Listing Date*"	the date, expected to be 23 November 2017, on which our Shares are listed and from which dealings in our Shares are permitted to take place on the Stock Exchange
"*Listing Rules*"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
"*LLT Investment*"	LLT Investment Inc., a company incorporated under the laws of BVI with limited liability on 4 November 2015, directly and wholly owned by Mr. Tai, and one of our Controlling Shareholders
"*Main Board*"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"*Maximum Offer Price*"	HK$0.72 (being the high end of the Offer Price range stated in this prospectus)

"*MOFCOM*"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"*Mr. Eddie Kwan*"	Kwan Chan Kwong (關燦光), one of the founders of our Group who retired and left our Group by the end of 2015
"*Mr. Lai*"	Lai Yiu Wah (黎耀華), our deputy Chairman, an Executive Director, our chief financial officer and one of our Controlling Shareholders
"*Mr. Mac Carthy*"	Joseph Mac Carthy, an Executive Director and one of our Controlling Shareholders
"*Mr. Stanley Kwan*"	Kwan Tak Sum Stanley (關德深), one of the founders of our Group, our Chairman, an Executive Director and one of our Controlling Shareholders
"*Mr. Tai*"	Tai Leung Lam (戴良林), an Executive Director and one of our Controlling Shareholders
"*Nawk Investment*"	Nawk Investment Inc., a company incorporated under the laws of BVI with limited liability on 4 November 2015, directly and wholly owned by Mr. Stanley Kwan, and one of our Controlling Shareholders
"*Nomination Committee*"	the nomination committee of our Board
"*Offer Price*"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) at which the Offer Shares are to be subscribed for pursuant to the Global Offer, as further described in "Structure and Conditions of the Global Offering – Pricing and Allocation" in this prospectus
"*Offer Shares*"	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option

"*Over-allotment Option*"	the option expected to be granted by our Company to the Joint Bookrunners (for themselves and on behalf of the International Underwriters), exercisable at the discretion of the Joint Bookrunners (for themselves and on behalf of the International Underwriters) to require the Company to issue up to an aggregate of 37,500,000 Over-allotment Shares at the Offer Price to cover over-allocation in the International Placing and/or to satisfy the obligation of Great Roc Capital Securities Limited to return securities to be borrowed under the Stock Borrowing Agreement
"*PEMS*"	Professional Electronics Manufacturing Solutions Limited (普發電子工業設備有限公司), a company incorporated under the laws of Hong Kong with limited liability on 27 May 2015, a direct wholly-owned subsidiary of our Company upon completion of the Reorganisation
"*per cent.*" or "*%*"	percentage or per centum
"*PRC GAAP*"	accounting principles generally accepted in the PRC
"*PRC Government*" or "*State*"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context requires, any of them
"*PRC Legal Advisers*"	Global Law Office, a qualified PRC law firm and the PRC legal advisers to our Company for the application for Listing
"*Price Determination Agreement*"	the agreement to be entered into between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or before the Price Determination Date to record and fix the Offer Price
"*Price Determination Date*"	the date, expected to be on or about 17 November 2017, on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than 21 November 2017

"*Proactive Investment*"	Proactive Investment Inc., a company incorporated under the laws of BVI with limited liability on 5 February 2016, directly and wholly owned by Mr. Lai, and one of our Controlling Shareholders
"*prospectus*"	this prospectus being issued in connection with the Hong Kong Public Offering
"*Regulation S*"	Regulation S under the U.S. Securities Act
"*Remuneration Committee*"	the remuneration committee of our Board
"*Reorganisation*"	reorganisation of our Group in preparation for the Listing, details of which are set out in "History, Development and Reorganisation" in this prospectus
"*Repurchase Mandate*"	the general unconditional mandate given to our Directors by the Shareholders relating to the repurchase of Shares, as further described in "Statutory and General Information – Further Information about our Company – 5. Written resolutions of our sole Shareholder passed on 27 October 2017" in Appendix IV to this prospectus
"*Risk Management Committee"*	the risk management committee of our Board
"*RMB*" or "*Renminbi*"	Renminbi, the lawful currency of the PRC
"*SAFE*"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"*SFC*"	the Securities and Futures Commission of Hong Kong
"*SFO*"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"*Share(s)*"	ordinary share(s) in the share capital of our Company

"*Share Option Scheme*"	the share option scheme conditionally adopted by our Company on 27 October 2017 for the benefit of our Directors, members of senior management, employees and other eligible participants defined in the scheme, a summary of the principal terms of which is set out in "Statutory and General Information – Other Information – 12. Share Option Scheme" in Appendix IV to this prospectus
"*Share Registrar*"	Tricor Investor Services Limited
"*Shareholder(s)*"	holder(s) of the Share(s)
"*Sole Sponsor*" or "*Halcyon*"	Halcyon Capital Limited, a corporation licensed under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined in the SFO
"*sq.ft.*"	square feet
"*sq.m.*" or "m^2"	square metre
"*State Administration of Taxation*" or "*SAT*"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"*Stock Borrowing Agreement*"	the stock borrowing agreement that may be entered into between Trio Holding and Great Roc Capital Securities Limited
"*Stock Exchange*"	The Stock Exchange of Hong Kong Limited
"*subsidiaries*"	has the meaning ascribed thereto under the Listing Rules
"*Substantial Shareholder(s)*"	has the meaning ascribed thereto under the Listing Rules
"*Track Record Period*"	FY2014, FY2015, FY2016 and 5M2017
"*Trio Engineering*"	Trio Engineering Company Limited (致豐工程有限公司), previously known as Trio Engineering Company Limited (志豐工程有限公司), a company incorporated under the laws of Hong Kong with limited liability on 16 September 1983, a direct wholly-owned subsidiary of our Company upon completion of the Reorganisation

"*Trio Holding*"	Trio Industrial Electronics Holding Limited (致豐工業電子控股有限公司), a company incorporated under the laws of BVI with limited liability on 24 February 2016 and directly owned by Nawk Investment, LLT Investment, Proactive Investment and Grand Energy as to 32.5%, 32.5%, 17.5% and 17.5%, respectively, and one of our Controlling Shareholders
"*Trio Microtronics*"	Guangzhou Panyu Trio Microtronics Company Limited* (廣州市番禺致豐微電器有限公司), a WFOE established under the laws of the PRC on 5 April 1991 as a sino-foreign contractual joint venture, an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"*Underwriters*"	the Hong Kong Underwriters and the International Underwriters
"*Underwriting Agreements*"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"*United Kingdom*"	the United Kingdom of Great Britain and Northern Ireland
"*United States*" or "*U.S.*" or "*US*"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"*U.S. dollars*" or "*USD*" or "*US$*"	United States dollars, the lawful currency for the time being of the United States
"*U.S. Securities Act*"	U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"*WFOE*"	wholly foreign owned enterprise within the meaning prescribed under the PRC laws
"***WHITE*** *Application Form(s)*"	the application form(s) for use by the public who require such Hong Kong Offer Shares to be issued in the applicant's own name
"***YELLOW*** *Application Form(s)*"	the application form(s) for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS

* *for identification purpose only*

"*Yen*" or "¥"	Japanese yen, the lawful currency of Japan

In this prospectus:

1. *Unless expressly stated or otherwise required by the context, all data are as at the Latest Practicable Date.*

2. *Unless otherwise specified, all references to any shareholding in our Company assume no exercise of the Over-allotment Option.*

This glossary contains explanations of certain terms used in this prospectus that relate to our business and the industry in which we operate. These terms and their meanings may not always correspond to standard industry definitions or usage of these terms.

"*AC*"	alternating current, the flow of electric charge that periodically reverses or alternates direction
"*ATE*" or "*automatic testing equipment*"	equipment that are used to test whether the functions and performance of circuit boards, integrated circuits, wafers and other electronic components meet the required specifications
"*BS OHSAS 18001:2007*"	internationally applied British standards for occupational health and safety management systems
"*CAGR*"	compound annual growth rate
"*DC*"	direct current, the flow of electric charge that always takes place in the same direction
"*DVT*"	deep vein thrombosis
"EMI"	electromagnetic interference
"*EMS*"	electronic manufacturing service
"*ERP*"	enterprise resource planning
"*ESD*"	electro static discharge
"*GDP*"	gross domestic products
"*HIBOR*"	Hong Kong Inter-bank Offered Rate
"*Industry 4.0*"	the fourth industrial revolution, which is an on-going evolution of the value chain of a product and driven by continuous sensor, computing and memory capacity improvement, digitalisation of analogue technologies, real-time data analysis and inter-connectivity throughout the entire product cycle; according to the Hong Kong Productivity Council, certification to Industry 4.0 is divided into five levels from Level 0 to Level 4
"*IPC*"	the Association Connecting Electronics Industries, an international industry association founded in the United States in 1957 whose aim is to standardise the assembly and production requirements of electronic equipment and assemblies

"*ISO*"	International Organisation for Standardisation, a non-governmental organisation based in Geneva of Switzerland for assessing the quality systems of business organisations
"*ISO 13485:2003*"	the ISO requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet customer requirements and regulatory requirements applicable to medical devices and related services
"*ISO 14001:2004*"	the ISO requirements for an environmental management system to enable an organisation to develop and implement a policy and objectives which take into account legal requirements and other requirements to which the organisation subscribes, and information about significant environmental aspects
"*ISO 9001:2008*"	the ISO requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide products that meet customer and applicable statutory and regulatory requirements and that aims to enhance customer satisfaction through the effective application of the system
"*ISO/TS 16949:2009*"	the ISO requirements, in conjunction with ISO 9001:2008, for a quality management system for the design and development, production and, when relevant, installation and service of automotive-related products
"*IT*"	information technology
"*kW*"	"kilowatt", a unit of measure for the rate of energy conversion or transfer
"*LIBOR*"	London Inter-bank Offered Rate
"*OEM*"	original equipment manufacturer, a manufacturer who manufactures products or components that are purchased by another company and retailed under that purchasing company's brand name
"*PCB*"	printed circuit board, a non-conductive board base on which electronic components are mounted through the application of SMT and are connected by conductive traces to form a working circuit or assembly

"*QR code*"	a machine-readable label consisting of an array of black and white squares and containing information about the item to which it is attached
"*sales per capita*"	average sales per person, which is calculated by dividing our total sales for a particular period by the number of employees in the same period
"*SMD*"	surface mount device, an electronic device that can be directly mounted onto a PCB through the application of SMT
"*SMT*"	surface mount technology, a soldering technology whereby electronic components are mounted or soldered directly onto the surface of PCB
"*switch-mode power supplies*"	switch-mode power supplies, also known as switching power supply units, which incorporate switching regulators to (i) convert electrical power efficiently; and (ii) to transfer power from a DC or AC source to DC loads such as personal computers, while converting voltage and current characteristics
"*T-MICS*"	Trio Manufacturing In-line Control System, a manufacturing execution system developed by us and which is copyrighted in the PRC and patented in Hong Kong
"*UL*"	the Underwriters Laboratories Inc., a global independent product safety testing, validation and certification organisation
"*UL Certification*"	product assurance certificate granted by UL
"*VDE*"	Verband der Elektrotechnik, Elektronik und Informationstechnik, founded in Germany in 1893 and one of the largest technical-scientific associations in the European Union

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES.

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in "Summary", "Risk Factors", "Industry Overview", "Business", "Financial Information" and "Future Plans and Use of Proceeds" in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors" in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies, plans, objectives and goals;
- the performance of global and PRC financial markets, including changes in our ability to access the capital markets and changes in the level of interest rates;
- the business opportunities that we may pursue;
- our dividend policy; and
- the amount and nature of, and potential for, future development of our business.

The words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "seek", "will", "would" and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future occurrence of such events. Actual outcomes may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- our ability to achieve growth of existing businesses and expansion of operations through investments;
- our ability to integrate new businesses and create synergies;
- changes in the governmental policies, laws or regulations of the relevant jurisdictions in which we operate in;
- our ability to attract and retain customers;
- our ability to attract and retain qualified employees and key personnel;
- our ability to protect our brand, trademarks or other intellectual property rights;

- global and the PRC general economic, market and business conditions; and
- the other risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section as well as the risks and uncertainties discussed in "Risk Factors" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that (i) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this prospectus misleading; and (iii) all opinions expressed in this prospectus have been arrived at after due and careful considerations, and are founded on bases and assumptions that are fair and reasonable.

PROSPECTUS ISSUED IN CONNECTION WITH HONG KONG PUBLIC OFFERING ONLY

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Hong Kong Public Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the Shares or exercising any rights attached to them.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages, and in the event of any inconsistency, the Chinese versions shall prevail.

ROUNDING

Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

EXCHANGE RATE CONVERSION

In this prospectus, unless otherwise stated, amounts denominated in RMB and USD have been translated into Hong Kong dollars at an exchange rate of RMB1.00 = HK$1.16 and USD1.00 = HK$7.75, respectively, for illustrative purposes only. Such conversions shall not be construed as representations that amounts in RMB and USD were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

INFORMATION ABOUT THE GLOBAL OFFERING

Issuer	Trio Industrial Electronics Group Limited (致豐工業電子集團有限公司)
Global Offering	Global Offering of initially 250,000,000 Offer Shares (subject to adjustment and excluding the Shares to be issued pursuant to the exercise of the Over-allotment Option) comprising (i) Hong Kong Public Offering of initially 25,000,000 Offer Shares (subject to adjustment) and (ii) International Placing of initially 225,000,000 Offer Shares (subject to adjustment and excluding the Shares to be issued pursuant to the exercise of the Over-allotment Option)
Maximum offer price	HK$0.72
Over-allotment Option	Up to 37,500,000 additional Shares to be offered by our Company.

Lock-up undertakings by our Controlling Shareholders	See "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Undertakings to the Stock Exchange pursuant to the Listing Rules – Undertakings by our Controlling Shareholders" in this prospectus.
Board lot	4,000 Shares
Dividend policy	See "Financial Information – Dividend and Dividend Policy" in this prospectus. Unless we determine otherwise, dividend, if declared, will be paid in Hong Kong dollars to our Shareholders, as recorded in our register of members, by ordinary post, at our Shareholders' own risks, to the registered address of each such Shareholder, or in the case of joint holders, the first-named holder.
Voting rights	Each Share entitles its holder to one vote at our Shareholders' meeting. See "Summary of the Articles of Association" in Appendix III to this prospectus.
Stamp duty	Dealings in the Shares registered in our register of members will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.
Register of members	Our Company's register of members will be maintained by the Share Registrar. All of the Shares issued pursuant to the Global Offering will be registered on our register of members.

Application for the Listing on the Stock Exchange

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares to be issued by us pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued upon the exercise of the options granted under the Share Option Scheme).

Dealings in the Shares on the Stock Exchange are expected to commence on 23 November 2017. Except as disclosed in this prospectus, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as at the date of this prospectus. All the Offer Shares will be registered on our register of members maintained by the Share Registrar in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (WUMP) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

Restrictions on offers and sale of the Offer Shares

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the Offer Shares to, confirm that he is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus and the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

Fully underwritten

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Joint Bookrunners. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or about the Price Determination Date, subject to determination of the pricing of the Offer Shares. See "Underwriting" in this prospectus for further information regarding the Underwriters and the underwriting arrangements.

Price Determination Date

On or around 17 November 2017, and in any event, no later than 21 November 2017.

If, for any reason, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before 21 November 2017, or such later date or time as may be agreed between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us, the Global Offering will not become unconditional and will not proceed and will lapse.

Admission to CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

Procedures for applying for Hong Kong Offer Shares

See "How to Apply for Hong Kong Offer Shares" in this prospectus.

Conditions of the Global Offering

See "Structure and Conditions of the Global Offering – Conditions of the Hong Kong Public Offering" in this prospectus.

You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that substantial part of our operations are conducted in the PRC, the legal and regulatory environment of which may differ from that prevailing in other countries. Our business performance, financial condition and operating results could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our five largest customers accounted for more than 70.0% of our total revenue during the Track Record Period. Any loss of our major customers or any request for price reduction may materially and adversely affect our business performance and financial condition.

For FY2014, FY2015, FY2016 and 5M2017, the revenue contributed by our five largest customers amounted to HK$381.8 million, HK$460.7 million, HK$603.2 million and HK$242.4 million, respectively, representing 73.8%, 70.1%, 81.0% and 81.5% of our total revenue, respectively. Since (i) we do not enter into long-term sale and purchase agreements with our customers and do not have long-term purchase commitment from them; and (ii) we are not their exclusive supplier, there is no assurance that our five largest customers will continue to purchase our products at current levels or at all in the future. If the prices of our products are not as competitive as those set by our competitors for comparable products or if the quality of our products does not meet our customers' expectations or requirements, our customers may reduce their purchase volume or may not make purchases from us. If any of our five largest customers significantly reduces its purchase volume or ceases to place purchase orders with us, and we are unable to identify new customers, our business performance, results of operations and financial condition may be materially and adversely affected.

In addition, there is no assurance that our major customers will not negotiate for a reduction in the price of our products in the future. In order to maintain business relationships with them, we may have to offer a more competitive price to them. If we are unable to reduce our production cost accordingly and maintain our profit margins, our profitability, results of operations and financial condition may be materially and adversely affected.

There are defects in the title of or right to use certain of our leased properties in the PRC and we may be required to relocate from our existing production base in the Nansha District.

All of our leased properties in Nansha District, Guangzhou City, Guangdong Province, the PRC are located on a piece of collectively-owned land and are subject to certain title defects. See "Business – Properties – Title Defects" in this prospectus for further details.

There is no assurance that the relevant PRC government authorities will not order our landlord to demolish the buildings within a prescribed time period and/or request us to vacate or relocate our operations. In addition, there is also no assurance that the relevant PRC government authorities will not order us to suspend our manufacturing activities. If we are required to demolish the buildings, relocate our operations and/or suspend our manufacturing activities, our business operations may be affected and any disruption to our production activities may affect our ability to satisfy our customers' purchase orders in a timely manner or at all. Any of the above circumstances may materially and adversely affect our reputation, business operations, financial condition and results of operations.

The conversion of certain of our leased properties in the PRC into two factory buildings may not be successful.

We have entered into a memorandum of understanding with the landlord of our leased properties in the PRC, pursuant to which certain of our leased properties currently used as warehouses will be converted into two factory buildings. See "Business – Business Strategies – Further enhance our production efficiency and expand our production capacity – (ii) Conversion of certain of our existing leased properties in the PRC into two factory buildings" in this prospectus for further details.

However, the construction of the factory buildings involves risks and uncertainties, including but not limited to:

- the relevant government authorities may not approve the conversion of land use from warehouses into production uses;

- the conversion process may be delayed due to the administrative procedures of the relevant government authorities;

- the construction works of the factory buildings may be disrupted or delayed due to unforeseen engineering or design issues as well as other force majeure events such as natural disasters;

- the cost in relation to the construction or setting-up of the factory buildings may exceed our original estimates;

- our landlord may not obtain the requisite approvals, permits and certificates for the factory buildings in a timely manner, which may cause a delay in the construction schedule of the factory buildings; and

- any delay in the completion or commencement of operation of the factory buildings may materially disrupt our business operations and increase our financial needs.

Any of the abovementioned circumstances may have a material adverse effect on our business operations, financial condition, results of operations and business prospects.

The amount of EIT payable by us may, as a result of our intercompany sales, be subject to adjustment by competent PRC authorities, which may materially and adversely affect our profitability and financial condition.

During the Track Record Period, our sales activities are mainly undertaken by Trio Engineering, whereas our manufacturing activities are conducted by Trio Microtronics. As a result, intercompany sales take place between Trio Engineering and Trio Microtronics. Purchase orders are channelled from Trio Engineering to Trio Microtronics for production, and products are delivered by Trio Microtronics to Trio Engineering for onward sales and delivery to third-party customers. Such intercompany sales involve a transfer pricing mechanism.

Pursuant to the EIT Law and the Implementation Regulations for Special Tax Adjustments (Trial) (特別納稅調整實施辦法(試行)), transactions in respect of the sale and purchase and transfer of products between enterprises under direct or indirect control by the same third party are regarded as affiliated party transactions and should comply with the arm's length principle (獨立交易原則). If the failure to comply with such principle reduces the amount of income or taxable income of the enterprise or its affiliated parties, the tax authority has the power to make an adjustment by reasonable methods.

During the Track Record Period, the National Tax Bureau of Nansha District of Guangzhou City (廣州市南沙區國家稅務局) made enquiries on our transfer pricing arrangements and we voluntarily settled an aggregate amount of RMB4.3 million (equivalent to HK$5.0 million). According to the benchmarking study submitted to the Chinese tax authorities, the maximum tax exposure in relation to our intercompany transaction arrangements from China transfer pricing perspective was RMB13.9 million for the years 2005 to 2015 (including interest up to 8 May 2017), which is calculated based on the upper quartile of the benchmarking study for self-adjustment purposes. There is no assurance that the competent tax authorities will not raise further enquiries on our transfer pricing arrangements or that the amount of taxable income of Trio Microtronics from 2005 to 2015 will not be adjusted in the future as a result of using certain benchmarking data.

In addition, as advised by our PRC Legal Advisers, according to the relevant PRC tax laws and regulations, the tax authority has the power to re-assess the affiliated transactions within 10 years after the taxable year when such transactions were conducted. If Trio Microtronics is deemed not to be in compliance with the transfer pricing rules, the tax authority has the power to order it to pay all outstanding tax and statutory interest. Accordingly, there is no assurance that the tax authority will not make adjustment to the amount of tax payable by us in respect of such affiliated transactions within the above time frame. If we are required to pay additional EIT, our profitability and financial condition may be materially and adversely affected.

Fluctuations in the prices of raw materials may affect our cost of sales and adversely affect our business operations and profitability.

Our major raw materials include integrated circuits, metal parts, plastic parts, PCB components, capacitors, connectors, transistors, cables and cores. For FY2014, FY2015, FY2016 and 5M2017, the cost of our raw materials amounted to HK$303.8 million, HK$400.9 million, HK$440.5 million and HK$169.2 million, respectively, representing 79.3%, 81.4%, 82.1% and 81.5% of our total cost of sales, respectively. The prices of our raw materials generally follow their respective price trends in the market and vary with industry conditions and market supply and demand. See "Financial Information – Key Components of our Consolidated Statements of Comprehensive Income – Cost of sales" in this prospectus for the sensitivity analysis of the impact of hypothetical fluctuations in the cost of raw materials.

Since we do not enter into long-term supply contracts with our suppliers, there is no assurance that our suppliers will not significantly increase the prices of raw materials in the future, in particular when the market prices of or the market demand for such raw materials increase. There is also no assurance that we will be able to pass the increase in the costs of raw materials to our customers in a timely manner or at all to avoid adverse impacts on our profitability. If, in the event of material fluctuations in raw material prices, our customers do not agree to a price adjustment or we cannot pass the increase in the cost of raw materials to them in a timely manner or at all, our profitability, financial condition and results of operations may be materially and adversely affected.

Delay in the delivery of raw materials or defect in the raw materials supplied to us may materially and adversely affect our business operations.

Supplies of raw materials are subject to a variety of factors that are beyond our control, including interruptions in the supplier's business operations, market supply and demand, industry conditions and overall economic conditions; whereas the quality of raw materials is dependent on the supplier's production capabilities, production facilities and quality control systems.

Our ability to complete a customer's purchase order on time is dependent on the timely delivery and the quality of raw materials. There is no assurance that our suppliers will be able to supply and deliver the required raw materials to us in a timely manner or that the raw materials they supply to us will not be defective or sub-standard. Any delay in the delivery of raw materials or any defect in the raw materials supplied to us may materially and adversely affect or delay our production schedule and, if we cannot secure raw materials of similar quality and at reasonable prices from alternative suppliers in a timely manner or at all, we may not be able to deliver our products to our customers on time. In such circumstances, we may lose customer loyalty and confidence. This may also harm our reputation and our results of operations and financial condition may be materially and adversely affected.

Labour shortages and increase in labour cost may have an adverse effect on our business operations.

Our business operates on a labour-intensive basis and, as at the Latest Practicable Date, we had 1,652 employees. For FY2014, FY2015, FY2016 and 5M2017, our employee benefit expenses amounted to HK$97.5 million, HK$118.4 million, HK$132.3 million and HK$64.5 million, respectively.

Our future growth and expansion will depend on our ability to retain our existing workforce, and to continue to employ a suitable workforce at a rate consistent with the growth of our business. There is no assurance that we will be able to continuously recruit staff in a timely and cost-efficient manner. If we experience a shortage of labour, we may not be able to maximise our production volume or fully utilise our production capacity, which may hinder our future business growth or delay our business expansion plans. Any labour shortage in the regions where we operate may force us to recruit from a wider geographical region and/or at a higher cost, which may have an adverse impact on our labour cost. Furthermore, there is no assurance that we will not experience any labour strike or dispute in the future. Any labour strike or dispute may materially and adversely affect our business operations.

Labour cost has increased significantly in the PRC in recent years and has changed our cost structure. Apart from inflation, the implementation of the Labour Contract Law of the PRC (中華人民共和國勞動合同法) has increased our labour cost in the PRC, which has in turn increased our production cost. Our Directors expect that our labour cost will continue to increase in the future. If labour cost in the PRC continues to increase and we are unable to pass such increase in cost to our customers in a timely manner or adopt appropriate or effective means to reduce our labour cost, our profitability and results of operations may be materially and adversely affected.

Unexpected disruptions to our production facilities or production process may materially and adversely affect our business operations.

We operate with a production base in Nansha District, Guangzhou City, Guangdong Province, the PRC. Our business operations are heavily dependent on the smooth operations of the production facilities in our production base. Any unexpected disruption to our production facilities as a result of machine breakdown or malfunction or power failure at our production base may cause a production halt or delay, which may affect our production schedule and prevent us from completing our customers' purchase orders on time. We may lose customer loyalty and confidence as a result. Furthermore, our production volume and the utilisation rates of our production facilities may be materially and adversely affected, which may result in a decline in our gross profit margin and profitability. We cannot assure you that there will be no machine breakdown or malfunction or power failure at our production base in the future. Any such circumstances may materially and adversely affect our business performance and results of operations.

In addition, our production process may be disrupted due to (i) natural disasters such as typhoons, earthquakes and floods; (ii) political instability, riots, civil unrest and terrorist attacks; (iii) outbreak of infectious diseases such as Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), Influenza A (H5N1), Influenza A (H7N9) and Swine Flu (H1N1); and (iv) other events that are beyond our control in the regions where we operate. We may experience substantial loss as a result of disrupted production process and business operations, including loss of revenue. We may also need to incur additional cost to repair or replace any damaged machinery or equipment. In these circumstances, our results of operations and financial condition may be materially and adversely affected.

We may not be able to obtain adequate financing for our business in the future.

Our business requires significant working capital for our daily production and operations. In addition, we require capital investment to purchase new equipment and machineries to satisfy our production demands and support our business growth. During the Track Record Period, we utilised cash generated from our operations and bank borrowings to maintain our cash flow and finance our capital expenditure. As at 31 December 2014, 2015 and 2016 and 31 May 2017, our bank borrowings repayable within one year amounted to HK$26.6 million, HK$20.4 million, HK$19.0 million and HK$12.6 million, respectively. Our ability to raise additional capital will depend on our business performance, market conditions and overall economic environment. We are unable to assure you that we will be able to obtain bank borrowings and other external financing or resources on commercially acceptable terms or in a timely manner or at all in the future. If we are unable to obtain necessary financing or if we fail to obtain such financing on favourable terms due to factors beyond our control, we may be forced to curtail our expansion plans and our results of operations and financial condition may be materially and adversely affected.

For FY2014, FY2015, FY2016 and 5M2017, our finance expenses (including bank charges and interest) were HK$7.0 million, HK$8.4 million, HK$9.5 million and HK$3.6 million, respectively. If interest rate follows a rising trend in the future, our finance cost will increase accordingly, which may have an adverse effect on our results of operations and financial condition.

We are exposed to risks of product returns and replacements and may be subject to claims in respect of product liability, which may materially and adversely affect our business performance as well as our customers' confidence in the quality of our products.

The quality of our products is crucial to the success of our business. Pursuant to our product return and warranty policy, if our customers' complaints on the quality of our products are justified, we may arrange for reimbursement of repair cost or product return or replacement. There is no assurance that all products manufactured by us will be free of defects and will not be of sub-standard quality. Any reimbursement of a substantial amount of repair cost or any large-scale product return or replacement may not only damage our reputation in the industry and erode our customers' confidence in the quality of our products, but also materially and adversely affect our financial condition and results of operations.

Furthermore, we face an inherent risk of product liability claims. See "Laws and Regulations – Laws and Regulations in the PRC – Laws and Regulations relating to Product Liability" in this prospectus for further details. Any successful claim against us in respect of any defect in our products may result in not only substantial liability on and financial loss to our Group, but also negative publicity and a deterioration of our brand image. We cannot assure you that we will not experience claims in respect of our product quality in the future. Any such claim may have a material and adverse effect on our financial condition and results of operations.

We may be subject to liability in connection with industrial accidents at our production base.

We operate with a production base in Nansha District, Guangzhou City, Guangdong Province, the PRC. We conduct a wide range of manufacturing and production activities in our production base and industrial accidents may occur. Any such industrial accidents may disrupt our production activities and subject us to claims by or potential liabilities to our employees or third parties as well as government penalty. Any of the foregoing events could have a material adverse effect on our financial condition and results of operations.

Our insurance coverage may not be sufficient to cover all risks involved in our business operations.

Our operations are subject to hazards and risks typically associated with the manufacturing operations which may cause serious injury to person or damage to property. See "Business – Insurance" in this prospectus for details relating to our insurance coverage.

There is no assurance that our current insurance coverage will be able to cover all types of risks involved in our business operations, or be sufficient to cover the full extent of loss or liability for which we may be held liable. Any event that is not insured and any loss or liability that exceeds the limit or is excluded from the scope of our existing insurance policies may materially and adversely affect our business, results of operations and financial condition.

Our products are subject to safety and energy-efficiency regulations and standards imposed by countries to which we export our products, and if we are unable to respond to changes in these regulations or standards in a timely manner, our export volume will decline and our results of operations may be materially and adversely affected.

During the Track Record Period, our products were sold to customers located in more than 15 countries around the world, and Europe was our largest market, accounting for 71.3%, 60.7%, 62.4% and 70.3% of our total revenue, respectively. See "Business – Our Customers – Geographical Coverage" in this prospectus for a breakdown of our revenue during the Track Record Period by geographical segment.

Most of the countries to which we export our products have imposed certain safety and energy-efficiency regulations and standards on switch-mode power supplies, which means that our products must comply with such standards and requirements before they can be sold in these countries. These safety and energy-efficiency regulations and standards are constantly evolving as a result of technological advancements and changes in industry conditions and standards. There is no assurance that the countries to which we export our products will not impose stricter or more stringent standards or requirements in the future.

Any change or amendment to the safety and energy-efficiency standards and requirements applicable to switch-mode power supplies may subject us to more onerous obligations. There is no assurance that we will be able to promptly respond to changes in these regulations or standards and any failure to ensure compliance in a timely manner may materially and adversely affect our business, results of operations and financial condition.

Any slowdown of the industrial electronics industry may materially and adversely affect our results of operations, financial condition and business prospects.

As an EMS provider specialising in the manufacturing and sales of customised industrial electronic components and products, our business performance depends, to a large extent, on the performance and condition of the industrial electronics industry.

The industrial electronics industry may experience slowdown or downturn due to market or industry conditions, global economic environment or other factors beyond our control. Any decrease in the demand for industrial electronics equipment such as renewable energy facilities, telecommunications equipment, commercial freight equipment, medical devices and security systems may reduce the demand for our OEM products. In such circumstances, our sales may decline and our results of operations, financial condition and business prospects may be materially and adversely affected.

We may be subject to fines and penalties as a result of our non-compliance with certain PRC laws and regulations during the Track Record Period.

Pursuant to the relevant PRC laws and regulations, employers in the PRC are required to make social insurance and housing provident fund contributions for their employees, and entities failing to make such contributions may be ordered to settle the outstanding contributions within a prescribed time limit and subject to penalties or fines. During the Track Record Period, we were not in strict compliance with the requisite contribution requirements in relation to our PRC employees. See "Business – Non-compliance Matters" in this prospectus for further details.

There is no assurance that we will not be subject to penalties or fines imposed by the relevant PRC authorities as a result of such non-compliance incidents. There is also no assurance that there will not be any employee complaint against us in relation to our failure to make full social insurance and housing provident fund contributions. Any such penalties, orders or complaints may harm our corporate image and may have an adverse effect on our financial condition and results of operations.

Intense competition in the industry may affect our pricing, which may materially and adversely affect our results of operations and business prospects.

The industrial EMS industry is competitive. In particular, we face increasing competition from industrial EMS providers with production facilities in Vietnam, India and Brazil which operate at a lower cost due to favourable investment policies and relatively cheaper labour cost in those countries. Competition among participants of the industrial EMS industry may have a negative impact on our pricing, thereby affecting our business performance and profitability. Should our existing or new competitors offer industrial electronic components and products or EMS similar to ours at a lower cost or engage in aggressive pricing in order to increase or gain market share, our sales may decline if we are not able to match their lower cost or price. Any of the above may have a material adverse effect on our results of operations, financial condition and business prospects.

We may not be able to adequately protect our intellectual property rights and may be exposed to third-party claims of infringement or misappropriation of intellectual property rights.

Our intellectual property rights include our patents and computer software copyrights. See "Statutory and General Information – Further Information about our Business – 8. Intellectual property rights of our Group" in Appendix IV to this prospectus for details of our material intellectual property rights. We cannot assure you that the steps we have taken to protect and safeguard our intellectual property rights are adequate or that our intellectual property rights will not be infringed by any third party in the future. Any unauthorised use of our intellectual property rights may have an adverse effect on our business performance and results of operations. We may resort to legal proceedings in order to protect and enforce our intellectual property rights and the legal fees and expenses involved in such proceedings can be substantial. Furthermore, the diversion of resources and our management's effort and attention in addressing such intellectual property claims may significantly affect our business performance and hinder our business development.

The success of our business also depends on our ability to operate without infringing on the intellectual property rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. The defense of intellectual property lawsuits, patent opposition proceedings and related legal and administrative proceedings can be costly and time consuming. An adverse judgment in any such proceedings may result in substantial liability on us and materially and adversely affect our reputation, financial condition and results of operations.

We are exposed to foreign exchange risks.

Our major functional currency is U.S. dollars, while some of our business transactions and our cost of sales are denominated in Hong Kong dollars, Euros and Renminbi. We are exposed to foreign currency risks as a result of sales and purchases that are denominated in a currency other than U.S. dollars. Any significant changes in the exchange rate between U.S. dollars and other currencies may result in substantial loss for us and our financial condition and results of operations may be materially and adversely affected.

If we fail to manage our inventories effectively, we may experience a heightened risk of inventory obsolescence, a decline in inventory value and significant inventory write-downs or write-offs.

While we generally procure raw materials upon receipt of purchase orders from our customers, there is no assurance that our customers will not subsequently cancel their purchase orders, in which case we may not be able to resell the raw materials ordered for them and/or the products manufactured according to their specifications. For raw materials that are commonly used in our production process, we place orders with our suppliers from time to time based on the inventory level maintained in our ERP system. However, the purchase volume from our customers may differ significantly with our estimates, which may result in an increase in inventory level.

Our inventory balance accounted for 34.9% of our total assets as at 31 May 2017, and we expect that our inventory turnover will increase as we continue to expand our production capacity. If we fail to effectively manage the level of our inventories, we may experience a heightened risk of inventory obsolescence, a decline in inventory value and significant inventory write-downs or write-offs. Any of the above circumstances may materially and adversely affect our financial condition and results of operations.

We are exposed to credit risks of our customers.

For FY2014, FY2015, FY2016 and 5M2017, we recorded gross trade receivables of HK$87.0 million, HK$97.3 million, HK$114.2 million and HK$112.2 million, respectively, accounting for 31.3%, 31.5%, 38.8% and 33.6% of our total assets, respectively. If our customers delay in or default on their payments, we may have to make additional provision for impairment, write off the relevant receivables and/or incur substantial legal costs to recover the outstanding balance, which may in turn materially and adversely affect our financial condition, results of operations and business prospects.

We are subject to extensive environmental, occupational health and safety laws, regulations, government policies, and compliance with these laws, regulations and policies may be costly.

Our business operations are subject to various environmental, occupational health and safety laws, regulations and government policies promulgated by the PRC Government. See "Laws and Regulations – Laws and Regulations in the PRC – Laws and Regulations relating to Production Safety" and "Laws and Regulations – Laws and Regulations in the PRC – Laws and Regulations relating to Environmental Protection" in this prospectus for further details.

The environmental, occupational health and safety laws, regulations and government policies applicable to our business operations and products are constantly evolving and we cannot predict when or how they will be amended, nor the consequence or impact thereof. There is no assurance that the PRC Government or the relevant authorities in the PRC will not impose additional or more stringent laws, regulations or government policies in the future, which may subject us to more onerous duties and obligations. Any change or amendment to these laws, regulations or government policies may require us to incur substantial financial or other resources to adjust our production process, introduce new preventive or remedial measures, purchase new pollution control equipment and update our compliance and monitoring systems in order to ensure compliance, which may have a negative impact on our results of operations and financial condition.

No mortgagee's consent has been obtained in respect of our leased property in Hong Kong.

Our leased property in Hong Kong which we use for manufacturing, office and warehouse purposes (the "**HK Property**") is subject to mortgage and the consent of the landlord's mortgagee for the entering into of the tenancy in respect of the HK Property has not been obtained. If such consent is not obtained, the tenancy will not be binding on the mortgagee and in the event of any default by the landlord of the terms of the mortgage, the mortgagee is entitled to enforce the terms of the mortgage against the landlord and the mortgagee may obtain possession of the HK Property.

As a result of the aforementioned, there is a risk that the landlord's mortgagee may take enforcement actions against us and in such circumstances, we will have no security of tenure as against the mortgagee. If we are required to vacate from the HK Property, we may have to seek alternative premises and re-locate our operations. See "Business – Properties – Leased Properties" in this prospectus for further details. Such re-location may disrupt our business operations and result in us incurring additional costs and expenses, which may materially and adversely affect our business, financial condition and results of operations.

We engage independent third party logistics service providers to deliver our products, and their failure to provide timely and high quality logistics services to our customers may adversely affect our brand image and our financial condition.

We engage independent third party logistics service providers to deliver our products to our customers either by road, by sea or by air freight. Delivery disruptions such as transportation bottlenecks, inclement weather and natural disasters, social unrest, vehicle breakdown, labour strikes or other circumstances beyond our control may result in delayed or lost deliveries. There is no assurance that the logistics service providers will be able to deliver our products according to the delivery schedule or provide high quality services to our customers. If the logistics service providers fail to deliver our products to our customers on time or if our products are damaged in the course of delivery, our customers may refuse to accept our products and our reputation and brand image may suffer as a result. We may also be subject to penalties in the event of late delivery, which may materially and adversely affect our financial position. In addition, any significant increase in the cost of transportation, such as fuel cost, will increase our operating expenses.

Failure to retain the services of our key personnel may adversely affect our results of operations.

Our success to date has largely been attributable to the contributions, commitment and experience of our management team and key employees, in particular their familiarity with our business operations and their experience and expertise in the industrial EMS industry. Some of our Executive Directors have more than 30 years of experience in the electronics industry. In particular, Mr. Stanley Kwan, Mr. Tai and Mr. Mac Carthy, our Executive Directors, have over approximately 30, more than 45 and more than 20 years of experience in the electronics industry, respectively. Our continued success is dependent on our ability to retain the services of members of our senior management and our key employees who possess the necessary experience and expertise in the industrial EMS industry. If there is any significant or material change to the composition of our key management team, we may not be able to recruit experienced or qualified personnel in a timely manner or at all, and may need to incur additional cost and resources in the recruitment and training of our new staff members. In addition, if we lose our key management personnel or employees to our competitors, our competitiveness, business performance, results of operations as well as business prospects may be materially and adversely affected.

There is no assurance that our business strategies and future plans will be successfully implemented.

The successful implementation of our business strategies and future plans will depend on various factors, including but not limited to our ability to (i) retain our major customers; (ii) enhance our production efficiency; (iii) retain our existing workforce and recruit new staff members at a rate that is consistent with our business growth; (iv) raise additional funds to support our business expansion; and (v) explore new business opportunities, in particular in the ATE segment. There is no assurance that we will be able to successfully implement our business strategies or future plans. Even if our business strategies or future plans are implemented, there is no assurance that they will increase our market share or enhance our market position. Our results of operations and financial position may be materially and adversely affected if our business strategies or future plans are not successfully implemented.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Our business operations may be materially and adversely affected by any change in the political, economic and social policies and conditions of the PRC.

Our business and results of operations are subject to the political, economic and social policies and conditions of the PRC, as our manufacturing activities are conducted in the PRC. Our ability to conduct and expand our business operations in the PRC depends on a number of factors that are beyond our control, including macro-economic and other market conditions and credit availability from lending institutions. In order to control inflation and promote economic growth, the PRC Government has introduced certain macro-economic policies, such as imposing commercial bank lending guidelines, which have the effect of restricting lending to certain industries. Some of the macro-economic policies and lending policies may limit our ability to obtain financing, thus reducing our ability to implement our expansion strategies according to our plan. There is no assurance that the PRC Government will not introduce more restrictive or onerous policies in the future. Any change in the political, economic and social policies and conditions of the PRC may bring uncertainty to our business operations and may materially and adversely affect our prospects and results of operations.

While the PRC Government has undergone various economic reforms in the last few decades, many of such reforms are of an experimental nature and are expected to be refined, adjusted and modified from time to time based on economic and social conditions. In addition, the scope, application and interpretation of the laws and regulations relating to such reforms may not be entirely clear. Such refinement, adjustment or modification may impact our business operations in ways that we cannot predict and any uncertainty in the scope, application and interpretation of the relevant laws and regulations may materially and adversely affect our results of operations and financial condition.

The legal system in the PRC is not fully developed and has inherent uncertainties that could limit the legal protections available to our Group.

Our business and operations are primarily conducted in the PRC and our PRC subsidiaries are governed by PRC laws, rules and regulations. The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court of the PRC may not be as comprehensive or developed as that of other jurisdictions. Prior court decisions may be cited for reference but do not have binding precedential effect and have little weight as precedents. Accordingly, the outcome of dispute resolutions may not be consistent or predictable. Although efforts have been made by the PRC Government to enhance protection of foreign investment in the PRC, the PRC has not yet developed a fully integrated legal system.

Newly-enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC and there is much uncertainty in their application, interpretation and enforcement. As a result, we may not be aware of our violations of certain policies or rules in a timely manner.

The legal protection available to us under the PRC laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted, which may result in the diversion of our resources and management attention. In addition, the outcome of dispute resolutions may not be consistent or predictable and it may be difficult to enforce judgments and arbitration awards in the PRC. In addition, the application, interpretation and enforcement of the PRC laws and regulations may be subject to the political condition and changes in social policies in the PRC. Different regulatory authorities may have different interpretation on certain laws and regulations and may adopt different approach in enforcing such laws and regulations. As a result, companies may be required to comply with the requirements or standards set by the relevant authorities from time to time or obtain approvals and complete filings in accordance with the interpretation and enforcement of such laws and regulations by the relevant authorities. Uncertainty in the application, interpretation and enforcement of the PRC laws and regulations may require us to incur additional cost and effort in complying the requirements or standards imposed by the PRC regulatory authorities, which may materially and adversely affect our business, results of operations and financial condition.

Rules and regulations in the PRC on investment and loans by offshore holding companies to PRC subsidiaries may delay or prevent us from using the proceeds from the Global Offering to make additional capital contributions or loans to our PRC subsidiaries, which could harm our liquidity and our ability to expand our business.

We, as an offshore holding company, may make additional capital contributions or loans to our PRC subsidiaries, including from the proceeds of the Global Offering. Any loan to our PRC subsidiaries is subject to PRC laws and regulations. For example, loans from us to our wholly-owned PRC subsidiaries, which are foreign-invested enterprises, to finance their activities cannot exceed statutory limits and must be registered with the SAFE or its local branches. We may also decide to finance our wholly-owned PRC subsidiaries by means of capital contributions. These capital contributions must be approved by or filed with MOFCOM or its local branches.

There is no assurance that, in relation to all future loans or capital contributions by us to our PRC subsidiaries, we will be able to complete all required government registrations or obtain all necessary approvals in a timely manner or at all. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds of the Global Offering may be affected, which may in turn materially and adversely affect our liquidity and our ability to fund and expand our business.

Pursuant to the SAFE Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "**Circular 19**"), which became effective on 1 June 2015, foreign-invested enterprises shall be allowed to settle foreign exchange capital on a discretionary basis. Furthermore, where foreign-invested enterprises are engaged in equity investment in the PRC, they shall comply with the regulations on reinvestment in the PRC. While Circular 19 unlocks the restrictions on foreign exchange capital settlement, it is uncertain how the PRC authorities will interpret, apply and enforce Circular 19 and whether Circular 19 will be effective in unlocking the restrictions on foreign exchange capital settlement.

The PRC Government's control over currency conversion may affect the value of our Shares and limit our ability to utilise our cash effectively.

Some of our revenue is denominated in Renminbi. The PRC Government has imposed controls on the conversion between Renminbi and foreign currencies and, in certain cases, the remittance of foreign currencies into and out of the PRC. Pursuant to the existing PRC foreign exchange regulations, payments of current account items, such as dividend distributions and interest payments, can be made in foreign currencies without prior approval from the SAFE, but subject to certain procedural requirements. However, approval from or registration with the SAFE is required where Renminbi is to be converted into other foreign currencies and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies.

We cannot assure you that the PRC regulatory authorities will not impose restrictions on foreign exchange transactions for current account items in the future. Any shortage in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividend or make other payments to their holding companies or our Company, or otherwise satisfy their obligations that are required to be settled in foreign currency.

If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividend in foreign currencies to our Shareholders. In addition, since some of our future cash flow derived from our operations will be denominated in Renminbi, any existing and future restriction on currency exchange may limit our ability to purchase or obtain goods and services in countries outside of the PRC, or otherwise limit or impair our business activities that are conducted in foreign currencies.

It may be difficult to effect service of process in relation to disputes brought in courts outside the PRC on, or to enforce judgments obtained from non-PRC courts against, us in the PRC.

Most of our major assets are located in the PRC. There is no assurance that you will be able to effect service of process in connection with disputes brought in courts outside the PRC on, or to enforce judgments obtained from non-PRC courts against, us in the PRC. Furthermore, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments awarded by courts with most western countries. It may therefore be difficult or even impossible to enforce against us any judgment obtained from non-PRC courts.

Dividend payable by us to our non-PRC Shareholders or gain realised on the transfer of our Shares may be subject to PRC income tax under PRC tax laws.

Pursuant to the EIT Law and the EITIR, subject to any applicable tax treaty or arrangement between the PRC and your jurisdiction of residence that provides a different income tax arrangement, the payment of dividend by a PRC resident enterprise to investors that are non-PRC resident enterprises (including enterprises that do not have an establishment or place of business in the PRC and enterprises that have an establishment or place of business but their income is not effectively connected with the establishment or place of business) or any gain realised on the transfer of shares by such investors is generally subject to PRC income tax at a rate of 10.0%, to the extent such dividend has its source in the PRC or such gain is regarded as income derived from sources within the PRC. Under the PRC Individual Income Tax Law (中華人民共和國個人所得稅法) and its implementation rules (中華人民共和國個人所得稅法實施條例), dividend from sources within the PRC paid to foreign individual investors who are not PRC residents and gains from PRC sources realised by such investors on the transfer of shares are generally subject to a PRC income tax at a rate of 20.0%, subject to any reduction or exemption set out in applicable tax treaties and PRC laws.

It is uncertain whether we will be considered as a PRC resident enterprise. If we are regarded as a PRC resident enterprise, dividend payable by us with respect to our Shares, or any gain realised from the transfer of our Shares, may be treated as income derived from sources within the PRC and may be subject to PRC income tax, subject to the interpretation, application and enforcement of the EIT Law and the EITIR by the relevant tax authorities. If we are required under the EIT Law to withhold PRC income tax on dividend payable to our non-resident Shareholders, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in our Shares may be materially and adversely affected.

Dividend payable by our PRC subsidiaries to our Hong Kong subsidiaries may not qualify for the reduced PRC withholding tax rate.

Pursuant to the EIT Law and the EITIR, the payment of dividend by a PRC resident enterprise to investors that are non-resident enterprises is subject to PRC withholding tax at a rate of 10.0%. Under the the Agreement between the Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排), the withholding tax rate will be reduced to 5.0% if the PRC enterprise distributing dividend is owned as to 25.0% or more by a Hong Kong resident enterprise. However, according to the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (國家税務總局關於執行税收協定股息條款有關問題的通知) issued by the State Administration of Taxation on 20 February 2009, if the main purpose of a transaction or an arrangement is to obtain preferential tax treatment, the PRC tax authorities will have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible. There is no assurance that we will enjoy the 5.0% reduced withholding tax rate in relation to dividend payable by our PRC subsidiaries to our Hong Kong subsidiaries.

RISKS RELATING TO OUR SHARES AND THE GLOBAL OFFERING

There has been no prior public market for our Shares and an active trading market for our Shares may not develop or be sustained.

Prior to completion of the Bonus Issue and the Global Offering, no public market for our Shares existed. Following completion of the Bonus Issue and the Global Offering, the Stock Exchange will be the only market on which our Shares are publicly traded. We cannot assure you that an active trading market for our Shares will develop or be sustained after completion of the Bonus Issue and the Global Offering. In addition, we cannot assure you that our Shares will trade in the public market at or above the Offer Price. The Offer Price for our Shares will be determined by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us, and may not be indicative of the market price of our Shares following completion of the Bonus Issue and the Global Offering. If an active trading market for our Shares does not develop or is not sustained after completion of the Bonus Issue and the Global Offering, the market price and liquidity of our Shares could be materially and adversely affected.

The price and trading volume of our Shares may be volatile, which could result in substantial losses to investors purchasing our Shares.

The price and trading volume of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including the general market conditions of the securities markets in Hong Kong and elsewhere in the world. In particular, the business performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons. In particular, factors such as fluctuations in our revenue, earnings and cash flow could cause the market price and trading volume of our Shares to change substantially and unexpectedly. Any of these factors may materially and adversely affect the price and trading volume of our Shares and investors in our Shares may, as a result, incur substantial loss.

Since there will be a gap of several days between pricing and trading of our Offer Shares, holders of our Offer Shares are subject to the risk that the market price of our Offer Shares could be lower than the Offer Price.

The Offer Price of our Offer Shares is expected to be determined on the Price Determination Date. However, our Offer Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several Business Days after the Price Determination Date. Investors may not be able to sell or otherwise deal in our Offer Shares during that period. As a result, holders of our Offer Shares are subject to the risk that the price of our Offer Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that may occur between the Price Determination Date and the time when trading of our Offer Shares begins.

The interests of our Controlling Shareholders may conflict with the best interests of our Company or the other Shareholders.

Immediately following completion of the Bonus Issue and the Global Offering, without taking into account any Shares which may be issued upon exercise of the Over-allotment Option or Shares which may be issued upon exercise of any option which may be granted under the Share Option Scheme, our Controlling Shareholders will in aggregate beneficially own 75.0% of our issued Shares. Subject to the Articles of Association and all applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise controlling influence on our management, business operations and corporate actions by controlling the composition of our Board, determining the timing and amount of our dividend payments, approving significant corporate transactions, including mergers and acquisitions, approving our annual budgets and taking other actions that require our Shareholders' approval. The interests of our Controlling Shareholders may not always coincide or align with the best interests of our Company or the other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our Company or the other Shareholders, or if our Controlling Shareholders choose to cause our Company to pursue strategic objectives that conflict with the interests of our Company or the other Shareholders, you may be disadvantaged as a result.

The sale or availability for sale of substantial amount of our Shares may adversely affect the trading price of our Shares.

The sale of substantial amount of our Shares in the public market after completion of the Bonus Issue and the Global Offering, or the perception that these sales may occur, may adversely affect the market price of our Shares and materially impair our future ability to raise capital through offerings of our Shares.

In addition, while the Shares owned by our Controlling Shareholders are subject to certain lock-up periods, there is no assurance that they will not dispose of these Shares following expiration of the lock-up periods, or any Shares that they may come to own in the future. We cannot predict what effect, if any, such significant future sale will have on the market price of our Shares.

There is no assurance if and when we will pay dividend in the future.

Distribution of dividend will be at the discretion of our Board and subject to Shareholders' approval. A decision to declare or pay dividend and the amount of such dividend will depend on various factors, including but not limited to our business performance, financial condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP, the Articles of Association, applicable laws and regulations of the PRC and Hong Kong, market conditions, our strategic plans and prospects of business development, contractual limits and obligations, payment of dividend to us by our operating subsidiaries, taxation, and other factors determined by our Board from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there is no assurance whether, when and in what manner we will pay dividend in the future.

Shareholders' interests in our Company may be diluted in the future.

Our Company may issue additional Shares upon exercise of any option which may be granted under the Share Option Scheme. In addition, we may need to raise additional funds in the future to finance our business expansion. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro rata basis to existing Shareholders, (i) the percentage ownership of existing Shareholders may be reduced and they may experience subsequent dilution and reduction in their earnings per share; and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders.

Information and statistics in this prospectus may come from various sources and may not be fully reliable.

Some of the information and statistics in this prospectus are derived from various publicly available government official and other publications and obtained during communications with various independent third parties that our Directors believe are reliable. However, our Directors cannot guarantee that the quality or reliability of such materials. Our Directors believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting or reproducing such information and statistics. They do not believe that such information or statistics is false or misleading in any material aspect or that any material fact has been omitted that would render such information or statistics false or misleading. Such information or statistics has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering and no representation is given as to its accuracy or completeness. Due to the possibly flawed or ineffective sampling or discrepancies between published information and market practices or other reasons, such information and statistics may be inaccurate or may not be comparable to official statistics. You should consider how much weight or importance such information or statistics carry and should not place undue reliance on them.

Prospective investors should read the entire prospectus carefully and are strongly cautioned against placing any reliance on the information contained in any press article or other media coverage which contains information not being disclosed or which is inconsistent with the information included in this prospectus.

You are strongly advised to read the entire prospectus carefully and are cautioned against placing any reliance on the information contained in any press article or other media coverage which contains information not disclosed or not consistent with the information included in this prospectus.

Prior to completion of the Bonus Issue and the Global Offering, there may be press and media coverage regarding our Group and the Global Offering. Such press and media coverage may include information that does not appear in or is inconsistent with information contained in this prospectus. Our Directors would like to emphasise to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information and the disclosure of such information has not been authorised by us. Our Directors make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or any forecast, view or opinion expressed by the press or other media regarding our Group or our Shares. In making decisions as to whether to invest in our Shares, prospective investors should rely only on the information included in this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Kwan Tak Sum Stanley (關德深)	Flat H, 23/F, Block 25 Laguna City Kwun Tong, Kowloon Hong Kong	Chinese
Mr. Lai Yiu Wah (黎耀華)	House 21, Boulevard du Palais, Beverly Hills 23 Sam Mun Tsai Road Tai Po, New Territories Hong Kong	British
Mr. Tai Leung Lam (戴良林)	Flat B, 24/F Dragon View No. 5 Dragon Terrace Causeway Bay Hong Kong	Chinese
Mr. Joseph Mac Carthy	26 Kings Court King’s Channel Waterford, Ireland	Irish
Independent Non-Executive Directors		
Mr. Fung Chun Chung (馮鎮中)	Flat D, G/F, Tower 2 One Beacon Hill Road Kowloon Tong Hong Kong	Chinese
Mr. Cheung Kin Wing (張建榮)	Flat 1D, 20/F Mei Foo Sun Chuen 1 Humbert Street Mei Foo, Kowloon Hong Kong	British
Mr. Wong Raymond Fook Lam (黃福霖)	F2, 11th Floor Beverly Hill 6 Broadwood Road Happy Valley Hong Kong	Australian

See “Directors and Senior Management” in this prospectus for further information of our Directors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Halcyon Capital Limited** 11th Floor, 8 Wyndham Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**Halcyon Securities Limited** 11th Floor, 8 Wyndham Street Central Hong Kong
	VMS Securities Limited 49/F One Exchange Square 8 Connaught Place Central Hong Kong
	Great Roc Capital Securities Limited Suite 1601-1603, 16/F., West Tower Shun Tak Centre 168-200 Connaught Road Central Central, Hong Kong
	KGI Capital Asia Limited 41/F Central Plaza, 18 Harbour Road Wanchai Hong Kong

Hong Kong Underwriters	**Halcyon Securities Limited** 11th Floor, 8 Wyndham Street Central Hong Kong **VMS Securities Limited** 49/F One Exchange Square 8 Connaught Place Central Hong Kong **Great Roc Capital Securities Limited** Suite 1601-1603, 16/F., West Tower Shun Tak Centre 168-200 Connaught Road Central Central, Hong Kong **KGI Capital Asia Limited** 41/F Central Plaza, 18 Harbour Road Wanchai Hong Kong
Legal advisers to our Company	*As to Hong Kong law:* **Deacons** 5th Floor, Alexandra House 18 Chater Road Central Hong Kong *As to PRC law:* **Global Law Office** Units B & C, 26th Floor, Tower 5 Dachong International Center No. 39 Tonggu Road, Nanshan District Shenzhen 518055 China

Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Howse Williams Bowers** 27^{th} Floor, Alexandra House 18 Chater Road Central Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 6F NCI Tower A12 Jianguomenwai Avenue Beijing 100022 China
Reporting accountant	**PricewaterhouseCoopers** *Certified Public Accountants* 22^{nd} Floor Prince's Building Central Hong Kong
Industry consultant	**Ipsos Limited** 22^{nd} Floor, Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Receiving bank	**DBS Bank (Hong Kong) Limited** 16/F, The Centre 99 Queen's Road Central Central Hong Kong

Registered office	Block J, 5/F Kaiser Estate Phase II 51 Man Yue Street Hunghom, Kowloon Hong Kong
Company's website	**www.trio-ieg.com** *(The contents on this website do not form part of this prospectus)*
Compliance adviser	Halcyon Capital Limited
Company secretary	Mr. Fok Ka Fai (霍家輝) *(ACIB, CB, ACS, ACIS)* 18B, Ming Court 19-23 Ming Yuen Western Street North Point Hong Kong
Audit Committee	Mr. Cheung Kin Wing (張建榮) *(chairman)* Mr. Fung Chun Chung (馮鎮中) Mr. Wong Raymond Fook Lam (黃福霖)
Remuneration Committee	Mr. Wong Raymond Fook Lam (黃福霖) *(chairman)* Mr. Kwan Tak Sum Stanley (關德深) Mr. Lai Yiu Wah (黎耀華) Mr. Fung Chun Chung (馮鎮中) Mr. Cheung Kin Wing (張建榮)
Nomination Committee	Mr. Kwan Tak Sum Stanley (關德深) *(chairman)* Mr. Lai Yiu Wah (黎耀華) Mr. Fung Chun Chung (馮鎮中) Mr. Wong Raymond Fook Lam (黃福霖)
Risk Management Committee	Mr. Kwan Tak Sum Stanley (關德深) *(chairman)* Mr. Lai Yiu Wah (黎耀華) Mr. Cheung Kin Wing (張建榮) Mr. Fung Chun Chung (馮鎮中) Mr. Wong Raymond Fook Lam (黃福霖)

Authorised representatives	Mr. Kwan Tak Sum Stanley (關德深) Flat H, 23/F, Block 25 Laguna City Kwun Tong, Kowloon Hong Kong
	Mr. Lai Yiu Wah (黎耀華) House 21, Boulevard du Palais Beverly Hills 23 Sam Mun Tsai Road Tai Po, New Territories Hong Kong
Share Registrar	**Tricor Investor Services Limited** Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal banks	**DBS Bank (Hong Kong) Limited** 16/F, The Center 99 Queen's Road Central Hong Kong
	Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Hong Kong
	Standard Chartered Bank Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong

The information in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the Ipsos Report, a market research report prepared by Ipsos and commissioned by our Group. The information extracted from the Ipsos Report reflects estimates of market conditions based on samples, and is prepared primarily as a market research tool. References to Ipsos should not be considered as the opinion of Ipsos as to the value of any security or the advisability of investing in our Group. We believe that the information is derived from appropriate sources and have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. However, the information has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering other than Ipsos with respect to the information contained in the Ipsos Report. No representation is given as to the accuracy, completeness or fairness of the Ipsos Report. Our Directors confirm that, after making reasonable enquiries, there has been no material adverse change in the market information since the date of the Ipsos Report and up to the Latest Practicable Date which may qualify, contradict or have a material impact on the information in this section.

INTRODUCTION

We have commissioned Ipsos, an independent market research company, to analyse and report on the industry development, trends and competitive landscape of the industrial EMS industry globally and in Hong Kong for the period from 2010 to 2020 at a fee of HK$857,000.0.

Ipsos is an independent market research company and is one of the largest research companies in the world, employing approximately 16,000 personnel worldwide across 88 countries. Ipsos conducts research on market profiles, analysis on market size, share and segmentation, distribution and value analysis, competitor tracking and corporate intelligence.

In compiling the Ipsos Report, Ipsos obtained and gathered data and intelligence by: (i) conducting desk research covering government and regulatory statistics, industry reports and analyst reports, industry associations, industry journals and other online sources and data from the research database of Ipsos; (ii) performing client consultation to obtain background information of our Company; and (iii) conducting primary research by interviewing key stakeholders and industry experts. The information and statistics set out in this section, unless otherwise indicated, have been extracted from the Ipsos Report.

The information and data gathered by Ipsos have been analysed, assessed and validated using Ipsos' in-house analysis models and techniques. The methodology used by Ipsos is based on information sourced from multiple levels, which allows such information to be cross-referenced for accuracy.

ASSUMPTIONS AND PARAMETERS USED IN THE IPSOS REPORT

The following assumptions are used in the Ipsos Report:

- the demand and supply of products and services in the industrial EMS industry in the global market are assumed to be stable and without hold-up over the forecast period; and

- there are no external shocks such as financial crises or natural disasters in the global market which could affect the demand and supply for the products and services of the industrial EMS industry in Hong Kong and the global market over the forecast period.

The following parameters are used in the forecast model in the Ipsos Report:

- gross domestic product and gross domestic product growth rates in Hong Kong, China, Europe and U.S. from 2010 to 2020;
- foreign currency exchange rates (USD against RMB) from 2010 to 2016;
- global sales value of switching power supply unit (the "**SPSU**") market from 2010 to 2020;
- global sales value of medical devices market from 2010 to 2020;
- global investment value in renewable energy from 2010 to 2020;
- global sales value of home security solutions market from 2010 to 2020; and
- global sales value of water filtration system market from 2010 to 2020.

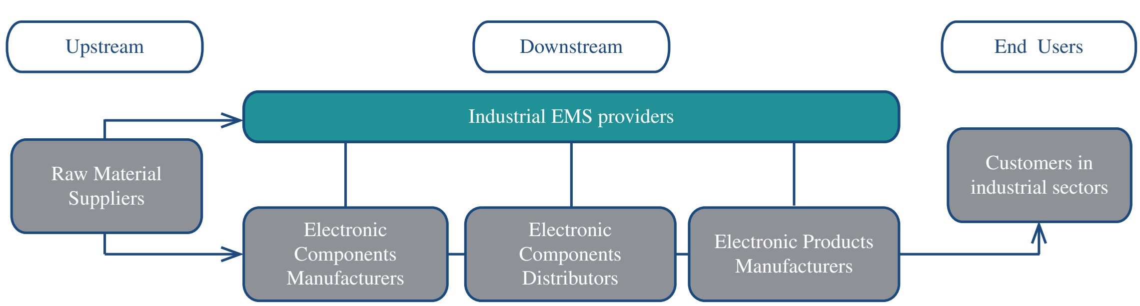
OVERVIEW OF EMS AND INDUSTRIAL EMS INDUSTRY

EMS refers to services that include the manufacturing of electronic components and products. The EMS industry emerged as electronic product and component manufacturers outsourced parts of the manufacturing process so that they could focus on brand and distribution channel management and reduce production costs. EMS providers offer a variety of services, including product design, prototyping, manufacturing, assembly, testing, repair, supply chain management and other after-sales services to electronic product and component manufacturers and distributors.

The EMS industry can be classified into either consumer or industrial EMS depending on the end user applications of the electronic components and products. Industrial EMS focuses on the manufacturing of electronic components and products which are generally not for consumer use. Examples include electronic components for medical devices, information and telecommunication equipment, automobile and aerospace, and defense equipment.

Industrial EMS providers in Hong Kong have generally shifted production facilities to locations such as China in order to take advantage of relatively lower labour costs. The Hong Kong offices are mainly responsible for management, marketing and logistics support.

The diagram below sets out the value chain of the industrial EMS industry:



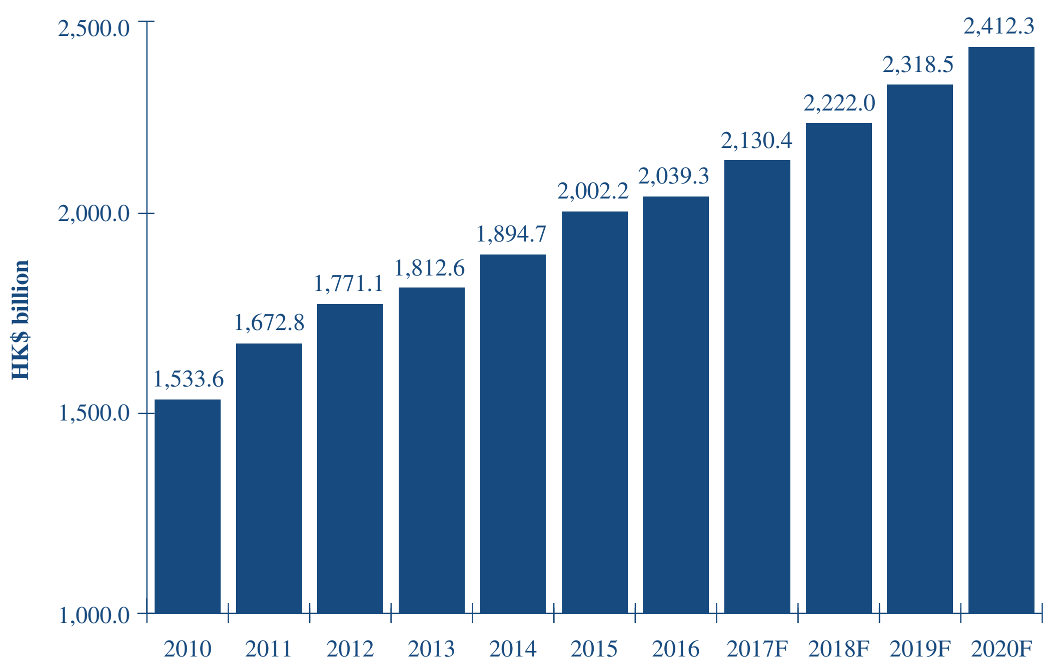
Source: Ipsos research and analysis

Industrial EMS providers can participate in the entire manufacturing process, including the manufacturing of industrial electronic components to the manufacturing of electronic products. Industrial EMS providers can also be contracted at various stages in the manufacturing process. Some industrial EMS providers may only require the product or component design brief and will then undertake prototyping, raw materials sourcing, manufacturing, assembly, testing and delivery. Alternatively, other industrial EMS providers may require customers to provide the design, components necessary for manufacturing and an assembled sample. Industrial EMS providers may offer other services such as supply chain management and repair and rework services to customers.

The major customers of industrial EMS providers include: (i) electronic components manufacturers and distributors who require electronic components and assemblies for further processing and distribution; and (ii) electronic products manufacturers who require processed electronic components, assemblies and products to manufacture industrial electronic products. There are no direct sales of manufactured goods from industrial EMS providers to end users.

Global Sales Value of the Industrial EMS Industry

The chart below sets out the global sales value of the industrial EMS industry from 2010 to 2016 and during the forecast period from 2017 to 2020:

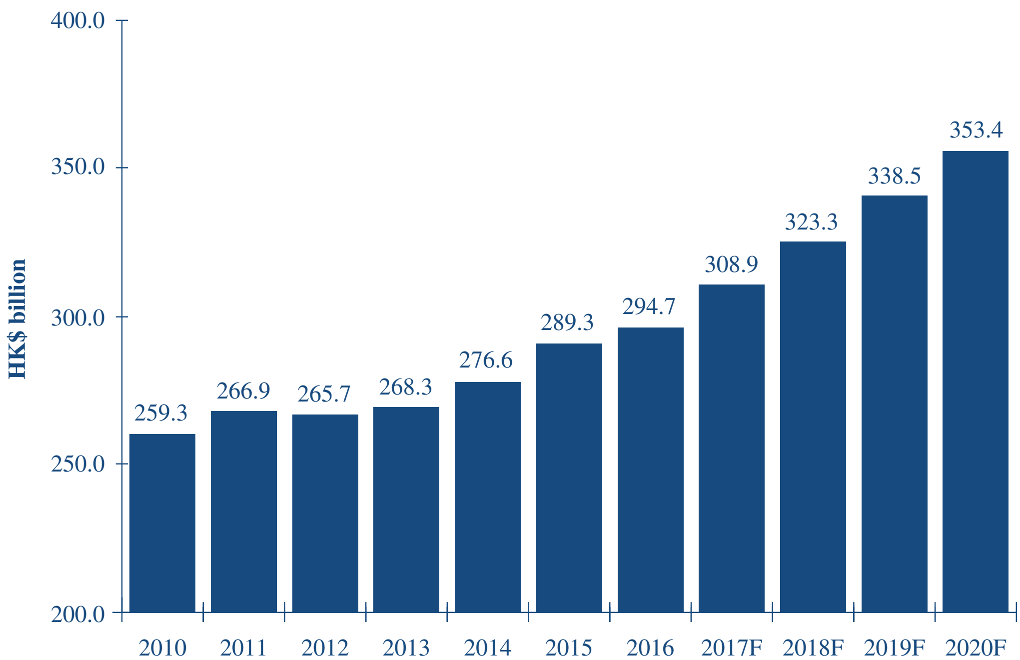


Source: Ipsos research and analysis

The global sales value of the industrial EMS industry increased from HK$1,533.6 billion in 2010 to HK$2,039.3 billion in 2016, representing a CAGR of 4.9%. The trend of the global sales value of the industrial EMS industry during the historical period followed the trend of the sales value of the overall global EMS industry. In order to reduce the costs of manufacturing given the shorter product life cycles and the faster pace of product upgrades, the demand for industrial EMS services increased from 2010 to 2016. In 2016, the global sales value of the industrial EMS industry accounted for a share of 58.3% of the global sales value of the overall EMS industry. During the forecast period, the global sales value of the industrial EMS industry is expected to increase from HK$2,130.4 billion in 2017 to HK$2,412.3 billion in 2020, representing a CAGR of 4.2%. Supported by the increase in the market demand for medical devices, telecommunication and networking equipment and automotive electronics, the global sales value of the industrial EMS industry is expected to grow faster than the overall EMS industry. The global sales value of the industrial EMS industry is expected to account for a share of 58.9% of the global sales value of the overall EMS industry in 2020.

Sales Value of the Industrial EMS Industry in North America

The chart below sets out the total sales value of the industrial EMS industry in North America from 2010 to 2016 and during the forecast period from 2017 to 2020:

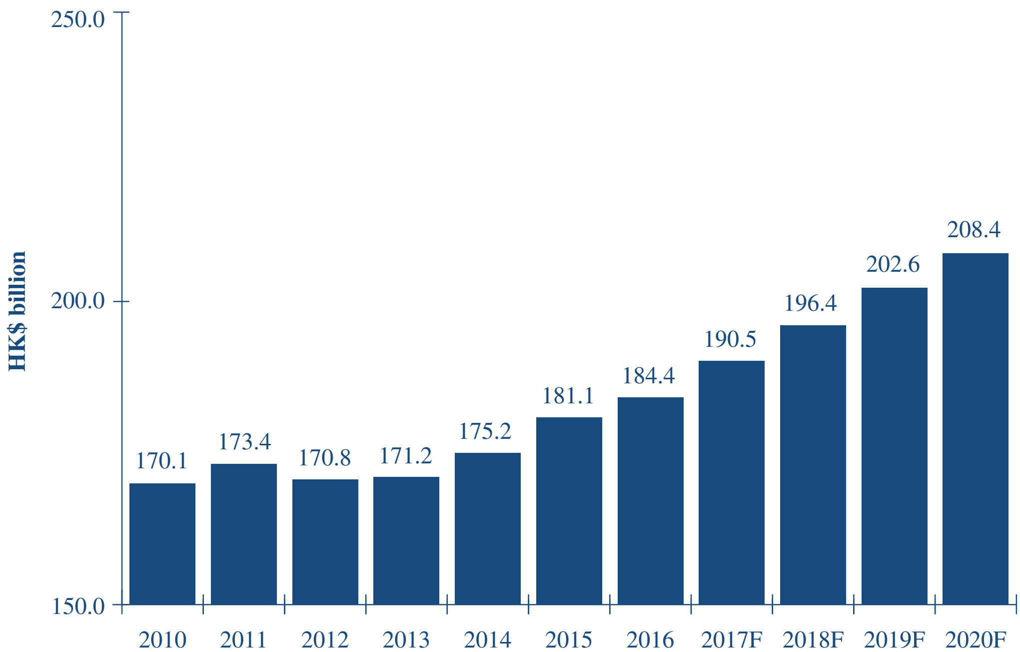


Source: Ipsos research and analysis

The sales value of the industrial EMS industry in North America increased from HK$259.3 billion in 2010 to HK$294.7 billion in 2016, representing a CAGR of 2.2%. Similar to the global EMS industry, the sales value of the industrial EMS industry as a percentage to the sales value of the overall EMS industry in North America increased during the historical period. However, due to the shift of manufacturing activities from North America to Asia Pacific, the sales value of the industrial EMS industry in North America increased at a slower pace than the global sales value of the industry. During the forecast period, the sales value is expected to increase at a faster pace at a CAGR of 4.6%, from HK$308.9 billion in 2017 to HK$353.4 billion in 2020. It is observed that the cost advantage of re-locating manufacturing activities to Asia Pacific has decreased, especially in China, due to the substantial increase in labour cost. In addition, the rising concept of "bringing production to home" in North America is expected to boost up the performance of the overall EMS industry as well as the industrial EMS industry in North America.

Sales Value of the Industrial EMS Industry in Europe

The chart below sets out the total sales value of the industrial EMS industry in Europe from 2010 to 2016 and during the forecast period from 2017 to 2020:

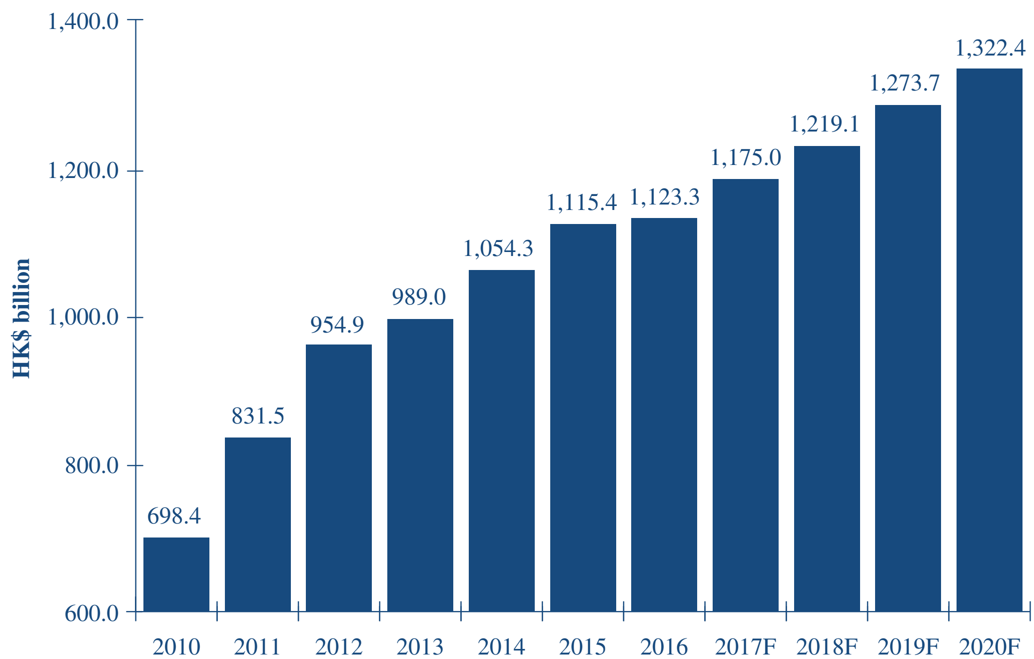


Source: Ipsos research and analysis

The sales value of the industrial EMS industry in Europe increased from HK$170.1 billion in 2010 to HK$184.4 billion in 2016 at a CAGR of 1.4%. Similar to the industrial EMS industry in North America, the development of the industrial EMS industry in Europe followed the positive trend of the global industrial EMS industry. Due to the increasing cost advantage of re-locating manufacturing activities to Asia Pacific, the sales value of the industrial EMS industry in Europe increased at a relatively slower pace at a CAGR of 1.4%. During the forecast period from 2017 to 2020, the sales value is expected to increase at a faster pace from HK$190.5 billion in 2017 to HK$208.4 billion in 2020, representing a CAGR of 3.1%. The faster pace of growth is mainly due to the positive expectation on the global industrial EMS industry and the decreasing cost advantage of re-locating manufacturing activities to Asia Pacific. Central and Eastern Europe is expected to remain as key regions for the development of the overall EMS industry as well as industrial EMS industry. It is observed that there is an increasing trend of manufacturing activities shifting from Western Europe such as Germany to Eastern Europe such as Romania.

Sales Value of the Industrial EMS Industry in the PRC and Hong Kong

The chart below sets out the total sales value of the industrial EMS industry in the PRC and Hong Kong from 2010 to 2016 and during the forecast period from 2017 to 2020:



Source: Ipsos research and analysis

The sales value of the industrial EMS industry in the PRC and Hong Kong experienced growth between 2010 and 2016, increasing from HK$698.4 billion to HK$1,123.3 billion at a CAGR of 8.2%. This growth was supported by rising demand from the medical and telecommunication and networking market segments. The sales value of the industrial EMS industry in the PRC and Hong Kong is predicted to increase stably at a CAGR of 4.0% over the forecast period, from HK$1,175.0 billion in 2017 to HK$1,322.4 billion in 2020. Growth is expected to be driven by the medical device market due to the rising aging population. In addition, with the increasing trend of manufacturing automation, the demand for smart factories and robots is expected to increase which will support the growth of the industrial EMS sales value in the PRC and Hong Kong.

HISTORICAL PRICE TRENDS OF RAW MATERIALS AND LABOUR COSTS

Raw Material Costs

The table below sets out the average price of key raw materials for the industrial EMS industry in the PRC and Hong Kong from 2010 to 2016:

	2010	2011	2012	2013	2014	2015	2016	CAGR (2010-2016)
Plastics								
(US$ per kilogram)	2.3	2.6	2.6	2.5	2.5	2.4	2.1	-0.9%
IC chips								
(US$ per unit)	1.1	1.2	1.2	1.3	1.3	1.2	1.2	0.7%
Electrical capacitors								
(US$ per kilogram)	83.1	93.5	105.7	127.5	134.8	133.9	110.1	4.8%
Metal								
(US$ per kilogram)[(1)]	347.3	456.2	242.8	203.9	102.6	113.8	99.5	-18.8%

Sources: UN Comtrade, Ipsos research and analysis

Note:

(1) Includes aluminum, iodides of metal, base metal, wire, germanium, vanadium

The average price per kilogram of plastics in the PRC and Hong Kong rose from US$2.3 in 2010 to US$2.1 in 2016 at a CAGR of -0.9%. The overall decrease in the average price of plastics could be explained by the movement in oil prices during the corresponding period.

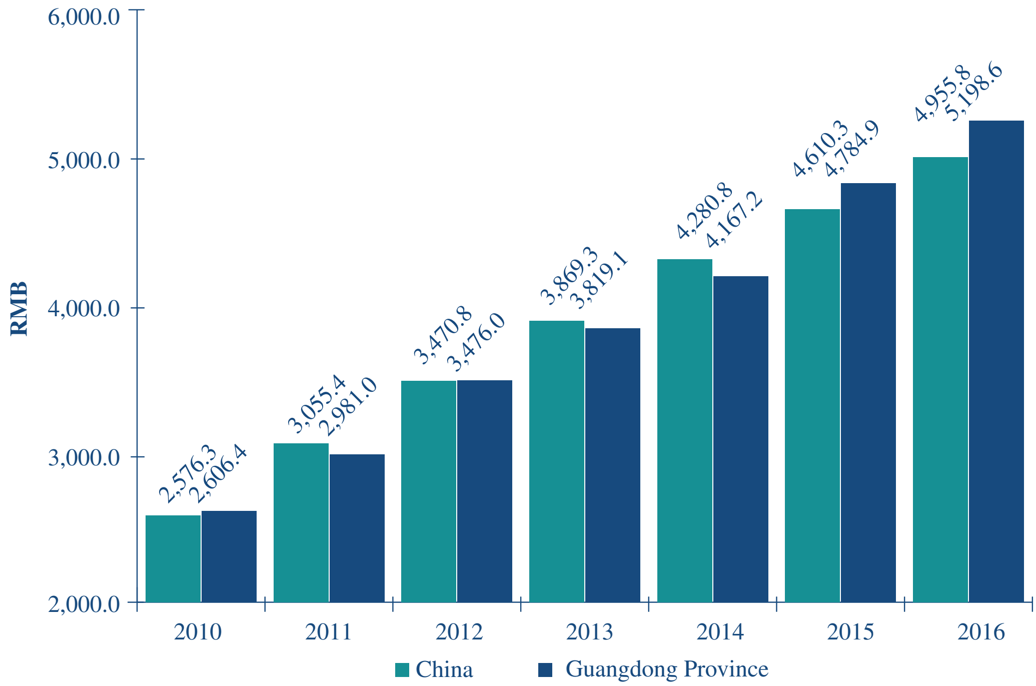
The average price of IC chips in the PRC and Hong Kong rose from US$1.1 per unit in 2010 to US$1.2 per unit in 2016 at a CAGR of 0.7%. The continual and constant upgrade in the design and research and development of IC chips have led to rising production costs, leading to the increase in the average price of IC chips.

The average price of electrical capacitors in the PRC and Hong Kong rose from US$83.1 per kilogram in 2010 to US$110.1 per kilogram in 2016 at a CAGR of 4.8%. The continual increase in the average price can be attributed to the rising demand for electrical capacitors as a result of the growth in the demand for electronic products for consumer and industrial uses, especially from the rising trend of manufacturing automation.

The average price of metal in the PRC decreased from US$347.3 per kilogram in 2010 to US$99.5 per kilogram in 2016 at a CAGR of -18.8%. The decrease in the average price could be mainly explained by China's chronically over-supplied steel sector.

Labour Costs

The chart below sets out the average monthly wage for workers in the industrial EMS industry in China and Guangdong Province from 2010 to 2016:



Sources: National Bureau of Statistics, PRC; Ipsos research and analysis

The average monthly wage of employees in the industrial EMS industry in China increased from RMB2,576.3 in 2010 to RMB4,955.8 in 2016 at a CAGR of 11.5%. The average monthly wage in Guangdong Province grew from RMB2,606.4 in 2010 to RMB5,198.6 in 2016 at a CAGR of 12.2%. The rising average monthly wage is attributed to inflation, the shortage of labour supply and the revision of the Labour Contract Law of the PRC.

PRODUCTS AND COMPONENTS MANUFACTURED BY INDUSTRIAL EMS PROVIDERS

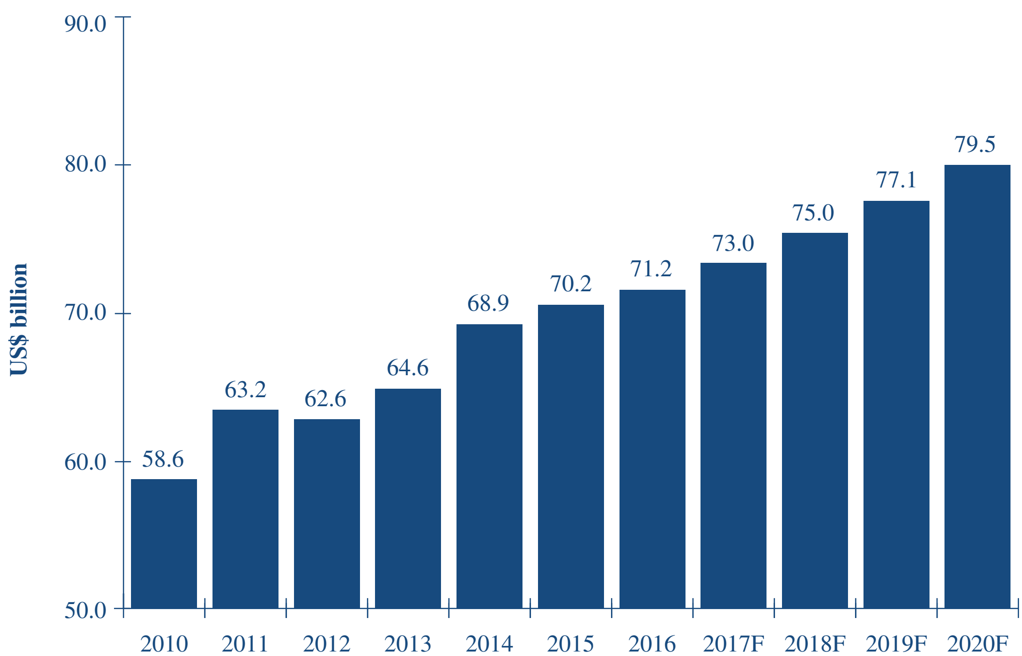
Customers of industrial EMS providers include electronic component and product manufacturers in the medical, power, renewable energy, automotive, telecommunication and networking and aerospace and defense sectors. The following paragraphs provide a market overview of relevant products and components manufactured by the industrial EMS providers:

Overview of Relevant Global Electronic Components Market

1. SPSUs

SPSUs include various devices such as chargers, adaptors, converters and inverters. Industrial SPSUs are generally manufactured at a higher technological level than those applied in consumer electronic products in order to fulfil the stricter technical requirements. The global sales value of SPSUs increased from US$58.6 billion in 2010 to US$71.2 billion in 2016 at a CAGR of 3.3%. The sales value is expected to increase from US$73.0 billion in 2017 to US$79.5 billion in 2020 at a CAGR of 2.9%. The slower growth rate in the forecast period is due to the expectation that fewer mobile phones will be shipped with a charger. However, the increasing demand for transportation and renewable energy equipment is likely to support the growth of the global industrial SPSU market. It is estimated that the sales value of industrial SPSUs will account for 60.0% of the total sales value of SPSUs during the forecast period.

The chart below sets out the global sales value of SPSUs from 2010 to 2016 and during the forecast period from 2017 to 2020:



Source: Ipsos research and analysis

2. *Smart battery chargers*

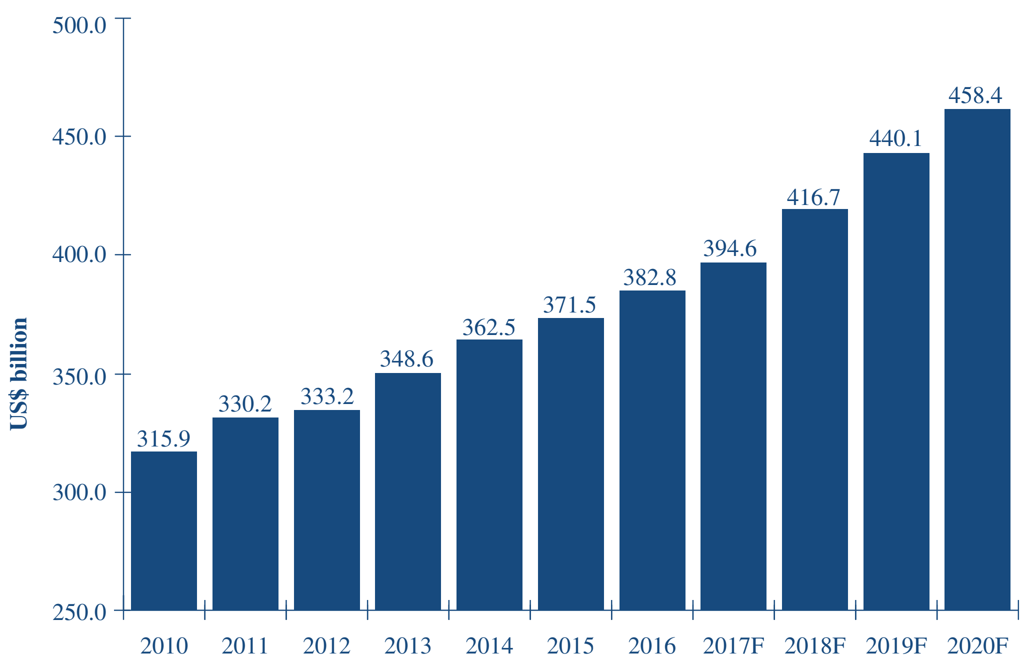
A smart battery charger is able to respond to the conditions of a battery and modify its charging actions by real-time monitoring and control of the temperature, voltage and current of the battery. Smart battery chargers can be applied in various types of electronic equipment including medical devices, industrial equipment, military equipment as well as consumer electronics. The growth of the electric vehicle market is expected to propel the future growth of the smart battery charger industry, which will thus increase the demand for industrial EMS service providers specialising in the production of smart battery chargers.

Overview of Relevant Global Electronic Products Market

1. Medical devices

A medical device is any instrument used for the diagnosis, prevention, monitoring, treatment or alleviation of medical conditions. Major types of medical device include diagnostic imaging devices, dental equipment, orthopedic and prosthetic devices and patient aids. The global sales value of medical devices experienced a steady growth from US$315.9 billion to US$382.8 billion from 2010 to 2016 at a CAGR of 3.3%. The global sales value is expected to increase from US$394.6 billion in 2017 to US$458.4 billion in 2020 at a CAGR of 5.1%. The demand for home medical devices is likely to be a strong growth driver for the industry given the aging population and increasing prevalence of chronic diseases in many countries worldwide.

The chart below sets out the global sales value of medical devices from 2010 to 2016 and during the forecast period from 2017 to 2020:

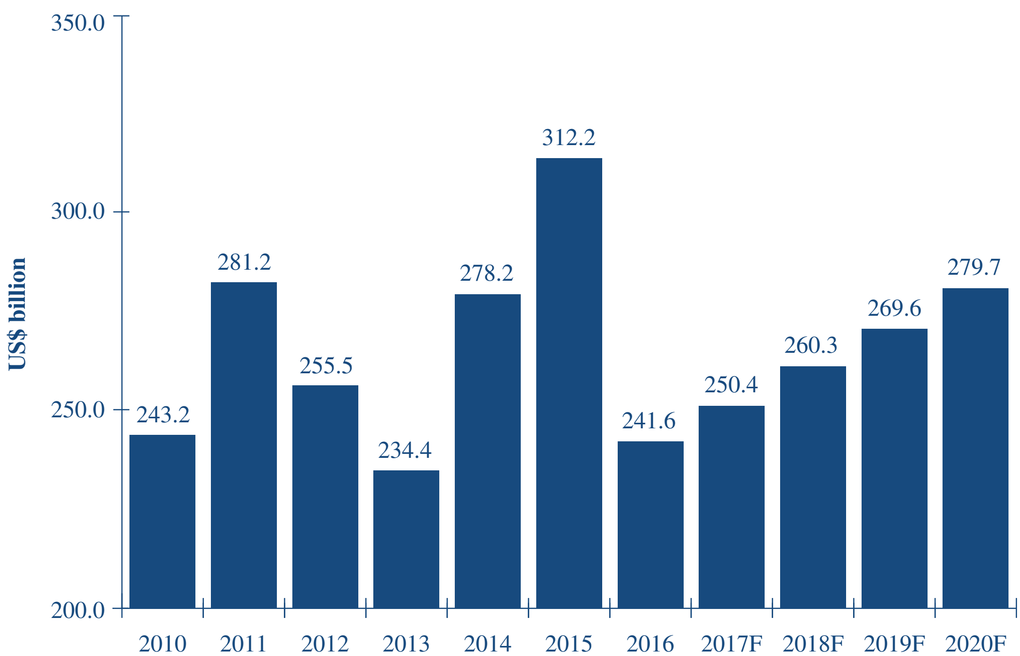


Source: Ipsos research and analysis

2. Renewable energy equipment

Renewable energy equipment includes devices or components used in renewable energy facilities, including generation, transmission, distribution and energy storage equipment. The global investment value in renewable energy equipment fluctuated during the period from 2010 to 2016 and experienced an overall decrease from US$243.2 billion in 2010 to US$241.6 billion in 2016, at a CAGR of -0.1%. During the forecast period, the investment value is expected to increase at a CAGR of 3.8%, from US$250.4 billion in 2017 to US$279.7 billion in 2020. In spite of the overall decrease from 2010 to 2016, the global investment value is expected to increase at a moderate pace during the forecast period, supported by the continuous increase in environmental awareness and the growing trend of adopting and using hybrid renewable energy systems across the world.

The chart below sets out the global investment value in renewable energy from 2010 to 2016 and during the forecast period from 2017 to 2020:

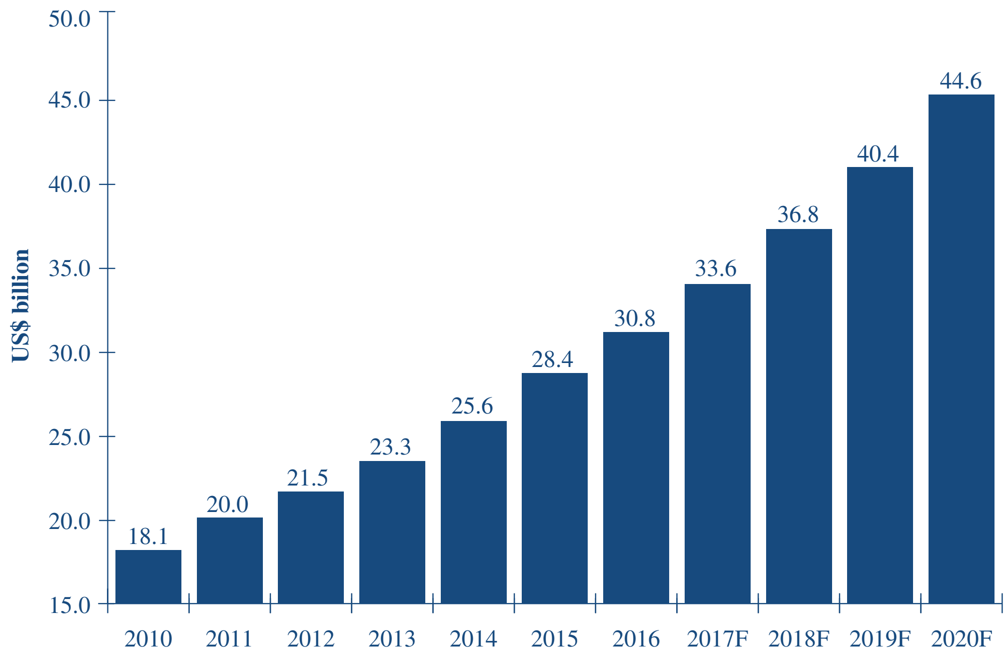


Sources: United Nations Environment Programme (UNEP), Bloomberg New Energy Finance, Ipsos research and analysis

3. Home security solutions

Home security solutions refer systems and products such as alarm systems, access control systems, surveillance systems, electronic locks and motion and infrared sensors. With increasing public concern about security, the global sales value of the home security solutions market grew significantly between 2010 and 2016 from US$18.1 billion to US$30.8 billion at a CAGR of 9.3%. Over the forecast period, the global sales value of the home security solutions market is anticipated to increase at a faster pace, from US$33.6 billion in 2017 to US$44.6 billion in 2020 at a CAGR of 9.9%. This is due to the ever increasing concern for security, especially in emerging markets, as well as new technological developments such as the integration of mobile devices with security solution systems.

The chart below sets out the global sales value of home security solutions from 2010 to 2016 and during the forecast period from 2017 to 2020:

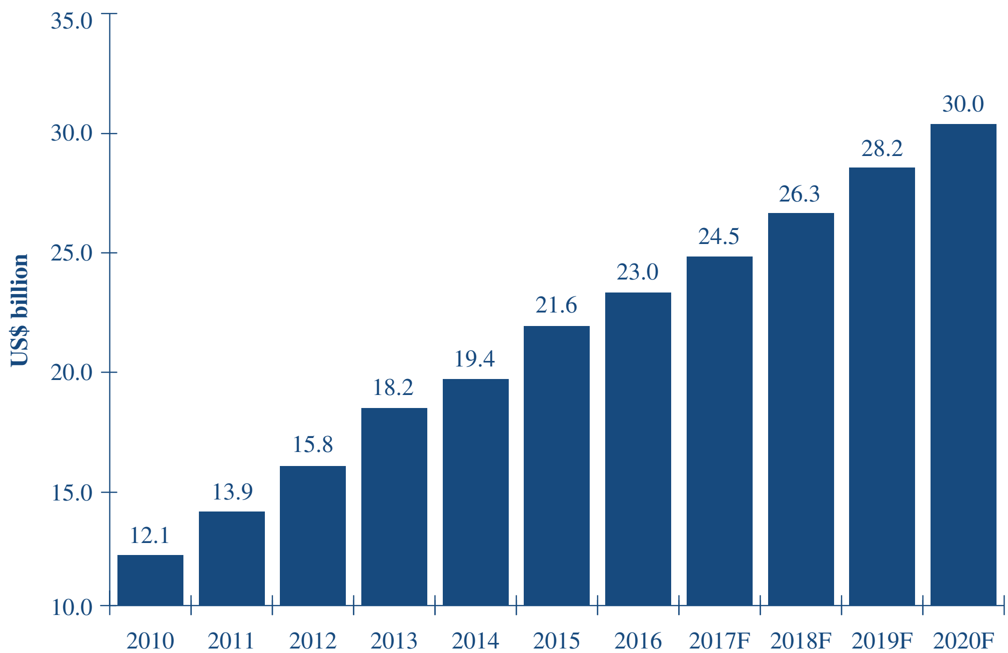


Source: Ipsos research and analysis

4. Water filtration systems

Water filtration systems require electronic equipment and components such as control systems and sensors that are manufactured by industrial EMS companies. The global sales value of water filtration systems increased from US$12.1 billion in 2010 to US$23.0 billion in 2016 at a CAGR of 11.3%. Over the forecast period, the global sales value is expected to increase from US$24.5 billion in 2017 to US$30.0 billion in 2020 at a CAGR of 7.0%. The increase over both the historical and forecast period is due to the increasing global population growth and urbanisation which increases the demand for potable water.

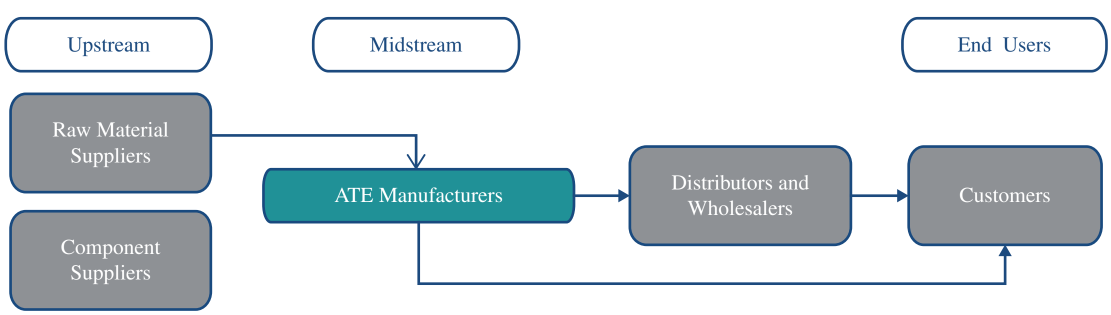
The chart below sets out the global sales value of water filtration systems from 2010 to 2016 and during the forecast period from 2017 to 2020:



Source: Ipsos research and analysis

OVERVIEW OF ATE INDUSTRY

ATE is the equipment used to test whether the functions and performance of circuit boards, integrated circuits, wafers and other electronic parts meet the required specifications. ATE encompasses control hardware, software and sensors to send test signals. The equipment also measures the response, giving a binary pass/fail outcome. The scope of ATE is wide, from complex automation and algorithms to digital multi-meters. ATE devices can be divided into three main types, which are (i) memory ATE; (ii) non-memory ATE; and (iii) other ATE.

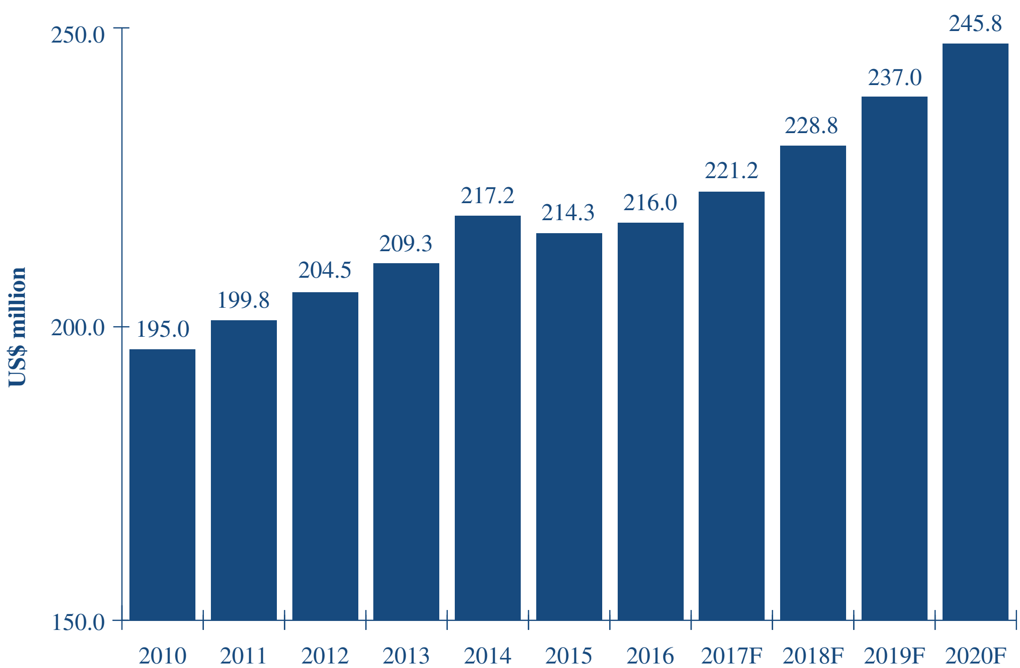


Source: Ipsos research and analysis

Raw material suppliers provide base plastics and metal to ATE manufacturers. Component suppliers supply pre-made components to ATE manufacturers and these component suppliers could also be the customers of ATE manufacturers. In the midstream, the ATE manufacturers design, manufacture and perform quality control on ATE before they pass the final products to distributors and wholesalers or directly to the end customers. Depending on the manufacturers, they may outsource the distribution or sales functions. The major end users of ATE include semiconductor manufacturers, integrated device manufacturers and test houses which specialise in quality assurance testing.

Sales Revenue of ATE in the PRC and Hong Kong

The chart below sets out the total sales revenue of ATE in the PRC and Hong Kong from 2010 to 2015 and during the forecast period from 2016 to 2020:



Source: Ipsos research and analysis

Note:

(1) The 2016 data is currently not available and is expected to be published in the fourth quarter of 2017.

The total sales revenue of ATE presented an increasing trend during 2010 to 2015, rising from US$195.0 million to US$214.3 million at a CAGR of 1.9%. The overall growth is mainly driven by the increasing demand for devices in the IT and telecommunications and consumer sector in China, especially with the expansion of the middle-class. Furthermore, new features of different devices increase complexity in the production of semiconductors and lead to the demand for ATE for repetitive testing so as to avoid unnecessary default. Notwithstanding the potential growth, a reduction in sales revenue was observed in 2015 due to a slight change in the market structure.

During the forecast period, the sales revenue is expected to increase from US$216.0 million in 2016 to US$245.8 million in 2020, representing a CAGR of 3.3%. In the future, given the well-established history and expertise, it is estimated that there will be more production capability built in China. The potential opportunity for ATE suppliers is foreseen in many sectors including automotive, consumer products and IT and telecommunications.

COMPETITIVE LANDSCAPE

The global EMS industry is highly concentrated with the top 10 service providers accounting for 65.0% of the total global industry revenue in 2016. The industrial EMS industry in the PRC and Hong Kong is less concentrated.

The industrial EMS industry in the PRC and Hong Kong is a mature market, with the expectation that the sales value will increase at a CAGR of 4.0% from 2017 to 2020. The industrial EMS industry is less competitive than the consumer EMS industry since there are fewer industrial EMS providers. This is due to the higher technological requirements for manufacturing industrial electronic products and components, thus posing higher technological entry barriers for a company to become an industrial EMS provider.

Top 10 Global EMS Providers in 2016

The table below sets out the top 10 global EMS providers in 2016:

	Company	Revenue (in 2016) *(HK$ million)*	Market Share	Major business
1	Company A	1,067,889.7	30.5%	Engaging in the (i) manufacturing and sales of computer, component and consumer electronic products, and (ii) system assembly of information technology (IT) products, such as integrated connectors, computer bases, memories, central processing units (CPU) and software.
2	Company B	241,132.3	6.9%	Engaging in the electronic and computing design and manufacturing with the focus on computing, communication and consumer electronic products, which include notebook, personal computer, desktop, motherboard, mobile internet devices, tablets, cable modems, set-top boxes, smartphones, game consoles.
3	Company C	217,541.3	6.2%	Engaging in the manufacturing of notebook computers and other electronic hardware, covering the sectors of communication, networking, consumer electronics, auto electronics and cloud computing solutions.
4	Company D	187,868.5	5.4%	Engaging in the design, developing, manufacturing, and sales of cloud, connecting, computing, communications, and consumer products. Products include notebook, netbook, and all-in-one PCs, display products, digital media products, etc.
5	Company E	138,738.0	4.0%	Engaging in the design, manufacturing, and after-sales service for the information and communication technology products such as desktop computers, notebook computers, motherboards, servers, system platforms, high-speed and multi-function multiple-CPU computer systems, micro-processors, CD-ROMs, PDAs, panel PCs, pocket computers and interface cards.

	Company	Revenue (in 2016) *(HK$ million)*	Market Share	Major business
6	Company F	135,189.7	3.9%	Engaging in the design, engineering, manufacturing, and supply chain services and solutions, with the focus on packaged consumer electronics and industrial products for original equipment manufacturers (OEMs).
7	Company G	85,452.0	2.4%	Engaging in the electronic manufacturing services and solutions, with the business operation focusing information technology (IT), supply chain design and engineering.
8	Company H	75,464.2	2.2%	Engaging in the contract manufacturing services for global electronics companies. Business operation includes the design and manufacturing of calculators, modems, portable computing and media devices, wireless telephone handsets, and other electronics.
9	Company I	67,346.6	1.9%	Engaging in the (i) semiconductors packaging, testing and electronic manufacturing services (EMS), and (ii) provision of integrated solutions for EMS in relation to computers, peripherals, communications, industrial, automotive, and storage and server applications.
10	Company J	56,215.4	1.6%	Engaging in the manufacturing of power supplies, consumer electronics and optoelectronic products, in which the products can be applied on information products, consumer electronics, network and communication devices.
	Others	1,224,664.3	35.0%	
	Total	3,497,502.0	100.0%	

Source: Ipsos research and analysis

Notes:

(1) Percentages may not total 100% due to rounding.

(2) Some totals may not correspond with the sum of the separate figures due to rounding.

(3) With the consideration that (i) our Company did not obtain consent from these competitors for disclosing their names with ranking by revenue, and (ii) the current disclosure on the background and major business operated by the competitors provided in the prospectus, it is considered that the disclosure of the names of top 10 global EMS providers showing in alphabetical order should be adequate for investors to understand the competitive landscape of the industry.

The names of the top 10 global EMS providers are (in alphabetical order): Advanced Semiconductor Engineering Inc., Compal Electronics Inc., Flextronics International Ltd., Hon Hai Precision Industry Co. Ltd., Inventec Corporation, Jabil Circuit Inc, Lite-On Technology, Pegatron Corporation, Quanta Computer Inc, and Wistron Corporation.

Entry Barriers to the Industrial EMS Industry

Unestablished reputation

A company's reputation helps customers distinguish between different industrial EMS providers in terms of the scope of services, product quality and expertise in particular market sectors. New entrants have yet to develop a reputation which may reduce their ability to expand their customer base.

High capital requirements

Industrial EMS providers are required to possess different types of machines and equipment to manufacture electronic components and assemblies. These machines and equipment require high initial capital expenditure which may present an entry barrier for new companies.

Opportunities in the Industrial EMS Industry

Manufacturing automation

With rising manufacturing costs in the PRC and Hong Kong and the emerging trend of Industry 4.0 (which promotes the 'Smart Factory' concept involving computerisation of manufacturing with a higher level of automation, production data sharing and exchange), industrial EMS providers are gradually adopting production processes with higher level of automation. Increased automation and data integration enable industrial EMS providers to conduct their manufacturing activities more efficiently and cost-effectively.

Transitioning to niche markets

The industrial EMS industry in the PRC and Hong Kong is transitioning from high volume production of less value-added products to 'low volume high mix' production of more sophisticated and technology-intensive products. By focusing on these niche markets, industrial EMS providers with more expertise, experience and stronger research and development capabilities can produce more sophisticated products with higher profit margins.

Diversification of service portfolio

Industrial EMS providers are increasingly expanding their service portfolio by providing value-added services such as product design, supply chain management and after-sales services. Industrial EMS providers with a more diversified service portfolio may be able to differentiate themselves in the market and attract more customers.

Increasing demand from renewable energy and telecommunications and networking sectors

With government support for developing renewable energy in many countries and greater environmental awareness amongst the general public, it is anticipated that there will be an increasing proportion of energy generated from renewable sources. This is likely to stimulate the demand for renewable energy equipment produced by the industrial EMS industry. Furthermore, the rising popularity of big data analytics, cloud computing services and the 'Internet of Things' may increase the requirement for industrial EMS from the telecommunications and networking sectors due to the expected growing demand for computer servers as well as storage and networking equipment.

Challenges in the Industrial EMS Industry

Increasing competition from industrial EMS providers in other countries

The favourable production environment in China has deteriorated recently with rising production and labour costs, which has weakened the comparative advantage of setting up production facilities in China. Industrial EMS providers in Hong Kong have recently been threatened by companies with production facilities in Vietnam, India and Brazil due to the favorable investment policies and relatively cheaper labour costs in those countries.

Price competition due to low product differentiation

Industrial EMS providers in Hong Kong tend to specialise in one or two market segments, with several companies offering similar EMS to customers. In order to differentiate themselves from their competitors and maintain their customer base, industrial EMS providers in Hong Kong tend to offer competitive prices for their services. This creates strong price competition in the industry which may reduce profit margins, thus potentially impeding long term industry growth if less capital is available to be allocated to research and development and production automation.

Our Competitive Advantages in the Industrial EMS Industry

Implementation of a self-developed manufacturing execution system

We have developed T-MICS, with the aim of improving production control, reporting and problem solving in real time. The system supports planning and management tasks including engineering planning, production resources planning, inventory management, labour allocation, job progress monitoring and quality control management. T-MICS increases our production quality and efficiency as well as enables us to better manage production and logistics.

Capability of manufacturing electrical transformers and magnetic components

Electrical transformers and magnetic components are used as raw materials in the industrial EMS industry. We manufacture electrical transformers and magnetic components for our own use. This enables us to produce electronic components according to the market situation and to have more flexibility than our competitors in resource scheduling and production planning.

Design and production of automatic testing equipment

We design and produce our own automatic testing equipment in order to provide stricter quality control of manufactured components and assemblies within a shorter period of time than other OEM manufacturers. Automatic testing equipment is an apparatus capable of testing and diagnosing faults in electronic products. With the use of automatic testing equipment, we can perform our own quality and performance tests on finished products. This decreases the time required for production, reduces the expenses of engaging testing agencies and enhances customer confidence.

Certifications and recognitions from worldwide safety consulting and certification institutions

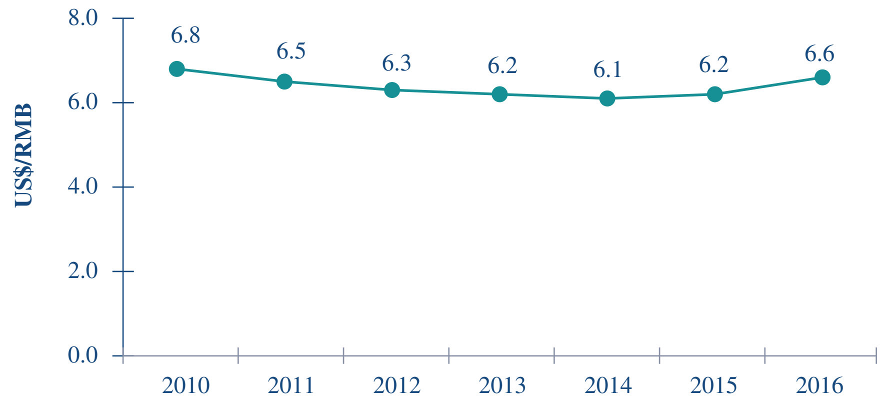
We have obtained certifications and recognitions from key safety consulting and certification ("**SCC**") institutions and regulatory authorities, such as UL, China Compulsory Certificate (CCC), British Standards Institution (BSI) and the US Food and Drug Administration (FDA). Obtaining certifications or recognitions helps industrial EMS providers become an approved raw material supplier of electronic products to their customers. These certifications and recognitions mean that the cost of switching industrial EMS providers can be high for electronic products manufacturers, due to the requirement for electronic products manufacturers to re-register their products with SCC institutions and regulatory authorities when switching their raw material manufacturers in the supply chain.

Application of Industry 4.0

The application of Industry 4.0 in our production is one of our key competitive advantages and increases our competitiveness in different aspects. We generate and increase the availability of data and information during the manufacturing process in real time by using sensors and detectors, thereby allowing interactions across different machines. In addition, big data analysis can be applied by collecting and aggregating relevant production data and information. With the application of big data analysis, forecast model can be formed which helps implementing predictive analysis on manufacturing and recruitment processes. Hence, we enjoy improvement in production cycles, such as maximising the utilisation of production resources, improving the traceability and quality of our inputs and outputs throughout the whole production process, and accelerating our reaction time in the face of the fast-changing market environment by restructuring production flow. Our competitiveness is expected to increase with our established reputation and improvement in production cycles.

FOREIGN CURRENCY EXCHANGE RATE BETWEEN U.S. DOLLARS AND RENMINBI

The following chart shows the historical foreign currency exchange rate between U.S. dollars and Renminbi from 2010 to 2016:



Source: Ipsos research and analysis

The exchange rate of U.S. dollars against RMB experienced an overall depreciation from 6.8 US$/RMB in 2010 to 6.6 US$/RMB in 2016, representing a CAGR of -0.4%. From 2010 to 2014, the continual robust economic growth in China as well as the economic slowdown of the US economy led to a depreciation of U.S. dollars against RMB. However, U.S. dollars began to appreciate in 2015 and reached 6.6 US$/RMB in 2016, which could be explained by the increase in the interest rate in the US and the expectation of continuous rise in the interest rate in 2017, resulting in U.S. dollars being comparatively stronger than before.

LAWS AND REGULATIONS IN THE PRC

Laws and Regulations relating to Product Liability

Laws on product quality

Pursuant to the Product Quality Law of the PRC (中華人民共和國產品質量法), which was promulgated by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) (the "**SCNPC**") on 22 February 1993 and was amended on 8 July 2000 and 27 August 2009 (the latest revision became effective on 27 August 2009), producers shall be liable for the quality of their products. Products shall meet the following quality requirements: (i) constituting no unreasonable threats to safety of people and property, and conforming to the national standards or the industrial standards for ensuring human health, personal safety and safety of property, where there are such standards; (ii) possessing the properties as required, except for those with directions stating their functional defects; and (iii) conforming to the product standards marked on the products or on the packages thereof, and to the quality conditions indicated by way of product directions, samples, etc.

Producers shall be liable for compensation for damages which are caused by the defects of their products. Producers which violate the Product Quality Law of the PRC may be subject to fines and be ordered to cease production of their unlawfully produced products, and their illegal earnings may be confiscated. If the circumstances are serious, the business licence shall be revoked. If the case constitutes a crime, the producer shall be prosecuted for criminal responsibility. In addition, the practice of authentication with respect to the quality system of enterprises and the system for product quality authentication have been established and applied in the PRC. An enterprise may, on a voluntary basis, apply for such authentications from an authentication body approved by the department for supervision over product quality under the State Council of the PRC or by a department authorised by the said department.

Laws on tort liability

Pursuant to the Tort Liability Law of the PRC (中華人民共和國侵權責任法), which was promulgated by SCNPC on 26 December 2009 and became effective on 1 July 2010, producers shall be liable for damages caused by the defects of their products. If the seller fails to identify the producer or the supplier of the defective products, the seller shall assume the tort liability. Where the defective product endangers personal or property safety, the victim shall be entitled to demand compensation from either the producer or the seller. In the event that the seller has paid compensation in relation to the defective products when, in fact, the producer should be responsible for the defects, the seller shall be entitled to claim indemnity from the producer. If the defect of the products is caused by the fault of a third party, such as a carrier or warehouseman, the producer or seller of the product that has paid the compensation shall be entitled to claim indemnity from the third party. Where any defect of a product is found after the product is put into circulation, the producer or seller shall take remedial measures including but not limited to issuing warnings and recalling in a timely manner. If any damage is caused due to the untimeliness or ineffectiveness of the remedial measures, the producer and seller shall bear tortious liability. Where a producer or seller knowingly continues to produce or sell defective products, and the defective products cause death or serious damage to the health of another person, the victim shall be entitled to claim punitive compensation from the producer or seller.

Laws on consumer protection

The Law on Protection of Consumers' Rights and Interests of the PRC (中華人民共和國消費者權益保護法) was promulgated by SCNPC on 31 October 1993, amended on 27 August 2009 and 25 October 2013 (the latest revision became effective on 15 March 2014). Pursuant to the Law on Protection of Consumers' Rights and Interests of the PRC, the rights and interests of consumers in respect of personal and property safety in purchasing and using commodities and/or in receiving services shall be protected. Consumers whose legitimate rights and interests are infringed upon purchasing and using commodities and/or in receiving services may demand compensation from the sellers and/or suppliers of such commodities or services. Consumers or other victims suffering from personal injuries or property damage resulting from defects of commodities may demand compensation from either the sellers or the manufacturers. If the liability is on the manufacturers, the sellers shall, after paying the compensation, have the right to recover the compensation from the manufacturers. If the liability is on the sellers, the manufacturers shall, after paying the compensation, have the right to recover the compensation from the sellers. Where a business operator violates the Law on Protection of Consumers' Rights and Interests of the PRC or other relevant laws or regulations, it may be subject to a fine, an order to cease production or a revocation of licences. Business operators that infringe the legitimate rights and interests of consumers by providing goods or services in violation of the Law on Protection of Consumers' Rights and Interests of the PRC and constitute criminal offenses shall be investigated for criminal liability in accordance with the law.

Laws and Regulations relating to Production Safety

Pursuant to the Work Safety Law of the PRC (中華人民共和國安全生產法), which was promulgated by SCNPC on 29 June 2002, amended on 27 August 2009 and 31 August 2014 (the latest revision became effective on 1 December 2014), production and operation entities shall be equipped with the conditions for safe production complying with the relevant work safety laws and regulations and should establish relevant work safety rules, perfect the conditions for safe production, and ensure safety during production. Enterprises that do not meet the requirements for safe production are prohibited from engaging in production or other business activities. In addition, enterprise shall educate their employees regarding production safety. Production and operation entities with more than 100 employees shall establish a management department to enforce production safety in the production facilities, or appoint full-time personnel responsible for production safety. Where an enterprise fails to comply with the relevant work safety requirements, it may be subject to fines and be ordered to discontinue production. Where a crime is constituted, the enterprise shall be prosecuted for criminal responsibility.

Laws and Regulations relating to Processing Trade

Pursuant to the Tentative Measures for the Management of Examination and Approval of Processing Trade (加工貿易審批管理暫行辦法), which was promulgated by the Ministry of Foreign Trade and Economic Cooperation on 27 May 1999 and became effective on 1 June 1999, the Measures of the Customs of the PRC for the Supervision and Administration of Processing Trade Goods (中華人民共和國海關加工貿易貨物監管辦法), which was promulgated by the General Administration of Customs (海關總署) (the "**GAC**") and became effective on 12 March 2014, and the Announcement on Issues Concerning the Implementation of the Measures of the Customs of the PRC for the Supervision and Administration of Processing Trade Goods (關於執行《中華人民共和國海關加工貿易貨物監管辦法》有關問題的公告), which was promulgated by GAC and became effective on 24 March 2014, "processing trade" refers to the processing of all or part of the materials and parts imported by an enterprise, upon which the finished goods are exported. Enterprises engaging in processing trade should submit a proposal to the competent department of foreign trade and economic cooperation for review and approval and apply for the establishment of the manual of processing trade goods (加工貿易貨物手冊的設立) with the local customs department. The documents to be submitted include: (i) approval documents issued by the competent authority; (ii) the Certificate of Production Capacity of Processing Enterprise in Processing Trade (加工貿易加工企業生產能力證明) issued by the competent authority; (iii) contract concluded by the operating enterprise with a foreign party; and (iv) other certificates or documents required by the customs department.

Pursuant to the Notice on Issues Concerning the Reformation of Processing Trade Approval in Guangdong Province (關於廣東省加工貿易審批改革有關工作的通知), which was promulgated by MOFCOM and GAC on 16 July 2013, and the Implementation on the Notice of MOFCOM and GAC on Issues Concerning the Reformation of Processing Trade Approval in Guangdong Province (貫徹落實商務部、海關總署關於廣東省加工貿易審批改革有關工作的通知), which was promulgated by Department of Foreign Trade and Economic of Guangdong Province (廣東省外經貿廳) and Guangdong Sub-administration of GAC (海關總署廣東分署) and became effective on 8 August 2013, the requirement of obtaining approval for processing trade is temporarily suspended in Guangdong Province for a trial period of three years. Enterprises engaging in processing trade are required to submit the Certificate of Production Capacity of Processing Enterprise in Processing Trade (加工貿易企業經營狀況及生產能力證明) and other relevant documents to the competent customs department for filing.

According to the Several Opinions on Promoting the Stabilisation and Better Development of Foreign Trade (關於促進外貿回穩向好的若干意見) promulgated by the State Council on 5 May 2016 as well as the Announcement No. 45 [2016] of the Ministry of Commerce and the General Administration of Customs, the administrative examination and approval procedures of processing trade have been cancelled nationwide and a more comprehensive monitoring mechanism may be established.

Laws and Regulations relating to Environmental Protection

Pursuant to the Environmental Protection Law of the PRC (中華人民共和國環境保護法), which was promulgated by SCNPC on 26 December 1989 and amended on 24 April 2014 (the latest revision became effective on 1 January 2015), the Law of Water Pollution Prevention and Control of the PRC (中華人民共和國水污染防治法), which was promulgated by SCNPC on 11 May 1984, amended on 15 May 1996, 28 February 2008 and 27 June 2017 (the latest revision will become effective on 1 January 2018), the Law of Atmospheric Pollution Prevention and Control of the PRC (中華人民共和國大氣污染防治法), which was promulgated by SCNPC on 5 September 1987 and amended on 29 August 1995, 29 April 2000 and 29 August 2015 (the latest revision became effective on 1 January 2016), the Law of Environmental Noise Pollution Prevention and Control of the PRC (中華人民共和國環境噪聲污染防治法), which was promulgated by SCNPC on 29 October 1996 and became effective on 1 March 1997, and the Law of Prevention and Control of Environmental Pollution Caused by Solid Waste of the PRC (中華人民共和國固體廢物污染環境防治法), which was promulgated by SCNPC on 30 October 1995, amended on 29 December 2004, 29 June 2013, 24 April 2015 and 7 November 2016 (the latest revision became effective on 7 November 2016), enterprises that discharge pollutants, such as waste gas, waste water, waste solid and noise, shall take effective measures to control and avoid pollution and other damages caused by such pollutants and shall pay pollutant discharge fees according to the relevant laws and regulations. Enterprises that are subject to pollutant discharge licence management are prohibited from discharging pollutants without a pollution discharge licence or from discharging pollutants in excess of the amount permitted by the pollutant discharge standards, and shall discharge pollutants according to the requirements of their pollutant discharge licence. The environmental protection facilities should be designed, built, constructed and used together with the principal part of the operational units. Where an enterprise fails to comply with the relevant environmental protection requirements, the competent authority may issue a warning to or impose a fine on the enterprise, or may order the enterprise to cease production. Where a crime is constituted, the person in charge of the enterprise may be subject to criminal liabilities.

Pursuant to the Administrative Regulations on the Collection and Use of Pollutant Discharge Fees (排污費徵收使用管理條例), which was promulgated by the State Council on 2 January 2003 and became effective on 1 July 2003, enterprises that directly discharge pollutants must pay pollutant discharge fees. Where an enterprise fails to pay the pollutant discharge fees, the environmental protection administrative department at or above the county level shall be entitled to order the enterprise to pay the fees within a prescribed time limit. If the enterprise fails to make payment within the prescribed time limit, it may be subject to a fine ranging from one to three times of the pollutant discharge fees payable and be ordered to cease production for rectification by the competent authority.

According to the Regulations on Environmental Protection Management for Construction Projects (建設項目環境保護管理條例) promulgated by the State Council on 29 November 1998 and amended on 16 July 2017 (the latest revision became effective on 1 October 2017), the Law on Appraisal of Environment Impacts of the PRC (中華人民共和國環境影響評價法) promulgated on 28 October 2002 and amended on 2 July 2016 (the latest revision became effective on 2 July 2016), the Administration Regulations on Record-filing of the Registration Forms of Construction Projects (建設項目環境影響登記表備案管理辦法), which was promulgated on 16 November 2016 and became effective on 1 January 2017 and the Administration Regulations on Environmental Protection Acceptance of Construction Projects (建設項目竣工環境保護驗收管理辦法), which was promulgated by the State Environmental Protection Administration on 27 December 2001 and was amended on 22 December 2010 (the latest revision became effective on 22 December 2010), the PRC has implemented a system for the evaluation of the environmental impacts of construction projects. On the basis of the extent of effects exerted on the environment by a construction project, the construction entity shall prepare an environmental impact report, or an environmental impact report form, or an environmental impact registration form regarding the environmental impacts of the construction project. The report and the report form shall be approved by the competent environmental protection administrative department prior to the commencement of construction, while the registration form is regulated by way of record-filing. Furthermore, the construction entity shall, upon completion of a construction project for which an environmental impact report or an environmental impact report form is prepared, according to standards and procedures prescribed by the environmental protection administrative department of the State Council, conduct acceptance check of the constructed supporting environmental protection facilities and prepare the acceptance check report, such supporting environmental protection facilities shall be simultaneously put into operation or use with the main body project.

According to the Administrative Measures on Concurrent and Subsequent Supervisions upon Construction Projects (Trial) (建設項目環境保護事中事後監督管理辦法(試行)) promulgated on 10 December 2015, construction units should make a comprehensive disclosure on environmental information including but not limited to the environmental impact assessment documents.

Laws and Regulations relating to Foreign Investment

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (中華人民共和國公司法), which was promulgated by SCNPC on 29 December 1993, amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013 (the latest revision became effective on 1 March 2014). The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall apply.

The establishment procedures, approval procedures, registration registered capital requirements, foreign exchange matters, accounting practices, taxation and labour matters of wholly foreign-invested companies are regulated by, in the case of wholly foreign-owned enterprises, the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法), which was promulgated on 12 April 1986 by the National People's Congress (the "**NPC**") and last amended on 3 September 2016 (the latest revision became effective on 1 October 2016), and the Regulations for the Implementation of the Wholly Foreign-owned Enterprises Law of the PRC (中華人民共和國外資企業法實施細則), which was promulgated by the Ministry of Foreign Trade and Economy on 12 December 1990, amended on 12 April 2001 and 19 February 2014 (the latest revision became effective on 1 March 2014), and the Interim Administrative Measures on Registration of Establishment and Changes for Foreign Invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), which was promulgated on 8 October 2016 and was amended on 30 July 2017 (the latest version became effective on 30 July 2017).

The Provisions on Guiding Foreign Investment Direction (指導外商投資方向規定), which was promulgated by the State Council on 11 February 2002 and became effective on 1 April 2002, categorise all foreign-invested projects into encouraged, permitted, restricted and prohibited projects. Foreign invested projects that are categorised as encouraged, restricted, and prohibited are listed under the Catalogue for the Guidance of Foreign Investment Industries (外商投資產業指導目錄). Foreign-invested projects that are not categorised as encouraged, restricted, and prohibited are permitted foreign-invested projects unless specifically prohibited or restricted by other free trade zone agreement or investment related agreement between the PRC and other country or area. On 28 June 2017, the MOFCOM and the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) (the "**NDRC**") jointly promulgated the current Catalogue for the Guidance of Foreign Investment Industries (the "**Catalogue**") (2017 Revision), which became effective on 28 July 2017.

Pursuant to the Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), where establishments and changes to a foreign-invested enterprise do not fall within the scope of special administration measures for foreign investment admission as stipulated by the Catalogue, the foreign-invested enterprise shall go through filling procedures. The scope of the special administrative measures shall be subject to the Catalogue. In the case of (i) changes in basic information of the foreign-invested enterprises; (ii) changes in basic information of investors of the foreign-invested enterprises; (iii) changes in equity (shares) or cooperation interest of the foreign-invested enterprises; (iv) merger, division or dissolution; and (v) mortgage or transfer of foreign-invested enterprises' property or rights and interests to others, the foreign-invested enterprises shall file the relevant documents online within 30 days upon occurrence of such changes. Where the changes involve special administrative measures as stipulated by the Catalogue, such foreign-invested enterprises shall go through procedures for approval in accordance with the relevant foreign investment laws and regulations.

Laws and Regulations relating to Foreign Exchange Controls

The Foreign Exchange Administrative Regulations of the PRC (中華人民共和國外匯管理條例) (the "**Foreign Exchange Regulations**"), which was promulgated by the State Council on 29 January 1996, amended on 14 January 1997 and 5 August 2008 (the latest revision became effective on 5 August 2008), forms an important legal basis for foreign exchange supervision in the PRC. Under the Foreign Exchange Regulations, RMB is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments on a real and legal basis, but not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance. SAFE approval is required for the retention or sale of foreign exchange income in the capital accounts to financial institutions engaged in the settlement and sale of foreign exchange except where such approval is not required under the relevant rules and regulations. Any foreign exchange payment from capital account shall, in accordance with provisions enacted by the foreign exchange administrative department of the State Council, be made out of the payer's own foreign exchange funds with valid documents, or be made with foreign exchange funds purchased from any financial institution engaged in the foreign exchange settlement and sales business. Where the foreign exchange payment requires the approval from the foreign exchange administrative authority, the payer must obtain such approval before making the payment.

Pursuant to the Circular of SAFE on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "**Circular 19**"), which was promulgated on 30 March 2015 by the SAFE and became effective on 1 June 2015, and according to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) promulgated by the SAFE on 9 June 2016, foreign-invested enterprises can settle foreign exchange capitals on a discretionary basis, and foreign-invested enterprises may, according to their actual business needs, settle with a bank the portion of the foreign exchange capital in their capital account for which the relevant foreign exchange bureau has confirmed monetary contribution interests (or for which the bank has registered the account-crediting of monetary contribution). Foreign-invested enterprises are temporarily allowed to settle 100.0% of their foreign exchange capitals on a discretionary basis. The SAFE may adjust the foregoing percentage as appropriate based on prevailing international balance of payments. In addition, a foreign invested enterprise shall not use foreign exchange receipts under capital account and RMB funds from their settlement for the following purposes: (i) directly or indirectly cover the expenditure beyond its business scope or the expenditure prohibited by State laws and regulations; (ii) directly or indirectly invest in securities or in financing products except for capital-protected products issued by banks (unless otherwise expressly prescribed); (iii) grant loans to non-affiliated enterprises (unless expressly permitted within its business scope); and (iv) construct or purchase real estate not for its own use (unless it is a real estate enterprise).

Laws and Regulations relating to Registration for Import and Export of Goods

According to the Customs Law of the PRC (中華人民共和國海關法), which was promulgated by the SCNPC on 22 January 1987 and amended on 8 July 2000, 29 June 2013, 28 December 2013 and 7 November 2016 (the latest revision became effective on 7 November 2016), and Provisions on the Administration of Registration of the Customs Declaration Entity (海關報關單位註冊登記管理規定), which was promulgated by the GAC and became effective on 13 March 2014 unless otherwise provided for, the declaration for the import or export of goods and the payment of duties may be made by the consignees or consigners themselves, and such formalities may also be completed by their entrusted customs brokers that are registered with the permission of the competent customs. The consignees and consigners for the import or export of goods and the customs brokers engaged in customs declaration shall register with the competent customs in accordance with the laws. The declaration and payment of duties of imported and exported articles may be made by the owners of the articles themselves or by the persons they have entrusted with the work.

According to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法), which was promulgated by SCNPC on 12 May 1994 and amended on 6 April 2004 and 7 November 2016 (the latest revision became effective on 7 November 2016), foreign trade operators engaged in the import and export of goods or technology shall, unless otherwise exempted by any laws, administrative regulations or provisions of the competent department of foreign trade of the State Council go through the record-filing registration formalities with the competent administrative department of foreign trade of the State Council or its entrusted institutions. The specific measures for record-filing registration shall be formulated by the competent department of foreign trade of the State Council. Where a foreign trade operator fails to go through the record-filing registration formalities, the customs shall refuse to handle the formalities for declaration and clearance of goods imported or exported by the operator.

Laws and Regulations relating to Intellectual Property

Pursuant to the Patent Law of the PRC (中華人民共和國專利法), which was promulgated by the SCNPC on 12 March 1984 and was amended on 4 September 1992, 25 August 2000, 27 December 2008 (the latest revision became effective on 1 October 2009), there are three types of patents, which are invention patents, design patents and utility model patents. Invention patents are valid for 20 years, while design patents and utility model patents are valid for 10 years, in each case commencing on their respective application dates. Persons or entities who use patents without the consent of the patent owners, make counterfeits of patented products, or engage in activities that infringe patent rights will be held liable to the patent owner for compensation and may be subject to fines and even criminal punishment. Upon the granting of an invention or a utility model patent, unless otherwise specified, no organisation or individual may exploit the patent without obtaining a licence from the patentee, i.e. it may not, for the purposes of production and business operation, produce, use, offer to sell, sell, or import the patented products, nor use the patented method to produce, use, offer to sell, sell or import products that are acquired directly through the patented method. Upon the granting of a design patent, no organisation or individual may exploit the patent without obtaining a licence from the patentee, i.e., it may not produce, offer to sell, sell or import the design patented products for the purposes of production and business operation. Where the infringement of patent is determined, the infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, pay damages etc.

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法), which was promulgated by the SCNPC on 23 August 1982 and amended on 22 February 1993, 27 October 2001 and 30 August 2013 (the latest revision became effective on 1 May 2014) and the Implementing Regulations of the Trademark Law of the PRC (中華人民共和國商標法實施條例), which was promulgated by the State Council on 3 August 2002 and amended on 29 April

2014 (the latest revision became effective on 1 May 2014), a registered trademark means a trademark that has been approved by and registered with the trademark office, including goods marks, service marks, collective marks and certification marks. A registered trademark is valid for 10 years commencing on the date of registration approval. Any of the following acts shall be deemed an infringement of the right to the exclusive use of a registered trademark, including (i) using a trademark which is identical with or similar to the registered trademark on the same or similar commodities without authorisation; (ii) selling commodities that infringe the right to the exclusive use of a registered trademark; (iii) forging or manufacturing the marks of a registered trademark without authorisation, or selling the marks of a registered trademark forged or manufactured without authorisation; (iv) altering another party's registered trademark without authorisation and selling goods bearing such altered trademark; (v) intentionally providing facilitation for infringement upon others' right to the exclusive use of registered trademarks or aiding others in committing infringement upon the right to the exclusive use of registered trademarks; and (vi) causing other damages to the right to the exclusive use of a registered trademark of another person.

Pursuant to the Copyright Law of the PRC (中華人民共和國著作權法) (the "**Copyright Law**"), which was promulgated on 7 September 1990 and amended on 27 October 2001 and 26 February 2010 (the latest revision became effective on 1 April 2010), the PRC citizens, legal persons or other organisations shall, whether published or not, enjoy copyright of their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Pursuant to the Computer Software Copyright Registration Measures (計算機軟件著作權登記辦法) (the "**Software Copyright Measures**"), which was promulgated on 20 February 2002 and regulates the registrations of software copyright, exclusive licensing contracts and transfer contracts for software copyrights, the National Copyright Administration of China shall be the competent authority for the nationwide administration of software copyrights registration and the Copyright Protection Center of China (the "**CPCC**") is designated as the software registration authority. The CPCC shall grant registration certificates to the applicants of computer software copyrights, which conforms to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013) (計算機軟件保護條例(2013修訂)).

Laws and Regulations relating to Taxation

EIT

According to the EIT Law, which was promulgated by the NPC on 16 March 2007 and amended on 24 February 2017, and the EITIR, which was promulgated by the State Council on 6 December 2007 and became effective on 1 January 2008, the income tax rate of both domestic and foreign-invested enterprises is unified at 25.0%. Under the EIT Law, enterprises are classified as "resident enterprises" and "non-resident enterprises". Pursuant to the EIT Law and the EITIR, enterprises established under the laws of foreign countries or regions whose "de facto management bodies" are located in the PRC are considered as resident enterprises, and will generally be subject to EIT at the rate of 25.0% of their global income. The EITIR defines "de facto management bodies" as "establishments that carry out substantial and overall management and control over production and operations, personnel, accounting, and properties" of the enterprise. If an enterprise is considered as a PRC tax resident enterprise under the above definition, then its global income will be subject to EIT at the rate of 25.0%.

Implementation Regulations for Special Tax Adjustments (Trial)

In accordance with the EIT Law and the Implementation Regulations for Special Tax Adjustments (Trial) (特別納稅調整實施辦法(試行)), which was promulgated by SAT on 8 January 2009 and became effective on 1 January 2008, an enterprise shall adopt reasonable transfer pricing methods when conducting transactions with its affiliates (hereinafter referred to as "**affiliated transactions**"). The tax authority has the power to assess whether the affiliated transactions conform to the arm's length principle upon investigation and to make adjustments accordingly. The invested enterprise shall therefore faithfully report on the relevant information about its affiliated transactions. According to the Announcement on Promulgating the Administrative Measures for Special Tax Investigation Adjustments and Mutual Agreement Procedures (關於發佈《特別納稅調查調整及相互協商程序管理辦法》的公告), which was issued by the SAT on 17 March 2017 and became effective on 1 May 2017, if an enterprise receives a special tax adjustment risk warning from tax authorities or detects in itself any special tax adjustment risk, the enterprise may carry out voluntary adjustments regarding tax payment matters and the relevant tax authority may still proceed with special tax investigation adjustment procedures according to the relevant provisions. Besides, pursuant to the tax treaties signed by China, the SAT may activate mutual consultation procedures either upon application by an enterprise or upon request by the competent tax authority of the contracting counter-party of a tax treaty to consult and negotiate with the latter, so as to avoid or eliminate international double taxation triggered by special tax adjustment.

Value-added tax

In accordance with the Provisional Regulations of the PRC Concerning Value-added Tax (中華人民共和國增值稅暫行條例), which was promulgated by the State Council on 10 November 2008 and amended on 6 February 2016, and the Rules for Implementation of the Provisional Regulations of the PRC concerning Value-added Tax (中華人民共和國增值稅暫行條例實施細則), which was promulgated by the Ministry of Finance of the PRC and the SAT on 18 December 2008 and amended on 28 October 2011 (the latest revision became effective on 1 November 2011), value-added tax (增值稅) (the "**VAT**") is imposed on any entity or individual engaging in the sale of goods, provision of processing, repair or replacement services, or importation of goods within the PRC.

Pursuant to the Circular on Printing and Issuing the Pilot Proposals for the Transformation from Business Tax to VAT (關於印發《營業稅改徵增值稅試點方案》的通知) (the "**Pilot Proposals**"), which was promulgated by the Ministry of Finance of the PRC and the SAT and became effective on 16 November 2011, and in accordance with the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in lieu of Business Tax (關於全面推開營業稅改徵增值稅試點的通知) promulgated by the Ministry of Finance and the SAT on 23 March 2016 and which became effective on 1 May 2016, the transformation from business tax to VAT took effect on 1 January 2012 in businesses of pilot areas and has been implemented nationwide from 1 May 2016. VAT is imposed by the SAT on all units and individuals selling services, intangible assets or immovable assets within the territory of the PRC. According to the foregoing regulations, two levels of low VAT rates of 11.0% and 6.0% are added to the current VAT rates which are 17.0% and 13.0% respectively. The tax rate for businesses such as transportation and construction is 11.0%, while the tax rate for certain other modern service businesses is 6.0%.

VAT export refund

According to the Administrative Measures for Tax Rebate (Exemption) of Exported Goods (Trial Implementation) (出口貨物退(免)稅管理辦法(試行)), which was promulgated by the SAT on 16 March 2005 and became effective on 1 May 2005, unless otherwise prescribed, upon declaration of export and financial accounting for sale, the VAT in relation to the goods exported by export agents can be rebated or exempted upon approval by competent tax authority.

Laws and Regulations relating to Labour Protection

Labour laws

The Labour Contract Law of the PRC (中華人民共和國勞動合同法) (the "**Labour Contract Law**"), which was promulgated by the State Council on 29 June 2007, and amended on 28 December 2012 (the latest revision became effective on 1 July 2013), requires every employer to enter into a written contract of employment with each of its employees. No employer may force its employees to work beyond the time limit and each employer must pay overtime compensation to its employees. The Labour Contract Law also requires that the wage of each employee be no less than the local standard on minimum wages. According to the Labour Law of the PRC (中華人民共和國勞動法), which was promulgated by SCNPC on 5 July 1994 and became effective on 1 January 1995, each employer must ensure work place safety and sanitation in accordance with the national regulations and provide relevant training to its employees.

Social insurance and housing provident fund

According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), which was promulgated by SCNPC on 28 October 2010 and became effective on 1 July 2011, and the Regulations concerning the Administration of Housing Provident Fund (住房公積金管理條例), which was promulgated by the State Council and amended on 24 March 2002 (the latest revision became effective on 24 March 2002), each employer in the PRC shall provide its employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance, medical insurance, as well as housing provident fund and other welfare plans. These payments are made to local administrative authorities, and an employer who fails to make contributions in a timely manner may be fined and be ordered to make up for the outstanding contributions.

Occupational diseases prevention and control

Pursuant to the Prevention and Control of Occupational Diseases Law of the PRC (中華人民共和國職業病防治法), which was promulgate by SCNPC on 27 October 2001, amended on 31 December 2011 and 2 July 2016 (the latest revision became effective on 1 September 2016), for construction projects, including projects to be constructed, expanded or reconstructed, and projects for technical renovation and introduction which may incur occupational disease hazards, the entity responsible for the construction project shall: (i) during the period of feasibility study, conduct preliminary assessment of such hazards; (ii) assess the effect of the control on occupational disease hazards when the construction project is completed and ready for inspection and acceptance; and (iii) conduct an inspection and acceptance for protective facilities. The protective facilities may be put into formal operation and use only after they have passed the acceptance inspection accordingly.

Pursuant to the Prevention and Control of Occupational Diseases Law of the PRC, an employer shall: (i) establish and improve the responsibility system of occupational disease prevention and treatment, strengthen the administration and improve the level of occupational disease prevention and treatment, and bear responsibility for the harm of occupational diseases engendered therefrom; (ii) pay work-related injury insurance in accordance with the laws; (iii) adopt effective protective facilities against occupational diseases, and provide protective articles to the employees for personal use against occupational diseases; (iv) set up alarm equipment, allocate on-spot emergency treatment articles, washing equipment, emergency safety exits and safety zones for poisonous and harmful work places where acute occupational injuries are likely to take place; and (v) inform the employees, according to the facts, of the potential harm of occupational disease as well as the consequences thereof and the protective measures and treatment against occupational diseases when signing a labour contract with employees.

LAWS AND REGULATIONS IN HONG KONG

Business Registration Ordinance

Section 5 of the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every person (a company or an individual) carrying on a business in Hong Kong to register with the Inland Revenue Department and obtain a business registration certificate within one month of the commencement of the business. Business registration is a process based on application and does not involve government approval. Once the requisite criteria are met, a business registration certificate will be granted. Business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong and facilitate the collection of tax from businesses in Hong Kong.

Mandatory Provident Fund Scheme Ordinance

Section 7 of the Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) (the "**MPFSO**") requires every employer of a relevant employee to take all practicable steps to ensure that the employee becomes a member of a registered scheme within the permitted period after the relevant time. Section 7A of the MPFSO requires an employer who is employing a relevant employee to, for each contribution period occurring after that commencement (i) from the employer's own funds, contribute to the relevant registered scheme the amount determined in accordance with MPFSO; and (ii) deduct from the employee's relevant income for that period as a contribution by the employee to that scheme the amount determined in accordance with MPFSO.

BUSINESS DEVELOPMENT

Our history can be traced back to 1983 when Mr. Stanley Kwan and Mr. Eddie Kwan incorporated Trio Engineering in Hong Kong with their own financial resources. See "Directors and Senior Management" in this prospectus for details relating to the background and experience of Mr. Stanley Kwan.

At the early stage of our business operations, we were principally engaged in the trading of technical parts and the provision of consultancy services in relation to product safety and manufacturing process approval. In 1991, in order to vertically expand our business, Trio Engineering entered into a cooperative agreement (the "**Huafeng Cooperative Agreement**") with Guangzhou Huafeng Industrial Company Limited* (廣州市番禺華豐實業公司) (subsequently renamed as Panyu Silishi Company* (番禺市司力士實業公司)) ("**Huafeng**"), pursuant to which Trio Microtronics was jointly established and a production base was then set up by Trio Microtronics in Panyu (now known as Nansha District), Guangzhou City, Guangdong Province, the PRC for the manufacturing of PCB assemblies for industrial application.

In 1996, in order to explore more business opportunities in the European market, we invited Mr. Mac Carthy to join our Group as a consultant.

In 1999, the Huafeng Cooperative Agreement was terminated, pursuant to which Trio Engineering became the sole shareholder of Trio Microtronics. In 2000, we relocated our manufacturing activities to our present production base in Nansha District, Guangzhou City, Guangdong Province, the PRC. Since then, we have been expanding our production capacity.

In 2013, we completed the copyright registration of T-MICS in the PRC. See "Business – Production – Application of T-MICS" in this prospectus for further details of T-MICS and its application in our production process. T-MICS was subsequently patented in Hong Kong in 2015.

In 2015, Mr. Eddie Kwan, one of our founders, retired and left our Group. Mr. Kwan has around 40 years of experience in the electronics industry.

In 2015 and 2016, we incorporated PEMS and established Guangzhou PEMS, respectively, to engage in the trading of ATE.

KEY MILESTONES

The key milestones in the development of our business are set out below:

Year	Event
1983	Mr. Stanley Kwan and Mr. Eddie Kwan incorporated Trio Engineering in Hong Kong.
1991	Pursuant to the Huafeng Cooperative Agreement, Huafeng and us jointly established Trio Microtronics and a production base was established in Panyu (now known as Nansha District), Guangzhou City, Guangdong Province, the PRC.
1996	Mr. Mac Carthy joined us and we began to explore more business opportunities in the European market.
1999	The Huafeng Cooperative Agreement was terminated and we became the sole owner of the production base.
2000	We relocated our manufacturing activities to our present production base in Nansha District, Guangzhou City, Guangdong Province, the PRC.
2010	We obtained certification to ISO 14001: 2004.
2013	We completed the copyright registration of T-MICS in the PRC.
2015	We obtained certifications to ISO/TS 16949:2009 and ISO 13485:2003.
2015	PEMS was incorporated to engage in the trading of ATE.
2015	Some of our products were registered with the U.S. Food and Drug Administration.
2015	T-MICS was patented in Hong Kong.
2016	Guangzhou PEMS was established to engage in the trading of ATE.

OUR COMPANY AND SUBSIDIARIES

The following describes the corporate history of our Company and our subsidiaries:

Our Company

Our Company was incorporated in Hong Kong with limited liability on 15 April 2016. It is the holding company of our subsidiaries and its principal business activity is investment holding. As at the Latest Practicable Date, our Company was directly and wholly owned by Trio Holding.

As a result of the Reorganisation, our Company directly or indirectly held all the shareholding and equity interests in our subsidiaries, which are principally engaged in the trading and manufacturing of industrial electronic components and products as well as ATE. See "Reorganisation" in this section for further details about the Reorganisation.

Our subsidiaries in Hong Kong

Trio Engineering

Trio Engineering was incorporated in Hong Kong on 16 September 1983 as a limited liability company with an initial authorised share capital of HK$100,000.0 divided into 1,000 shares of HK$100.0 each. Trio Engineering is principally engaged in the trading of industrial electronic components and products.

As a result of the Reorganisation, Trio Engineering became a direct wholly-owned subsidiary of our Company. See "Reorganisation – 3. Acquisition of the entire shareholding interests in Trio Engineering and PEMS by our Company" in this section for further details.

PEMS

PEMS was incorporated in Hong Kong on 27 May 2015 as a limited liability company with an initial share capital of HK$10,000.0 divided into 10,000 shares. PEMS is principally engaged in the trading of ATE.

As a result of the Reorganisation, PEMS became a direct wholly-owned subsidiary of our Company. See "Reorganisation – 3. Acquisition of the entire shareholding interests in Trio Engineering and PEMS by our Company" in this section for further details.

Our subsidiaries in the PRC

Trio Microtronics

Trio Microtronics was established in the PRC on 5 April 1991 as a sino-foreign contractual joint venture with an initial registered capital of USD400,000.0. Trio Microtronics is principally engaged in the manufacturing of industrial electronic components and products as well as ATE. As a result of the Reorganisation, Trio Microtronics became an indirect wholly-owned subsidiary of our Company.

As advised by our PRC Legal Advisers, USD1,385,000.0, being the current registered capital of Trio Microtronics, had been fully paid up as at the Latest Practicable Date.

Guangzhou PEMS

Guangzhou PEMS was established in the PRC on 3 November 2016 as a WFOE with an initial registered capital of RMB500,000.0. Guangzhou PEMS is principally engaged in the trading of ATE.

Guangzhou PEMS is an indirect wholly-owned subsidiary of our Company.

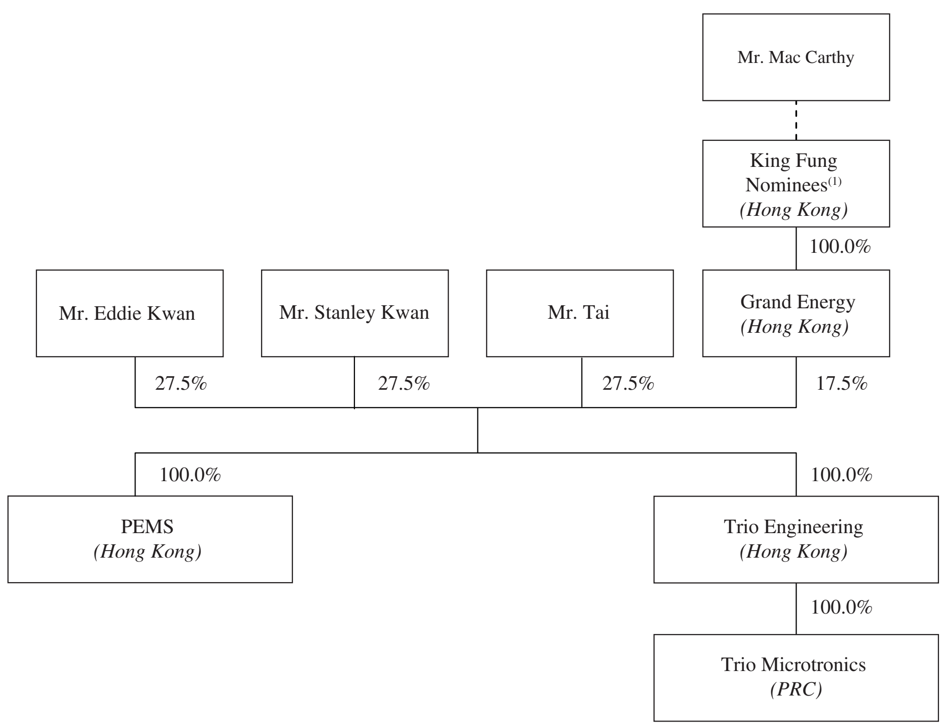
As advised by our PRC Legal Advisers, RMB500,000.0, being the registered capital of Guangzhou PEMS, had been fully paid up as at the Latest Practicable Date.

MAJOR ACQUISITIONS AND DISPOSALS

See "Reorganisation" in this section for further details.

REORGANISATION

The following chart sets out our corporate and shareholding structure immediately prior to the implementation of the Reorganisation:



Note:

1. *King Fung Nominees holds the entire issued share capital of Grand Energy on trust for Mr. Mac Carthy pursuant to a declaration of trust dated 26 October 2011.*

In order to streamline our corporate structure and business operation, we have implemented the following Reorganisation steps:

1. Acquisition of an aggregate of 27.5% shareholding interests in each of Trio Engineering and PEMS by Mr. Stanley Kwan, Mr. Tai and Mr. Lai

On 30 December 2015, because of his plan for retirement, Mr. Eddie Kwan transferred (i) 10,000, 10,000 and 35,000 shares in Trio Engineering (the "**Trio Shares**"), together representing 27.5% of its entire issued share capital; and (ii) 500, 500 and 1,750 shares in PEMS, together representing 27.5% of its entire issued share capital, to Mr. Stanley Kwan, Mr. Tai and Mr. Lai, respectively. The consideration of the transfer of 27.5% shareholding interests in Trio Engineering and PEMS was HK$35,000,000.0 and HK$2,750.0, respectively, which was determined with reference to the fair value of Trio Engineering as at 30 November 2015 and the issued share capital amount of PEMS, respectively. The parties agreed to the terms and conditions of the sale and purchase of the aforesaid 27.5% shareholding interests before 30 December 2015. In particular, the ascertainment of the fair value of the Trio Shares was initially determined with reference to the net book value of Trio Engineering according to its management accounts as at 30 November 2015. In addition, the parties agreed that an independent professional appraiser (the "**Appraiser**") would be appointed to assess the aforesaid fair value pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation of the United States. The assessment of the fair value of the Trio Shares was to comply with HKFRS 2 (Share-based payment) issued by the HKICPA. The Appraiser would determine whether the consideration paid in respect of the sale and purchase of the Trio Shares (i.e. HK$35,000,000.0) represented the fair value of such shares. If the fair value of the Trio Shares as determined by the Appraiser was below HK$35,000,000.0, there would be no adjustment to the amount of the consideration paid for the Trio Shares; if the fair value of the Trio Shares as determined by the Appraiser was 10.0% higher than HK$35,000,000.0, Mr. Eddie Kwan as seller and Mr. Stanley Kwan, Mr. Tai and Mr. Lai as purchasers would adjust the consideration to the fair value as determined by the Appraiser. Pursuant to the valuation report issued by the Appraiser dated 1 March 2016, the fair value of the Trio Shares was determined to be HK$37,770,000.0 (i.e. 7.9% higher than HK$35,000,000.0). As such, no adjustment on the consideration for the sale and purchase of the Trio Shares was required. As advised by our Hong Kong legal advisers, the transactions were legally completed on 30 December 2015.

Immediately upon completion of the said transfers, Mr. Eddie Kwan ceased to have any shareholding interest in Trio Engineering and PEMS, and each of Trio Engineering and PEMS was owned as to 32.5%, 32.5%, 17.5% and 17.5% by Mr. Stanley Kwan, Mr. Tai, Mr. Lai and Grand Energy, respectively.

2. Incorporation of our Company

Our Company was incorporated in Hong Kong with limited liability on 15 April 2016 as our listing vehicle and wholly owned by Trio Holding.

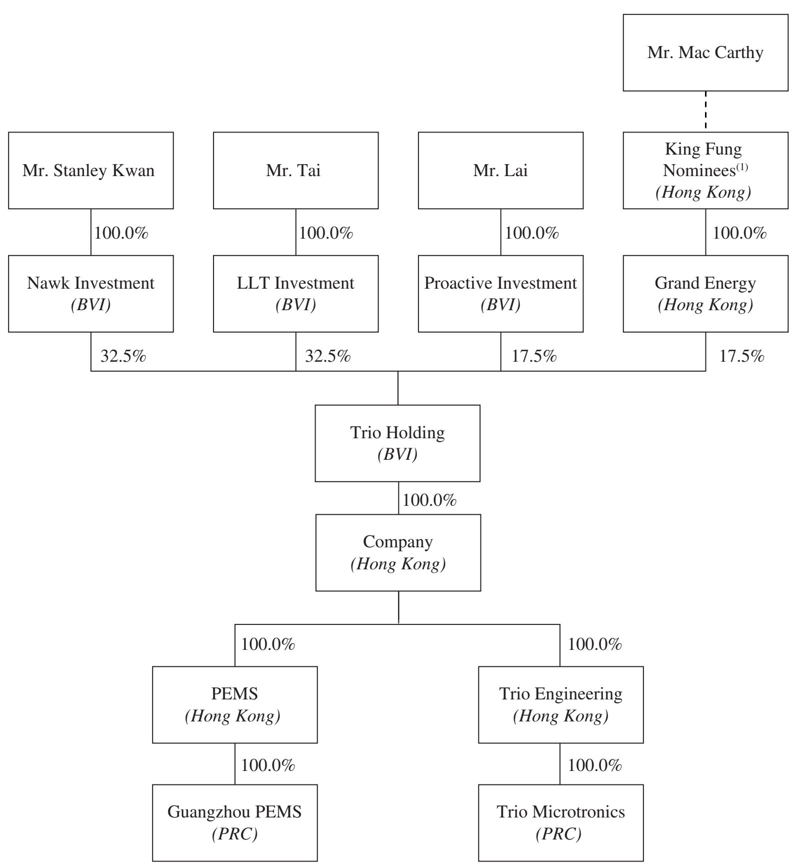
3. Acquisition of the entire shareholding interests in Trio Engineering and PEMS by our Company

Pursuant to a sale and purchase agreement dated 29 August 2016, Mr. Stanley Kwan, Mr. Tai, Mr. Lai and Grand Energy transferred (i) 65,000, 65,000, 35,000 and 35,000 shares in Trio Engineering, respectively, together representing its entire issued share capital; and (ii) 3,250, 3,250, 1,750 and 1,750 shares in PEMS, respectively, together representing its entire issued share capital, to our Company. The consideration of the said transfers was determined with reference to the net book value of Trio Engineering and PEMS as at 30 June 2016 which amounted to HK$145,000,000.0 and HK$172,000.0, respectively, and was settled by the allotment and issue of one Share to Trio Holding at the direction of Mr. Stanley Kwan, Mr. Tai, Mr. Lai and Grand Energy, credited as fully paid. Immediately upon completion of the said transfers, Trio Engineering and PEMS became direct wholly-owned subsidiaries of our Company on 12 September 2016.

4. Establishment of Guangzhou PEMS by PEMS

On 3 November 2016, Guangzhou PEMS was established as a WFOE under the laws of the PRC with an initial registered capital of RMB500,000.0 and was wholly owned by PEMS.

The following chart sets out our corporate and shareholding structure immediately upon completion of the Reorganisation, but prior to Listing:



Note:

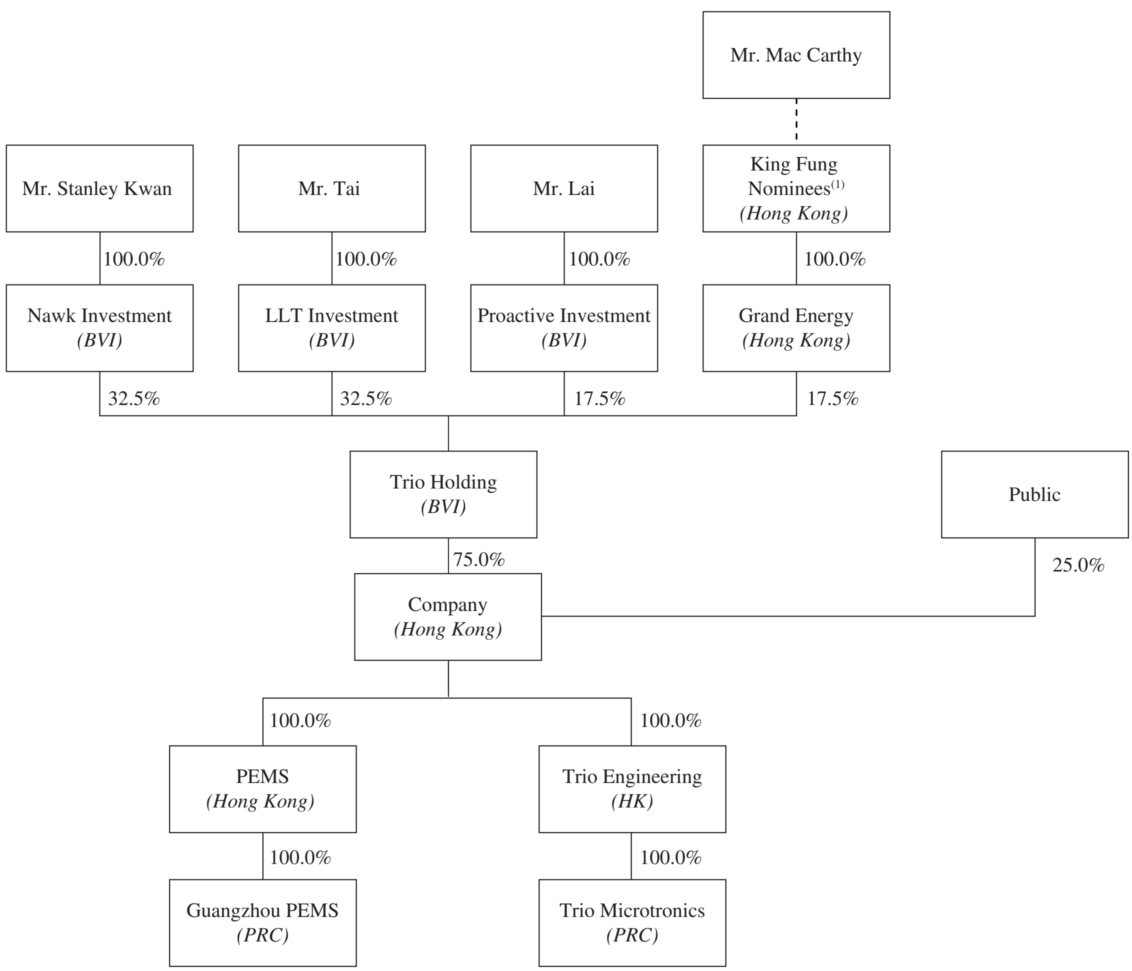
1. *King Fung Nominees holds the entire issued share capital of Grand Energy on trust for Mr. Mac Carthy pursuant to a declaration of trust dated 26 October 2011.*

BONUS ISSUE

Pursuant to the written resolutions of our sole Shareholder passed on 27 October 2017, conditional upon completion of the Global Offering, our Directors were authorised to allot and issue 749,999,998 Shares to Trio Holding without payment and credited as fully paid, and the Shares to be issued pursuant to the Bonus Issue shall carry the same rights in all respects as the existing Shares.

CORPORATE STRUCTURE

The following chart sets out our corporate and shareholding structure immediately following completion of the Bonus Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme):



Note:

1. *King Fung Nominees holds the entire issued share capital of Grand Energy on trust for Mr. Mac Carthy pursuant to a declaration of trust dated 26 October 2011.*

PRC LEGAL COMPLIANCE

As Mr. Stanley Kwan, Mr. Tai, Mr. Lai and Mr. Mac Carthy, being the ultimate beneficial owners of our Company, are not PRC domestic residents and do not habitually reside in the PRC due to reasons of economic interest, our PRC Legal Advisers advised that they are not required to carry out foreign exchange registrations pursuant to the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Overseas Investment and Financing and Inbound Investment via Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知).

BUSINESS OVERVIEW

Founded in 1983, we are an EMS provider specialising in the manufacturing and sales of customised industrial electronic components and products, with headquarters in Hong Kong and production facilities in Nansha District, Guangzhou City, Guangdong Province, the PRC.

As an OEM of industrial electronic components and products, we provide our customers with a comprehensive scope of services, from procurement of raw materials, manufacturing to product delivery. We also provide technical advice and engineering solutions to our customers during product design and development stage. Our OEM products include: (i) electro-mechanical products; (ii) switch-mode power supplies; and (iii) smart chargers, which are generally applied in various industrial electronic equipment such as (a) renewable energy facilities; (b) telecommunications equipment; (c) commercial freight equipment; (d) medical devices; and (e) security systems. Our OEM products are manufactured according to the specifications provided by our customers and are incorporated into their end products or sold as stand-alone products under their own brands. Most of our major customers are reputable international corporations principally engaging in the manufacturing and sales of industrial electronic products, and we have maintained business relationship with some of them for over 10 years. During the Track Record Period, more than 60.0% of our products were sold to customers in Europe, while the other products were sold to customers in North America, South-east Asia and the PRC. The table below sets out a breakdown of our revenue during the Track Record Period by product category:

	For the year ended 31 December						For the five months ended 31 May	
	2014		2015		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Electro-mechanical products	260,711	50.4	306,281	46.6	257,708	34.6	110,030	37.0
Switch-mode power supplies	169,024	32.7	163,082	24.8	138,520	18.6	58,727	19.8
Smart chargers	83,048	16.0	178,746	27.2	336,601	45.2	127,215	42.8
Others[(1)]	4,696	0.9	9,505	1.4	12,070	1.6	1,343	0.4
Total	517,479	100.0	657,614	100.0	744,899	100.0	297,315	100.0

Note:

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

The substantial increase in revenue from the sales of smart chargers during the Track Record Period was mainly due to the increase in sales order from our smart charger customer and the increase in net average selling price of smart chargers.

Leveraging our substantial experience and expertise in the industrial EMS sector, in 2015, we began to operate in a new business segment and market and sell ATE, which is designed and manufactured by us, under our own brand. ATE is tailor-made to accommodate the different quality control standards and procedures required or specified by our customers and is able to carry out burn-in process and conduct performance and quality tests on products of varying sizes and functionalities, thus reducing the time and cost needed for product testing. During FY2014, FY2015, FY2016 and 5M2017, revenue from the sales of ATE amounted to nil, HK$0.1 million, HK$0.9 million and HK$0.04 million, respectively, and the gross profit margin of ATE was nil, 27.9%, 98.3% and 94.2%, respectively. Our Directors believe that our capabilities in the design and manufacturing of ATE are unique among and distinguish us from our competitors, thereby allowing us to broaden our sources of revenue and attract new customers in the industrial EMS sector. Going forward, while we do not intend to primarily focus on the sales of ATE, the business segment of ATE will continue to complement our business operations.

While we are headquartered in Hong Kong, our production activities are carried out at our production plant in Nansha District, Guangzhou City, Guangdong Province, the PRC. As at the Latest Practicable Date, we operated four fixed fully-automated production lines and 66 interchangeable production lines which can be adjusted according to our production schedule. See "Production Facilities – Production Capacity, Production Time and Utilisation Rate" in this section for further details of our production capacity and utilisation rate during the Track Record Period. In order to increase our production capacity, we intend to (i) increase the level of automation in our production process; and (ii) set up new production facilities by converting our warehouses into two factory buildings. See "Business Strategies – Further enhance our production efficiency and expand our production capacity" in this section for further details of our expansion plan.

In order to enhance our production efficiency and flexibility, we have developed T-MICS, a manufacturing execution system, which has been applied throughout our entire manufacturing process. T-MICS connects different aspects of the production process and is highly integrated through collecting, storing and analysing real time data at each critical stage of production. By analysing the production data collected by T-MICS, we are able to identify bottlenecks in our production process and better formulate our production plans and schedules (including the use of our machineries and equipment), thereby optimising our production efficiency. In addition, T-MICS closely monitors how well we achieve our performance targets in relation to productivity and quality assurance. As one of the modules of T-MICS, our UL traceability record system allows us to, through the use of QR codes, efficiently retrieve production data and accurately trace our raw materials and products to their origins. See "Production – Application of T-MICS" and "Quality Control – UL Traceability Record System" in this section for further details.

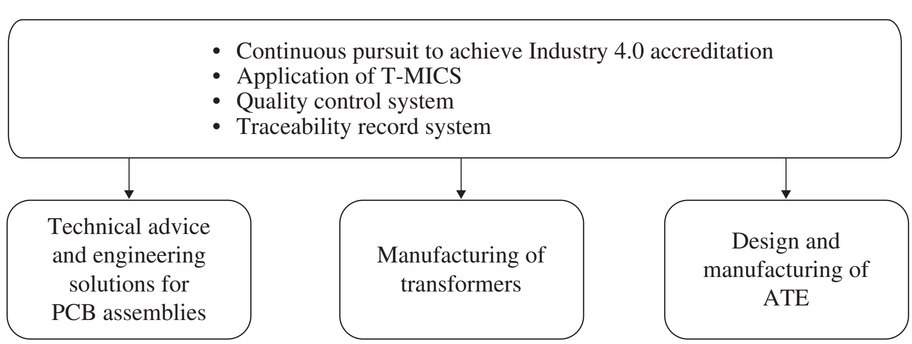
We achieved a stable growth in our revenue and profit during the first three years of the Track Record Period. For FY2014, FY2015 and FY2016, our revenue amounted to HK$517.5 million, HK$657.6 million and HK$744.9 million, respectively, representing a CAGR of 20.0%; whereas our profit amounted to HK$21.9 million, HK$29.8 million and HK$75.3 million, respectively, representing a CAGR of 85.4%. Due to our enhanced production efficiency and the higher profit contribution derived from our product-mix with more high-end products, our sales per capita also increased considerably from approximately US$28,000.0 (equivalent to approximately HK$217,000.0) in 2010 to approximately US$59,000.0 (equivalent to approximately HK$457,250.0) in 2016. During 5M2017, our revenue recorded a slight decrease of 9.3% as compared to that in 5M2016 due to a shift in product mix to products of a relatively higher profit margin and lower selling price. As a result of the relatively higher gross profit margin of products sold in 5M2017, our gross profit margin during 5M2017 increased as compared to that in 5M2016.

COMPETITIVE STRENGTHS

Our Directors believe that we possess the following competitive strengths, which have contributed to our success and distinguished us from our competitors:

Our comprehensive scope of services, coupled with our continuous pursuit to achieve Industry 4.0 accreditation, the application of T-MICS and our quality control system, differentiates us from our competitors in the industrial EMS sector.

As an integrated industrial EMS provider, we offer our customers a comprehensive scope of services, from procurement of raw materials, manufacturing to product delivery. We also provide technical advice and engineering solutions to our customers during product design and development stage. Leveraging our substantial industry experience and expertise, we seek to continuously improve our production process, expand the scope of our services, and strengthen our manufacturing capabilities. We believe that the combination of the following aspects of our business operations have differentiated us from our competitors and contributed to our success in the industrial EMS sector:



Our Directors believe that our integrated capabilities have allowed us to consistently deliver quality products, enhance our control over the production process and achieve a high degree of operational efficiency, thereby allowing us to achieve considerable business growth over the years. While our competitors may possess one or more of the above capabilities, our Directors believe that there are very few industrial EMS providers possessing all of such capabilities or having a business model that is comparable to ours. Set out below are further details of each of these capabilities:

Continuous pursuit to achieve Industry 4.0 accreditation

Our continuous pursuit to achieve Industry 4.0 accreditation has enabled us to enjoy significant improvements in production cycles, including maximising the utilisation of our production resources, improving the traceability and quality of our inputs and outputs throughout the entire production process, as well as accelerating our reaction time in the face of fast-changing market environment by restructuring our production flow. We believe that the such pursuit has enhanced our overall competitiveness in the EMS industry. As at the Latest Practicable Date, we were in the process of applying for accreditation to Industry 4.0. Based on the assessment by the relevant German appraisal institute and the progress information available to us as at the Latest Practical Date, and subject to any unforeseen circumstances, we anticipate that we might be able to be accredited by the German institute for an Industry 4.0 level appropriate to our operations and standards in or around 24 months from February 2017. Our management team foresees that, with our experience, expertise, investment plans as well as resources for external technological support and advice, any obstacle in achieving the Industry 4.0 accreditation will be overcome. We believe that we will be among the first few industrial EMS providers in Hong Kong achieving Industry 4.0 accreditation and that such accreditation will strengthen our competitiveness as well as enhance our reputation in the industry.

Application of T-MICS

In order to enhance our production efficiency and flexibility, we have developed T-MICS, a manufacturing execution system, which has been applied throughout our entire manufacturing process since 2009. T-MICS connects different aspects of the production process and is highly integrated through collecting, storing and analysing real time data at each critical stage of production. By analysing the production data collected by T-MICS, we are able to identify bottlenecks in our production process and better formulate our production plans and schedules (including the use of our machineries and equipment), thereby optimising our production efficiency. In addition, T-MICS closely monitors how well we achieve our performance targets in relation to productivity and quality assurance. See “Production – Application of T-MICS” in this section for further details.

Our Directors believe that the application of T-MICS has not only enhanced our operational efficiency and flexibility, but also allowed us to better plan our manufacturing activities and utilise our resources more efficiently. With the application of T-MICS, we are able to promptly and efficiently coordinate our manufacturing activities, in particular the procurement of raw materials, formulation of production plans, planning the use of machineries and equipment as well as making necessary arrangements with our workers.

Quality control system

Our Directors believe that the quality and reliability of our products are vital in maintaining customer loyalty and upholding our reputation. Our quality control system covers the entire production process, from the selection of suppliers, procurement of raw materials, production, quality and reliability assurance, to maintenance of machineries and equipment. Our commitment to maintaining the high quality of our products can be demonstrated by the various certifications and qualifications we have obtained from ISO, UL, IPC and VDE in respect of our quality control measures. Owing to our comprehensive quality control system, we are able to consistently deliver quality products that meet our customers' expectations. See "Quality Control" in this section for further details of our quality control procedures and measures.

Traceability record system

In addition, we have established a traceability record system, whereby all production data relating to our products, including details of the raw materials used and particulars of the manufacturing process, is stored. All our products are labelled with QR codes when they first enter the assembly line, which facilitates the storage and easy retrieval of such production data. With the use of the traceability record system, we are able to accurately trace our raw materials and products to their origins. In addition, if there are quality issues with our products, our traceability record system enables us to promptly ascertain the part of production process which is the source of the defect, identify the defective products and take appropriate remedial measures to rectify the issues and to prevent future recurrence. Our Directors believe that our traceability record system has not only enhanced our operational efficiency and control over the production process, but also strengthened our customers' confidence in the quality of our products and services. For further details of our traceability record system, see "Quality Control – UL Traceability Record System" in this section.

Technical advice and engineering solutions for PCB assemblies

During the product design and development stage, we provide technical advice and engineering solutions to our customers, primarily focusing on the design, structural, technical and functionality aspects of their products. We consider our participation in the product design and development stage crucial as we are able to offer advice and recommendations to enhance the functionality, performance, reliability and cost-effectiveness of our customers' products. Through the interflow of ideas with our customers, we are able to keep ourselves abreast of the industry development as well as understand their changing needs. Our Directors believe that our technical support services enable us to foster long-term relationships with our customers and differentiate ourselves from our competitors, thereby enhancing our competitiveness in the industrial EMS sector.

Manufacturing of transformers

While other industrial EMS providers generally outsource the manufacturing of transformers, we possess in-house magnetic winding capabilities which allow us to manufacture transformers according to our customers' specifications. Transformers are an integral part of electronic products and their quality will determine the functionality, performance and quality of electronic products. Our Directors believe that our capabilities in the manufacturing of transformers not only allow us to consistently deliver quality products to our customers, but also shorten our production and delivery lead time, thereby increasing our overall profitability.

Design and manufacturing of ATE

As part of our continuous effort in strengthening our quality control system, in 2015, we began to market and sell ATE, which is designed and manufactured by us, under our own brand. Such ATE is tailor-made to accommodate the different quality control standards and procedures required or specified by our customers and is able to carry out burn-in process and conduct performance and quality tests on products of varying sizes and functionalities, thus ensuring that the electronic components and products manufactured by us can fit in and are compatible with the end products of our customers. Our Directors believe that our capabilities to manufacture ATE are unique among our competitors and have allowed us to differentiate ourselves from other industry players and broaden our sources of revenue.

We specialise in the manufacturing and sales of industrial electronic components and products, which allows us to enjoy a higher profit contribution than consumer EMS providers, and have obtained certifications and recognitions from various key consulting and certification institutions and regulatory authorities.

We are an EMS provider specialising in the manufacturing and sales of customised industrial electronic components and products. With more than 30 years of operating history, we have gained substantial experience and expertise as well as developed know-how on the manufacturing of quality and reliable industrial electronic components and products, which we believe has differentiated us from other industry players in this niche market.

We focus on the manufacturing of technologically advanced industrial electronic components and products, which, according to the Ipsos Report, generally enjoy a higher profit margin than consumer electronic components and products due to the higher level of technical precision and requirements. Our Directors believe that such a focus has allowed us to invest our resources in the areas that we are specialised in and have a competitive edge on, thereby strengthening our competitiveness in the industrial EMS sector. In order to differentiate ourselves from our competitors, we provide technical advice and engineering solutions to our customers during product design and development stage, which have enabled us to gain a better understanding on the design and specifications of their products and continuously improve our manufacturing process and production techniques to cater for their needs.

As an OEM, we are not required to incur substantial amount of resources on research and development in response to continuous technological advancements and changes in market trends, and can therefore focus on improving our production technology and efficiency as well as our quality control system. Our Directors believe that this has contributed to our continued success, as evidenced by the increase of our sales per capita from approximately US$28,000.0 (equivalent to approximately HK$217,000.0) in 2010 to approximately US$59,000.0 (equivalent to approximately HK$457,250.0) in 2016.

Furthermore, we have obtained certifications and recognitions from various key consulting and certification institutions and regulatory authorities, such as UL, China Quality Certification Centre, British Standards Institution and the U.S. Food and Drug Administration. Such certifications and recognitions allow us to become an approved supplier of certain industrial electronic products, thus facilitating our customers in fulfilling the compliance requirements to which their products may be subject. This not only creates a bundling effect between our customers and us, but also differentiates us from the majority of our competitors which possess a lower level of manufacturing technology, thereby enabling us to maintain our market position and enhance our revenue stability.

We have established long-term and stable business relationships with our major customers, most of which are world-renowned industrial electronics manufacturers and sellers.

Our major customers include reputable international corporations principally engaging in the manufacturing and sales of industrial electronic products, and we have successfully maintained business relationships with some of them for more than 10 years. Our Directors believe that our established and long-standing relationships with our customers are attributable to our substantial industry experience and technical expertise, our ability to understand their needs and accommodate their requests, and our consistent track record of quality products that are in accordance with their design and specifications. We communicate and work closely with our customers during the entire production process to ensure that our products are properly engineered in accordance with their requirements. In addition, in order to strengthen our business relationship with and provide timely technical support to our customers in Europe, Mr. Mac Carthy, our Executive Director, pays regular visits to our customers in Europe, which has enabled us to keep ourselves abreast of the latest development of our customers' products. Our Directors believe that, as our major customers are international and established enterprises, they are less susceptible to changes in the fluctuation of economic conditions, thus reducing our operational risks due to market volatility.

Our Directors believe that our customers' inertia due to the characteristics of the industrial EMS sector has facilitated the establishment of long-term and stable relationships with them. Given that our OEM products, because of their sophisticated nature, generally have a development time ranging from approximately six to 12 months, it may not be commercially sensible or viable for our customers to often change suppliers. In addition, some of our customers are required to obtain approvals for their products and the approval procedures are generally complicated and costly and may take a long time to complete. During the approval process, our customers have to not only go through comprehensive inspections and audits on their logistic, production and quality control procedures, but also specify the components used in their products and submit our profile as their supplier. In the event of a change of supplier after the grant of such approvals, our customers are required to make new applications, which may take a few months to complete and may delay their production and/or sales schedule. Because of such time-consuming procedural requirements, we believe that the changing of suppliers may not necessarily be in the interest of our customers and they tend to avoid changing suppliers if they are satisfied with the quality of our products. Our customers' inertia also results in our products being less susceptible to price reduction by our competitors.

In addition, through non-disclosure undertakings, we are able to establish trust and long-standing business relationship with our major customers as they can rest assured that (i) their design specifications, technical data and other proprietary information will be kept strictly confidential; and (ii) we, as an OEM, will not manufacture electronic components and products under our own brand that may compete, directly or indirectly, with their products.

We have an experienced and dedicated management team with extensive industry experience.

We are led by an experienced and dedicated management team, which has strong technical experience and substantial experience in, and in-depth knowledge of, the EMS industry. Some of our Executive Directors have over 30 years of experience in the electronics industry, which has enabled us to understand and cater for the needs of our customers and consistently deliver quality products. In particular, Mr. Stanley Kwan, Mr. Tai and Mr. Mac Carthy, our Executive Directors, have approximately 30, more than 45 and more than 20 years of experience in the electronics industry, respectively. Such long and stable working relationship shows that our management team shares the same vision in business management. Furthermore, the majority of members of our senior management have more than 20 years of relevant industry experience. See "Directors and Senior Management" in this prospectus for more information on the experience and qualifications of our Executive Directors and members of our senior management.

We believe that our management team's extensive industry experience and long-term presence in the electronics industry have enhanced our customers' confidence in the quality of our products. Their industry insight and strategic vision, coupled with our effective budgetary control and good business planning, have also allowed us to assess and manage risks, develop sustainable business strategies as well as seize profitable market opportunities in a timely manner, thereby strengthening our position in the industry.

BUSINESS STRATEGIES

We intend to increase our market share and enhance our overall competitiveness by implementing the following strategies:

Continue to expand our customer base in the European market and explore new markets in the PRC, the United States and other Asian countries

During the Track Record Period, Europe was our largest market, contributing to more than 60.0% of our total revenue. Leveraging our established relationship with customers in the European market and the extensive sales network of Mr. Mac Carthy, our Executive Director, we intend to further tap into markets in Europe, in particular France and Germany. In light of the above, we are in the process of establishing new offices in Dublin, Ireland and Paris, France. As at the Latest Practicable Date, our Directors estimated that our new offices in Dublin and Paris will commence operation by the end of 2017 and by mid-2018, respectively. We have chosen to establish new offices in Dublin and Paris mainly because of the following reasons:

Dublin, Ireland

- Dublin is strategically located on one of the major sea and air routes between Northern Europe and North America. Establishing an office in Dublin will allow us to better serve our existing customers and explore potential business opportunities in both Northern Europe and North America.
- Establishing an office in Ireland, being a member of the European Union, will facilitate us to tap into new markets in the European Union and allow us duty-free access to other countries in the European Union.
- The corporate tax rate in Ireland is 12.5% which is relatively low by European Union standard. Furthermore, Ireland has entered into double-taxation treaties with over 60 countries.
- Mr. Mac Carthy, being an Irish and familiar with the Irish business environment, will be able to ensure the smooth operation of our new office in Dublin.
- Ireland is an English-speaking country with a skilled labour force and well-developed infrastructure (such as ports and airports), which makes it an ideal place for foreign investors to establish business presence.

Paris, France

- Paris is strategically located in Central Europe, which will facilitate us to tap into new markets in neighbouring countries and regions, such as Germany, Switzerland, Northern Italy and Northern Spain.
- Paris is a transportation hub in Central Europe, with frequent train and flight services to surrounding countries including the United Kingdom, Germany, Switzerland, Italy and Spain. By positioning one of our new offices in Paris, our sales personnel will be able to conveniently travel to all parts of Europe to conduct face-to-face communication with our customers.
- Establishing an office in France, being a member of the European Union, will facilitate us to tap into new markets in the European Union and allow us duty-free access to other countries in the European Union.
- France, as one of the world's largest economy, has a large industrial base and a highly skilled workforce.
- The various incentives introduced by the French government, e.g. reduced corporate tax rate of 15% for qualified small and medium-sized enterprises for net profits up to EUR38,120, make France an attractive place for foreign investors to establish business presence.

Over the years, we have participated in a number of trade shows and exhibitions in Europe and our potential customers often enquired about our presence in Europe. In order for us to increase our market share in Europe, our Directors considered it essential for our Group to establish offices in Europe, which would allow us to better convince our potential customers in Northern and Central Europe. Although the sales value of the industrial EMS industry in Europe increased at a CAGR of 1.4% from 2010 to 2016, our Directors believe that the tapping into new European markets which we have yet to explore will provide sufficient growth drive for our Group to justify the establishment of two new offices in Europe. Furthermore, as we only have an insignificant portion of market share in the European market, the historical growth rate of the industrial EMS industry in Europe at a CAGR of 1.4% or in an amount of HK$14,300.0 million between 2010 and 2016 represents significant growth potential for us, taking into consideration our European sales of approximately HK$465.0 million in FY2016.

Our new offices will be primarily responsible for (i) advising and providing technical support to European customers in relation to magnetic and mechanical designs; (ii) advising European customers on their projects, the functions of components as well as material benchmarking; (iii) appointing and managing territory sales agents to explore new business opportunities in the European market; and (iv) obtaining the latest economic and industry update in Europe. We believe that our new offices in Dublin and Paris will allow us to penetrate into new markets and further explore potential business opportunities in Europe. Should we consider appropriate and necessary, we may also consider opening other new offices in other cities in Europe.

Going forward, we intend to explore new markets in the PRC and the United States by participating in industry exhibitions, working closely with design and innovation companies as well as seeking business referrals from existing customers.

When opportunities arise, we may consider exploring new markets in other Asian countries. Our Directors confirm that, as at the Latest Practicable Date, we had no specific or concrete plan in establishing offices in other Asian countries.

Manufacture products of higher value and/or with higher profit contribution per our resources

In order to achieve continuous business growth, we intend to invest more resources in the manufacturing of industrial electronic products that are of higher value, yield higher profit contribution per our resources and/or have strong growth potential in the near future, such as smart chargers and electro-mechanical products.

As a result of technological breakthrough, smart chargers are gaining popularity in the electronics market. A smart charger is a charger that is designed to monitor and adjust the charging process by controlling the temperature, voltage and current of the battery during charging, thus optimising the charging process and the life of the battery. Such features are of value to industrial electronic products as they generally demand high efficiency and reliability. With the increasing demand for electric vehicles and due to continuous technological advancement, we expect the demand for smart chargers for industrial use will continue to grow in the future. In order to capture future business opportunities, we intend to invest more resources in the manufacturing of smart chargers, which we believe will support our continuous business development.

During the Track Record Period, we began to manufacture healthcare devices (which are categorised as electro-mechanical products) such as DVT devices for a U.S. company principally engaging in design, development and marketing of medical devices. Due to aging population and longer life expectancy globally, we expect that the demand for healthcare devices will continue to increase. According to the Ipsos Report, the global sales value of medical devices is expected to increase from US$394.6 billion in 2017 to US$458.4 billion in 2020, representing a CAGR of 5.1%. As compared to other industrial electronic products, the manufacturing of healthcare devices requires a higher level of technical precision and specifications and is subject to stricter quality control standards. Going forward, we intend to leverage our experience in the manufacturing of healthcare devices and the fact that some of our products have been registered with the U.S. Food and Drug Administration to allow us to participate in the medical industry. In conjunction, this will attract other participants in the medical industry to place purchase orders with us.

Continue to expand our operations in the ATE business segment

Leveraging our substantial industry experience and expertise, in 2015, our Group began to market and sell ATE, which is designed and manufactured by us, under our own brand. According to the Ipsos Report, the total sales revenue of ATE in Hong Kong and the PRC is expected to increase from US$216.0 million in 2016 to US$245.8 million in 2020, representing a CAGR of 3.3%. In order to expand our operations in this new business segment, we intend to (i) participate in more industry exhibitions to promote and market our ATE to local and overseas electronics manufacturers; (ii) recruit more salespersons in the PRC to explore new business opportunities; (iii) seek business referrals from existing customers; and (iv) engage a Scandinavian-based company as our agent in the sales of ATE.

Further enhance our production efficiency and expand our production capacity

(i) Increase the level of automation in our production process

In order to enhance our production efficiency and meet the standards of Industry 4.0, we intend to increase the level of automation in our production process by upgrading and enhancing the machineries and equipment in our existing production facilities. The increase in the level of automation in our production process will also enhance our operation flexibility. For instance, our machineries and equipment can be used and applied in different production lines, and the parts and components of our automated production lines can be assembled in different ways to cater for the specific production requirements of different categories of industrial electronic products. Our Directors believe that such arrangements will lower our production cost, in particular labour cost, and increase our production capacity and flexibility as well as our profits. Our Directors further believe that a higher level of automation in our production process will strengthen our capacity in producing highly standardised quality products. Our total investment for the upgrade of machineries and equipment is estimated to be HK$37.2 million, of which HK$4.5 million will be paid with the proceeds from the Global Offering and HK$32.7 million will be paid with our internal funds. Our Directors expect that such upgrade works will begin in the fourth quarter of 2017 and will take approximately 18 months to complete.

(ii) Conversion of certain of our existing leased properties in the PRC into two factory buildings

During the Track Record Period, our production reached full capacity in certain months. In order to ensure the smooth and efficient operation of our production activities and to achieve our on-time delivery monthly performance target of 98.5%, our Directors are of the view that the optimal average utilisation of our production facilities is 80% of our full capacity. Taking into consideration our historical revenue growth rate from FY2014 to FY2016, our Directors expect that we will achieve full production capacity in 2018. In view of the current utilisation of our production facilities and the estimation that our production facilities are expected to reach full capacity in 2018, it is necessary for us to expand our production capacity to cater for new purchase orders so as to continue to maintain an average production capacity of 80% and achieve a high on-time delivery rate.

In order to enhance our production capacity, on 5 December 2016, we entered into a memorandum of understanding (the "**MOU**") with 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) (the "**Shiji Association**"), the landlord of our leased properties in the PRC. Pursuant to the MOU, certain of our leased properties with a total GFA of approximately 5,720.0 sq.m. (including open space of approximately 606.0 sq.m.) and currently used as warehouses (i.e. Property 1 and certain portions of Property 5 as defined in "Properties – Leased Properties" in this section) will be converted into a 5-storey factory building with a GFA of 9,570.0 sq.m. (the "**No. 1 Factory Building**") and a 3-storey factory building with a GFA of 6,912.0 sq.m. (the "**No. 2 Factory Building**"). Shiji Association will be responsible for the construction of the factory buildings and the obtaining of all requisite approvals, permits and certificates, including building ownership certificates. Upon Shiji Association completing the relevant project application, land use planning and project construction procedures and us vacating from the relevant leased property, Shiji Association will complete the construction of No. 1 Factory Building within eight months. Construction works for No. 2 Factory Building will begin six months after completion of construction of No. 1 Factory Building and will be completed within eight months. Shiji Association shall ensure that, upon completion of all construction works, we will be able to continue to lease No. 1 Factory Building and No. 2 Factory Building.

The total cost of such conversion is estimated to be RMB25.0 million, which will be fully borne by Shiji Association and of which RMB14.0 million will be prepaid by us in advance and will then be utilised for the following purposes: (i) RMB2.0 million as rental deposit for No.1 Factory Building and No.2 Factory Building in relation to the additional floor area to be constructed; (ii) RMB1.5 million as electricity installation charges; and (iii) RMB10.5 million as rental prepayment for No.1 Factory Building and No.2 Factory Building. As at the Latest Practicable Date, we had paid RMB1.0 million to Shiji Association as earnest money for the MOU. The remaining RMB13.0 million (equivalent to HK$15.1 million) will be funded by the proceeds from the Global Offering (amounting to HK$14.3 million) and our internal resources

** for identification purpose only*

(amounting to HK$0.8 million) and will be paid to Shiji Association in stages depending on the construction progress of No.1 Factory Building and No.2 Factory Building. Pursuant to the MOU, if Shiji Association fails to obtain the relevant approvals and certificates for the No.1 Factory Building and the No.2 Factory Building accordingly, Shiji Association shall unconditionally return to us the earnest money we paid and we are entitled to terminate the cooperation; if Shiji Association fails to lease the No.1 Factory Building and the No.2 Factory Building to us, we are entitled to request Shiji Association to refund all the money that we paid and terminate the MOU.

Our Directors have considered other alternatives, such as leasing an alternative site free of title defects, to facilitate our expansion plan. However, given that (i) Shiji Association informed us that there should not be any material obstacles in obtaining building ownership certificates for No.1 Factory Building and No.2 Factory Building for industrial use; and (ii) we could create synergy, minimise our logistics and administrative costs and maximise our production efficiency if the expansion plan was to be implemented in our existing production base, our Directors are of the view that the existing conversion plan is in the best interest of our Group.

Based on the information currently available and subject to unforeseen circumstances, our Directors expect that the construction works of No. 1 Factory Building and No. 2 Factory Building will begin in the second quarter of 2018 and the second quarter of 2019, respectively, and that the construction works and the installation of machineries and equipment will be completed within eight months after commencement of construction works. Upon completion of construction of No. 1 Factory Building and No. 2 Factory Building, which is expected to be in or around the fourth quarter of 2018 and the fourth quarter of 2019, respectively, and subject to the obtaining of all requisite approvals, permits and certificates for conducting manufacturing activities therein by us, we intend to set up four production floors of a total GFA of 7,656.0 sq.m. and install approximately two automated SMT production lines and six interchangeable PCB assembly production lines. Such additional production lines will principally be engaged in the manufacturing of electro-mechanical products, switch-mode power supplies and smart chargers, and our annual production capacity upon completion of setting up the four production floors is expected to approximately double our existing annual production capacity. We believe that such arrangements will allow us to cope with the growing demand of our products. Given that the production plan of our customers would not be available until 9 months prior to the intended product delivery date, our Directors are not, at this moment, in the position to estimate sales beyond 2018. Nevertheless, our Directors believe that, with the opening of two new offices in Dublin and Paris which will serve to expand our customer base in North America and Europe and the expansion of our ATE production, our customers' demand for our products will continue to grow.

Furthermore, in order to enhance our product and service quality, our Directors have considered the following factors when formulating our expansion plan:

(i) many of our existing equipment, leasehold improvements and infrastructure have been used for over five years and are fully depreciated, as reflected by our relatively low net book value of fixed assets (other than a leasehold property in Hong Kong) of HK$20.7 million as at 31 May 2017, and these assets might not be able to cope with the future quality and lead time demand of our customers;

(ii) the inclusion of certain technologically advanced elements, including Industry 4.0 operational concept and additional production space for potential new products; and

(iii) the estimated additional production floor area and production capacity required for potential projects in negotiation.

The development of the new production plant will be carried out in stages. The following table sets out the estimated increase in production capacity as compared to our production capacity as at the Latest Practicable Date:

For the year ending 31 December				
2017	**2018**	**2019**	**2020**	**2021**
–	12.5%	50%	57.5%	95%

We have been in touch with a number of potential customers engaging in the supply of electric vehicle ("**EV**") chargers, gaming industry and healthcare industry for possible cooperation for products to be applied in such industries. As at the Latest Practicable Date, we had achieved following progress with such customers:

Customer engaging in the supply of EV chargers

A potential customer who is a supplier for EV chargers is looking for cooperation with our Group as the manufacturer. Our Group is in the process of confirming the design of the first prototype sample with the potential customer, and if the prototype sample fulfills the potential customer's requirements, it is expected that initial production will commence in the first quarter of 2018.

Customer engaging in the supply of industrial and healthcare power supplies

A potential customer, which is an Irish company specialising in industrial and healthcare power supplies, approached us subsequent to the Track Record Period. We have received from this customer mass production order for high-end fanless modular power supplies for both healthcare and industrial markets. It is estimated that the first production batch will be launched in September 2017.

Customer engaging in Gaming industry

An existing American-based customer, which commenced business with our Group in 2016, is currently planning to shift its orders from other suppliers to us to reduce cost and improve product quality. In 2017, we have been requested to quote 11 series (more than 180 models) which include power supplies for casino gaming machines. Should this customer agree on our quotations, sales volume will substantially increase in 2018 and afterwards. Meetings have been scheduled with such customer in the third quarter of 2017 to discuss on the details of cooperation.

Other potential customers

We are also discussing with a number of recurring customers and new potential customers on quotations and new projects which, if materialise, will require additional production capacity to complete such orders in a timely manner.

Our Directors estimate that should all of the above potential orders be confirmed, due to the size of the products of such potential orders, the current production floor area will be insufficient to carry out all production activities simultaneously to ensure delivery in a timely manner. Our Directors are therefore of the view that it is inevitable that we will have to increase our production capacity to support our business growth.

Our total investment for the setting up of production floors is expected to be HK$21.1 million, of which HK$9.1 million will be paid with the proceeds from the Global Offering and HK$12.0 million is expected to be paid with our internal funds. Our total investment for the installation of new production line is expected to be HK$55.1 million, of which HK$53.8 million will be paid with the proceeds from the Global Offering and HK$1.3 million is expected to be paid with our internal funds. For details of the use of proceeds of the Global Offering, see "Future Plans and Use of Proceeds" in this prospectus. Subject to the operation results of the newly installed production lines and depending on the prevailing market conditions and our financial resources, we may further install production lines in our production base in the future.

Our Directors have considered various debt financing options, including but not limited to the utilisation of our Group's undrawn banking facilities and obtaining additional bank financing, to finance our Group's business expansion. Our Directors are of the view that (i) given that our Group's undrawn banking facilities which comprised trade financing, factoring and overdraft facilities are repayable within 12 months after drawdown; and (ii) in view of the long term nature of the expansion plan, it is not in our Group's best interest to finance its long term investment with short term facilities. In view of such, our Directors have explored the possibility of obtaining long term bank financing for the capital required for the development of the new production plant and the upgrading of production facilities. Based on the communication with a banking institution in Hong Kong, our Directors understand that since the fixture, plant and machineries to be acquired by us for the new production plant and the upgrading of production facilities will be situated in the PRC, the banking institution is, at the moment, reluctant to take such fixture, plant and machineries located in the PRC as collateral for a possible long term capital expenditure loan. As a result, should our Group consider obtaining bank financing in Hong Kong, it will possibly be of short term in nature. In view of the above, our Directors have also explored the possibility of obtaining a long term capital expenditure loan from banking institutions in the PRC. Based on the preliminary terms offered, the interest cost in the PRC for such a long term capital expenditure loan ranges from 5.9% to 7.4% with collateral and in RMB. Should our Group consider financing the development of the new production plant and the upgrading of production facilities by bank borrowings in the PRC, our Group will incur additional finance cost and our gearing will change from a net cash position as at 31 May 2017 to a gearing position. Furthermore, considering that the loan offered by the PRC banking institutions will be denominated in RMB and our cash flow from operations is denominated in U.S. dollars, we will be exposed to currency risks of any appreciation of RMB for the repayment of loan.

Because of the title defects of the collectively-owned land on which our leased properties in the PRC are situated, the details of which are set out in "Properties – Title Defects" in this section, we have identified two 5-storey factory buildings (the "**First Back-up Factory**") of a total GFA of 20,276.2 sq.m. and located in the vicinity of our existing production base as an alternative location to establish our new production facilities, in the event that Shiji Association is unable to obtain building ownership certificates (房屋產權證) for our leased properties in the PRC or to obtain the same in a timely manner. The First Back-up Factory possesses valid title documents and is available to be used for production. The establishment of new production facilities in the First Back-up Factory is expected to be carried out in substantially the same manner as the establishment of No.1 Factory Building and No.2 Factory Building.

On 4 July 2017, we entered into a legally binding agreement (the "**First Pre-lease Agreement**") with the landlord of the First Back-up Factory, Guangzhou City Panyu District Yuwotou Standard Plastic Electricity Factory* (廣州市番禺區魚窩頭標準塑膠電子廠) (the "**Back-up Factory Landlord**"), an Independent Third Party. Pursuant to the First Pre-lease Agreement, on or prior to 3 July 2018, we have the right, but not the obligation, to request the Back-up Factory Landlord to enter into a formal lease agreement and deliver the First Back-up Factory to us for use within 90 days after signing the formal lease agreement. In the event that Shiji Association fails to obtain building ownership certificates (房屋產權證) for our leased properties in the PRC or to obtain the same in a timely manner, we can exercise our right under the First Pre-lease Agreement so that we can carry out our expansion plan in the First Back-up Factory. As at the Latest Practicable Date, the First Back-up Factory was vacant. The major terms of the First Pre-lease Agreement are summarised below:

Term:	From 4 July 2017 to 3 July 2018
Subject matter:	On or prior to 3 July 2018, we have the right, but not the obligation, to request the Back-up Factory Landlord to enter into a formal lease agreement with us and to lease the First Back-up Factory to us. The Back-up Factory Landlord is obliged to enter into a formal lease agreement with us and deliver vacant possession of the First Back-up Factory to us within 90 days from the date of the formal lease agreement.
Rental amount:	RMB25.0 per sq.m. (equivalent to HK$29.0 per sq.m.) (exclusive of tax)
Deposit:	RMB100,000.0 (equivalent to HK$116,000.0)

* for identification purpose only

Strengthen our sales and marketing efforts in the industrial EMS sector

Our Directors believe that maintaining a close relationship with our customers and understanding their needs are crucial to our continuous business development. Hence, our marketing division often communicates with and pays visits to our major customers so as to better understand their needs and requirements on product design, capability, functionality and quality, and allow feedback on our products. In addition, as part of our continuous sales and marketing efforts, we attend local and overseas industry exhibitions and trade fairs from time to time. We are also in collaboration with one of our major customers to cope with its just-in-time logistics requirements.

In order to keep ourselves abreast of the market development and gain insights on the latest industry trend, we intend to participate in more industry exhibitions and trade fairs, which will allow us to better respond to our customers' requests, attract new customers and explore new market opportunities. Our participation in industry exhibitions and trade fairs will also present us with the opportunity to enhance our brand awareness and reach out to more potential customers.

Continue to recruit talents and professionals

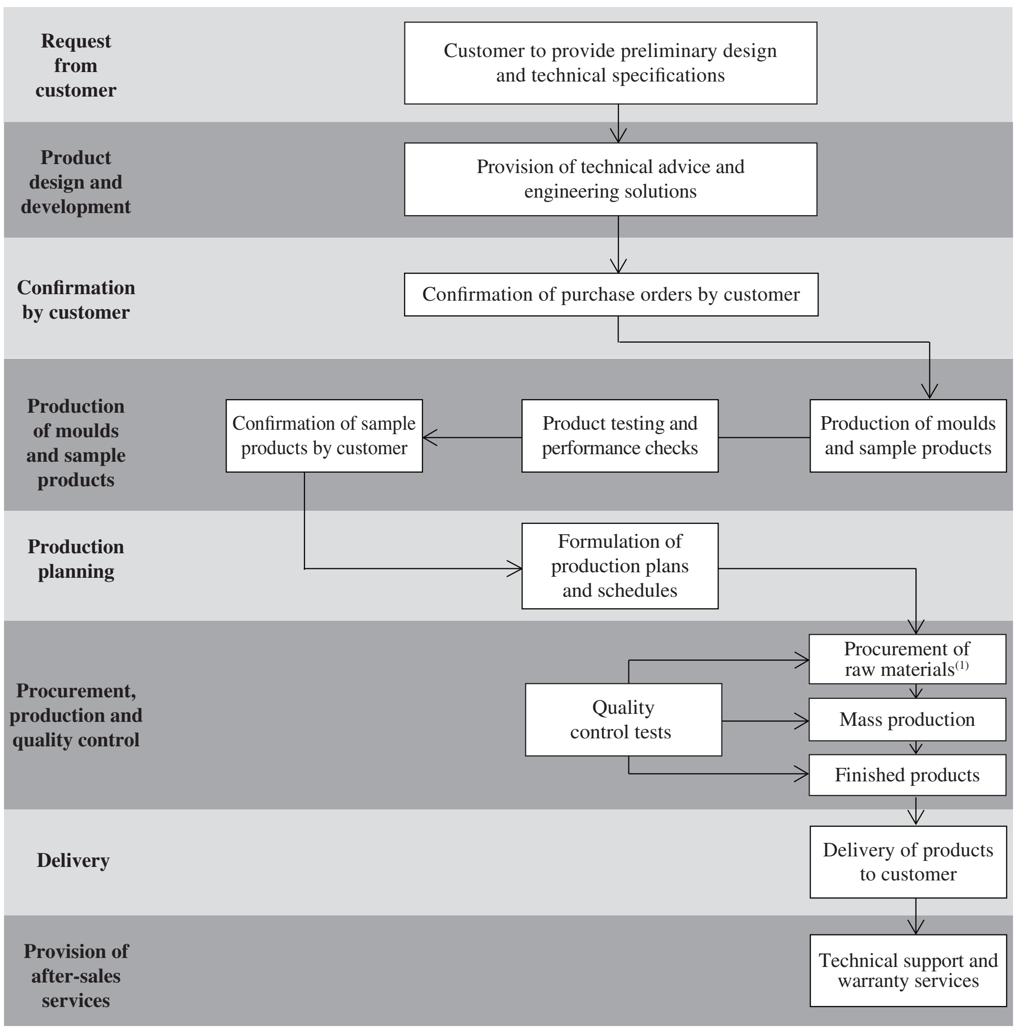
We strive to differentiate ourselves from our competitors through the delivery of quality products and the provision of value-added services. In order to enhance our competitiveness in the industrial EMS industry, we will establish a strategic talent office in Guangzhou City, Guangdong Province, the PRC, which is expected to commence operations in the fourth quarter of 2017. Our strategic talent office will be divided into three divisions, namely strategic IT, strategic purchasing and strategic finance. The strategic IT division will be mainly responsible for analysing our IT system requirements and establishing a big data analysis centre; the strategic purchasing division will be mainly responsible for formulating and implementing our strategic procurement policies, exploring new suppliers and strengthening business relationships with existing and future suppliers; whereas the strategic finance division will be mainly responsible for enhancing our financial management systems, establishing appropriate standards and facilitating the carrying out of our internal audit works. We intend to recruit approximately 23 high calibre personnel, including engineers, IT technicians, procurement specialists, accountants and internal auditors, for our strategic talent office. We believe that our strategic talent office will allow us to integrate our resources, enhance our efficiency in procurement, reduce our procurement costs as well as enhance our corporate governance capabilities. With the expertise and experience of our high calibre personnel, our strategic talent office will also allow us to build the right workforce for the efficient execution of our business development plans, thereby supporting our continuous business growth.

Apart from our attractive remuneration package, we will continue to offer comprehensive career development to our employees by enhancing their technical and industry knowledge as well as management skills through continuous training.

OUR BUSINESS MODEL

We are an EMS provider principally engaged in the manufacturing and sales of customised industrial electronic components and products. As an OEM, we manufacture products in accordance with the design and technical specifications provided by our customers.

The following diagram illustrates our business model:



Note:

(1) Depending on the design and specifications of the products, our customers may, at their own cost, provide us with certain raw materials or parts which are to be installed in the products to be manufactured by us.

OUR PRODUCTS

We derive our revenue mainly from the sales of our OEM products, including (i) electro-mechanical products; (ii) switch-mode power supplies; and (iii) smart chargers, which are generally applied in various industrial electronic equipment such as (a) renewable energy facilities; (b) telecommunications equipment; (c) commercial freight equipment; (d) medical devices; and (e) security systems. We also sell ATE under our own brand. The following table sets out a breakdown of our revenue during the Track Record Period by product category:

	For the year ended 31 December						For the five months ended 31 May	
	2014		2015		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Electro-mechanical products	260,711	50.4	306,281	46.6	257,708	34.6	110,030	37.0
Switch-mode power supplies	169,024	32.7	163,082	24.8	138,520	18.6	58,727	19.8
Smart chargers	83,048	16.0	178,746	27.2	336,601	45.2	127,215	42.8
Others[(1)]	4,696	0.9	9,505	1.4	12,070	1.6	1,343	0.4
Total	517,479	100.0	657,614	100.0	744,899	100.0	297,315	100.0

Note:

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

OEM Products

Electro-mechanical products

Our electro-mechanical products include various assemblies for equipment such as access control lock and security control system and keypad, coil box assembly, control parts for water filtration systems, converters and filters, such as EMI filter, for renewable energy facilities, industrial pumps for air conditioners and medical device. Set out below is certain information about our major electro-mechanical products and their areas of application:

Products	Description	Areas of application
	Coil box assembly	Wind turbine and solar energy systems
	EMI filter	Renewable energy facilities

Products	Description	Areas of application
	Access control lock	Access and security control systems in hospitals and commercial buildings
	Security control system and keypad	Access and security control systems in hospitals and commercial buildings

Switch-mode power supplies

Our switch-mode power supplies include various switch-mode AC/DC box-built and module-built units, power supply module and power supply board, which are used in various equipment such as medical devices, renewable energy facilities, telecommunications equipment and commercial freight equipment. Set out below is certain information about our major switch-mode power supplies and their areas of application:

Products	Description	Areas of application
 	Power supply module	Medical devices such as DVT devices; Renewable energy facilities; and Telecommunications equipment
 	Power supply board	Commercial freight equipment; and Medical devices such as DVT devices

Smart chargers

Our smart chargers, such as battery charger, are heavy duty chargers, which are used in commercial freight equipment, vehicles and construction equipment. Set out below is certain information about our major smart chargers and their areas of application:

Products	**Description**	**Areas of application**
 	Battery charger	Commercial freight equipment such as fork lift trucks and hoist cranes; Vehicles such as sea vessels and other industrial electric vehicles; and Construction equipment such as mobile power equipment

Others

Our other products include PCB assembly, power switch gear boards and catering equipment control boards. Set out below is certain information about our other products and their areas of application:

Products	**Description**	**Areas of application**
	PCB assembly	Automobile

Products Sold under our Own Brand

Automatic testing equipment

We sell ATE, such as secure ESD Tester and automatic tester, which is tailor-made for our customers to carry out burn-in process and conduct performance and quality tests on products of varying sizes and functionalities.

Products	Description	Areas of application
	Secure ESD Tester	Manufacturing equipment for measurement of resistance
	Automatic Tester	Power electronic testing equipment

Development Time and Product Life

The development time of our OEM products generally ranges from approximately six to 12 months (i.e. from the receipt of specifications from customers to their confirmation of purchase orders), whereas the product life of the majority of our OEM products is estimated to be approximately five years.

The development time of our ATE generally ranges from approximately three to four months (i.e. from the receipt of specifications from customers to their confirmation of purchase orders), whereas the product life of our ATE is estimated to be approximately five years.

Pricing

We primarily determine the price of our products on a cost-plus basis, taking into account various factors such as our target profit contribution and the purchase volume. See "Financial Information – Key Components of our Consolidated Statements of Comprehensive Income – Revenue" in this prospectus for further details of the average selling price of our products during the Track Record Period.

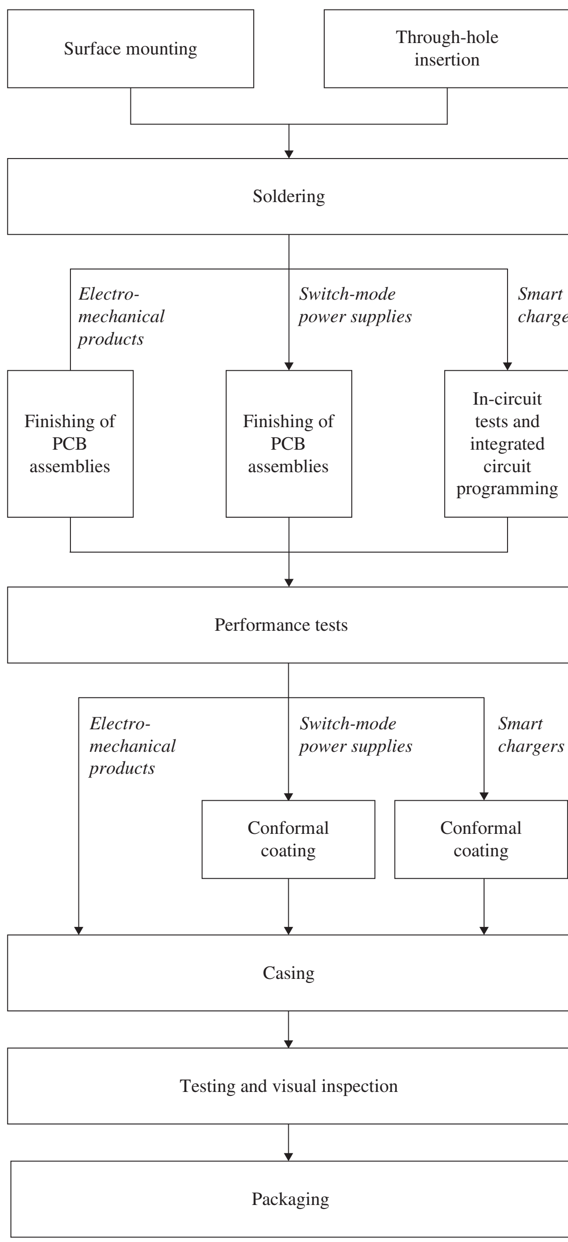
Seasonality

Our revenue is generally lower in the first quarter of a year due to the Chinese New Year holiday, when our production facilities are closed. Our revenue tends to be higher in periods before and after the Chinese New Year holiday. We expect that such pattern is likely to continue in the future.

PRODUCTION

Production Process of OEM Products

The following flowchart shows the major steps in the manufacturing of our electro-mechanical products, switch-mode power supplies and smart chargers:

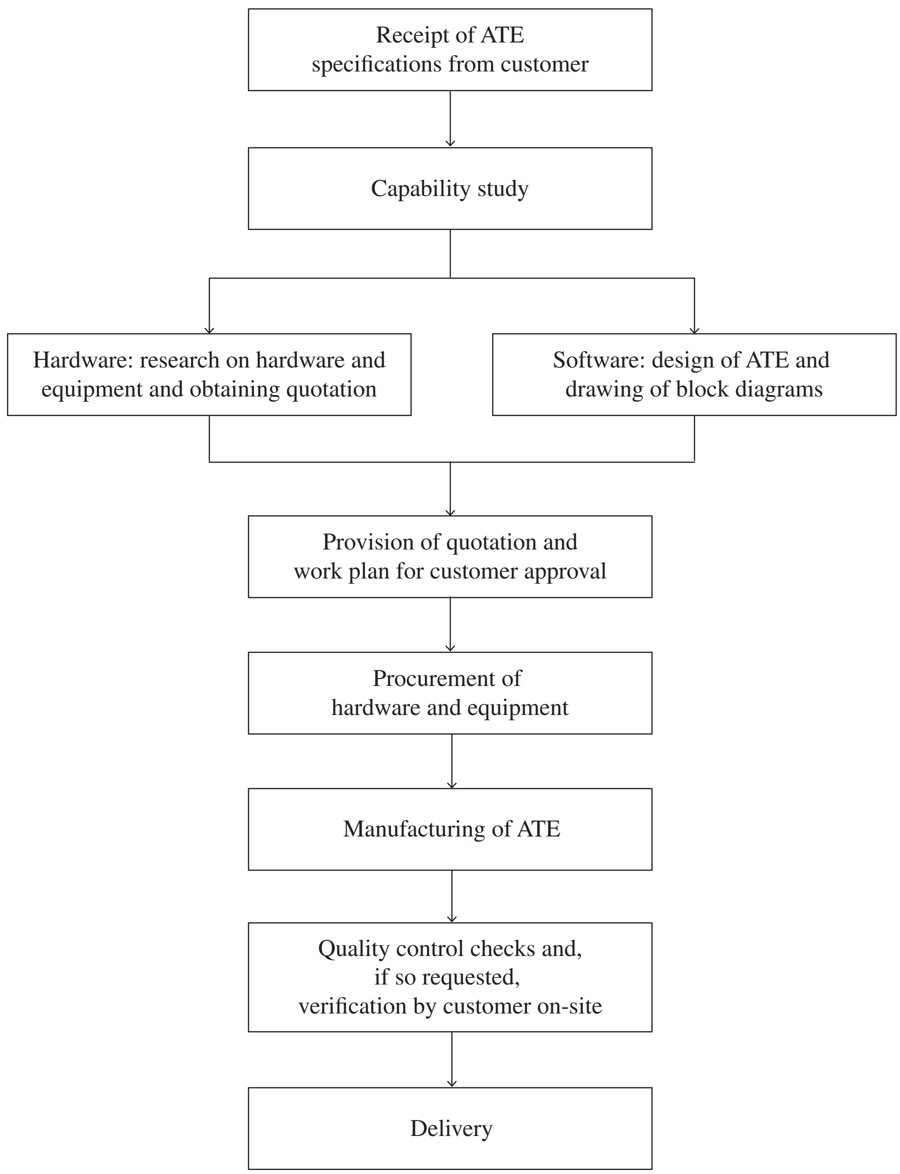


- Applying surface mount components onto PCBs
- Placing through-hole components onto PCBs
- Wave soldering of components onto PCBs by automatic machines
- Hand soldering of additional components onto PCBs (for electro-mechanical products)
- Final touch-up of PCB assemblies (for electro-mechanical products and switch-mode power supplies)
- Performance of in-circuit tests on PCBs and programming of in-circuit microprocessor modules (for smart chargers)
- Performance tests on PCB assemblies
- Applying conformal materials on PCB assemblies (for switch-mode power supplies and smart chargers)
- Casing of PCB assemblies into finished products
- Performance tests on and visual inspection of finished products
- Labelling of finished products with a serial number for internal record
- Packing of finished products for delivery

Subject to the availability of raw materials, the production lead time of our OEM products generally ranges from approximately six to nine weeks.

Design and Production Process of ATE

The following flowchart shows the major steps in the design and manufacturing of our ATE:



Subject to the availability of raw materials and the time required to complete the design process, the production lead time of our ATE generally ranges from approximately 14 weeks to 18 weeks.

Application of T-MICS

T-MICS is our internally developed manufacturing execution system, which is applied throughout our entire production process. Composed of specialised work stations, T-MICS connects different aspects of the production process by various scanning, electronic and verification devices, and is highly integrated through collecting, storing and analysing real time data at each critical stage of production. Each work station carries out a specific task assigned to it by the control centre, which coordinates the entire production process and is configured by an initial input of instructions based on the intended product design. In this highly automated process, the scanning, electronic and verification devices carry out the following tasks:

scanning devices	•	register all QR codes as easily identifiable records
electronic devices	•	check if the raw materials are properly assembled in accordance with the instructions
	•	monitor the production efficiency in real time; and if there is any decrease in production efficiency, give off alert to the electronic devices in other work stations
verification devices	•	ascertain the quality of the assembled or partially assembled products

With the application of T-MICS, we are able to optimise our production efficiency. T-MICS collects real time data and closely monitors how well we achieve our performance targets in relation to productivity and quality assurance. If we fail to reach the performance targets, we are able to promptly identify the source of the problem and take appropriate remedial actions. By setting a standard timeline for each step of the production process, we are able to objectively evaluate the performance of our production workers and maximise their productivity by assigning them with appropriate tasks. T-MICS also closely monitors the utilisation and efficiency of our machineries and equipment, thereby allowing us to identify bottlenecks in our production process, evaluate our production plans and make better arrangements with respect to the use of such machineries and equipment.

In addition, T-MICS manages a traceability record system, which records the production data of our products as they flow through the manufacturing process, thus enabling us to accurately trace our products to their origins. See "Quality Control – UL Traceability Record System" in this section for further details of our traceability record system.

Through the application of T-MICS, our production processes can be adjusted at short notice, which allows us to handle our customers' purchase orders more efficiently and reduces downtime. Our Directors believe that the application of T-MICS has not only enhanced our production efficiency and flexibility, but also allowed us to better plan our manufacturing activities and deploy our resources more efficiently.

T-MICS is copyrighted in the PRC and patented in Hong Kong. See "Statutory and General Information – Further Information about our Business – 8. Intellectual property rights of our Group" in Appendix IV to this prospectus for further details.

T-MICS is an internally developed operation system. According to HKAS 38 "Intangible Assets" paragraph 57, intangible assets arising from development (or from the development phase of an internal project) need to fulfil several criteria in order to qualify for recognition as intangible assets, and such criteria include the technical feasibility of completing the intangible assets so that they will be available for use or sale and the ability to measure reliably the expenditure attributable to the intangible assets during their development. During the development of T-MICS, our Directors were not certain that we had the technical feasibility of completing T-MICS so that it would be available for use or sale. Our Directors also considered that it was not possible to distinguish the costs attributable to the development of T-MICS from the costs of running our day-to-day operations. Therefore, it is considered that T-MICS did not satisfy the recognition criteria and the costs incurred were recognised in our income statement in the respective years from 2009 to 2013.

PRODUCTION FACILITIES

Production Facilities

As at the Latest Practicable Date, we had one production base located in Nansha District, Guangzhou City, Guangdong Province, the PRC and we operated four fully-automated fixed production lines and 66 interchangeable production lines which can be adjusted according to our production schedule.

Production Capacity, Production Time and Utilisation Rate

As SMD process is a fundamental step in the manufacturing of our products, the production volume of our products is subject to the output volume of our SMT lines. The following table sets out our designed annual production capacity, actual annual production time and average utilisation rate of our SMT lines during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May
	2014	**2015**	**2016**	**2017**
Number of SMT lines	3	4	4	4
Number of available SMT machine hours *(hours)*(1)	18,840	20,380	22,800	9,440
Number of productive SMT machine hours *(hours)*(2)	14,114	16,814	17,679	7,362
Utilisation rate *(%)*(3)	74.9	82.5	77.5	78.0

Notes:

(1) The number of available SMT machine hours is calculated by multiplying the number of SMT lines by the number of hours in a day and the number of days in a year that our SMT machines are expected to operate. The above calculation is based on the assumptions that our SMT machines operate 20 hours a day, and 314 days, 298 days, 285 days and 118 days for FY2014, FY2015, FY2016 and 5M2017, respectively.

(2) The number of productive SMT machine hours is calculated based on the number of actual machine hours utilised in production, which includes set-up time but excludes unforeseen maintenance downtime.

(3) The utilisation rate is calculated by dividing the number of available SMT machine hours by the number of productive SMT machine hours.

Our Directors believe that the following features of T-MICS have allowed us to optimise our production efficiency:

- T-MICS closely monitors the utilisation and efficiency of our machineries and equipment, which allows us to evaluate our production plans and make better arrangements with respect to the use of such machineries and equipment;

- T-MICS closely monitors the productivity of our production workers, which allows us to objectively evaluate their performance and maximise their productivity by assigning them with appropriate tasks; and

- as sensors are installed in our major machineries and equipment, any malfunction or breakdown of such machineries and equipment will be promptly identified, which enables us to take immediate remedial actions to reduce idle time and minimise disruption to our production process.

Major Machineries and Equipment

Our machineries and equipment are used and applied in different production lines for the manufacturing of different types of products. The table below sets out the details of our major machineries and equipment as at the Latest Practicable Date:

Machinery/equipment	Usage	Approximate number of units
Coil winding machine	Coil winding of transformers	162
SMT line	SMD process	4
Automatic optical inspection equipment	Inspection of PCB assemblies	6
In-circuit tester	Testing of PCB assemblies	9
Nitrogen generator	Generating nitrogen to improve soldering quality	1
Burn-in machine	Performing burn-in process	19
ATE	Conducting performance and quality tests	50

All machineries and equipment used in our production process are owned by us. The major machineries and equipment are of an average age of approximately seven years, and from the experience of our Directors, their estimated useful life is approximately 10 years. All our machineries and equipment are functioning properly and there is no immediate need to replace or upgrade the same. See "Financial Information – Critical Accounting Policies – Property, plant and equipment" in this prospectus for details relating to the calculation of depreciation of our machineries and equipment.

We perform checks and carry out repair and maintenance works on our machineries and equipment on a regular basis. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant interruption in our business operations nor any prolonged suspension of our manufacturing operations arising from the failure or breakdown of machineries or equipment which materially or adversely affected our operations or financial position.

QUALITY CONTROL

Our quality control department is responsible for maintaining and operating our quality control system and handling product complaints and returns. As at the Latest Practicable Date, we had 266 quality control personnel, with an average of approximately three years of quality control experience. The head of our quality control department has more than 15 years of experience in the EMS industry and is familiar with the application of quality control management techniques and methods of switch-mode power supplies.

In order to ensure the quality of our products, we have established a comprehensive quality control system that covers the entire production process. In recognition of our quality management system, we have obtained certifications to ISO 13485:2003, ISO 9001:2008 and ISO/TS 16949:2009.

Our major quality control measures are as follows:

Incoming Quality Control

To ensure that the quality of raw materials comply with our specifications and requirements, we inspect and perform incoming quality control tests on the raw materials. We test the appearance, functionality, safety and reliability of the raw materials based on industrial sampling standards and our customers' requirements (if any). Such test results are recorded in our internal quality control system, upon which suggested treatment procedures on the raw materials and testing procedures for future procurements are generated. Raw materials that pass our incoming quality control tests will enter our production lines and those that do not pass our incoming quality control tests will be returned to suppliers for an exchange or a refund.

In-process Quality Control

In order to ensure that the production process is in order, we carry out quality inspection at various stages of the production process. During mass production, our production and quality control departments perform regular and random checks on our products to ensure that their appearance and functionality are in full compliance with our customers' requirements. All quality assessment results and any identified abnormality or irregularity during the production process are recorded in our internal quality control system, and corrective actions will be taken as appropriate.

Outgoing Quality Control

Our finished products are subject to sample checking and testing to ensure that they comply with the product specifications and requirements provided by our customers. If the lot of finished products is within the range of acceptable quality limit, we will arrange for delivery of products to our customers.

UL Traceability Record System

Our UL traceability record system, which is one of the modules of T-MICS, connects each critical stage of the manufacturing process. All production data relating to our products are recorded in our UL traceability record system, and such information includes: (i) the type of raw materials used; (ii) the manufacturing date of such raw materials; (iii) the date of receipt of such raw materials and their batch number; (iv) the products into which such raw materials were incorporated; (v) the manufacturing date of the products; (vi) the workers responsible for each stage of the manufacturing process; and (vii) the delivery date of the products.

All our products are labelled with QR codes when they first enter the assembly line, which facilitates the storage and retrieval of production data. With the use of the traceability record system, we are able to accurately trace our products to their origins (including the raw materials used and the production lines involved in the manufacturing process). In addition, if there are quality issues with our products, our traceability record system enables us to promptly ascertain the source of the defect, identify the defective products and take appropriate remedial measures to prevent future recurrence. Our Directors believe that our traceability record system has enhanced our operational efficiency and control over the production process.

In addition, as our traceability record system is recognised by the UL, when our customers manufacture UL-recognised products with the components and products supplied by us, such end products will not require further UL investigation. Our Directors believe that our UL traceability record system not only enhances our customers' confidence in our products, but also shortens the time to market of their products, thereby allowing them to seize market opportunities in a timely manner.

Product Return and Warranty

We generally offer to our customers a warranty period of one to two years upon delivery. In the event that we receive complaints from our customers about the quality of our products, we will obtain relevant information from our customers and, if necessary, conduct on-site investigation. If our customers' complaints are justified, we may arrange for reimbursement of repair cost or product return or replacement, depending on, among others, the nature and seriousness of the defect and the turnaround time of returning and replacing the products. If the quality issues of our products are due to the faults of our suppliers, we will claim against our suppliers pursuant to the terms of the relevant framework sale and purchase agreements.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material dispute or complaint arising from or in connection with the quality of our products. Our Directors consider that the number of returned products was insignificant.

CERTIFICATIONS

We are obliged to ensure that our products comply with all applicable legal requirements and industry standards. The following table sets out the major certifications in respect of our products:

No.	Certification	Scope	Issuing authority	Validity period
1.	ISO/TS 16949:2009	Quality management system – Manufacture of printed circuit board assemblies (PCBA)	British Standards Institution	10 February 2015 to 9 February 2018
2.	ISO 13485:2003	Quality management system – Assembly of electronic parts and components for medical applications	British Standards Institution	16 February 2015 to 15 February 2018
3.	Registration with the U.S. Food and Drug Administration	Medical device	U.S. Food and Drug Administration	–
4.	UL Certification	Component – Printed wiring assemblies	UL	–
5.	UL Certification	Component – Systems, electrical insulation	UL	–
6.	Certificate for China Compulsory Product Certification	Switch-mode power supply	China Quality Certification Centre	16 December 2013 to 16 December 2018
7.	Certificate for China Compulsory Product Certification	Power supply	China Quality Certification Centre	27 April 2017 to 27 April 2022
8.	Certificate for China Compulsory Product Certification	AC/DC power supply	China Quality Certification Centre	1 July 2014 to 15 February 2019
9.	Certificate for China Compulsory Product Certification	Switching power supply	China Quality Certification Centre	25 January 2017 to 22 February 2019
10.	Certificate for China Compulsory Product Certification	Power supply for building-in (open frame)	China Quality Certification Centre	14 August 2015 to 14 August 2020

In addition, we have obtained certifications in respect of certain aspects of our operations, the details of which are set out below:

No.	Certification	Scope	Issuing authority	Validity period
1.	ISO 9001:2008	Quality management system – Assembly of electric parts and components	British Standards Institution	10 February 2015 to 9 February 2018
2.	ISO 14001:2004	Environmental management system – Assembly of electric parts and components	British Standards Institution	10 March 2016 to 14 September 2018
3.	OHSAS 18001:2007	Occupational health and safety management system – Assembly of electric parts and components	British Standards Institution	5 February 2016 to 4 February 2019

SALES AND MARKETING

We believe that establishing long-term close and stable relationships with our customers is crucial to the success of our business. Our sales and marketing division is responsible for the sales and promotion of our services, managing client relationship, handling customers' enquiries and orders, formulating sales plans, compiling sales data, and recovering outstanding payment from customers. As at the Latest Practicable Date, our marketing division consisted of 27 staff members.

We leverage our relationship with existing customers for referrals of new customers. In addition, we attract potential customers through online advertising and participation in industry exhibitions and trade fairs. During the Track Record Period, we participated in various industry exhibitions and trade fairs, including Electronica in Munich, Germany, electronicAsia in Hong Kong and Productronica in Shanghai, the PRC. Our participation in industry exhibitions and trade fairs not only promotes our brand and increases our potential customers' awareness of us and our products, but also allows us to keep abreast of the latest market intelligence and gain insights on the latest industry development.

In order to explore new business opportunities, we engage sales agents, which include individual salesperson as well as design houses and their engineers, for the introduction of new customers. For FY2014, FY2015, FY2016 and 5M2017, we engaged five, six, five and five sales agents, respectively. The sales agents are mainly responsible for introducing new customers and business opportunities to our Group, facilitating the communication between our Group and the customers and following up with the design of the customers' products. The sales commission agreements we enter into with our sales agents generally set out, among other things, the duties of our sales agents and the rate of sales commission. The amount of sales commission we pay to our sales agents is subject to commercial negotiation, the rate of which is determined based on their level of participation and other factors such as the availability of technical advice and product designs and upgrades to customers, the size and value of new business as well as potential business growth. During the Track Record Period, the sales commission we offered to our sales agents was 0.1% to 5.0% of the sales amount (depending on the product specifications) or was calculated based on the number of products sold at a unit price ranging from US$0.1 per unit to US$8.3 per unit. For FY2014, FY2015, FY2016 and 5M2017, the total amount of sales commission paid to our sales agents was HK$0.9 million, HK$5.1 million, HK$0.2 million and HK$0.2 million, respectively. The amount of sales commission for FY2015 was significantly higher than that of the other years primarily due to the substantial increase in the number of purchase orders of healthcare devices received from two U.S. customers engaging in the development, manufacture and distribution of healthcare products. Our Directors are of the view, and Ipsos concurs, that it is not uncommon for an EMS provider to engage sales agents for the introduction of new customers, especially when exploring new business opportunities in overseas markets.

We have been exploring the possibility of expanding our customer base and have engaged a number of independent sales agents to introduce new customers and/or business to us. Commissions paid to our sales agents are determined based on arm's length negotiations, taking into consideration of the volume of sales orders from potential customers and the complexity of products.

During the Track Record Period, it was our strategy to tap into the healthcare-related industries. We have therefore provided relatively favorable commission rates to sales agents who would introduce to us customers from and/or business in such industries. Revenue generated from the two new U.S customers in the healthcare equipment segment amounted to a total of HK$32.9 million in FY2015, which only accounted for 5.0% of our revenue for FY2015. Even so, the commission rates, which ranged from US$0.35 to US$8.3 per unit, offered to such sales agent were relatively more favorable as compared to those offered to our other sales agents who introduced customers from and/or business in other industries (which generally ranged from US$0.1 to US$5.0 per unit or 0.1% to 5.0% of the sales amount during the Track Record Period). Taking into consideration the number of units sold to such customers during FY2015, our Group recorded a relatively higher sales commission expense of HK$5.1 million in FY2015 (of which HK$4.4 million was paid to the sales agent who introduced our Group to the two new U.S. customers) as compared to other years/period during the Track Record Period.

The following table sets out our commissions paid in accordance with the sales volume and sales value for each of the years/period during the Track Record Period:

Commissions amount (HK$'m)	FY2014	FY2015	FY2016	5M2017
Sales commissions paid for the two new customers in the healthcare equipment segment	0.6	4.4	–	–
Sales commissions paid for other customers	0.3	0.7	0.2	0.2
Total	0.9	5.1	0.2	0.2

Our Directors confirm that, save and except (i) a sales agent of which Mr. Mac Carthy, our Executive Director, was a director and a shareholder but had resigned as a director in December 2015 and ceased to be a shareholder in February 2016; and (ii) a sales agent being Mr. Shahpour Javanmard Emamghissi, a member of our senior management, all sales agents engaged by us during the Track Record Period were Independent Third Parties. Mr. Emamghissi, our director of project development, is mainly responsible for assisting Mr. Mac Carthy, our Executive Director, in our business development activities in Europe. Prior to January 2016, Mr. Emamghissi worked as a consultant for Mr. Mac Carthy and provided support to our sales activities in Europe as well as technical support to our customers therein, and his remuneration was directly paid by Mr. Mac Carthy. For FY2014 and FY2015, Mr Mac Carthy paid an aggregate amount of US$60,000.0 and US$60,000.0, respectively, to Mr. Emamghissi as his remuneration, and such amounts were not subsequently reimbursed by us or otherwise accounted as our expenses for services rendered. Because of Mr. Emamghissi's work performance and his business network in Europe, which we believe would contribute positively to our sales activities in Europe, we invited Mr. Emamghissi to formally join our Group in January 2016. Given that Mr. Emamghissi was not directly under our payroll until January 2016, as a recognition of his contribution towards the sales performance of one of our top five customers during the Track Record Period, sales commission in a total amount of HK$0.3 million was paid by us to Mr. Emamghissi in 2014 and 2015 as a one-off incentive payment.

OUR CUSTOMERS

We have a broad clientele. Most of our major customers are reputable international corporations principally engaging in the manufacturing and sales of industrial electronic products, and we have maintained business relationship with some of them for more than 10 years.

Geographical Coverage

During the Track Record Period, our products were sold to customers located in more than 15 countries around the world, and Europe was our largest market, accounting for 71.3%, 60.7%, 62.4% and 70.3% of our total revenue for FY2014, FY2015, FY2016 and 5M2017, respectively. The following table sets out information about our revenue by geographical segment during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May	
	2014		2015		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Europe[1]	368,865	71.3	398,989	60.7	465,129	62.4	209,127	70.3
North America[2]	88,101	17.0	171,708	26.1	215,004	28.9	61,746	20.8
South-east Asia[3]	28,751	5.6	31,040	4.7	32,314	4.3	14,544	4.9
PRC (including Hong Kong)	28,959	5.6	47,618	7.2	24,609	3.3	6,180	2.1
Others[4]	2,803	0.5	8,259	1.3	7,843	1.1	5,718	1.9
Total	517,479	100.0	657,614	100.0	744,899	100.0	297,315	100.0

Notes:

(1) Europe includes Austria, Denmark, France, Germany, Hungary, Ireland, Italy, the Netherlands, Spain, Switzerland and the United Kingdom.

(2) North America refers to the United States for FY2014 and FY2015, and the United States and Canada for FY2016 and 5M2017.

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

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

Our Major Customers

For FY2014, FY2015, FY2016 and 5M2017, our five largest customers accounted for 73.8%, 70.1%, 81.0% and 81.5% of our total revenue, respectively, while our largest customer accounted for 29.8%, 27.2%, 45.2% and 42.8% of our total revenue, respectively. Set out below are the details of our five largest customers during the Track Record Period:

For the year ended 31 December 2014

No.	Customer	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total revenue *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
1.	Customer A	A multinational electronics enterprise with headquarters in Japan, the shares of which are listed on the Tokyo Stock Exchange and with a market capitalisation of approximately ¥1,157.0 billion as at the Latest Practicable Date	Design, manufacturing and sales of switch-mode power supplies	154,245	29.8	Net 30/60 days or 60 days from end of month	17

No.	Customer	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total revenue *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
2.	Customer B	A global leader in stored energy solutions for industrial applications with headquarters in the United States and 32 manufacturing and assembly facilities world-wide, the shares of which are listed on the New York Stock Exchange and with a market capitalisation of approximately US$3.0 billion as at the Latest Practicable Date	Manufacturing of industrial batteries	83,048	16.0	Immediately due or net 45/60/70 days or 60 days from end of month	5
3.	Customer C	A global engineering enterprise with headquarters in Denmark, sales markets in over 100 countries world-wide and more than 25,000 employees, and its net profit amounting to EUR394.0 million for the year ended 31 December 2016	Manufacturing of cooling and heating equipment as well as power solutions and drives	82,092	15.9	60 days from end of month	11
4.	Customer D	A private company based in the United Kingdom and with sales markets in over 100 countries world-wide	Design, manufacturing and sales of pumps and accessories for the air conditioning, heating and refrigeration industry	32,047	6.2	45 days from end of month	10
5.	Customer E	A private company based in Ireland and established in 1991, with business presence in the security markets in Ireland and the United Kingdom	Manufacturing of electronic intruder and life safety products	30,382	5.9	45 days from end of month	17

For the year ended 31 December 2015

No.	Customer	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total revenue *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
1.	Customer B	A global leader in stored energy solutions for industrial applications with headquarters in the United States and 32 manufacturing and assembly facilities world-wide, the shares of which are listed on the New York Stock Exchange and with a market capitalisation of approximately US$3.0 billion as at the Latest Practicable Date	Manufacturing of industrial batteries	178,745	27.2	Immediately due or net 45/60/70 days or 60 days from end of month	5
2.	Customer A	A multinational electronics enterprise with headquarters in Japan, the shares of which are listed on the Tokyo Stock Exchange and with a market capitalisation of approximately ¥1,157.0 billion as at the Latest Practicable Date	Design, manufacturing and sales of switch-mode power supplies	147,893	22.5	Net 30/60 days or 60 days from end of month	17

No.	Customer	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total revenue *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
3.	Customer C	A global engineering enterprise with headquarters in Denmark and sales markets in over 100 countries world-wide and more than 25,000 employees, and its net profit amounting to EUR394.0 million for the year ended 31 December 2016	Manufacturing of cooling and heating equipment as well as power solutions and drives	59,540	9.1	60 days from end of month	11
4.	Customer F	A private company established in the PRC and a subsidiary of a lithium-ion battery manufacturing group based in the PRC with production facilities and sales centres in Shanghai, Shenzhen, Ningbo, Tianjin and Zhangjiagang	Manufacturing of lithium-ion batteries and provision of green energy solutions	38,320	5.9	45 days from end of month	6
5.	Customer D	A private company based in the United Kingdom and with sales markets in over 100 countries world-wide	Design, manufacturing and sales of pumps and accessories for the air conditioning, heating and refrigeration industry	35,653	5.4	45 days from end of month	10

For the year ended 31 December 2016

No.	Customer	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total revenue *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
1.	Customer B	A global leader in stored energy solutions for industrial applications with headquarters in the United States and 32 manufacturing and assembly facilities world-wide, the shares of which are listed on the New York Stock Exchange and with a market capitalisation of approximately US$3.0 billion as at the Latest Practicable Date	Manufacturing of industrial batteries	336,601	45.2	Immediately due or net 45/60/70 days or 60 days from end of month	5
2.	Customer A	A multinational electronics enterprise with headquarters in Japan, the shares of which are listed on the Tokyo Stock Exchange and with a market capitalisation of approximately ¥1,157.0 billion as at the Latest Practicable Date	Design, manufacturing and sales of switch-mode power supplies	125,536	16.9	Net 30/60 days or 60 days from end of month	17

No.	Customer	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total revenue *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
3.	Customer C	A global engineering enterprise with headquarters in Denmark and sales markets in over 100 countries world-wide and more than 25,000 employees, and its net profit amounting to EUR394.0 million for the year ended 31 December 2016	Manufacturing of cooling and heating equipment as well as power solutions and drives	57,242	7.7	60 days from end of month	11
4.	Customer D	A private company based in the United Kingdom and with sales markets in over 100 countries world-wide	Design, manufacturing and sales of pumps and accessories for the air conditioning, heating and refrigeration industry	49,404	6.6	45 days from end of month	10
5.	Customer E	A private company based in Ireland and established in 1991, with business presence in the security markets in Ireland and the United Kingdom	Manufacturing of electronic intruder and life safety products	34,424	4.6	45 days from end of month	17

For the five months ended 31 May 2017

No.	Customer	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total revenue *(%)*	Credit period	Approximate years of relationship with our Group
1.	Customer B	A global leader in stored energy solutions for industrial applications with headquarters in the United States and 32 manufacturing and assembly facilities world-wide, the shares of which are listed on the New York Stock Exchange and with a market capitalisation of approximately US$3.0 billion as at the Latest Practicable Date	Manufacturing of industrial batteries	127,215	42.8	60 days from end of month	5
2.	Customer A	A multinational electronics enterprise with headquarters in Japan, the shares of which are listed on the Tokyo Stock Exchange and with a market capitalisation of approximately ¥1,157.0 billion as at the Latest Practicable Date	Design, manufacturing and sales of switch-mode power supplies	53,163	17.9	Net 60 days or 60 days from end of month	17
3.	Customer C	A global engineering enterprise with headquarters in Denmark and sales markets in over 100 countries world-wide and more than 25,000 employees, and its net profit amounting to EUR394.0 million for the year ended 31 December 2016	Manufacturing of cooling and heating equipment as well as power solutions and drives	25,265	8.5	60 days from end of month	11

No.	Customer	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total revenue *(%)*	Credit period	Approximate years of relationship with our Group
4.	Customer D	A private company based in the United Kingdom and with sales markets in over 100 countries world-wide	Design, manufacturing and sales of pumps and accessories for the air conditioning, heating and refrigeration industry	20,894	7.0	45/75 days from end of month	10
5.	Customer G	An enterprise engaged in the manufacturing of products for the professional beauty and barber salon trade, consumer personal care and animal grooming, with over 1,500 employees worldwide and its products being available in 165 countries	Manufacturing of products for the professional beauty and barber salon trade, consumer personal care and animal grooming	15,900	5.3	30/35 days from end of month	17

Our customers mostly settle their payment in U.S. dollars and by way of bank remittance.

Our Directors confirmed that none of our Directors, their associates or Shareholders who owned more than 5.0% of the share capital of our Company as at the Latest Practicable Date had any interest in any of our five largest customers during the Track Record Period. Our Directors also confirmed that none of our five largest customers during the Track Record Period was also our suppliers during the Track Record Period.

Framework Sale and Purchase Agreements

We generally enter into framework sale and purchase agreements with our customers. Such framework sale and purchase agreements are legally binding and normally include terms and conditions covering the following aspects:

- price and payment terms;
- delivery terms and the time at which title and risk of our products shall pass to our customers;
- provision of indicative or rolling forecast of the quantities of products expected to be purchased by our customers;
- customers' right to inspect and test our products;
- warranty period and product return and exchange policies;

- insurance coverage;
- warranties that our products will not infringe the intellectual property rights of any third party and indemnification by us for any liability, loss and costs suffered or incurred by our customers as a result of any such infringement;
- confidentiality undertakings in relation to proprietary information;
- our obligations and/or liability in the event of late delivery; and
- termination of the framework sale and purchase agreement.

OUR SUPPLIERS

Our major raw materials include integrated circuits, metal parts, plastic parts, PCB components, capacitors, connectors, transistors, cables and cores, and our purchases are made based on the purchase orders we receive from our customers. Depending on the design and specifications of the products, our customers may, at their own cost, provide us with certain raw materials or parts which are to be installed in the products to be manufactured by us. For FY2014, FY2015, FY2016 and 5M2017, the cost of raw materials amounted to HK$303.8 million, HK$400.9 million, HK$440.5 million and HK$169.2 million, respectively, representing 79.3%, 81.4%, 82.1% and 81.5% of our total cost of sales, respectively. The table below sets out the cost of each of our major raw materials and the percentage contribution to the cost of raw materials during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May	
	2014		2015		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Integrated circuits	37,161	12.2	53,652	13.4	57,610	13.1	26,327	15.6
Metal parts	28,022	9.2	35,309	8.8	48,892	11.1	21,181	12.5
Plastic parts	22,118	7.3	27,338	6.8	37,642	8.5	15,761	9.3
PCB components	21,746	7.2	30,427	7.6	33,874	7.7	14,262	8.4
Capacitors	26,348	8.7	29,183	7.3	31,850	7.2	13,068	7.7
Connectors	16,678	5.5	21,697	5.4	25,521	5.8	10,405	6.1
Transistors	11,532	3.8	18,298	4.6	24,508	5.6	10,005	5.9
Cables	13,101	4.3	24,002	6.0	24,336	5.5	10,930	6.5
Cores	17,809	5.9	14,239	3.6	16,809	3.8	7,594	4.5
Others[1]	109,235	35.9	146,727	36.5	139,502	31.7	39,704	23.5
	303,750	100.0	400,872	100.0	440,544	100.0	169,237	100.0

Note:

(1) Others include transformers, copper wires, glues, resistors, switches, fans, solders etc.

For sensitivity analysis in relation to the cost of raw materials, see "Financial Information – Key Components of our Consolidated Statements of Comprehensive Income – Cost of sales" in this prospectus.

In order to avoid over-reliance on a single source of supply, we maintain more than one supplier for each category of our major raw materials. During the Track Record Period, we had not encountered any material shortage, delay or major difficulty in the procurement of raw materials from our suppliers. Our Directors do not foresee that we will encounter any difficulty in sourcing raw materials in the future.

In order to allow sufficient time for us to adjust our prices in response to fluctuations in raw material prices, we generally procure raw materials upon receipt of purchase orders from our customers. For raw materials that are commonly used in our production process, we place orders with our suppliers from time to time based on the inventory level maintained in our ERP system. We may also, upon our customers' requests, purchase raw materials from a particular supplier. We communicate with our major suppliers from time to time to understand the estimated prices of the raw materials in the coming year. In the event of material raw material price fluctuations, we negotiate with our customers for a price adjustment before they confirm their purchase orders with us. We believe that we are able to adapt to the latest price trends of our raw materials and make appropriate purchasing decisions.

Our Major Suppliers

For FY2014, FY2015, FY2016 and 5M2017, our five largest suppliers accounted for 19.5%, 19.9%, 27.2% and 22.7% of our total purchase, respectively, while our largest supplier accounted for 5.1%, 6.6%, 7.1% and 6.4% of our total purchase, respectively. Set out below are the details of our five largest suppliers during the Track Record Period:

For the year ended 31 December 2014

No.	Supplier	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total purchase *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
1.	Supplier A	An enterprise with headquarters in the United States, the shares of which are listed on the New York Stock Exchange	Provision of products, services and solutions to users of electronics components and enterprise computing solutions	17,089	5.1	Net 30 days or 30 days from monthly statement	17

No.	Supplier	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total purchase *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
2.	Supplier B	An enterprise with headquarters in the United States, the shares of which are listed on the New York Stock Exchange	Distribution of electronic components, computer products and embedded technology	16,035	4.7	Net 30 days or 45 days after monthly statement	17
3.	Supplier C	A subsidiary of a company listed on the Hong Kong Stock Exchange	Production of PCBs	11,835	3.5	30 days after monthly statement	14
4.	Supplier D	A private company based in Hong Kong	Distribution of electronic components and provision of technical solutions	10,713	3.2	Net 180 days	17
5.	Supplier E	A private company based in Hong Kong	Production of PCBs	10,265	3.0	45 days after monthly statement	17

For the year ended 31 December 2015

No.	Supplier	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total purchase *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
1.	Supplier A	An enterprise with headquarters in the United States, the shares of which are listed on the New York Stock Exchange	Provision of products, services and solutions to users of electronics components and enterprise computing solutions	28,327	6.6	Net 30 days or 30/45 days from monthly statement	17
2.	Supplier B	An enterprise with headquarters in the United States, the shares of which are listed on the New York Stock Exchange	Distribution of electronic components, computer products and embedded technology	18,465	4.3	Net 30 days or 45/60 days after monthly statement or 30 days from end of month	17
3.	Supplier D	A private company based in Hong Kong	Distribution of electronic components and provision of technical solutions	13,921	3.2	Net 180 days or 30 days after monthly statement	17
4.	Supplier E	A private company based in Hong Kong	Production of PCBs	12,715	3.0	45 days after monthly statement	17
5.	Supplier F	A private company based in France	Distribution of electronic products and services	12,420	2.9	Net 45 days	15

For the year ended 31 December 2016

No.	Supplier	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total purchase *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
1.	Supplier A	An enterprise with headquarters in the United States, the shares of which are listed on the New York Stock Exchange	Provision of products, services and solutions to users of electronics components and enterprise computing solutions	29,965	7.1	Net 30 days or 30 days from monthly statement or 60 days from end of month	17
2.	Supplier F	A private company based in France	Distribution of electronic products and services	27,327	6.5	Net 60 days	15
3.	Supplier G	A private company based in the PRC	Sheet metal processing	20,108	4.8	60 days after monthly statement	4
4.	Supplier E	A private company based in Hong Kong	Production of PCBs	18,461	4.4	60 days after monthly statement	17
5.	Supplier B	An enterprise with headquarters in the United States, the shares of which are listed on the New York Stock Exchange	Distribution of electronic components, computer products and embedded technology	18,480	4.4	Net 30 days or 30/60 days after monthly statement or 30 days from end of month	17

For the five months ended 31 May 2017

No.	Supplier	Background	Principal business activities	Transaction amount *(HK$'000)*	Percentage of total purchase *(%)*	Credit period	Approximate years of relationship with our Group as at the Latest Practicable Date
1.	Supplier A	An enterprise with headquarters in the United States, the shares of which are listed on the New York Stock Exchange	Provision of products, services and solutions to users of electronics components and enterprise computing solutions	12,103	6.4	Net 30 days or 30 days from monthly statement or 60 days from end of month	17
2.	Supplier G	A private company based in the PRC	Sheet metal processing	9,915	5.3	60 days after monthly statement	4
3.	Supplier B	An enterprise with headquarters in the United States, the shares of which are listed on the New York Stock Exchange	Distribution of electronic components, computer products and embedded technology	7,178	3.8	Net 30 days or 30/60 days after monthly statement or 30 days from end of month	17
4.	Supplier F	A private company based in France	Distribution of electronic products and services	7,039	3.7	Net 60 days	15
5.	Supplier E	A private company based in Hong Kong	Production of PCBs	6,602	3.5	60 days after monthly statement	17

The payments made to our suppliers are primarily in Hong Kong dollars, Renminbi and U.S. dollars and generally by way of letters of credit, bank remittance and cheques.

Our Directors confirmed that none of our Directors, their associates or Shareholders who owned more than 5.0% of the share capital of our Company as at the Latest Practicable Date had any interest in any of our five largest suppliers during the Track Record Period.

Selection and Evaluation of Suppliers

We have standard procedures in the selection of suppliers in accordance with the ISO 9001 standards. We maintain a list of approved suppliers, and they are selected based on the pricing, quality and specifications of raw materials, as well as their production capability and reputation in the industry. We also perform background checks against our potential suppliers and, if necessary, conduct on-site audit. We procure our raw materials from the suppliers in our list of approved suppliers. In certain circumstances, our customers may require us to procure raw materials from specific suppliers.

To ensure the quality and timely delivery of raw materials, we evaluate the performance of our suppliers on a quarterly and annual basis and in aspects such as the quality of raw materials, timeliness of delivery, and quality of technical support. In addition, we conduct quality system as well as environmental, health and safety system audit on our major suppliers periodically.

Framework Sale and Purchase Agreements

We generally enter into framework sale and purchase agreements with our suppliers and place purchase orders with them upon receipt of purchase orders from our customers. Such framework sale and purchase agreements are legally binding and normally include the following principal terms and conditions:

- *duration:* generally one year;
- *purchase order:* we shall, in writing, notify the supplier of the type, specification, unit price, quantity, date of delivery and delivery location of the raw materials we intend to purchase;
- *price:* the price of raw materials shall be in accordance with the agreed value for the purchase order unless there are major fluctuations in the raw material price;
- *credit period and payment method:* the credit period and payment method shall be in accordance with the purchase order;
- *quality assurance:* the raw materials delivered by the supplier must comply with our specifications and quality standards; and
- *quality control:* we shall perform quality control tests on the raw materials, and in case of the raw materials failing to pass our quality control tests, the supplier is required to exchange the raw materials or arrange for a refund.

RESEARCH AND DEVELOPMENT

As an OEM, we do not engage in any research and development activities in relation to new products. Despite that, our manufacturing division, with their accumulated experience and through the application of existing technologies and know-how, participates in the research and development of product functionality and testing as well as manufacturing process.

INVENTORY MANAGEMENT

Our inventory mainly comprises raw materials, work in progress and finished products. Our raw material inventory mainly consists of commonly used raw materials as well as excess purchases from previous orders in order to meet the minimum purchase requirements.

We have internal control policies in monitoring our inventory level and storing our inventory. To effectively monitor our inventory level and minimise obsolete inventory, the following measures and procedures are adopted:

- we procure raw materials and begin mass production of products only upon confirmation of purchase orders by our customers, and approval from our Executive Directors is required should advance purchases of raw materials take place;
- we adopt a first-expiry-first-out approach (based on the manufacturing dates of the raw materials) towards our inventories and make use of our traceability record system to ensure complete traceability of products and their relevant raw materials;
- all excess purchases and disposal of raw materials must be authorised and approved by our Executive Directors;
- our customers generally provide us with a rolling forecast specifying their estimated demand for our products for a certain upcoming period, which enables us to better plan our purchasing and manufacturing activities;
- the inventory level of our raw materials, work in progress and finished products is closely monitored through the use of ERP system;
- we have standard procedures for the retrieval of inventory; and
- we conduct monthly partial stock-takes and half-yearly and annual full-scale stock-takes.

EMPLOYEES

As at the Latest Practicable Date, we had 1,647 employees. The following table provides a breakdown of our employees by function:

	Hong Kong	**PRC**	**Total**
Marketing	6	21	27
Supply chain	12	155	167
Manufacturing	6	1,024	1,030
Quality control	–	266	266
Human resources and administration	2	135	137
Finance	6	19	25
Total:	32	1,619	1,652

The remuneration package of our employees includes basic salary, overtime payment and discretionary bonus. Our employees' basic salary is generally determined with reference to their qualification, experience and work performance, whereas the payment of discretionary bonus is generally subject to work performance, our financial performance in that particular year and general market conditions. We generally enter into individual labour contracts with each of our employees. For FY2014, FY2015, FY2016 and 5M2017, our employee benefit expenses amounted to HK$97.5 million, HK$118.4 million, HK$132.3 million and HK$64.5 million, respectively.

We provide regular training to our employees to enhance their technical skills and knowledge, which our Directors believe will improve their work efficiency. The seminars and training programs provided to our employees generally cover health and safety, new technologies and techniques, latest industry trend and market intelligence. All new employees are required to participate in a mandatory training program in which they will be introduced to our policies, work safety measures and industry standards. For employees engaging in hazardous duties and specialised production processes, additional training relating to work safety and preventive measures as well as operation of machineries will be provided to reduce risks of accidents. External seminars and training courses are also available to our technical and professional personnel on a regular basis.

We have established a labour union. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material dispute with our employees or disruption to our operations due to labour dispute and we had not experienced any difficulty in the recruitment and retention of employees.

Save for the matters disclosed in "Non-compliance Matters" in this section, as advised by our PRC Legal Advisers, we had complied with the applicable PRC labour laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

As at the Latest Practicable Date, we leased six properties with a total GFA of 29,946.3 sq.m. in Nansha District, Guangzhou City, Guangdong Province, the PRC. As at the Latest Practicable Date, we also owned one property with a GFA of 370.1 sq.m. and leased one property with a GFA of 328.0 sq.m. in Hong Kong.

Owned Property

The table below sets out certain information in relation to our owned property in Hong Kong:

No.	Location	Owner	GFA (sq.m.)	Usage
1.	Unit J, 5/F, Phase II, and Car Parking Space No. 27 on Lower Ground Floor, Kaiser Estate, No. 51 Man Yue Street, Hunghom, Kowloon	Trio Engineering	370.1	Office, warehouse and car parking

Leased Properties

The table below sets out certain information in relation to our leased properties in Nansha District, Guangzhou City, Guangdong Province, the PRC:

No.	Location	GFA (sq.m.)	Usage	Lessee	Term of tenancy
1. ("**Property 1**")	No. 37, Dongchong Section, Shinan Highway Shiji Village	2,386.5 (including open space of 606.4 sq.m.)	Warehouse	Trio Microtronics	15 January 2015 to 14 January 2021
2. ("**Property 2**")	North No. 2 Industrial Development Zone, Dongchong Shiji Section, Shinan Highway	4,645.4	Production	Trio Microtronics	1 November 2012 to 31 October 2024
3. ("**Property 3**")	North Shiji Village, Shinan Highway	3,190.0	Production	Trio Microtronics	1 November 2014 to 31 October 2024
4. ("**Property 4**")	North Shiji Village, Shinan Highway	1,411.0	Office	Trio Microtronics	16 December 2014 to 31 October 2024
5. ("**Property 5**")	North No. 2 Industrial Development Zone, Dongchong Shiji Section, Shinan Highway	17,471.4 (including open space of 6,863.0 sq.m.)	Production, warehouse, office and canteen	Trio Microtronics	1 November 2012 to 31 October 2024
6. ("**Property 6**")	No. 5 Factory, Dongchong Section, Shinan Highway	842.0	Warehouse	Trio Microtronics	1 May 2016 to 30 April 2021

Certain portions of Property 5 (amounting to a GFA of approximately 100 sq.m.) are currently used by Guangzhou PEMS as office.

Property 1, Property 2, Property 3, Property 4, Property 5 and Property 6 are collectively referred to as the "**PRC Properties**".

The table below sets out certain information in relation to our leased property in Hong Kong:

No.	Location	GFA (sq.m.)	Usage	Lessee	Term of tenancy
1.	Unit G2, 5/F, Phase II, Kaiser Estate, No. 51 Man Yue Street, Hunghom, Kowloon	328.0	Manufacturing, office and warehouse	Trio Engineering	13 December 2016 to 12 December 2018

Our leased property in Hong Kong is subject to mortgage and the consent of the landlord's mortgagee (the "**Mortgagee**") for the entering into of the tenancy has not been obtained. As a result, the tenancy will not be binding on the Mortgagee and, in the event of a default by the landlord of the terms of the mortgage, the Mortgagee may take possession of our leased property and we may be required to relocate our operations in Hong Kong. In such circumstances, we will have to seek alternative premises in Hong Kong and we expect that the relocation costs and expenses will not be more than HK$0.1 million, which will not have a material adverse impact on our business operations or financial condition given that similar premises should be easily identified in vicinity of our leased property in Hong Kong.

Title Defects

The PRC Properties are located on a parcel of land (the "**Land**") collectively owned by the Shiji Association. Except for certain portions of Property 1 (amounting to a GFA of approximately 1,552 sq.m.) of which Shiji Association has obtained a real estate ownership certificate specifying the land of such portions of Property 1 is for construction usage, Shiji Association has not provided valid construction land approval documents (建設用地批准文件), construction land use planning permits (建設用地規劃許可), certificates of completion of works (竣工驗收證明) and/or building ownership certificates (房屋產權證) in respect of certain or all of the other PRC Properties. As advised by our PRC Legal Advisers, the consequences of the failure to obtain the abovementioned documents, permits and certificates are as follows:

- if neither construction land approval document (建設用地批准文件) nor construction land use planning permit (建設用地規劃許可) is obtained for a piece of collectively-owned land, such piece of land cannot be used for non-agricultural purpose;

- if no certificate of completion of works (竣工驗收證明) is obtained, the construction projects shall not be delivered for use; and

- if no building ownership certificate is obtained, the lessor may not have the right to lease such property.

For the abovementioned PRC properties with title defects, as advised by our PRC Legal Advisers, given that the collective land ownership certificate (集體土地所有權證) of the Land has not specified the usage of the Land and that Shiji Association has failed to provide sufficient and valid construction land approval documents (建設用地批准文件) construction land use planning permits (建設用地規劃許可) or building ownership certificates to evidence the same, it is uncertain whether our existing land use for industrial purposes is in compliance with the land use planning purposes of the Land. As further advised by our PRC Legal Advisers, where a piece of collectively-owned land is leased for non-agricultural purposes without approval, the land administrative department of the people's government at or above county level may order for rectification within a prescribed time period, confiscate the illegal gains and impose a fine.

As a result of the aforementioned title defects, our PRC Legal Advisers are of the view that there is a risk that we may be required by the relevant PRC government authorities to vacate from the PRC Properties with title defects and that the lease agreements we entered into with Shiji Association may be deemed invalid. Our Directors confirm that, as at the Latest Practicable Date, we had not received any demands or orders from any PRC government authorities requiring us to (i) demolish or vacate from the PRC Properties; or (ii) rectify the non-registration of lease agreements.

Confirmation letter obtained by us

We obtained a letter of confirmation (the "**Shiji Confirmation**") from Shiji Association on 16 February 2017, which was endorsed by Shiji Villagers' Committee of Dongchong Town of Nansha District of Guangzhou City (廣州市南沙區東涌鎮石基村民委員會), the People's Government of Dongchong Town of Nansha District of Guangzhou City (廣州市南沙區東涌鎮人民政府), the Planning and Construction Office of the People's Government of Dongchong Town of Nansha District of Guangzhou City (廣州市南沙區東涌鎮人民政府規劃建設辦公室) and the People's Government of Nansha District of Guangzhou City (廣州市南沙區人民政府) on 21 February 2017, 21 February 2017, 21 February 2017 and 24 February 2017, respectively, confirming that the PRC Properties (i) are owned properties of Shiji Association and are not subject to any title dispute; and (ii) have been leased to and can be used by Trio Microtronics for production until 31 October 2024. According to (i) the Land Administration Law of the PRC (中華人民共和國土地管理法), the land administration department of people's government at or above county level may supervise and inspect any action in breach of the relevant land administration laws and regulations; (ii) the Constitution Law of the PRC (中華人民共和國憲法) and the State Council's Consent relating to Administrative Constituencies Adjustment in Guangzhou City (國務院關於同意廣東省調整廣州市部分行政區劃的批覆), Nansha District of Guangzhou City was regarded as an administrative constituency at county level; and (iii) the public information available on the official website of the People's Government of Nansha District of Guangzhou City (廣州市南沙區人民政府), the Land Resources and Planning Commission of Nansha District of Guangzhou City (廣州市南沙區國土資源和規劃局), the relevant commission in charge of land title issues, is under the leadership of the People's Government of Nansha District of Guangzhou City (廣州市南沙區人民政府). Based on the above, our PRC Legal Advisers advised that the People's Government of Nansha District of Guangzhou City (廣州市南沙區人民政府) is competent to endorse on the Shiji Confirmation.

Based on the Shiji Confirmation, our PRC Legal Advisers advise that (i) Trio Microtronics is able to use the PRC Properties for production during the term of the respective lease agreements; and (ii) the risk of Trio Microtronics being required to vacate from the PRC Properties is low.

Contingency measures adopted by us

Our Directors consider the PRC Properties collectively to be crucial to our operations as our manufacturing activities are conducted thereon. Our Directors confirm that, based on their communication with Shiji Association, the relevant government authorities would not consider issuing building ownership certificates (房屋產權證) in respect of the PRC Properties with title defects due to historical reasons. In light of the title defects mentioned above, as at the Latest Practicable Date, we had identified two 5-storey factory buildings (the "**Second Back-up Factory**") of a total GFA of 20,320.9 sq.m. and located in the vicinity of our existing production base to serve as an alternative production base in case the relevant PRC government authorities order us to demolish certain buildings and/or relocate our operations. The Second Back-up Factory possesses valid land ownership certificates and is available to be used for production and industrial purpose.

On 26 April 2017, we entered into a legally binding agreement (the "**Second Pre-lease Agreement**") with the Back-up Factory Landlord. Pursuant to the Second Pre-lease Agreement, on or prior to 25 April 2018, we have the right, but not the obligation, to request the Back-up Factory Landlord to enter into a formal lease agreement and deliver the Second Back-up Factory to us for use within 90 days after signing the formal lease agreement. In the event that we are being forced to relocate our operations, we can exercise our right under the Second Pre-lease Agreement so that we can relocate our operations to the Second Back-up Factory. As at the Latest Practicable Date, the Second Back-up Factory was vacant. The major terms of the Second Pre-lease Agreement are summarised below:

Term:	From 26 April 2017 to 25 April 2018
Subject matter:	On or prior to 26 April 2018, we have the right, but not the obligation, to request the Back-up Factory Landlord to enter into a formal lease agreement with us and to lease the Second Back-up Factory to us. The Second Back-up Factory Landlord is obliged to enter into a formal lease agreement with us and deliver vacant possession of the Back-up Factory to us within 90 days from the date of the formal lease agreement.
Rental amount:	RMB25.0 per sq.m. (equivalent to HK$29.0 per sq.m.) (exclusive of tax)
Deposit:	RMB120,000.0 (equivalent to HK$139,200.0)

In the event that any relocation of operations is required, such relocation will be carried out in stages and during weekends so as to minimise the disruption to our operations. Given that the Second Back-up Factory is in the vicinity of our existing production base and that our machineries and equipment can be easily moved, assembled and disassembled, our Directors estimate that the relocation (which will be effected in stages) will be completed within four weeks. Our Directors further estimate that the total costs and expenses of relocation, including renovation and setting-up costs but excluding rental deposit and expenses, will not exceed RMB2.0 million (equivalent to HK$2.3 million). Given that any relocation of operations will be carried out in stages and during weekends, our Directors anticipate that, save for the relocation costs and expenses referred to hereinabove, any such relocation will not result in any loss of revenue or other related loss, and will not materially or adversely affect our business operations or financial condition.

Given that (i) the total GFA of the Second Back-up Factory is approximately 20,000.0 sq.m., which is sufficient to cater for our existing production activities (taking into account the fact that our existing production base includes an open space of approximately 7,500.0 sq.m. and certain areas in our existing production base has not been utilised); (ii) we require lesser space to carry out our production activities as a result of the increase in the level of automation; and (iii) the Second Back-up Factory is located in the vicinity of and within three kilometres from our existing production base, our Directors are of the view that the Second Back-up Factory is a sufficient and suitable alternative site and the reduction in its GFA as compared to our existing production base will not materially or adversely affect our ability to operate our business.

Our Directors are of the view that there would be no difference in the rental that we would have to pay for the PRC Properties if they were not subject to title defects.

Indemnity provided by our Controlling Shareholders

In addition, our Controlling Shareholders have undertaken to indemnify us for any potential liabilities, losses and/or relocation costs and expenses sustained or incurred as a result of the title defects.

Given that (i) the total costs and expenses of relocation, if required, is not substantial; (ii) the relocation, if required, can be completed within four weeks; and (iii) our Controlling Shareholders have undertaken to indemnify us for any potential liabilities, losses and/or relocation costs and expenses resulting from the title defects, our Directors are of the view that the title defects of the PRC Properties will not have any material adverse impact on our business operations or financial condition.

Establishment of a task force

In addition, we have established a task force (the "**Task Force**") to oversee all matters relating to the relocation of production base. The Task Force comprises four members, namely Mr. Stanley Kwan, Mr. Tai, Mr. Lai Sek Piu, who is a member of our senior management and the general manager of our manufacturing division, as well as the manager of our human resources and administrative division. The Task Force is mainly responsible for (i) monitoring the availability of the First Back-up Factory and the Second Back-up Factory; (ii) identifying suitable properties (other than the First Back-up Factory and the Second Back-up Factory) near our existing production base which will serve as an alternative production base; (iii) negotiating the terms of the lease agreement with the potential landlord; (iv) researching and deliberating on issues in connection with the relocation of operations; and (v) providing advice and recommendations to our Board in the event that the relevant PRC government authorities require us to relocate our operations.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we had two patents registered in the PRC and Hong Kong, and seven computer software copyrights registered in the PRC. For further details of our material intellectual property rights, see "Statutory and General Information – Further Information about our Business – 8. Intellectual property rights of our Group" in Appendix IV to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, no material claim or dispute was brought against us in relation to any infringement of trademarks, patents or other intellectual property rights. Our Directors are not aware of any use by any third party of our logo or brand and believe that there has been no infringement of our intellectual property rights that would result in a significant potential impact to our business.

OCCUPATIONAL HEALTH AND WORK SAFETY

We are subject to certain PRC occupational health and safety laws and regulations. See "Laws and Regulations – Laws and Regulations in the PRC – Laws and Regulations relating to Production Safety" and "Laws and Regulations – Laws and Regulations in the PRC – Laws and Regulations relating to Labour Protection – Occupational diseases prevention and control" in this prospectus for a summary of the applicable occupational health and safety laws and regulations of the PRC.

We are committed to providing a safe and healthy working environment for our employees and believe that sufficient measures have been adopted to ensure our employees' safety at work. In order to minimise the risk of accidents and enhance our employees' awareness of health and safety issues, we have in place guidelines and manuals relating to fire safety, operational safety, handling of industrial accidents, and treatment of dangerous chemicals. Our occupational health and safety management system has been certified with BS OHSAS 18001:2007.

Pursuant to our internal operational safety guidelines, workplace accidents must be promptly reported to the safety officer of the relevant department, who will assess the seriousness of the accident and compile a work injury report. The safety officer is required to report the more serious accidents to our safety committee, which will conduct an investigation on the accident and make recommendations on how to improve our safety management system. Our safety committee regularly evaluates our safety management system to ensure that our safety policies and measures are duly implemented. We also maintain an internal record of workplace accidents.

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material claim or incident in relation to work safety or been involved in any accident causing death or serious injury in the course of our business operations. Save for the matters disclosed in “Non-compliance Matters” in this section, our PRC Legal Advisers advised that, as confirmed by competent PRC authorities, we had not been subject to any material penalty imposed by the competent production safety authorities due to non-compliance with the relevant production safety and occupational health laws and regulations during the Track Record Period.

ENVIRONMENTAL MATTERS

Our business is subject to certain PRC national and local environmental laws and regulations. See “Laws and Regulations – Laws and Regulations in the PRC – Laws and Regulations relating to Environmental Protection” in this prospectus for a summary of the environmental laws and regulations applicable to us.

During our production process, there are certain wastage generated including solid waste, noise and polluted air. We have in place standard procedures to manage, treat and reduce the pollution and wastage in accordance with national and local requirements. We also have in place facilities for air filtration and waste water purification to ensure that the level of wastage or pollutants generated during our production process is within statutory limits. In addition, we have engaged a professional waste disposal service company for the disposal of hazardous wastes produced during our production process. To ensure compliance with the latest environmental laws and regulations, we have internal compliance manuals setting out our goals and policies in relation to environmental matters. In recognition of our quality environmental management system, we have obtained certification to ISO 14001:2004.

We believe that we have adopted adequate measures to minimise wastage and pollution during our production process and such measures are in line with the industry practices and in accordance with applicable environmental laws and regulations. Our Directors are of the view that the annual cost of compliance with the applicable environmental laws and regulations was not material during the Track Record Period and the cost of such compliance is not expected to be material going forward.

Our PRC Legal Advisers advised that, save for the matters disclosed in “Non-compliance Matters” in this section and as confirmed by competent PRC authorities, we have complied with all applicable PRC environmental laws and regulations in all material respects and have not been subject to any material penalty in relation to environmental protection during the Track Record Period.

INSURANCE

We carry insurance to protect against a range of contingencies, including but not limited to: (i) product liability; (ii) damage to machineries, property and inventory; (iii) damage to and theft of motor vehicles; (iv) motor accident liability; and (v) public liability. We also maintain open cover insurance for marine cargoes.

In addition, we are subject to the PRC's social insurance system and are required to make contributions for our PRC employees towards five categories of insurance, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. We primarily maintain medical insurance and employees' compensation insurance for our employees in Hong Kong.

For FY2014, FY2015, FY2016 and 5M2017, we paid an aggregate of HK$4.3 million, HK$7.1 million, HK$12.9 million and HK$5.1 million, respectively, as insurance premium payment for our various insurance policies. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material insurance claim.

Our Directors believe that our insurance coverage is sufficient and adequate and in line with the industry norm. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance practice.

LEGAL PROCEEDINGS

To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and our Directors were not aware of any pending or threatened litigation, arbitration or claim of material importance against any member of our Group which, in the opinion of our Directors, would have a material adverse effect on our financial condition or results of operations.

LICENCES AND PERMITS

For the material licences, permits and approvals we hold for carrying out our business and operations in the PRC, see "Laws and Regulations" in this prospectus. As advised by our PRC Legal Advisers and based on the confirmation letters issued by competent authorities, save as the title defects as disclosed in "– Properties" in this section and other matters disclosed in "Non-Compliance Matters" in this section, we had obtained all requisite licences, permits and approvals that are material to our business and operations from the relevant government authorities during the Track Record Period and up to the Latest Practicable Date.

Our management reviews our business practices regularly to ensure our compliance with all licensing requirements and the successful renewal of our licences. To the best knowledge and belief of our Directors after making reasonable enquiries, as at the Latest Practicable Date, our Directors were not aware of any major legal impediment for the renewal of our licences, permits and approvals.

NON-COMPLIANCE MATTERS

Save for certain incidents of non-compliance set out below, our Directors are not aware of any incident of material non-compliance of our Group during the Track Record Period and as at the Latest Practicable Date:

Non-compliance incidents	Reasons for non-compliance	Legal consequences including potential maximum penalty and other financial liabilities	Remedial actions
1. **Failure to make social insurance and housing provident fund contributions in full** We had not fully paid social insurance and housing provident fund contributions for all of our employees in the PRC prior to January 2016 and November 2016, respectively.	The non-compliance incidents were due to the fact that the relevant staff of our human resources department were unfamiliar with the relevant PRC laws and regulations.	According to the Social Insurance Law of the PRC (中華人民共和國社會保險法) and the Regulations concerning the Administration of Housing Provident Fund (住房公積金管理條例), we are required to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing provident fund. Pursuant to the relevant PRC laws and regulations, in respect of unsubscribed social insurance contributions prior to 1 July 2011, being the effective date of the Social Insurance Law of the PRC (中華人民共和國社會保險法), the relevant government authority may require a company who fails to pay its portion of social insurance fund contributions to make the outstanding contributions within a prescribed time limit and, if the company fails to do so, may impose on the company an additional late payment fee at a daily rate of 0.2% of the outstanding amount. In respect of unsubscribed social insurance contributions after 1 July 2011, the relevant government authority may require the company to make the unsubscribed contributions with an additional late payment fee at a daily rate of 0.05% of the outstanding contributions from the due date within a prescribed time limit and, if the company fails to do so, may impose a fine ranging from one to three times of the total amount of the unsubscribed contributions on the company.	We have made full contributions to social insurance and housing provident fund for all of our PRC employees in accordance with the requirements set by the local authorities since January 2016 and November 2016, respectively. We obtained a letter of confirmation from the Guangzhou City Nansha District Social Insurance Fund Administrative Center (廣州市南沙區社會保險基金管理中心) on 22 January 2017 and 20 June 2017, respectively, confirming that, up to 31 May 2017, Trio Microtronics had no unpaid social insurance contribution and no employee complaint in relation to social insurance contributions had been received. As advised by our PRC Legal Advisers, the Guangzhou City Nansha District Social Insurance Fund Administrative Center (廣州市南沙區社會保險基金管理中心) has the authority and is competent to make the aforesaid confirmations. We obtained a letter of confirmation from the Guangzhou Nansha Development Zone Local Taxation Bureau (廣州南沙開發區地方稅務局) on 13 February 2017, confirming that, up to 13 February 2017, Trio Microtronics had no unpaid medical insurance contribution and no employee complaint in relation to medical insurance contributions had been received. As advised by our PRC Legal Advisers, the Guangzhou Nansha Development Zone Local Taxation Bureau (廣州南沙開發區地方稅務局) has the authority and is competent to make the aforesaid confirmations.

Non-compliance incidents	Reasons for non-compliance	Legal consequences including potential maximum penalty and other financial liabilities	Remedial actions
		If an employer fails to pay its housing provident fund contributions in accordance with the Regulations concerning the Administration of Housing Provident Fund (住房公積金管理條例), the regulator may order for payment of the contributions within the prescribed time limit, failing which the regulator may apply to the People's Court for compulsory enforcement.	We obtained a letter of confirmation from the Guangzhou City Housing Provident Fund Administrative Center (廣州市住房公積金管理中心) on 30 December 2016, confirming that, up to 30 December 2016, Trio Microtronics had not been subject to any administrative penalty in relation to housing provident fund contributions since the opening of accounts. In addition, we obtained a letter of confirmation from the foregoing authority on 26 June 2017, confirming that Trio Microtronics had not been subject to any administrative penalty in relation to housing provident fund contributions during the period from January 2017 to May 2017. As advised by our PRC Legal Advisers, the Guangzhou City Housing Provident Fund Administrative Center (廣州市住房公積金管理中心) has the authority and is competent to make the aforesaid confirmation. On 24 February 2017, our PRC Legal Advisers conducted an interview with the department head of the Nansha Administrative Department of the Guangzhou City Housing Provident Fund Administrative Center (廣州市住房公積金管理中心南沙管理部), who verbally confirmed that no employee complaint in relation to housing provident fund contributions had been made against Trio Microtronics in the preceding two years and that contributions were currently normal. As advised by our PRC Legal Advisers, based on the Regulations concerning the Administration of Housing Provident Fund (住房公積金管理條例) and the information relating to institutional functions available on the official website of the Guangzhou City Housing Provident Fund Administrative Center(廣州市住房公積金管理中心), (i) the Nansha Administrative Department of the Guangzhou City Housing Provident Fund Administrative Center (廣州市住房公積金管理中心南

Non-compliance incidents	Reasons for non-compliance	Legal consequences including potential maximum penalty and other financial liabilities	Remedial actions
			沙管理部) is the competent authority for the collection of housing provident fund contributions in Nansha District; and (ii) the department head of the Nansha Administrative Department of the Guangzhou City Housing Provident Fund Administrative Center (廣州市住房公積金管理中心南沙管理部) is the competent officer to provide such oral confirmations. As at the Latest Practicable Date, we had not received any demand or order from the relevant government authorities requesting us to settle any unpaid social insurance or housing provident fund contributions. Pursuant to the Deed of Indemnity, each of our Controlling Shareholders has undertaken to indemnify us in respect of any demand or order from the relevant government authorities for payment of the unpaid social insurance and housing provident fund contributions or any penalty imposed. Based on the letters of confirmation and the interview referred to hereinabove and the fact that we are now in full compliance with the requirements set by the local authorities in relation to social insurance and housing provident fund contributions, our PRC Legal Advisers have advised that the risk of us being required to make up the unpaid social insurance and housing provident fund contributions or receiving administrative penalty as a result of initiative actions taken by the relevant government authorities for the unpaid social insurance and housing provident fund contributions is low. Given that (i) each of our Controlling Shareholders has undertaken to indemnify us in respect of any demand from relevant government authorities for payment of unpaid social insurance and housing provident fund contributions or any penalty imposed;

	Non-compliance incidents	Reasons for non-compliance	Legal consequences including potential maximum penalty and other financial liabilities	Remedial actions
				and (ii) our PRC Legal Advisers have advised that the risk of us being required to make up the unpaid social insurance and housing provident fund contributions or receiving administrative penalty as a result of initiative actions taken by the relevant government authorities for the unpaid social insurance and housing provident fund contributions is low, our Directors are of the view that our historical non-compliance with the laws and regulations relating to social insurance and housing provident fund contributions does not and will not have any material financial or operational impact on us. See "Internal Control and Risk Management" in this section for details of the other remedial actions undertaken by us.
2.	**Title defects in respect of the PRC Properties** See "Properties – Title Defects" in this section for further details.	See "Properties – Title Defects" in this section for further details.	See "Properties – Title Defects" in this section for further details.	See "Properties – Title Defects – Contingency measures adopted by us" in this section for further details.
3.	**Failure to comply with the relevant environmental impact assessment formalities** (i) In respect of a project commencing construction in July 2014, Trio Microtronics had failed to comply with the environmental impact assessment formalities and did not go through the environmental acceptance check formalities before it was put into operation in January 2015. In addition, in August 2012 and November 2012, Trio Microtronics did not, in respect of other projects of which their usage purposes were to be changed, go	The non-compliance incidents were due to the fact that the relevant staff of our administrative department were unfamiliar with the relevant PRC laws and regulations.	According to the Regulations of Environmental Protection in relation to Construction Projects (建設項目環境保護管理條例), if an entity fails to submit environmental impact assessment reports or forms or re-submit such reports or forms in the event of a material change in the nature, scale or location of a construction project, the relevant government authority may order the entity to undertake rectification measures within a prescribed time period, and if the entity fails to do so, the relevant government authority may order for the suspension of construction works and impose a fine of not exceeding RMB100,000.0. In addition, if the entity commences its manufacturing activities prior to the	In view of the Rectification Notice, Trio Microtronics undertook rectification measures and submitted a rectification report to the Nansha Environmental Protection Bureau on 26 August 2015. On 3 January 2017, our PRC Legal Advisers and the legal advisers of the Sole Sponsor as to PRC laws conducted an interview with the principal officer of the Environmental Impact Assessment and Management Office of the Guangzhou Environmental Protection Bureau (廣州市環境保護局環境影響評價管理處), who verbally confirmed that (i) given that Trio Microtronics's failure to complete the environmental assessment and acceptance check formalities was due

Non-compliance incidents	Reasons for non-compliance	Legal consequences including potential maximum penalty and other financial liabilities	Remedial actions
through the environmental impact assessment formalities. (ii) On 9 June 2015, we received a rectification notice (the "**Rectification Notice**") from the Environmental Protection Bureau of the Guangzhou Nansha Development Zone (廣州南沙開發區環保局) (the "**Nansha Environmental Protection Bureau**"), stating that Trio Microtronics had failed to, among others, (i) submit the documents relating to environmental impact assessment in accordance with the law; (ii) re-submit the documents relating to environmental impact assessment upon the occurrence of a material change with respect to the nature, scale or location of the construction projects; and (iii) install pollution control facilities or complete acceptance checks in respect of such facilities, and requiring Trio Microtronics to complete the environmental impact assessment works in respect of its new warehouse within three months.		installation of environmental protection facilities required for the construction project or the completion of the relevant acceptance checks, the relevant government authority may order the entity to suspend its manufacturing activities and impose a fine of not exceeding RMB100,000.0.	to the title defects of the relevant leased properties, Trio Microtronics would not be penalised for such failure; (ii) the Nansha Environmental Protection Bureau had accepted the rectification measures undertaken by Trio Microtronics regarding the Rectification Notice and would not take further actions in respect of the non-compliance incidents under the Rectification Notice, and no formal record would be made against Trio Microtronics as such non-compliance incidents were not of a material nature; and (iii) saved as mentioned herein, Trio Microtronics had not been in breach of any PRC environmental protection laws or regulations and had not been subject to any investigation or penalty as a result of any such breach since its incorporation. As advised by our PRC Legal Advisers, (i) Guangzhou City Environmental Protection Bureau (廣州市環境保護局) is the superior authority of the Nansha Environmental Protection Bureau, (ii) given that the Environmental Impact Assessment and Management Office of the Guangzhou City Environmental Protection Bureau (廣州市環境保護局環境影響評價管理處) is in charge of the approvals for environmental impact assessments and acceptance check applications of construction projects within the authority, according to the information relating to the institutional functions available on the official website of the Guangzhou City Environmental Protection Bureau (廣州市環境保護局), and that the officer of the Environmental Impact Assessment and Management Office of the Guangzhou City Environmental Protection Bureau (廣州市環境保護局環境影響評價管理處) had confirmed during the said interview that he had the authority to opine on the environmental issues relating to Trio Microtronics, the officer of the Environmental Impact Assessment and Management Office of the Guangzhou City Environmental Protection Bureau (廣

Non-compliance incidents	Reasons for non-compliance	Legal consequences including potential maximum penalty and other financial liabilities	Remedial actions
			州市環境保護局環境影響評價管理處) is competent to provide such oral confirmations. Based on the abovementioned interview, our PRC Legal Advisers are of the view that, if there is no change to the administrative policies and practices of the Environmental Impact Assessment and Management Office of the Guangzhou City Environmental Protection Bureau (廣州市環境保護局環境影響評價管理處), the risk of us receiving administrative penalty as a result of our failure to comply with the relevant environmental impact assessment and acceptance check formalities is low. See "Internal Control and Risk Management" in this section for details of the other remedial actions undertaken by us.
4. Failure to comply with the relevant PRC law and regulations in relation to occupational health Trio Microtronics did not conduct occupational disease pre-assessments in accordance with the relevant PRC laws and regulations before commencing its construction projects in May 2000, June 2003, August 2012 and July 2014.	The non-compliance incidents were due to the fact that the relevant staff of our administrative department were unfamiliar with the relevant PRC laws and regulations.	According to the Interim Measures for the Supervision and Management of "Three Simultaneities" for Occupational Health of Construction Projects (建設項目職業衛生"三同時"監督管理暫行辦法), if a construction unit commences construction works prior to conducting the requisite occupational disease pre-assessments, the relevant production safety supervision and management authorities may order for rectification within a prescribed time period. If the relevant construction unit fails to take rectification measures within the prescribed time period, the relevant production safety supervision and management authorities may impose a fine of more than RMB100,000.0 but not exceeding RMB500,000.0 in case that the construction unit fails to make sure rectification accordingly and, where the circumstances are serious, may order for suspension of the activities causing occupational diseases or apply to the	We obtained letters of confirmation from the Guangzhou City Nansha District Safety Production Supervision and Management Department (廣州市南沙區安全生產監督管理局) on 13 November 2015, 22 January 2017 and 20 June 2017, respectively, confirming that Trio Microtronics had no record of production safety accident and no record of administrative penalty as a result of a breach of the laws and regulations in relation to safety production and prevention of occupational diseases during the Track Record Period. According to the Announcement relating to the Approval of 106 Enterprises (Guangzhou Qibin Fashion Co., Ltd. and Others) as Guangzhou City Safety Production Standardisation Enterprises (關於核准廣州其彬服飾有限公司等106家企業為廣州市安全生產標準化達標企業的公告) issued by the Guangzhou City Safety Production Supervision and Management

Non-compliance incidents	Reasons for non-compliance	Legal consequences including potential maximum penalty and other financial liabilities	Remedial actions
		people's government for the suspension of construction or closure within the authority granted to it by the regulations of the State Council. As advised by our PRC Legal Advisers, Trio Microtronics may be ordered for rectification within a prescribed time period and may be imposed a fine of more than RMB100,000.0 but not exceeding RMB500,000.0 in case that Trio Microtronics fails to make such rectification within the prescribed time period and, where the circumstances are serious, may be ordered for suspension of the activities causing occupational diseases or for closure.	Department (廣州市安全生產監督管理局) on 28 September 2015, Trio Microtronics has been approved as a Guangzhou City Safety Standardisation Grade 3 Enterprise (廣州市安全標準化三級達標企業) and such approval is valid for three years from the date of the said announcement. Our Directors confirm that, as at the Latest Practicable Date, Trio Microtronics had not received any notice nor been subject to any penalty from the competent authorities in relation to any breach of the laws and regulations relating to prevention of occupational diseases and had no record of employee suffering from occupational diseases since its incorporation. Based on the aforementioned, our PRC Legal Advisers have advised that the risk of Trio Microtronics being ordered to suspend its activities causing occupational diseases or subject to a closure order is low. In addition, on 2 March 2017, we, together with the legal advisers of the Sole Sponsor as to PRC laws, made an oral inquiry with the deputy captain of the Safety Production Committee Office of the Nansha District Dongchong Town People's Government (南沙區東涌鎮人民政府安全生產委員會辦公室), who verbally confirmed that no occupational disease pre-assessment reports or documents could be filed to rectify the non-compliance incidents referred to herein. As advised by the legal advisers of the Sole Sponsor as to PRC laws, the deputy captain of the Safety Production Committee Office of the Nansha District Dongchong Town People's Government (南沙區東涌鎮人民政府安全生產委員會辦公室) is the competent officer to provide such oral confirmations.

Non-compliance incidents	Reasons for non-compliance	Legal consequences including potential maximum penalty and other financial liabilities	Remedial actions
			Based on the interview referred to hereinabove and the fact that Trio Microtronics has not received any notice nor been subject to any penalty from competent authorities as mentioned above, the legal advisers of the Sole Sponsor as to PRC laws have advised that the risk of Trio Microtronics being required to pay the fine is low. See "Internal Control and Risk Management" in this section for further details.
5. **Failure to complete the relevant fire control design examination, verification formalities and acceptance checks** We received a penalty decision notice issued by the Fire Services Unit of Nansha Police (南沙公安消防大隊) in January 2015, pursuant to which we were subject to a penalty charge of RMB70,000.0 and ordered to suspend the use of two factories of our production plant in Nansha District, Guangzhou City, Guangdong Province, the PRC as a result of us commencing the construction of such factories and putting the same into use without completing the relevant fire control design examination, verification formalities and acceptance checks.	The non-compliance incidents were due to the fact that the relevant staff of our administrative department were unfamiliar with the relevant PRC laws and regulations.	According to the Fire Control Law of the PRC (中華人民共和國消防法), any entity which commences a construction project without completing the relevant fire control design examination and verification formalities with the fire control department of the relevant public security authority as required by law or which puts a construction project into use without completing the relevant fire control acceptance checks shall be ordered to suspend construction, use, production or business operations and shall be imposed with a fine ranging from RMB30,000.0 to RMB300,000.0.	Without suspending the use of our two factories, the penalty in the sum of RMB70,000.0 was settled in February 2015. In addition, we subsequently completed the relevant fire control design and acceptance checks filings with the relevant PRC government authorities. We obtained a letter of confirmation from the Fire Services Unit of Nansha Police (南沙公安消防大隊) on 7 July 2017, confirming that Trio Microtronics (i) was subject to administrative penalty once during the period from 1 January 2013 to 30 June 2017; and (ii) had completed filings in relation to fire control design and acceptance checks in April 2015. As advised by our PRC Legal Advisers, the Fire Services Unit of Nansha Police (南沙公安消防大隊) has the authority and is competent to make the aforesaid confirmations. See "Internal Control and Risk Management" in this section for details of the other remedial actions undertaken by us.

Our Directors and the Sole Sponsor are of the view that the non-compliance incidents disclosed in "Non-compliance Matters" in this section do not cast any doubt on the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules, or our Company's suitability for Listing under Rule 8.04 of the Listing Rules.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Board is responsible for establishing our internal control and risk management systems and reviewing their effectiveness. In accordance with the applicable laws and regulations, we have established procedures for developing and maintaining our internal control and risk management systems, covering areas such as corporate governance, operations, management, legal matters, finance and audit. We believe that our internal control and risk management systems are sufficient in terms of comprehensiveness, practicability and effectiveness.

To strengthen our internal control and risk management systems, ensure future compliance with the applicable laws and regulations (including the Listing Rules) after the Listing, and avoid recurrence of the past non-compliance incidents disclosed in "Non-compliance Matters" in this section, we have adopted the following additional measures:

(i) our Board will continuously monitor, evaluate and review our internal control and risk management systems to ensure compliance with the applicable legal and regulatory requirements and will adjust, refine and enhance our internal control and risk management systems as appropriate;

(ii) Mr. Lai, our Executive Director, the deputy Chairman of our Board and the chief financial officer of our Group, will be responsible for overseeing our internal control and risk management systems in general and will act as the chief coordinator of matters relating to legal, regulatory and financial reporting compliance. Upon receipt of any query or report relating to legal, regulatory and financial reporting compliance, Mr. Lai will look into the matter and, if considered necessary or appropriate, seek advice, guidance or recommendation from professional advisers and report to our Board. For the qualifications and experience of Mr. Lai, see "Directors and Senior Management" in this prospectus;

(iii) we have appointed Halcyon Capital Limited as our compliance adviser upon Listing to advise us on matters relating to compliance with the Listing Rules;

(iv) we will continue to identify and assess our operational, business and financial risks on an on-going basis, implement sufficient measures to minimise and mitigate such risks, and ensure that all such measures remain effective;

(v) in order to prevent recurrence of non-compliance incidents relating to (i) social insurance and housing provident fund contributions; and (ii) title defects, our administrative manager is responsible for ensuring our compliance with the relevant PRC laws and regulations as well as monitoring the development of such laws and regulations;

(vi) in order to prevent recurrence of non-compliance incidents relating to (i) environmental impact assessment; (ii) occupational health; and (iii) fire control design examination, verification formalities and acceptance checks, for any future construction works to be carried out at our production base, our administrative manager, with the advice from an external PRC legal adviser, will ensure compliance with the relevant PRC laws and regulations prior to commencing such works and/or putting the same into use;

(vii) if necessary, we may arrange our Directors, members of senior management and relevant employees to attend training on the legal and regulatory requirements applicable to our business operations from time to time;

(viii) we have appointed external PRC legal advisers to advise us on matters relating to compliance with the applicable PRC laws and regulations; and

(ix) if necessary, we may consider appointing external Hong Kong legal advisers to advise us on matters relating to compliance with the Listing Rules and the applicable Hong Kong laws and regulations.

In preparation for the Listing, our Group has engaged an independent third party consultant (the "**Internal Control Consultant**") to perform a review over selected areas of our internal controls over financial reporting. The more significant recommendations (the "**Significant Recommendations**") identified by the Internal Control Consultant include the need to: (i) establish the required terms of reference of the Board and its committees; (ii) develop a framework for monitoring and reporting of inside information; (iii) establish policies and procedures to monitor related party and connected transactions; (iv) establish corporate governance and related guidelines; (v) establish policies and procedures regarding risk management, assessment and ongoing monitoring; and (vi) establish an internal audit charter.

The Internal Control Consultant performed follow-up reviews to review the status of the management actions taken by us to address the Significant Recommendations (the "**Follow-up Review**"). The Internal Control Consultant did not have any further recommendation in the Follow-up Review except for the establishment of the required terms and reference of the Board and its committee (including the appointment of the required Directors), which is expected to be completed by us before the Listing.

To prevent recurrence of the non-compliance incidents as stated in "Non-compliance Matters" in this section, our Group has adopted rectification actions and enhanced internal control measures (the "**Enhanced Internal Control Measures**") as stated in "Non-compliance Matters" and "Internal Control and Risk Management" in this section. Furthermore, we engaged the Internal Control Consultant to perform an additional review on the Enhanced Internal Control Measures (the "**Additional Review**"). The Internal Control Consultant performed the Additional Review and did not raise any further recommendation.

Having considered that:

- the non-compliance incidents, details of which are set out in "Non-compliance Matters" in this section, were unintentional, did not involve any dishonesty or fraudulent act on the part of our Directors, and did not raise any question as to the integrity of our Directors;

- we have carried out remedial actions and rectified the non-compliance incidents to the greatest extent possible;

- we have implemented and will continue to implement appropriate measures to avoid the recurrence of the non-compliance incidents and will engage external legal advisers to ensure strict compliance with the relevant laws and regulations; and

- there has been no recurring of similar non-compliance incidents since the implementation of the relevant remedial measures;

our Directors confirm, and the Sole Sponsor concurs, that the aforementioned non-compliance incidents would not affect the suitability of our Executive Directors to act as directors of a listed issuer under Rules 3.08 and 3.09 of the Listing Rules or our Company's suitability for Listing under Rule 8.04 of the Listing Rules.

HEDGE

During the Track Record Period, a notable portion of our revenue was derived from our export sales to Europe and the United States and was primarily denominated in U.S. dollars, while our cost of sales was denominated in Hong Kong dollars, Euros and Renminbi. In order to reduce our foreign exchange risk exposure, in particular the fluctuation in the currency exchange rate between U.S. dollars and Renminbi, we entered into certain foreign exchange hedge transactions during the Track Record Period. See "Financial Information – Derivative Financial Instruments and Hedging Activities" in this prospectus for further details of the foreign exchange hedge transactions entered into by us during the Track Record Period.

Our foreign exchange hedge activities were managed and overseen by our Directors and the financial controller of our Group (the "**Financial Controller**"). During the Track Record Period, our Directors and our Financial Controller assessed our hedge needs on a monthly basis, taking into account factors such as (i) the prevailing foreign exchange market condition and trends of the exchange rate of the currency to be hedged; (ii) the need for currency conversion for our daily operation (including foreign currency receipts, settlement of accounts payables and procurement of property, plant and equipment in foreign currency); and (iii) the recommendations from financial institutions. Our Financial Controller, together with the assistant of our finance division, would obtain the relevant market information, analyse the pros and cons of various types of hedge instruments and determine the type, number, amount and stop-loss limit of the hedge instruments that we could consider to enter into. Our Financial Controller and our Directors would consider the terms and conditions of the quotations obtained from the financial institutions and make a decision as to whether to enter into the relevant financial instruments.

Our Financial Controller would negotiate with the relevant financial institutions and we would execute the hedge agreements if we consider them to be beneficial to our business operations. Our finance division would prepare a summary report setting out the hedge agreements we had entered into, the expiry date of each of such agreements, the realised income or loss in that particular month and other relevant information. Our Directors would, based on the summary report and taking into consideration the abovementioned factors, discuss and determine whether to engage in further hedge activities in the following month.

We believe that members of our finance division and our Executive Directors have sufficient experience in conducting foreign exchange hedge activities. Our Executive Directors, including Mr. Stanley Kwan who has been involved in our hedge activities and Mr. Lai who has a strong financial background, are mainly responsible for assessing the prevailing foreign exchange market conditions and the needs of our Group to enter into foreign exchange hedge instruments. Our Financial Controller has been involved in our hedge activities since he joined us in November 2008 and is mainly responsible for assessing the prevailing foreign exchange market conditions and the needs of our Group to enter into foreign exchange hedge contracts, reviewing hedge agreements, and analysing the outcome of the hedge activities. Our assistant group financial controller, who is also a key member of our finance division and is familiar with our business operations and financial matters, will be involved in our hedge activities together with our Financial Controller and will be responsible for assessing the prevailing foreign exchange market conditions, reviewing hedge agreements, negotiating with the financial institutions in relation to the terms of the hedge agreements, and analysing the outcome of the hedge activities as and when necessary. In addition, the Risk Management Committee will be established upon Listing and will be responsible for (i) reviewing our Directors' decision on entering into hedge arrangements; (ii) reviewing the effectiveness of our hedge policy; and (iii) providing recommendations to our Board on improving our hedge policy, where appropriate and if necessary.

Our Directors confirm that the foreign exchange hedge activities conducted by us during the Track Record Period were for hedge purpose and not for speculation. We ceased to enter into any new hedge transaction since March 2015 and as at the Latest Practicable Date, we do not intend to enter into any hedge transaction upon Listing.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Bonus Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme), Trio Holding will hold 75.0% of our issued Shares. As at the Latest Practicable Date, (i) Trio Holding was owned as to 32.5%, 32.5%, 17.5% and 17.5% by Nawk Investment, LLT Investment, Proactive Investment and Grand Energy, respectively; (ii) Nawk Investment, LLT Investment and Proactive Investment were directly and wholly owned by Mr. Stanley Kwan, Mr. Tai and Mr. Lai, respectively; and (iii) Grand Energy was directly and wholly owned by King Fung Nominees on trust for Mr. Mac Carthy. Because of their interests in Trio Holding, Mr. Stanley Kwan, Mr. Tai, Mr. Lai, Mr. Mac Carthy, Nawk Investment, LLT Investment, Proactive Investment, Grand Energy and King Fung Nominees will be regarded as our Controlling Shareholders and together be entitled to exercise and control 75.0% of our entire issued share capital immediately upon Listing.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that we can function, operate and carry on our business and is financially and operationally independent of our Controlling Shareholders and their respective close associates based on the following reasons:

Non-competition and clear delineation of business

None of our Controlling Shareholders nor their respective associates has any interest in a business, other than our business, which competes or is likely to compete, either directly or indirectly, with our business. In order to prevent any potential competition, each of our Controlling Shareholders has entered into the Deed of Non-competition. See "Deed of Non-competition" in this section for further details of the undertakings under the Deed of Non-competition.

Management Independence

On the basis of the following reasons, we believe that our Directors and members of our senior management are able to manage our business independently of our Controlling Shareholders and their respective close associates:

(i) with three Independent Non-executive Directors out of a total of seven Directors in our Board, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and to protect the interests of our independent Shareholders;

(ii) all members of our senior management are full-time employees and have, during the entire or substantially the entire Track Record Period, undertaken senior management supervisory responsibilities in our business. The responsibilities of our senior management team include managing and supervising our operational and financial matters, making general capital expenditure decisions and managing the implementation of our business strategies. Their management and supervisory function helps to ensure that our management and daily operations are independent of those of our Controlling Shareholders;

(iii) instances of actual or potential conflict of interests have been identified and minimised by virtue of the Deed of Non-competition and other corporate governance measures adopted by us;

(iv) each of our Directors is aware of his fiduciary duties as a Director, which require, among other things, that he acts for the benefit and in the best interests of our Shareholders as a whole and does not allow any conflict between his duties as a Director and his personal interests to affect the performance of his duties as a Director;

(v) connected transactions between our Group and companies controlled by our Controlling Shareholders are subject to the rules and regulations under the Listing Rules, including annual reporting, review, announcement, circular and independent Shareholders' approval requirements (where applicable); and

(vi) a number of corporate governance measures are in place to avoid any potential conflict of interests between our Company and our Controlling Shareholders and safeguard the interests of our independent Shareholders, the details of which are set out in "Corporate Governance Measures" in this section.

Operational Independence

We make business decisions independently. On the basis of the following reasons, our Directors consider that we will continue to be operationally independent of our Controlling Shareholders and other companies controlled by our Controlling Shareholders:

(i) we hold all relevant licenses, permits and approvals that are material to the operation of our business and have sufficient capital, equipment and employees to operate our business independently;

(ii) we have our own operational and administrative resources and we do not share such resources with our Controlling Shareholders or other companies controlled by our Controlling Shareholders;

(iii) we have our own organisational and corporate governance structure and has established our own accounting, legal and human resources departments;

(iv) we have established a set of internal control measures to facilitate the effective operation of our business;

(v) we have independent access to customers and suppliers; and

(vi) our Controlling Shareholders have no interest in any of our top five customers or suppliers during the Track Record Period.

Financial Independence

Our Directors are of the view that we will be financially independent of our Controlling Shareholders and their respective close associates upon Listing. All loans, advances and balances due to and from our Controlling Shareholders and their respective close associates (e.g. shareholder's loan) will be fully settled upon Listing and that all share pledges, guarantees and other securities provided by our Controlling Shareholders and their respective close associates for our borrowings will be fully released upon Listing.

In addition, we have our own financial and accounting system, internal control system, accounting and finance department, independent treasury function for cash receipts and payments and independent access to third-party financing. We make financial decisions according to our own business needs. Our Directors are satisfied that we have sufficient capital for our financial needs and are capable of conducting our business independently of any of our Controlling Shareholders (including their respective close associates) upon Listing. Our Directors further believe that we are capable of obtaining financing from external sources independently without the support of our Controlling Shareholders or their respective close associates.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders has confirmed that none of them is interested in any business (other than our Group) which is or is likely to be directly or indirectly in competition with our business and which would require disclosure under Rule 8.10(1) of the Listing Rules.

In preparation for the Listing, each of our Controlling Shareholders has entered into the Deed of Non-competition in favour of our Company, pursuant to which he/it has irrevocably and unconditionally undertaken to us, subject to the exceptions mentioned below, that he/it:

(i) shall not, except through any member of our Group, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangements and whether for profit or otherwise) carry on, engage in, invest in, or be interested or otherwise involved in any business that is similar to or in competition with, or is likely to be in competition with any business carried on by any member of our Group from time to time (the "**Restricted Business**");

(ii) shall not solicit any existing employee of our Group for employment by it/him or its/his close associates (excluding any member of our Group);

(iii) shall not, without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to its/his knowledge in its/his capacity as the Controlling Shareholder for any purpose of engaging, investing or participating in any Restricted Business; and

(iv) when he/it and/or any of his/its close associates are offered or become aware of any new business opportunity directly or indirectly to engage or become interested in a Restricted Business, (i) shall promptly notify our Company in writing, refer such business opportunity to our Company for consideration and provide such information as may be reasonably required by our Company to make an informed assessment and evaluate the merits of such business opportunity; and (ii) shall not, and procure that his/its close associates shall not, invest or participate in any such business opportunity unless such business opportunity shall have been rejected by our Company and the principal terms on which he/it and/or his/its close associates invest or participate in such business opportunity are no more favourable than those made available to our Company.

Each of our Controlling Shareholders has unconditionally and irrevocably undertaken to our Company (for itself and for the benefits of its subsidiaries) that in the event that it/he or its/his close associate(s) (other than any member of our Group) (the "**Offeror**") is given/identified/offered any business investment or commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Business (the "**New Business Opportunity(ies)**"), it/he will and will procure it/his close associates to refer the New Business Opportunities to our Company as soon as practicable in the following manner:

(i) each of our Controlling Shareholders is required to, and shall procure its/his close associates (other than any member of our Group) to, refer, or to procure the referral of, the New Business Opportunities to our Company, and shall give written notice to our Company of any New Business Opportunities containing all information reasonably necessary for our Company to consider whether (i) such New Business Opportunities would constitute competition with the Restricted Business; and (ii) it is in the interest of our Group to pursue such New Business Opportunities, including but not limited to the nature of the New Business Opportunities and the details of the investment of acquisition costs (the "**Offer Notice**"); and

(ii) the Offeror will be entitled to pursue the New Business Opportunities only if the Offeror has received a notice from our Company declining the New Business Opportunities, confirming that such New Business Opportunities would not constitute competition with the Restricted Business and the principal terms on which he/it and/or his/its close associates invest or participate in such business opportunity are no more favourable than those made available to our Company. If there is a material change in the terms and conditions of the New Business Opportunities pursued by the Offeror, the Offeror will refer the New Business Opportunities as so revised to our Company in the manner as set out above.

Upon receipt of the Offer Notice, our Company will seek opinions and decisions from our Independent Non-executive Directors who do not have a material interest in the matter as to whether (i) such New Business Opportunities would constitute competition with the Restricted Business; and (ii) it is in the interest of our Company and its shareholders as a whole to pursue the New Business Opportunities.

Where our Controlling Shareholders and/or their close associates (other than any member of our Group) have acquired any business investment or interest in any entity relating to the Restricted Business pursuant to above, the relevant Controlling Shareholders and/or his/its close associates (other than any member of our Group) shall provide our Group with pre-emptive right (the "**Pre-emptive Right**") to acquire any such Restricted Business under the same circumstances. Where our Company decides to waive the Pre-emptive Right by way of written notice, the relevant Controlling Shareholders and/or his/its close associates (other than any member of our Group) may offer to sell such business investment or interest in Restricted Business to other third parties on such terms which are no more favourable than those made available to our Group. In deciding whether to exercise the above options, our Directors will consider various factors including the purchase price and their values and benefits, as well as the benefit that they will bring to our Group.

The aforesaid undertakings do not apply to the holding of or interests in shares or other securities by our Controlling Shareholders and/or their respective close associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a stock exchange and either:

(i) (in the case of a corporate Controlling Shareholder) the relevant Restricted Business (and assets relating thereto) accounts for less than 10.0% of the relevant Controlling Shareholder's consolidated turnover or consolidated assets, as shown in that Controlling Shareholder's latest audited accounts; or

(ii) the total number of the shares held by the relevant Controlling Shareholder and his/its close associates or in which they are together interested does not amount to more than 5.0% of the issued shares of that class of that company, provided that such Controlling Shareholder and his/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of directors of that company.

The Deed of Non-competition and the rights and obligations thereunder are subject to and conditional upon the Global Offering becoming unconditional.

The obligations of a particular Controlling Shareholder under the Deed of Non-competition will remain in effect until:

(i) the date on which the Shares cease to be listed on the Stock Exchange; or

(ii) the date on which such Controlling Shareholder and his/its close associates cease to be a controlling shareholder of our Company;

whichever occurs first.

CORPORATE GOVERNANCE MEASURES

In order to manage any potential conflict of interests arising from the possible competing business between our Group and our Controlling Shareholders and to safeguard the interests of our independent Shareholders, we have adopted the following measures:

(i) our Board will ensure that any material conflict or potential conflict of interests involving our Controlling Shareholders will be reported to our Independent Non-executive Directors as soon as practicable. A Director shall absent himself from participation in the board meeting (nor shall he be counted in the quorum) and voting on any resolutions of our Board approving any contract, arrangement or other proposal in which he or any of his associates is materially interested;

(ii) each Director is aware of his fiduciary duties as a Director, which require, among other things, him to act for the benefit of our Company and the Shareholders as a whole and not to allow any conflict of interests between his duties as a Director and his personal interests;

(iii) we have appointed Halcyon Capital Limited as our compliance adviser upon Listing, which will provide advice and guidance to us with respect to compliance with the applicable laws and regulations, in particular the Listing Rules;

(iv) our Independent Non-executive Directors will review, at least on an annual basis, compliance with the Deed of Non-competition by our Controlling Shareholders;

(v) each of our Controlling Shareholders has undertaken to provide all information necessary for the annual review by our Independent Non-executive Directors in relation to the compliance of the terms of the Deed of Non-competition and the enforcement of undertakings under the Deed of Non-competition;

(vi) we will disclose decisions on matters reviewed by our Independent Non-executive Directors relating to compliance with and enforcement of the Deed of Non-competition either in the annual report of our Company or by way of announcement to the public; and

(vii) pursuant to the Corporate Governance Code, our Directors, including our Independent Non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs.

Our Company expects to comply with the Corporate Governance Code which sets out the principles of good corporate governance in aspects such as directors' responsibilities and their appointment, re-selection and removal, board composition, remuneration of directors and senior management, accountability and audit, and communication with shareholders. Our Company will state in our interim and annual reports whether we have complied with such code provisions, and will provide details of, and reasons for, any deviation from it in the corporate governance reports attached to our annual reports.

In the event that our Company decides not to proceed with any project or pursue any business opportunity and that our Controlling Shareholders decide to proceed with such a project or pursue such a business opportunity, we will announce such decision by way of an announcement setting out the basis for us not taking up the project or pursuing the business opportunity.

Our Directors consider that the above corporate governance measures are adequate and effective to manage any potential conflict of interests between our Group and our Controlling Shareholders and to protect the interests of our Shareholders.

BOARD OF DIRECTORS

Our Board comprises seven Directors, including four Executive Directors and three Independent Non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our business. The table below sets out certain information in respect of the members of our Board:

Name	Age	Position/Title	Date of appointment as Director	Date of joining our Group	Roles and responsibilities in our Group
Mr. Kwan Tak Sum Stanley (關德深)	63	Chairman, Chief Executive Officer, Executive Director and Director of Marketing	15 April 2016	16 September 1983	Responsible for the overall strategic planning and management of our Group and supervision of our marketing division
Mr. Lai Yiu Wah (黎耀華)	62	Deputy Chairman, Executive Director and Chief Financial Officer	15 April 2016	13 April 2015	Responsible for the corporate strategic development and investor relationships of our Group and management of our finance division
Mr. Tai Leung Lam (戴良林)	70	Executive Director and Director of Manufacturing	15 April 2016	15 October 1985	Responsible for the management, strategic planning and development of our manufacturing division
Mr. Joseph Mac Carthy	51	Executive Director and Director of Marketing	15 April 2016	10 March 1996	Responsible for the overall management and supervision of our marketing activities in Europe and the United States
Mr. Fung Chun Chung (馮鎮中)	75	Independent Non-executive Director	10 February 2017	10 February 2017	Responsible for overseeing the management of our Group independently
Mr. Cheung Kin Wing (張建榮)	63	Independent Non-executive Director	10 February 2017	10 February 2017	Responsible for overseeing the management of our Group independently
Mr. Wong Raymond Fook Lam (黃福霖)	62	Independent Non-executive Director	10 February 2017	10 February 2017	Responsible for overseeing the management of our Group independently

Executive Directors

Mr. Kwan Tak Sum Stanley (關德深), aged 63, is one of the founders of our Group, our Chairman, chief executive officer, Executive Director and the director of marketing of our Group. Mr. Stanley Kwan is also a director of each of our subsidiaries. Mr. Stanley Kwan was appointed as our Director on 15 April 2016 and is responsible for the overall strategic planning and management of our Group as well as supervision of our marketing division. As at the Latest Practicable Date, Mr. Stanley Kwan has taken a leave of absence for six months. In September 1983, he founded our Group with Mr. Eddie Kwan and worked as a manager from September 1983 to February 1989, as a general manager from June 1989 to June 1990, and has been a director of Trio Engineering since July 1990. Mr. Stanley Kwan has approximately 30 years of experience in the electronics industry, in particular plastic injection moulding and electronic assembly services.

Mr. Stanley Kwan obtained a diploma in management studies in the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) in September 1993.

Before joining our Group, Mr. Stanley Kwan worked in Timco (H.K.) Limited, a limited company incorporated in Hong Kong and principally engaged in electronics manufacturing, as a shipping clerk from October 1976 to 1978, as a shipping supervisor from 1978 to 1980 and as a marketing executive from 1980 to August 1983.

Mr. Stanley Kwan was a director of the following companies prior to their respective dissolution, all of which were solvent at the time of dissolution:

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution	Reasons of dissolution
Cogema China Limited	Hong Kong	Trading	Deregistration	22 July 2005	Cessation of business
P.S.I. (HK) Limited	Hong Kong	Trading	Deregistration	23 November 2012	Cessation of business

To the best knowledge of Mr. Stanley Kwan after making reasonable enquiries, as at the Latest Practicable Date, there was no outstanding liability or on-going claim or litigation against him in his capacity as a director of the abovementioned companies prior to their respective dissolution.

Mr. Lai Yiu Wah (黎耀華), aged 62, is our deputy Chairman, Executive Director and the chief financial officer of our Group. Mr. Lai is also a director of each of our subsidiaries. Mr. Lai was appointed as our Director on 15 April 2016 and is responsible for the corporate and strategic development and investor relationships of our Group as well as the management of our finance division. Mr. Lai has extensive experience in accountancy and has been engaged in the profession for over 35 years.

Mr. Lai obtained a higher diploma in accountancy in November 1978 from the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University). He was admitted as a fellow of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) in September 1988.

Mr. Lai served in different positions, including trainee and supervisor, in Coopers & Lybrand (now known as PricewaterhouseCoopers) from November 1978 to August 1981, and served in different positions, including internal auditor and credit controller, in A.S. Watson & Co., Limited from December 1981 to June 1983. In 1983, Mr. Lai founded Thomson Y.W. Lai & Co., which had been our Group's auditors and tax representative from August 2008 to April 2015 and from July 2008 to April 2015, respectively, before Mr. Lai was invited to join our Board as our Director in April 2015.

Mr. Lai was a director of the following companies prior to their respective dissolution, all of which were solvent at the time of dissolution:

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution	Reasons of dissolution
Aussie Global China Limited (澳斯寶中國有限公司)	Hong Kong	Trading	Deregistration	30 November 2001	Cessation of business
Aussie Global Trading Limited (澳斯寶貿易有限公司)	Hong Kong	Trading	Deregistration	11 April 2003	Cessation of business
Bouton Garment Company Limited (寶頓製衣有限公司)	Hong Kong	Trading	Deregistration	12 January 2007	Cessation of business
Bright Nation Investment Limited (民輝投資有限公司)	Hong Kong	Property investment	Deregistration	5 November 2004	Cessation of business
Chase Sheen Limited (翠生有限公司)	Hong Kong	Property investment	Deregistration	6 July 2007	Cessation of business
City Health Promotions Limited (城市美健拓展有限公司)	Hong Kong	Trading	Deregistration	30 November 2001	Cessation of business
Hallway Holdings Limited (豪威集團有限公司)	Hong Kong	Investment holding	Deregistration	28 September 2012	Cessation of business
Homesky Development Limited (豪天發展有限公司)	Hong Kong	Investment holding	Deregistration	21 July 2006	Cessation of business
Honest World Enterprises Limited (誠和企業有限公司)	Hong Kong	Property investment	Deregistration	19 December 2003	Cessation of business
Jolly Fashion Company Limited (卓悦服裝有限公司)	Hong Kong	Trading	Deregistration	28 November 2008	Cessation of business
Joy Dynasty Limited (樂朝有限公司)	Hong Kong	Property investment	Deregistration	28 September 2012	Cessation of business

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution	Reasons of dissolution
Ocean Dynasty Limited (海朝有限公司)	Hong Kong	Property investment	Deregistration	28 September 2012	Cessation of business
Pro-Intelligence Communications Limited (博思傳藝有限公司)	Hong Kong	Marketing	Deregistration	24 December 2014	Cessation of business
Rem Corporate Services Limited (信捷專業服務有限公司)	Hong Kong	Corporate services	Deregistration	25 September 2015	Cessation of business
Sheen Point Corporation Limited (尚加有限公司)	Hong Kong	Property investment	Deregistration	29 August 2008	Cessation of business
Smart Ace Investment Limited (駿傑投資有限公司)	Hong Kong	Property investment	Deregistration	19 May 2006	Cessation of business
Smart Leader (China) Development Limited (主威(中國)發展有限公司)	Hong Kong	Property investment	Deregistration	24 June 2005	Cessation of business
Smart • Take Cafe Limited Limited (蒸蒸•拎拎飲食有限公司)	Hong Kong	Food and beverage	Deregistration	4 November 2016	Cessation of business
Broadview Investment Limited (駿峰投資有限公司)	Hong Kong	Property investment	Striking off	4 April 2003	Cessation of business
Homesky Seafood Restaurant Limited (豪天卡拉ok海鮮酒家有限公司)	Hong Kong	Restaurant	Striking off	23 December 2005	Cessation of business
Hua Hsiu Limited (華秀有限公司)	Hong Kong	Property investment	Striking off	21 June 2002	Cessation of business
Multi-Honour Properties Limited (茂名置業有限公司)	Hong Kong	Property investment	Striking off	6 September 2002	Cessation of business
Power Dynasty Development Limited (力朝發展有限公司)	Hong Kong	Property investment	Striking off	16 December 2005	Cessation of business
SL Migration Services Limited (海外移民服務有限公司)	Hong Kong	Migration services	Striking off	7 June 2002	Cessation of business

To the best knowledge of Mr. Lai after making reasonable enquiries, as at the Latest Practicable Date, there was no outstanding liability or on-going claim or litigation against him in his capacity as a director of the abovementioned companies prior to their respective dissolution.

Mr. Tai Leung Lam (戴良林), aged 70, is our Executive Director and the director of manufacturing of our Group. Mr. Tai is also a director of each of our subsidiaries. Mr. Tai was appointed as our Director on 15 April 2016 and is responsible for the management, strategic planning and development of our manufacturing division. Mr. Tai was a director of Trio Engineering from October 1985 to July 1987, and has been serving in the same position from July 1990 until the present. Mr. Tai has over 45 years of experience in the electronics industry, and specialises in the establishment and management of production plants for electronics manufacturers.

Mr. Tai obtained a diploma in Wireless Mechanical Maintenance without Wireless Telegraph Communication in The World Electric Engineering College (香港世界電機工程學校) in March 1965. Mr. Tai attended short courses in Quality Assurance and Component Testing for Transistor Radio, as well as The Use of Radio and T.V. Servicing Equipment at the department of electrical engineering in Morrison Hill Technical Institute (now known as Hong Kong Institute of Vocational Education) during the session from 1970 to 1971 and during the session from 1971 to 1972, respectively. During the period from October 1976 to 1983, Mr. Tai held various positions in Timco Manufacturing Co. Limited ("**Timco**"), a limited company incorporated in Hong Kong and principally engaged in electronics manufacturing. Timco was dissolved in December 1991 as a result of creditor's winding up.

Mr. Tai was a director of the following companies prior to their respective dissolution, all of which were solvent at the time of dissolution:

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution	Reasons of dissolution
P.S.I. (HK) Limited	Hong Kong	Trading	Deregistration	23 November 2012	Cessation of business
Timco Manufacturing Co. Limited	Hong Kong	Electronics manufacturing	Creditor's winding up	6 December 1991	Insolvent

To the best knowledge of Mr. Tai after making reasonable enquiries, as at the Latest Practicable Date, there was no outstanding liability or on-going claim or litigation against him in his capacity as a director of the abovementioned companies prior to their respective dissolution.

Mr. Joseph Mac Carthy, aged 51, is our Executive Director and the director of marketing of our Group. Mr. Mac Carthy was appointed as our Director on 15 April 2016 and is responsible for the overall management and supervision of our marketing activities in Europe and the United States. He joined us as a consultant in March 1996 and has been a director of Trio Engineering since October 2003. Before joining our Group. Mr. Mac Carthy worked in different companies engaging in related industries as our Group's. Mr. Mac Carthy has been in the industry of design engineering for electronic and magnetic products for over 20 years.

In 1985, Mr. Mac Carthy obtained a national certificate in electronic engineering from Waterford Institute of Technology in Ireland.

Mr. Mac Carthy was a director of the following companies prior to their respective dissolution, all of which were solvent at the time of dissolution:

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution	Reasons of dissolution
Verbeck International Limited	Ireland	Trading	Deregistration	16 January 1998	Cessation of business
L.R.C Limited	Ireland	Trading	Deregistration	27 November 1997	Cessation of business

To the best knowledge of Mr. Mac Carthy after making reasonable enquiries, as at the Latest Practicable Date, there was no outstanding liability or on-going claim or litigation against him in his capacity as a director of the abovementioned companies prior to their respective dissolution.

Independent Non-executive Directors

Mr. Fung Chun Chung (馮鎮中), aged 75, is an Independent Non-executive Director appointed on 10 February 2017, and is responsible for overseeing the management of our Group independently. Mr. Fung has over 40 years of experience in the management of electronics industry.

Mr. Fung received an advanced diploma in engineering from North-East Essex Technical College in the United Kingdom in July 1968 and a master degree of science in engineering from the University of Hong Kong in November 1978. Mr. Fung was admitted as a member of the Hong Kong Institution of Engineers in January 1983, and a member of the Institution of Production Engineers (now known as the Institution of Engineering and Technology) in the United Kingdom in July 1971.

Mr. Fung worked as a manager of production in Transelectronics Ltd. from June 1970 to December 1974, where he was responsible for leading the development of the company and training of the production operators and staff. Mr. Fung was appointed as the chairman of Manlion Industrial Co., Ltd., a company principally engaged in the manufacturing of lighting products and festival items and decorations, in October 1983, and of Packway Industries Ltd., a company principally engaged in the manufacturing of battery chargers and festival items and decorations, in November 2007. In addition, Mr. Fung was the secretary of the Hong Kong Electrical Appliance Industries Association from 2006 to 2008 and the executive committee member of group four (electrical products) of the Federation of Hong Kong Industries from July 2005 to July 2015.

Mr. Fung was a director of the following companies prior to their respective dissolution, all of which were solvent at the time of dissolution:

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution	Reasons of dissolution
C.I.T. (H.K.) Company Limited	Hong Kong	Trading	Deregistration	22 June 2001	Cessation of business
Open Era Limited	Hong Kong	Trading	Deregistration	29 September 2000	Cessation of business

To the best knowledge of Mr. Fung after making reasonable enquiries, as at the Latest Practicable Date, there was no outstanding liability or on-going claim or litigation against him in his capacity as a director of the abovementioned companies prior to their respective dissolution.

Mr. Cheung Kin Wing (張建榮), aged 63, is an Independent Non-executive Director appointed on 10 February 2017, and is responsible for overseeing the management of our Group independently. Mr. Cheung has more than 30 years of experience in IT, financial accounting, auditing and management.

Mr. Cheung obtained a bachelor degree in commerce from the University of Calgary in Canada in June 1979. He became a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Institute of Chartered Accountants in England and Wales in May 1986 and February 2015, respectively.

From September 1980 to March 1995, Mr. Cheung held several positions, including assistant manager, manager and senior manager in Coopers & Lybrand (now known as PricewaterhouseCoopers). He was a partner of Coopers & Lybrand (now known as PricewaterhouseCoopers) from March 1995 until his resignation in May 1999. Since February 1999, Mr. Cheung has been a director and lead consultant of Sunplex Consultants Limited, a company principally engaged in the provision of human resources management and IT consultancy services. He was a director of Principal Trust Company (Hong Kong) Limited (formerly known as AXA China Region Trustees Limited), a provider of investment and retirement solutions, from August 1999 to August 2015, and has been an independent non-executive director of Bank of Communications Trustee Limited, a trust company, since November 2003. Mr. Cheung was a director of the finance and operations department of the Hong Kong Institute of Certified Public Accountants from July 2004 to April 2008 and a consultant of the Hong Kong Institute of Certified Public Accountants from April 2008 to August 2008. He has been an independent non-executive director of BaWang International (Group) Holding Limited, a company listed on the Stock Exchange (stock code: 1338), and of ENM Holdings Limited, a company listed on the Stock Exchange (stock code: 128), since November 2014 and June 2016, respectively.

Mr. Cheung was a director of the following companies prior to their respective dissolution, all of which were solvent at the time of dissolution:

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution	Reasons of dissolution
New Standards Limited (新標準有限公司)	Hong Kong	Never commenced business	Deregistration	6 December 2002	Never commenced business
Triumph Services Limited (三聯強積寶服務有限公司)	Hong Kong	Never commenced business	Deregistration	20 April 2001	Never commenced business

To the best knowledge of Mr. Cheung after making reasonable enquiries, as at the Latest Practicable Date, there was no outstanding liability or on-going claim or litigation against him in his capacity as a director of the abovementioned companies prior to their respective dissolution.

Mr. Wong Raymond Fook Lam (黃福霖), aged 62, is our independent non-executive Director appointed on 10 February 2017, and is responsible for overseeing the management of our Group independently. Mr. Wong has approximately 28 years of experience in financial management, treasury, internal control and investment in the commercial field.

Mr. Wong was an independent non-executive director of Wenzhou Kangning Hospital Co., Ltd., a company listed on the Stock Exchange (stock code: 2120), from April 2015 to June 2016. From January 1997 to June 2007 and from July 2009 to December 2016, Mr. Wong served as an executive director of SOCAM Development Limited ("**SOCAM**"), a company listed on the Stock Exchange (stock code: 983) and a member of the Shui On Group, a group principally engaged in property development and construction in Hong Kong and the PRC. He also took up the role of chief financial officer from July 2009 to December 2016 and assumed the role of managing director of SOCAM from July 2013 to December 2016. During his tenure with SOCAM, he was primarily responsible for financial, treasury and legal and secretarial functions, corporate restructuring, mergers and acquisitions, investment decisions, investor relationships and corporate governance matters. From March 2007 to December 2016, Mr. Wong was an executive director of China Central Properties Limited, a company listed on the alternative investment market of the London Stock Exchange prior to its privatisation in June 2009 and now a wholly-owned subsidiary of SOCAM. From 1992 to 1995, Mr. Wong served as the finance director of the Shui On Group.

Mr. Wong obtained a diploma in accountancy from the City of London Polytechnic (now known as London Metropolitan University) in June 1976. He was admitted as an associate of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) in March 1981 and the Institute of Chartered Accountants in England and Wales in May 1980, and became a member of the Institutes of Chartered Accountants in Australia and New Zealand in 1985.

Mr. Wong was a director of the following companies prior to their respective dissolution, all of which were solvent at the time of dissolution:

Name of company	Place of incorporation/ establishment	Nature of business	Means of dissolution	Date of dissolution	Reasons of dissolution
Ally Plus Limited (盟進有限公司)	Hong Kong	Inactive since incorporation	Deregistration	18 March 2016	Inactive since incorporation
Billion Centre Company Limited	Hong Kong	Property leasing	Deregistration	5 March 2010	Cessation of business
Billion Pier Limited (進坤有限公司)	Hong Kong	Property investment	Deregistration	22 April 2016	Cessation of business
Fair China Investments Limited (越好投資有限公司)	Hong Kong	Property investment	Deregistration	11 September 2015	Cessation of business
Prosper Town Investments Limited	Hong Kong	Inactive since incorporation	Deregistration	4 March 2016	Inactive since incorporation
Rich Development Limited (富昌發展有限公司)	Hong Kong	Investment	Deregistration	11 November 2005	Cessation of business
Shui On Strategic Investments Limited	Hong Kong	Investment	Deregistration	20 May 2010	Cessation of business
Shui On Sumicem Consulting Limited	Hong Kong	Consultancy service	Deregistration	25 August 2006	Cessation of business
Sino Eagle Limited (瑞賢有限公司)	Hong Kong	Investment	Deregistration	11 November 2005	Cessation of business
Sino Harvest Development Limited (利中發展有限公司)	Hong Kong	Property investment	Deregistration	11 September 2015	Cessation of business
Smart Leader (China) Development Limited (主威(中國)發展有限公司)	Hong Kong	Property investment	Deregistration	24 June 2005	Cessation of business
Sotan Limited	Hong Kong	Investment	Deregistration	13 December 2013	Cessation of business
Value Deep Limited (營思有限公司)	Hong Kong	Property investment	Deregistration	11 September 2015	Cessation of business
Wealth Grand Development Limited (榮嘉發展有限公司)	Hong Kong	Investment	Deregistration	11 November 2005	Cessation of business
Broadview Investment Limited 駿峰投資有限公司	Hong Kong	Property investment	Striking off	4 April 2003	Cessation of business
Hua Hsiu Limited (華秀有限公司)	Hong Kong	Property investment	Striking off	21 June 2002	Cessation of business

Name of company	Place of incorporation/ establishment	Nature of business	Means of dissolution	Date of dissolution	Reasons of dissolution
Kingshill Investment Limited (景康投資有限公司)	Hong Kong	Property investment	Striking off	26 April 2002	Cessation of business
Far East Cement Company Limited (遠東水泥有限公司)	Hong Kong	Trading	Members' voluntary winding up	21 November 2002	Cessation of business
Kinew Company Limited (堅新有限公司)	Hong Kong	Cement business	Members' voluntary winding up	16 December 2003	Cessation of business
Perkime Limited (龐京有限公司)	Hong Kong	Property investment	Members' voluntary winding up	3 January 2001	Cessation of business
Chongqing Heyang Construction Development Co., Ltd. (重慶市合陽建設開發有限公司)	PRC	Construction	Revoked	No record	No record
Beijing Chaoteng Investment Management Co., Ltd. (北京超騰投資管理有限公司)	PRC	Property investment	Cancelled	23 February 2016	Inactive
Guangzhou Panyu Dibiao Steel Engineering Co., Ltd. (廣州番禺帝標鋼鋁工程有限公司)	PRC	Steel fabrication	Cancelled	25 February 2013	Inactive
Guangzhou Panyu Ruian Steel Products Co., Ltd. (廣州市番禺瑞安鋼鋁製品有限公司)	PRC	Manufacturing of stainless steel and aluminium products	Cancelled	No record	Inactive
Guangzhou Panyu Ruihui Metal Structure Engineering Co., Ltd. (廣州番禺瑞輝金屬結構工程有限公司)	PRC	Manufacturing of wallform and other metal works	Cancelled	17 September 2009	Inactive

To the best knowledge of Mr. Wong after making reasonable enquiries, as at the Latest Practicable Date, there was no outstanding liability or on-going claim or litigation against him in his capacity as a director of the abovementioned companies prior to their respective dissolution.

Save as disclosed hereinabove, each of our Directors has confirmed that he (i) did not hold any directorship in other public companies, the securities of which are listed on any securities markets in Hong Kong or overseas, in the last three years immediately preceding the date of this prospectus; (ii) did not hold any other positions in our Company or other members of our Group as at the Latest Practicable Date; and (iii) did not have any relationships with any Directors, senior management or Substantial or Controlling Shareholders as at the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in "Substantial Shareholders" in this prospectus and "Statutory and General Information – Further Information about our Directors and Chief Executive – 9. Directors" in Appendix IV to this prospectus, each of our Directors did not have any interests in our Shares within the meaning of Part XV of the SFO.

Save as disclosed hereinabove, to the best of the knowledge, information and belief of our Directors, and after having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of our Group:

Name	Age	Position/Title	Date of appointment	Date of joining our Group	Roles and responsibilities in our Group
Mr. Lai Sek Piu (黎錫標)	57	General manager of manufacturing division	1 April 2007	9 November 1998	Responsible for the management and supervision of our manufacturing division
Mr. Fok Ka Fai (霍家輝)	59	Group financial controller	1 November 2008	1 November 2008	Responsible for the management and supervision of our finance division
Mr. Lo Ka Kei Jun (羅嘉祺)	38	General manager of marketing division	1 September 2012	21 February 2006	Responsible for the management and supervision of our marketing division
Mr. Shahpour Javanmard Emamghissi	60	Director of project development	1 December 2011	1 December 2011	Responsible for business development in European markets and supervision of our product designs

Mr. Lai Sek Piu (黎錫標), aged 57, is the general manager of our manufacturing division and responsible for the management and supervision of our manufacturing division. He has over 32 years of experience in the field of manufacturing engineering.

Mr. Lai completed a three years' part-time course in electronic engineering at Kasetsart University in Thailand in July 1993.

Mr. Lai worked as a section manager in Capetronic International (Thailand) Public Company Limited in Thailand, a company principally engaged in the manufacturing, distribution and provision of after-sales services for computer monitors in Thailand, from August 1988 to February 1997. He joined our Group as an engineer in November 1998 and has been the general manager of our manufacturing division since April 2007.

Mr. Fok Ka Fai (霍家輝), aged 59, is our group financial controller and responsible for the management and supervision of our finance division. Mr. Fok has more than 35 years of experience in finance and accounting in various industries.

Mr. Fok obtained a higher certificate of business studies in banking in November 1989 from the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University). He further obtained an honour bachelor of science degree in financial services from the University of Manchester in the United Kingdom through distance learning in August 2006 and a master degree in corporate governance from the Open University of Hong Kong in December 2009. Mr. Fok was awarded associateship from the Institute of Financial Services of United Kingdom (now known as The London Institute of Banking and Finance) in September 2006, the Hong Kong Institute of Bankers in December 2006, the Institute of Chartered Secretaries and Administrators in February 2010 and the Hong Kong Institute of Chartered Secretaries in February 2010.

Before joining our Group, Mr. Fok worked in Ace Win Investment Co., Ltd., a company principally engaged in garment manufacturing and trading, as a financial controller from December 1999 to August 2002, in Smart Union (Hong Kong) Ltd., a company principally engaged in the manufacturing and trading of toys, as a senior finance manager from August 2002 to September 2004, and in Golden Lady Trading Co., Ltd., a company principally engaged in garment trading, as a financial manager from February 2005 to January 2008. He has been the group financial controller of our Group since November 2008.

Mr. Lo Ka Kei Jun (羅嘉祺), aged 38, is the general manager of our marketing division and responsible for the management and supervision of our marketing division. Mr. Lo has 13 years of experience in the international marketing and business development in the electronics industry.

Mr. Lo obtained a higher national diploma in business and marketing in July 2001 and a bachelor of arts degree in business management in September 2002 from the Southampton Institute in the United Kingdom. He obtained a master degree in management and a master degree in business administration from Macquarie University in Australia in November 2013 and December 2014, respectively.

Mr. Lo worked in Apogee International Limited, a company principally engaged in the manufacturing of electronic products and audio and innovative designed items, as a marketing executive from June 2003 and an assistant marketing manager from May 2005 to October 2005. He joined our Group as a marketing executive in February 2006 and has been the general manager of our marketing division since September 2012.

Mr. Shahpour Javanmard Emamghissi, aged 60, is our director of project development and responsible for business development in European markets and supervision of our product designs. He has over 30 years of experience in the electronic engineering industry and specialises in manufacturing, quality control and business development management.

Mr. Emamghissi obtained a higher national diploma in electrical and electronic engineering from Liverpool Polytechnic (now known as Liverpool John Moores University) in the United Kingdom for session 1980/1981 and subsequently received a diploma in electrical and electronic engineering from Leeds Polytechnic (now known as Leeds Beckett University) in the United Kingdom in June 1982 and a postgraduate diploma in manufacturing management and technology from the Open University in the United Kingdom in July 1997.

Mr. Emamghissi worked as part of a team working on projects designing automation and monitoring systems in Micro Systems Control Limited, an engineering automation company in the United Kingdom, from September 1982 to January 1984. He held various positions (electronics design and test engineer, project engineer and telecom engineering manager) in Denis Ferranti Group, a telecom and consumer electronics contract manufacturer in the United Kingdom, from February 1984 to March 2003. From June 2003 to November 2003, he worked as a project manager and as a process engineer in Eaton Electrical Part of Eaton Corporation USA, a manufacturer of electrical distribution equipment, circuit breakers and safety products in the United Kingdom. He then served as an operations manager in Thermatru UK Manufacturing Limited, a company principally engaged in the manufacturing and supply of composite security and fire doors in the United Kingdom, from November 2003 to April 2005. He worked as an engineering project manager in Dolgarrog Aluminium Limited, a manufacturer and supplier of flat aluminium products to aerospace and other industries in the United Kingdom, from June 2005 to November 2005. He worked as an offshore manufacturing and quality manager in Lake Communications Limited, a supplier of communication equipment in Ireland, from November 2005 to December 2011. During the period from December 2011 to December 2015, Mr. Emamghissi worked as a consultant for Mr. Mac Carthy, and provided support to our sales activities in Europe as well as technical support to our customers therein. He formally joined our Group as the director of project development in January 2016.

None of the above members of senior management has been a director of any listed public companies in the three years prior to the Latest Practicable Date.

COMPANY SECRETARY

Mr. Fok Ka Fai (霍家輝) was appointed as our company secretary on 10 February 2017 and is responsible for the secretarial affairs of our Company. Mr. Fok is also our group financial controller. See "Senior Management" in this section for further details.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

For FY2014, FY2015, FY2016 and 5M2017, the aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing and other allowances and other benefits in kind) paid by us to our Directors was HK$5.8 million, HK$6.7 million, HK$11.8 million and HK$6.3 million, respectively.

For FY2014, FY2015, FY2016 and 5M2017, the aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing and other allowances and other benefits in kind) which were paid by us to our five highest paid individuals was HK$8.0 million, HK$8.1 million, HK$13.0 million and HK$7.1 million, respectively.

Under the remuneration policy of our Company, the Remuneration Committee will consider factors such as salaries paid by comparable companies, time commitment, responsibilities and performance of our Directors and senior management, as the case may be, in assessing the amount of remuneration payable to our Directors and members of our senior management. The Remuneration Committee will periodically review the compensation levels of our key executives. Based on our performance and the executives' respective contribution to our Group, the Remuneration Committee may, within the aggregate remuneration amount having been approved in a Shareholders' meeting, make recommendations to our Board as to salary increases or payment of discretionary bonuses. Under the arrangements currently in force, the aggregate remuneration, excluding discretionary bonuses of our Directors, payable in respect of FY2017 is estimated to be HK$16.6 million.

We have also conditionally adopted the Share Option Scheme. For details of the Share Option Scheme, see "Statutory and General Information – Other Information – 12. Share Option Scheme" in Appendix IV to this prospectus.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Group, except for Mr. Lai, who received a sum of HK$135,000.0 in April 2015 upon joining us as an Executive Director. No compensation was paid by our Group to, or receivable by, our Directors or the five highest paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary in our Group.

In addition, none of our Directors has waived or agreed to waive any emoluments during the Track Record Period. Save as disclosed in the above paragraphs, no other payments have been paid or are payable by our Company or any of our subsidiaries to our Directors and the five highest paid individuals during the Track Record Period.

BOARD COMMITTEES

In accordance with the Corporate Governance Code, we have established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee. These committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We established the Audit Committee on 27 October 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 and paragraph D3 of the Corporate Governance Code. The Audit Committee comprises three members, namely Mr. Cheung Kin Wing, Mr. Fung Chun Chung and Mr. Wong Raymond Fook Lam. The chairman of the Audit Committee is Mr. Cheung Kin Wing, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to, the following: (i) making recommendations to our Board on the appointment and removal of the external auditor; (ii) reviewing the financial statements of our Group and monitoring the integrity of such financial statements; and (iii) overseeing our financial reporting system and internal control procedures.

Remuneration Committee

We established the Remuneration Committee on 27 October 2017 with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code. The Remuneration Committee comprises five members, namely, Mr. Wong Raymond Fook Lam, Mr. Stanley Kwan, Mr. Lai, Mr. Fung Chun Chung and Mr. Cheung Kin Wing. The chairman of the Remuneration Committee is Mr. Wong Raymond Fook Lam.

The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for the remuneration of all our Directors and senior management; (ii) making recommendations to our Board on the establishment of a formal and transparent procedure for developing remuneration policy; (iii) determining the specific remuneration packages of all Directors and senior management; and (iv) reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives resolved by our Board from time to time.

Nomination Committee

We established the Nomination Committee on 27 October 2017 with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code. The Nomination Committee comprises four members, namely Mr. Stanley Kwan, Mr. Lai, Mr. Fung Chun Chung and Mr. Wong Raymond Fook Lam. The chairman of the Nomination Committee is Mr. Stanley Kwan.

The primary functions of the Nomination Committee include, but are not limited to, the following: (i) reviewing the structure, size and composition of our Board; (ii) assessing the independence of our Independent Non-executive Directors; and (iii) making recommendations to our Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

Risk Management Committee

We established the Risk Management Committee on 27 October 2017 to oversee our future hedge activities. The Risk Management Committee comprises five members, namely Mr. Stanley Kwan, Mr. Lai, Mr. Cheung Kin Wing, Mr. Fung Chun Chung and Mr. Wong Raymond Fook Lam. The chairman of the Risk Management Committee is Mr. Stanley Kwan.

The primary functions of the Risk Management Committee include, but are not limited to, the following: (i) reviewing our Directors' decisions on entering into hedge arrangements; (ii) reviewing the effectiveness of our hedge policy; and (iii) providing recommendations to our Board on improving our hedge policy, where appropriate and if necessary.

CORPORATE GOVERNANCE

Our Company intends to comply with all code provisions in the Corporate Governance Code after Listing except for paragraph A.2.1 of the Corporate Governance Code, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of Chairman and chief executive officer of our Company are currently performed by Mr. Stanley Kwan. In view of Mr. Stanley Kwan's substantial contribution to our Group since our establishment and his extensive experience in the industrial EMS industry, we consider that having Mr. Stanley Kwan acting as both our Chairman and chief executive officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Mr. Stanley Kwan continues to act as both our Chairman and chief executive after the Listing, and therefore currently do not propose to separate the functions of Chairman and chief executive officer.

COMPLIANCE ADVISER

We have appointed Halcyon Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we shall consult with, and, if necessary, seek advice from our compliance adviser on a timely basis in the following circumstances: (i) before the publication of any regulatory announcement, circular or financial report; (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including, but not limited to, share issues and share repurchases; (iii) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and (iv) where the Stock Exchange makes an inquiry of us in respect of unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date of dispatch of our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

The following discussion and analysis of our Group's financial condition and results of operations should be read in conjunction with our consolidated financial information as at 31 December 2014, 2015 and 2016 and 31 May 2017 and for each of the three years ended 31 December 2016 together and for the five months ended 31 May 2017 with the accompanying notes as set out in the Accountant's Report in Appendix I to this prospectus. The following discussion contains forward-looking statements that involve risks and uncertainties. However, whether our actual results and developments will meet our expectations and projection depend on a number of risks and uncertainties over which our Group does not have control. For further information regarding the factors that could cause or contribute to such differences, you should refer to "Risk Factors" and "Business" in this prospectus.

OVERVIEW

Founded in 1983, we are an EMS provider specialising in the manufacturing and sales of customised industrial electronic components and products, with headquarters in Hong Kong and production facilities in Nansha District, Guangzhou City, Guangdong Province, the PRC.

As an OEM of industrial electronic components and products, we provide our customers with a comprehensive scope of services, from procurement of raw materials, manufacturing to product delivery. We also provide technical advice and engineering solutions to our customers during product design and development stage. Our OEM products include: (i) electro-mechanical products; (ii) switch-mode power supplies; and (iii) smart chargers, which are generally applied in various industrial electronic equipment such as (a) renewable energy facilities; (b) telecommunications equipment; (c) commercial freight equipment; (d) medical devices; and (e) security systems. Our OEM products are manufactured according to the specifications provided by our customers and are incorporated into their end products or sold as stand-alone products under their own brands. Most of our major customers are reputable international corporations principally engaging in the manufacturing and sale of industrial electronic products, and we have maintained business relationship with some of them for over 10 years. During the Track Record Period, more than 60.0% of our products were sold to customers in Europe, while the other products were sold to customers in North America, South-east Asia and the PRC.

The table below sets out a breakdown of our revenue during the Track Record Period by product category:

	For the year ended 31 December						For the five months ended 31 May			
	2014		2015		2016		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Electro-mechanical products	260,711	50.4	306,281	46.6	257,708	34.6	122,167	37.3	110,030	37.0
Switch-mode power supplies	169,024	32.7	163,082	24.8	138,520	18.6	61,347	18.7	58,727	19.8
Smart chargers	83,048	16.0	178,746	27.2	336,601	45.2	137,822	42.1	127,215	42.8
Others[1]	4,696	0.9	9,505	1.4	12,070	1.6	6,372	1.9	1,343	0.4
Total	517,479	100.0	657,614	100.0	744,899	100.0	327,708	100.0	297,315	100.0

Note:

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

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 May 2017, being the date to which our latest audited financial information were prepared, and there is no event which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report set out in Appendix I to this prospectus. Further details of our Group's indebtedness position have been set out under "Indebtedness" in this section.

BASIS OF PRESENTATION OF OUR FINANCIAL INFORMATION

Our Company was incorporated in Hong Kong on 15 April 2016 as a limited liability company. In preparation for the Listing, our Group underwent the Reorganisation. For further details of the Reorganisation. See "History, Development and Reorganisation" in this prospectus. As a result of the Reorganisation, our Company became the holding company of the companies now comprising our Group which were under the common control of our ultimate shareholders, namely Mr. Stanley Kwan, Mr. Tai, Mr. Lai and Mr. Mac Carthy (together, the "**Ultimate Shareholders**").

The Reorganisation is merely the transfer of business held by the Ultimate Shareholders in respect of the manufacturing and sales of industrial electronic components and products to our Company and does not result in any change of business substance. The consolidated statements of comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity of our Group for FY2014, FY2015, FY2016 and 5M2017 and the consolidated statements of financial position of our Group as at that dates have been prepared using the financial information of the companies engaged in the business of manufacturing and sales of electronic components and products which are under the same ownership of our Ultimate Shareholders and now comprising our Group as if the current group structure had been in existence throughout and at the end of each of FY2014, FY2015, FY2016 and 5M2017 with the exception of companies established or acquired within FY2014, FY2015, FY2016 and 5M2017 which are included from their respective dates of establishment or acquisition.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with our Group's accounting policies.

For more information on the basis of preparation of the financial information included herein, see Note 1.3 to the Accountant's Report in Appendix I to this prospectus.

SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF OUR GROUP

The results of operations and financial condition of our Group have been and will continue to be affected by a number of factors, including those discussed below and in "Risk Factors" in this prospectus.

Change in customers' demand

Our Group's revenue are dependent on the orders from our customers. Demand from our customers may change from time to time due to various reasons, such as, if the prices of our products are not as competitive as those set by our competitors for comparable products or if the quality of our products does not meet our customers' expectations or requirements, our customers may reduce their purchase volume or may not make purchases from us. Since we do not enter into long-term sale and purchase agreements with our customers and we are not their exclusive supplier, there is no assurance that our existing customers will continue to purchase our products at current levels or at all in the future. In these circumstances, our results of operations and financial performance may be affected.

Production costs

Raw materials costs represent a significant portion of our Group's total cost of goods sold. For FY2014, FY2015, FY2016 and 5M2017 such costs represented 79.3%, 81.4%, 82.1% and 81.5%, respectively, of our Group's total cost of goods sold. As such, any significant fluctuation in the price of raw materials may have a significant impact on our Group's profitability. Raw materials and components used in our Group's production mainly include integrated circuits, metal parts, capacitors, plastic parts, PCB components, connectors, transistors, cables and cores. In recent years, our Group experienced price fluctuations for some of the raw materials due to various factors including the changes in demand and supply for commodities and foreign exchange fluctuations. Nevertheless, our Group has been able to reduce, to a limited extent, the impact of price fluctuations of raw materials by making bulk purchases and procuring from geographically-diversified sources. Our Directors believe that the long-term relationships with our major suppliers also enhanced our Group's bargaining power and ability to obtain better prices.

Market demand for industrial electronic components and products

Our Group provides industrial electronic components and products to international leading industrial electronic products brand owners. Our products are mainly used for renewable energy facilities, telecommunications equipment, commercial freight equipment, medical devices and security systems. The demand for our products are largely driven by the demand of the above mentioned products. Our Group's results of operations are therefore directly affected by the revenue of our customers, which primarily depends on the global consumption of industrial electronic products and the evolving technologies in the industrial electronic products industry. Therefore, the financial performance of our Group may also be affected by the global industrial electronic market.

Changes in the global economic condition, especially in Europe

Changes in global market demand level for industrial goods may have a significant effect on our financial condition and results of operations. In particular, we would be affected by changes in the economic condition of Europe as customers in Europe accounted for 71.3%, 60.7%, 62.4% and 70.3% of our Group's revenue for each of the FY2014, FY2015, FY2016 and 5M2017 respectively.

Fluctuations in foreign exchange rates

Our major functional currency is U.S. dollars, while some of our business transactions and our cost of sales are denominated in Hong Kong dollars, Euros and Renminbi. We are exposed to foreign currency risks as a result of sales and purchases that are denominated in a currency other than U.S. dollars. During the Track Record Period, our Group has experienced no material exchange losses. In addition, we are exposed to the risks associated with the currency conversion and foreign exchange policies in the PRC.

Our profit margin will be negatively affected to the extent that we are unable to increase selling prices of our products denominated in U.S. dollars we sell to our overseas customers to account for any appreciation of the RMB against U.S. dollars. Furthermore, any future significant fluctuations in exchange rates will result in increases or decreases in our reported costs and earnings, and also adversely affect the carrying value of our non-HKD denominated assets and the amount of our equity, and accordingly, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Production capacity

Our Group has been expanding the scale of production, mainly through the expansion of our production facilities in Nansha District, Guangzhou City, Guangdong Province, the PRC. Our Group's capital expenditures for each of the FY2014, FY2015, FY2016 and 5M2017 were HK$10.6 million, HK$14.9 million, HK$4.6 million and HK$0.5 million, respectively, which mainly comprised the purchase of coil winding machines, SMT lines, automatic optical inspection equipment, in-circuit testers, etc. As at the Latest Practicable Date, our Group had four fully-automated fixed production lines. Our Group will also from time to time re-arrange our production floor area into different production lines tailoring for the production of each product according to our production schedule. Apart from four fully-automated fixed production lines, our Group had 66 interchangeable production lines in production as at the Latest Practicable Date.

As SMD process is a fundamental step in the manufacturing of our products, the production volume of our products is subject to the output volume of our SMT lines. The following table sets out our designed annual production capacity, actual annual production time and average utilisation rate of our SMT lines during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May
	2014	**2015**	**2016**	**2017**
Number of SMT lines	3	4	4	4
Number of available SMT machine hours *(hours)*[(1)]	18,840	20,380	22,800	9,440
Number of productive SMT machine hours *(hours)*[(2)]	14,114	16,814	17,679	7,362
Utilisation rate *(%)*[(3)]	74.9	82.5	77.5	78.0

Notes:

(1) The number of available SMT machine hours is calculated by multiplying the number of SMT lines by the number of hours in a day and the number of days in a year that our SMT machines are expected to operate. The above calculation is based on the assumptions that our SMT machines operate 20 hours a day, and 314 days, 298 days, 285 days and 118 days for FY2014, FY2015, FY2016 and 5M2017, respectively.

(2) The number of productive SMT machine hours is calculated based on the number of actual machine hours utilised in production, which includes set-up time but excludes unforeseen maintenance downtime.

(3) The utilisation rate is calculated by dividing the number of available SMT machine hours by the number of productive SMT machine hours.

Our Group's operating results have been and will continue to be affected by the degree to which our production capacity can meet customers' demand. Our Directors expect the capital expenditure increases relating to the expansion of our Group's production capacity will have a positive impact on our results of operations. See "Future Plans and Use of Proceeds" in this prospectus for the details of our production capacity expansion plans.

Product mix and profit margins

During FY2014, FY2015, FY2016 and 5M2017, our Group's overall gross profit margins were 26.0%, 25.1%, 28.0% and 30.2% respectively, while the gross profit margins for electro-mechanical products were 34.8%, 34.7%, 36.5% and 38.5% respectively, which were comparatively higher than other product categories.

Our Group's operating results are affected by our product mix as gross profit margin varies with different products. Our Group's gross profit margin will be adversely affected if the percentage contribution from our electro-mechanical products decreases, or if their gross profit margin decreases. Our Group's ability to maintain and increase our gross profit margin depends on the intensity of market competition, market supply and demand, product quality and the costs of raw materials and components. Our Directors expect to adjust our Group's product mix constantly in response to changes in demand and pricing for each product. If our Group fails to maintain its competitive strengths, we may lose our current market share in our principal product lines and our revenue may decrease, which may have a material adverse effect on our business, financial condition and results of operations.

CRITICAL ACCOUNTING POLICIES, JUDGEMENT AND ESTIMATES

The financial information of our Group has been prepared in accordance with accounting policies which conform with HKFRS. The significant accounting policies adopted by our Group are set forth in detail in Note 2 "Summary of significant accounting policies" to the Accountants' Report set out in Appendix I to this prospectus.

Some of the accounting policies involve judgments, estimates, and assumptions made by our management. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Further information regarding the key judgements made in applying our accounting policies are set forth in Note 4 "Critical accounting estimates and judgements in applying the Group's accounting policies" to the Accountants' Report set out in Appendix I to this prospectus.

RESULTS OF OPERATIONS

The table below presents the summary of consolidated statements of comprehensive income of our Group for each of the FY2014, FY2015, FY2016 and 5M2017 extracted from the Accountant's Report in Appendix I to this prospectus.

Consolidated statements of comprehensive income

	For the year ended 31 December			For the five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue	517,479	657,614	744,899	327,708	297,315
Cost of sales	(383,044)	(492,286)	(536,403)	(239,468)	(207,597)
Gross profit	134,435	165,328	208,496	88,240	89,718
Other income/gain, net	1,036	5,107	5,955	1,244	(1,474)
Selling and distribution expenses	(12,241)	(18,516)	(15,689)	(6,367)	(6,585)
Administrative expenses	(66,717)	(89,905)	(90,054)	(37,597)	(50,194)
Other operating expenses, net	(21,152)	(11,143)	(1,895)	1,159	(1,677)
Profit from operations	35,361	50,871	106,813	46,679	29,788
Finance expenses, net	(6,860)	(8,358)	(9,458)	(4,358)	(3,552)
Profit before tax	28,501	42,513	97,355	42,321	26,236
Income tax expense	(6,623)	(12,756)	(22,098)	(9,621)	(5,942)
Profit for the year/period	21,878	29,757	75,257	32,700	20,294
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss:					
Fair value gains on revaluation of land and buildings, net of tax	2,425	1,700	1,493	591	345
Total comprehensive income for the year/period	24,303	31,457	76,750	33,291	20,639

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our revenue was generated from (i) electro-mechanical products; (ii) switch-mode power supplies; (iii) smart chargers; and (iv) others. In FY2014, FY2015, FY2016 and 5M2017, our revenue was HK$517.5 million, HK$657.6 million, HK$744.9 million and HK$297.3 million, respectively.

The table below summarises, for the periods indicated, the amount of revenue generated and as a percentage of total revenue from each product category:

	For the year ended 31 December						For the five months ended 31 May			
	2014		2015		2016		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Electro-mechanical products	260,711	50.4	306,281	46.6	257,708	34.6	122,167	37.3	110,030	37.0
Switch-mode power supplies	169,024	32.7	163,082	24.8	138,520	18.6	61,347	18.7	58,727	19.8
Smart chargers	83,048	16.0	178,746	27.2	336,601	45.2	137,822	42.1	127,215	42.8
Others[(1)]	4,696	0.9	9,505	1.4	12,070	1.6	6,372	1.9	1,343	0.4
Total	517,479	100.0	657,614	100.0	744,899	100.0	327,708	100.0	297,315	100.0

Note:

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

During 5M2017, our Group's revenue recorded a slight decrease of 9.3% as compared to 5M2016. The decrease was mainly contributed by (i) our Group recorded relatively high order demand from Customer B in 5M2016 due to their phrasing in of one of its new products and as no substantial high order demand was recorded in 5M2017, our revenue decreased accordingly; (ii) our Group recorded substantial amount of sales from one of our PRC customers in FY2016; and due to the high volume of products supplied to such customer in FY2016, it only placed order for delivery after 5M2017; (iii) Customer C will be launching a second generation of one of its products which resulted in the decrease in order size for their first generation product during 5M2017. The decrease in revenue was also partially offset by the increase in order demand from Customer G during 5M2017 as a result of Customer G's organic growth.

During FY2016, key driver of our Group's growth in revenue was from the sales of smart chargers as our Group recorded a substantial increase in sales of smart chargers by 88.3% from HK$178.7 million to HK$336.6 million, contributed by the increase in sales orders from our smart charger customers and increase in net average selling price for smart chargers. Such increase was offset by the decrease in sales of electro-mechanical products and switch-mode power supplies during FY2016 resulting from the decrease in average selling price of such product categories.

During FY2015, key driver of our Group's growth in revenue was from the increase in sales of smart chargers and electro-mechanical products, contributed by the increase in sales orders from our customers of smart chargers and electro-mechanical products.

The table below summarises, for the periods indicated, the sales volume of each product category:

	For the year ended 31 December			**For the five months ended 31 May**	
	2014	**2015**	**2016**	**2016**	**2017**
	approximately units ('000)	*approximately units ('000)*	*approximately units ('000)*	*approximately units ('000)*	*approximately units ('000)*
Electro-mechanical products	9,561	10,765	9,985	4,175	4,529
Switch-mode power supplies	3,606	2,895	3,044	1,279	1,476
Smart chargers	81	199	245	102	75
Others(1)	140	85	177	83	32
Total	13,388	13,944	13,451	5,639	6,112

Note:

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

During 5M2017, our Group recorded an increase in sales volume for all of our product categories (except for smart chargers). The decrease in sales volume of smart chargers from 102,000 units in 5M2016 to 75,000 units in 5M2017 was resulted from the increase in sales of smart chargers with higher power rating to our customer which a number of low power rating modules were combined into one unit of high power rating models and thus the number of units decreased. The increase in sales volume for switch-mode power supplies from 1.3 million units in 5M2016 to 1.5 million units in 5M2017 and for electro-mechanical products from 4.2 million in 5M2016 to 4.5 million units in 5M2017 were mainly due to the shift of product mix demanded by our customers.

During FY2016, our Group recorded an increase in sales volume for switch-mode power supplies from 2.9 million units in FY2015 to 3.0 million units in FY2016 and smart chargers from 199,000 units in FY2015 to 245,000 units in FY2016. Such increases were contributed by the steady growth in sales volume experienced from our customers across both product categories. Our sales volume of electro-mechanical products recorded a decrease in sales volume from 10.8 million units in FY2015 to 10.0 million units in FY2016, as a result of decrease in sales orders received from a U.S. customer which engages in the production of medical equipment products and Customer F in FY2016.

During FY2015, our Group recorded an increase in sales volume for electro-mechanical products from 9.6 million units in FY2014 to 10.8 million units in FY2015 and smart chargers from 81,000 units in FY2014 to 199,000 units in FY2015. The increase in sales volume of electro-mechanical products was mainly contributed by increase in sales orders from a U.S. customer which engages in the production of medical equipment products and Customer F. In respect of smart chargers, the increase in sales volume was mainly contributed by the increase in sales orders received from one of our new customers which we commenced manufacturing smart chargers for it in the second half of 2014. Taking into account (i) the full year effect of the demand from this new customer; and (ii) the phrasing in of new products manufactured by our Group for this new customer, demand from this customer increased in 2015. Our Group's sales volume in switch-mode power supplies recorded a decrease from 3.6 million units in FY2014 to 2.9 million units in FY2015 as a result of decrease in sales orders received from Customer A and a customer in the United Kingdom which engages in design and manufacture of power supplies in FY2015.

The table below summarises, for the periods indicated, the net average selling price per unit of each product category:

	For the year ended 31 December			For the five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	approximately HK$	*approximately HK$*	*approximately HK$*	*approximately HK$*	*approximately HK$*
Electro-mechanical products	27.3	28.5	25.8	29.3	24.3
Switch-mode power supplies	46.9	56.3	45.5	48.0	39.8
Smart chargers	1,015.5	897.1	1,373.5	1,358.0	1,698.1
Others(1)	33.6	112.0	68.4	76.4	42.0

Note:

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

As an OEM, our Group products are manufactured according to the specifications provided by our customers. Depending on the specifications of the products, the unit prices of our Group's products were in the range from US$0.063 to US$2,300 per unit during the Track Record Period. The change in product mix demanded by our customers for products with lower unit price would result in a decrease in net average selling price of our products.

During 5M2017, our Group recorded decrease in net average selling price for our Group's products (except for smart chargers) as compared to FY2016 which was contributed by the change in sales product mix to products with relatively low selling price per unit.

Our Group recorded an increase in net average selling price of smart chargers in 5M2017 as compared to FY2016. Net average selling price of smart chargers depends on the power rating of smart charger products. The increase in net average selling price of smart chargers was mainly contributed by the change in product mix demanded by our customer to smart chargers with higher power rating and hence with higher net average unit price. Switch-mode power supplies also recorded a decrease in net average selling price due to the decrease in cost of raw materials and after taking into consideration of comparable level of mark-up by our Group, net average selling price decreased accordingly. Our Group's net average selling price for other products recorded a decrease in 5M2017 as compared to FY2016 due to the decrease in sales of ATE products with higher unit price.

Our Group's smart chargers recorded an increase in net average selling price from HK$897.1 per unit in FY2015 to HK$1,373.5 per unit in FY2016. The increase in average selling price for smart chargers in FY2016 was mainly due to the change in product mix. In FY2016, our Group produced two major series of smart chargers, single phase and three phase. Single phase smart charger has power rating of 1kW to 3kW while three phase smart charger has power rating of 3.5kW to 42kW. Selling price of our Group's smart chargers are directly related to the power rating of the smart chargers. While demand for single phase smart chargers and three phase smart chargers both recorded an increase in FY2016, as the magnitude of increase in demand of three phase smart chargers was greater than single phase, our Group recorded an increase in average selling price accordingly. Our Group's net average selling price for other products recorded a decrease in FY2016 due to the increase in sales of catering equipment control boards with lower unit price.

Our Group recorded a decrease in net average selling price for smart chargers, from HK$1,015.5 per unit in FY2014 to HK$897.1 per unit in FY2015. During FY2014, prior to the commencement of mass production of our smart chargers for Customer B, tooling and fixtures for mass production and sample products were manufactured to prepare for and to confirm specification prior to mass production. Tooling equipment and fixtures manufactured will be applied during the mass production process and are usually pre-production cost charged to our customers for each newly introduced products prior to mass production, while sample products were manufactured in a small quantity and will normally consume raw materials in a small batch with a relatively higher cost to procure. Thus, the cost and selling price of sample products will normally be more expensive as compared to products manufactured during mass production. As contributed by the cost of manufacturing tooling equipment and fixtures and sample products, as well as fewer units of smart chargers manufactured during FY2014, the average selling price for smart chargers products during FY2014 was relatively high. As relatively less tooling equipment and sample products were manufactured in FY2015, as well as more units of smart chargers manufactured during FY2015, the average selling price of smart chargers decreased in FY2015 accordingly. Our Group's net average selling price for other products increased substantially from HK$33.6 per unit in FY2014 to HK$112.0 per unit in FY2015. Such increase was mainly contributed by the increase in sales of power switch gear boards with relatively higher unit price.

Geographical revenue segment

The table below summarises, for the periods indicated, geographical revenue segment based on location of customers:

	For the year ended 31 December						For the five months ended 31 May			
	2014		2015		2016		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Europe [(1)]	368,865	71.3	398,989	60.7	465,129	62.4	202,293	61.7	209,127	70.3
North America [(2)]	88,101	17.0	171,708	26.1	215,004	28.9	96,442	29.4	61,746	20.8
South-east Asia [(3)]	28,751	5.6	31,040	4.7	32,314	4.3	11,278	3.4	14,544	4.9
PRC (including Hong Kong)	28,959	5.6	47,618	7.2	24,609	3.3	14,387	4.4	6,180	2.1
Others [(4)]	2,803	0.5	8,259	1.3	7,843	1.1	3,308	1.1	5,718	1.9
Total	517,479	100.0	657,614	100.0	744,899	100.0	327,708	100.0	297,315	100.0

Notes:

(1) Europe includes Austria, Denmark, France, Germany, Hungary, Ireland, Italy, the Netherlands, Spain, Switzerland and the United Kingdom.

(2) United States for FY2014 and FY2015, United States and Canada for FY2016.

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

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

Europe and North America were the two largest overseas markets of our Group which in aggregate contributed over 85.0% of our total revenue during the Track Record Period. Growth of Europe and North America markets was mainly contributed by the continuous increase in sales of smart chargers to both markets during the Track Record Period.

Cost of sales

Cost of sales represents costs and expenses directly attributable to our revenue generating activities. In FY2014, FY2015, FY2016 and 5M2017, our cost of sales were HK$383.0 million, HK$492.3 million, HK$536.4 million and HK$207.6 million respectively, representing 74.0%, 74.9%, 72.0% and 69.8% of our total revenue respectively. Our raw material costs accounted for the largest part of our cost of sales. In FY2014, FY2015, FY2016 and 5M2017, our raw material costs accounted for 79.3%, 81.4%, 82.1% and 81.5% of our total cost of sales respectively. Set out below is a breakdown of the cost of sales in FY2014, FY2015, FY2016 and 5M2017:

		For the year ended 31 December						For the five months ended 31 May			
		2014		2015		2016		2016		2017	
		HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
								(Unaudited)			
Raw materials	*(i)*	303,750	79.3	400,872	81.4	440,544	82.1	197,252	82.4	169,237	81.5
Direct labour	*(ii)*	53,518	14.0	65,206	13.3	72,424	13.5	30,866	12.9	27,860	13.4
Material processing	*(iii)*	2,840	0.7	1,706	0.3	2,221	0.4	925	0.4	1,063	0.5
Factory overhead	*(iv)*	22,936	6.0	24,502	5.0	21,214	4.0	10,425	4.3	9,437	4.6
		383,044	100.0	492,286	100.0	536,403	100.0	239,468	100.0	207,597	100.0

(i) Raw materials

Our major raw materials included integrated circuits, metal parts, plastic parts, PCB components, capacitors, connectors, transistors, cables and cores. Our raw material costs increased during the first three years of the Track Record Period primarily due to the increase in purchase, which was in line with the growth of our Group's revenue and sales volume. Our Group recorded a decrease in raw material costs during 5M2017 as compared to 5M2016 as a result of both the decrease in production volume and slight cost down of raw materials achieved by our Group during the period.

Raw materials accounted for the largest portion of our Group's cost of sales during the Track Record Period, a sensitivity analysis on the fluctuation in raw material costs during the Track Record Period is set out below, which illustrates the hypothetical effects on our profit before tax with 5.0%, 10.0% and 15.0% increase or decrease in our raw material costs. Because a number of assumptions have been applied, this sensitivity analysis is for illustration only, and actual results may differ from those illustrated below.

	Change in profit before tax for change in raw material costs		
	+/-5%	**+/-10%**	**+/-15%**
	HK$'000	*HK$'000*	*HK$'000*
Raw materials			
FY2014	+/- 15,187.5	+/- 30,375.0	+/- 45,562.5
FY2015	+/- 20,043.6	+/- 40,087.2	+/- 60,130.8
FY2016	+/- 22,027.2	+/- 44,054.4	+/- 66,081.6
5M2017	+/- 8,461.9	+/- 16,923.7	+/- 25,385.6

(ii) Direct labour

Direct labour costs included wages, social security insurance and staff welfare cost for personnel directly involved in our production activities. Labour costs increased during the first three years of the Track Record Period primarily due to the hiring of more labour for our production in response to our growing business and the annual general salary adjustment during the Track Record Period. Our Group recorded a decrease in direct labour during 5M2017 as compared to 5M2016, such decrease was contributed by the decrease in production.

(iii) Material processing

Material processing costs represented costs of processing of raw materials prior to production including the processing of integrated circuits and magnetic components.

(iv) Factory overhead

Factory overhead primarily included repair and maintenance of production plant and equipment, depreciation of production plant and equipment, electricity and water as well as rental charges of the production plant.

Gross profit and gross profit margin

In FY2014, FY2015, FY2016 and 5M2017, we generated gross profits of HK$134.4 million, HK$165.3 million, HK$208.5 million and HK$89.7 million respectively, representing gross profit margins of 26.0%, 25.1%, 28.0% and 30.2%, respectively.

Sets out below is a breakdown of the gross profit and gross profit margin of each product category in FY2014, FY2015, FY2016 and 5M2017:

	For the year ended 31 December						For the five months ended 31 May			
	2014		2015		2016		2016		2017	
	Gross profit HK$'000	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*	*Gross profit HK$'000* (Unaudited)	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*
Electro-mechanical products	90,808	34.8	106,365	34.7	93,999	36.5	44,406	36.4	42,391	38.5
Switch-mode power supplies	31,277	18.5	29,304	18.0	29,844	21.5	12,454	20.3	14,720	25.1
Smart chargers	10,937	13.2	27,251	15.3	79,690	23.7	28,872	21.0	32,205	25.3
Others[1]	1,413	30.1	2,408	25.3	4,963	41.1	2,508	39.3	402	29.9
	134,435	26.0	165,328	25.1	208,496	28.0	88,240	26.9	89,718	30.2

Note:

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

During the Track Record Period, electro-mechanical products contributed the largest amount of gross profit to our Group owing to the highest sales volume amongst all of our product categories during the Track Record Period. The electro-mechanical products also achieved the highest gross profit margin during the Track Record Period except that other products had the highest gross profit margin in FY2016. Smart chargers was the key driver of our Group's growth in gross profit during the Track Record Period. Gross profit contribution from smart chargers had been increasing during the Track Record Period from accounting for only 8.1% of our gross profit in FY2014 to 35.9% of our gross profit in 5M2017. Gross profit margin of smart chargers showed an increasing trend during the Track Record Period from 13.2% in FY2014 to 25.3% in 5M2017. Such increase was contributed by the increase in demand of certain models of smart chargers, of which we were able to charge a relatively high margin. With the combined effect of the reasons above, our Group achieved an overall increase in gross profit, from HK$134.4 million in FY2014 to HK$208.5 million in FY2016 and from HK$88.2 million in 5M2016 to HK$89.7 million in 5M2017, as well as an overall increase in gross profit margin from 26.0% in FY2014 to 30.2% in 5M2017 during the Track Record Period.

Other income/gain, net

In FY2014, FY2015 and FY2016, we generated other income of HK$1.0 million, HK$5.1 million and HK$6.0 million respectively, representing 0.2%, 0.8% and 0.8% of our revenue respectively. Other income was mainly comprised of commission income from customer referral, foreign exchange gains in respect of RMB against US$, scrap handling income and fair value gain on financial asset at fair value through profit or loss in respect of our Group's key man insurance policy. We recorded other loss of HK$1.5 million in 5M2017, which was mainly comprised of foreign exchange losses.

Selling and distribution expenses

In FY2014, FY2015, FY2016 and 5M2017, we recorded selling and distribution expenses of HK$12.2 million, HK$18.5 million, HK$15.7 million and HK$6.6 million respectively, representing 2.4%, 2.8%, 2.1% and 2.2% of our revenue respectively. Selling and distribution expenses were mainly comprised of (i) freight, insurance and transportation charges; (ii) marketing and promotion expenses; and (iii) custom and declaration charges.

The table below is an analysis of the major components of our selling and distribution expenses during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2014		2015		2016		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(Unaudited)			
Freight, insurance and transportation charges	7,602	62.1	9,643	52.1	10,148	64.7	4,620	72.6	4,582	69.6
Marketing and promotion expenses	2,267	18.5	6,409	34.6	2,243	14.3	688	10.8	934	14.2
Custom and declaration charges	1,095	8.9	1,756	9.5	1,851	11.8	913	14.3	846	12.8
Warranty and other	843	6.9	130	0.7	843	5.4	49	0.8	80	1.2
Others	434	3.6	578	3.1	604	3.8	97	1.5	143	2.2
	12,241	100.0	18,516	100.0	15,689	100.0	6,367	100.0	6,585	100.0

For FY2014, FY2015 and FY2016, freight, insurance and transportation charges, which principally related to the engagement of third party logistics companies for delivery of our products to our customers or to our Hong Kong warehouse, accounted for the largest portion of our selling and distribution expenses. It represented 62.1%, 52.1%, 64.7% and 69.6% of our selling and distribution expenses in FY2014, FY2015, FY2016 and 5M2017 respectively. Marketing and promotion expenses, which principally related to sales commission paid to our sales agent in respect of customer introduction, entertainment expenses and business trip expenses, accounted for the second largest portion of our selling and distribution expenses. It represented 18.5%, 34.6%, 14.3% and 14.2% of our total selling and distribution expenses in FY2014, FY2015, FY2016 and 5M2017 respectively. Our Group also recorded custom and declaration charges in relation to importing of raw materials to the PRC and exporting our finished goods to overseas customers which accounted for 8.9%, 9.5%, 11.8% and 12.8% of our total selling and distribution expenses in FY2014, FY2015, FY2016 and 5M2017 respectively. During the Track Record Period, our Group also made general provision for warranty granted to our customers and incurred other warranty cost regarding our products which accounted for 6.9%, 0.7%, 5.4% and 1.2% of our selling and distribution expenses in FY2014, FY2015, FY2016 and 5M2017 respectively.

Administrative expenses

In FY2014, FY2015, FY2016 and 5M2017, we recorded administrative expenses of HK$66.7 million, HK$89.9 million, HK$90.1 million and HK$50.2 million, respectively, representing 12.9%, 13.7%, 12.1% and 16.9% of our revenue, respectively. Administrative expenses incurred by our Group were mainly comprised of (i) employee benefit expenses; (ii) legal and professional fee; and (iii) depreciation.

The table below is an analysis of the major components of our administrative expenses during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2014		2015		2016		2016		2017	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
							(Unaudited)			
Employee benefit expenses	48,605	72.9	57,541	64.0	65,054	72.2	27,876	74.1	36,345	72.4
Depreciation	5,165	7.7	8,052	9.0	8,881	9.9	3,680	9.8	2,856	5.7
Computer and equipment expenses	3,093	4.6	3,201	3.6	1,598	1.8	845	2.2	758	1.5
Other taxes and surcharges	3,059	4.6	4,294	4.8	2,610	2.9	1,057	2.8	890	1.8
Motor vehicle expenses	919	1.4	878	1.0	833	0.9	329	0.9	326	0.6
Legal and professional fees	1,543	2.3	9,911	11.0	5,877	6.5	1,553	4.1	7,062	14.1
Utility and office expenses	2,059	3.1	2,315	2.6	2,291	2.5	912	2.4	907	1.8
Others	2,274	3.4	3,713	4.0	2,910	3.3	1,345	3.7	1,050	2.1
	66,717	100.0	89,905	100.0	90,054	100.0	37,597	100.0	50,194	100.0

In FY2014, FY2015, FY2016 and 5M2017, employee benefit expenses, which include salary and allowance, mandatory provident fund contributions and staff welfare expenses of our administrative staff as well as directors' remuneration, accounted for the largest portion of our administrative expenses. It represented 72.9%, 64.0%, 72.2% and 72.4% of our administrative expenses in FY2014, FY2015, FY2016 and 5M2017 respectively. Depreciation expenses in relation to the depreciation of property, plant and equipment which were not for production purposes accounted for 7.7%, 9.0%, 9.9% and 5.7% of our administrative expenses in FY2014, FY2015, FY2016 and 5M2017 respectively. Our Group also incurred legal and professional fees in relation to annual statutory audit, tax filing, property valuation and Listing which accounted for 2.3%, 11.0%, 6.5% and 14.1% of our administrative expenses in FY2014, FY2015, FY2016 and 5M2017 respectively. During the Track Record Period, our Group also incurred other taxes and surcharges in relation to local levies paid to relevant PRC government authorities which accounted for 4.6%, 4.8%, 2.9% and 1.8% of our administrative expenses in FY2014, FY2015, FY2016 and 5M2017 respectively.

Other operating expenses, net

In FY2014, FY2015, FY2016 and 5M2017, we incurred other operating expenses of HK$21.2 million, HK$11.1 million, HK$1.9 million and HK$1.7 million, respectively. Other operating expenses incurred by our Group were mainly comprised of (i) gain/(loss) on derivative financial instruments; (ii) general office supplies expenses; (iii) provision for/(write-back) of doubtful debts; and (iv) provision for impairment loss of/write-off of obsolete inventories.

The table below is an analysis of the major components of our other operating expenses, net during the Track Record Period:

	For the year ended 31 December						For the five months ended 31 May			
	2014		2015		2016		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Loss/(gain) on derivative financial instruments	15,838	74.7	6,137	52.0	(1,162)	N/A	(2,103)	N/A	(144)	N/A
Provision for impairment loss of/ write-off of obsolete inventories	632	3.0	4,219	35.8	1,611	52.7	337	35.7	1,131	62.1
Provision for/(write back) of doubtful debts	3,660	17.3	(654)	N/A	–	N/A	–	N/A	–	N/A
General office supplies expenses	1,074	5.0	1,084	9.2	1,436	47.0	555	58.8	660	36.2
Others	(52)	N/A	357	3.0	10	0.3	52	5.5	30	1.7
	21,152	100.0	11,143	100.0	1,895	100.0	(1,159)	100.0	1,677	100.0

In FY2014 and FY2015, substantial portion of our other operating expenses was comprised of loss on derivative financial instruments in relation to the hedging on RMB which accounted for 74.7% and 52.0% of our total other operating expenses during FY2014 and FY2015 respectively. In FY2016 and 5M2017, our Group recorded a gain of HK$1.2 million and HK$0.1 million on derivative financial instruments respectively. In FY2015, FY2016 and 5M2017, our Group made certain specific provision for impairment loss of obsolete inventories as of each year/period end which accounted for 35.8% and 52.7% and 62.1% of our total other operating expenses in FY2015, FY2016 and 5M2017 respectively. Our Group also recorded provision of doubtful debt in FY2014 amounted to HK$3.7 million which included a specific provision amounted to US$0.5 million in relation to certain receivable outstanding and a provision of 0.5% on the remaining trade receivable balance as at 31 December 2014. The provision made in FY2014 amounted to HK$0.7 million was then written back in FY2015 and no provision for doubtful debt was made in FY2016. General office supplies expenses in relation to mainly purchase of general office supplies for daily operation were also recorded by our Group amounting to 5.0%, 9.2%, 47.0% and 36.2% of our total other operating expenses in FY2014, FY2015, FY2016 and 5M2017, respectively.

Finance expenses, net

In FY2014, FY2015, FY2016 and 5M2017, we incurred net finance expenses of HK$6.9 million, HK$8.4 million, HK$9.5 million and HK$3.6 million, representing 1.3%, 1.3%, 1.3% and 1.2% of our revenue, respectively. Our finance costs mainly comprised bank handling charges, interest payments for our bank loans, import/export loans and factoring loans and our finance income mainly represented our interest income on bank deposits as well as interest income derived from outstanding receivables from our customers.

The table below is an analysis of the major components of our net finance expenses during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Finance income					
Bank interest income	14	22	30	6	11
Other interest income	113	49	31	3	31
Finance income	127	71	61	9	42
Finance expenses					
Interest on bank borrowings – wholly repayable within five years	(3,288)	(4,098)	(4,193)	(2,129)	(1,394)
Other finance expenses					
Bank charges	(3,595)	(4,236)	(5,176)	(2,171)	(2,154)
Finance lease charges	(104)	(95)	(150)	(67)	(46)
Finance expenses	(6,987)	(8,429)	(9,519)	(4,367)	(3,594)
Finance expenses, net	(6,860)	(8,358)	(9,458)	(4,358)	(3,552)

Income tax expense

Our income tax expense represented amounts of income tax paid by us, at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong and the PRC.

Save as Hong Kong and the PRC, our Group had no tax payable in other jurisdictions during the Track Record Period. Income tax on the profit for the year comprised current and deferred tax. Income tax is recognised in the consolidated statements of comprehensive income. Our Group's effective income tax rates in FY2014, FY2015, FY2016 and 5M2017 were 23.2%, 30.0%, 22.7% and 22.6%, respectively. The increase in our Group's effective tax rate in FY2015 as compared to FY2014 was primarily attributable to certain non-deductible expenses for tax purposes and payment of certain under-provision of tax in prior years. In FY2016, we did not further record any under-provision of tax in prior years.

Hong Kong profits tax

The applicable Hong Kong profits tax rate for our Group's subsidiaries incorporated in Hong Kong was 16.5% for each of FY2014, FY2015, FY2016 and 5M2017 respectively.

PRC enterprise income tax

Pursuant to the EIT Law, which was amended on 24 February 2017, all of our subsidiaries located in the PRC are subject to a statutory income tax rate of 25.0%. During the Track Record Period, pursuant to the EIT Law and the EITIR, which was promulgated on 6 December 2007 and effective from 1 January 2008, we did not enjoy any preferential tax treatments offered by tax authorities. In addition, withholding tax is levied on profit distribution in our PRC subsidiaries upon declaration or remittance at a rate of 10.0%. Under the the Agreement between the Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), the withholding tax rate will be reduced to 5.0% if the PRC enterprise distributing dividend is owned as to 25.0% or more by a Hong Kong resident enterprise.

Other comprehensive income

In FY2014, FY2015, FY2016 and 5M2017, we generated other comprehensive income of HK$2.4 million, HK$1.7 million, HK$1.5 million and HK$0.3 million respectively. Other comprehensive income mainly comprised fair value gains on revaluation of land and buildings, net of tax.

Total comprehensive income and profit margin

In FY2014, FY2015, FY2016 and 5M2017, we generated total comprehensive income of HK$24.3 million, HK$31.5 million, HK$76.8 million and HK$20.6 million respectively, representing a profit margin of 4.7%, 4.8%, 10.3% and 6.9% of our revenue respectively.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

5M2017 compared with 5M2016

Revenue

During 5M2017, our Group's revenue recorded a slight decrease of 9.3% as compared to 5M2016. The decrease was mainly contributed by (i) our Group recorded relatively high order demand from Customer B in 5M2016 due to their phrasing in of one of its new products and as no substantial high order demand was recorded in 5M2017, our revenue decreased accordingly; (ii) our Group recorded substantial amount of sales from one of our PRC customers in FY2016; and due to the high volume of products supplied to such customer in FY2016, it only placed order for delivery after 5M2017; (iii) Customer C will be launching a second generation of one of its products which resulted in the decrease in order size for their first generation product during 5M2017. The decrease in revenue was also partially offset by the increase in order demand from Customer G during 5M2017 as a result of Customer G's organic growth.

Cost of sales

While our Group's revenue decreased by 9.3% in 5M2017 as compared to 5M2016, our Group recorded a decrease in cost of sales by 13.3%. Such decrease was contributed by the decrease in raw material cost by 14.2% as a result of both decrease in production volume and slight cost down of raw materials achieved by our Group during the period.

Gross profit

While our Group's revenue decreased by 9.3% in 5M2017 as compared to 5M2016, as a result of the decrease in raw material cost, our gross profit for 5M2017 increased slightly by 1.7% from HK$88.2 million in 5M2016 to HK$89.7 million in 5M2017 and we achieved an improvement in our gross profit margin from 26.9% in 5M2016 to 30.2% in 5M2017. The increase in gross profit margin was mainly contributed by maintaining a stable mark-up in our product's selling price as well as the increase in sales of our Group's products with relatively higher gross profit margin, while achieving a slight cost down in our raw material cost during the period.

Other income/gain, net

Other income/gain, net in 5M2016 and 5M2017 amounted to a gain of HK$1.2 million and a loss of HK$1.5 million respectively. During 5M2016, due to the depreciation of RMB, our Group recorded a gain in foreign exchange while during 5M2017, as a result of the appreciation of RMB, our Group recorded a loss in foreign exchange.

Selling and distribution expenses

Selling and distribution expenses remained comparable in 5M2016 and 5M2017. The slight increase was mainly contributed by the increase of marketing and promotion expenses during 5M2017.

Administrative expenses

Our Group recorded an increase in administrative expenses during 5M2017 by 33.5% from HK$37.6 million in 5M2016 to HK$50.2 million in 5M2017. The increase was contributed by the increase in employee benefit expenses by HK$8.5 million in 5M2017 as a result of (i) bonus to our Group's administrative staff; (ii) annual salary increment; (iii) the record of directors' fee for newly appointed Independent Non-executive Directors; and (iv) Executive Directors' remuneration increment during the period. The increase in administrative expenses was also contributed by the increase in legal and professional fee during 5M2017 by HK$5.5 million from HK$1.6 million in 5M2016 to HK$7.1 million in 5M2017 as a result of additional professional fees incurred for the preparation of Listing.

Other operating expenses, net

Other operating expenses, net in 5M2017 decreased substantially from a gain of HK$1.2 million in 5M2016 to a loss of HK$1.7 million in 5M2017. This was mainly due to (i) our Group recorded a gain on derivative financial instruments in relation to a number of RMB hedging contracts in 5M2016 amounted to HK$2.1 million, while during 5M2017, such gain was only HK$0.1 million as most of the derivative financial instruments had expired in the 1st quarter 2017; and (ii) our Group recorded an increase in provision for impairment loss of/write-off obsolete inventories amounted from HK$0.3 million during 5M2016 to HK$1.1 million in 5M2017 pursuant to our Group's inventories provision policies.

Finance expenses, net

Net finance expenses decreased by 18.5% from HK$4.4 million in 5M2016 to HK$3.6 million in 5M2017. The decrease was mainly due to the decrease in bank charges as a result of the decrease in bank borrowings in 5M2017.

Income tax expense

Income tax expense decreased substantially by 38.2% from HK$9.6 million in 5M2016 to HK$5.9 million in 5M2017, which was primarily due to a decrease in taxable profits generated in 5M2017. Our effective tax rate of 22.7% in 5M2016 is comparable to that of 22.6% in 5M2017.

Profit for the period and net profit margin and total comprehensive income

As a result of the above, our net profit and total comprehensive income in 5M2017 decreased by 38.0% from HK$33.3 million in 5M2016 to HK$20.6 million in 5M2017. Our net profit margin also decreased from 10.2% in 5M2016 to 6.9% in 5M2017.

FY2016 compared with FY2015

Revenue

During FY2016, key driver of our Group's growth in revenue was from the sales of smart chargers as our Group recorded a substantial increase in sales of smart chargers by 88.3% from HK$178.7 million to HK$336.6 million, contributed by the increase in sales orders from our smart charger customers and increase in net average selling price for smart chargers. Such increase was offset by the decrease in sales of electro-mechanical products and switch-mode power supplies during FY2016 resulting from the decrease in average selling price of such product categories.

Cost of sales

While our revenue increased by 13.3%, our cost of sales only increased by 9.0% from HK$492.3 million in FY2015 to HK$536.4 million in FY2016. The increase was largely due to the increase in raw material costs from HK$400.9 million in FY2015 to HK$440.5 million in FY2016. Such increases in raw material cost was mainly due to the increase in production as a result of the increase in sales of our Group.

Gross profit

As a result of the above, our gross profit for FY2016 increased by 26.1% from HK$165.3 million in FY2015 to HK$208.5 million in FY2016 and we achieved an improvement in our gross profit margin from 25.1% in FY2015 to 28.0% in FY2016. The increase in gross profit margin was mainly contributed by increase in gross profit contribution from smart chargers from 16.5% in FY2015 to 38.2% of our gross profit in FY2016. Gross profit margin of smart chargers had shown an increasing trend from 15.3% in FY2015 to 23.7% in FY2016.

Other income/gain, net

Other income/gain in FY2015 and FY2016 amounted to HK$5.1 million and HK$6.0 million respectively. Other income/gain in FY2015 and FY2016 mainly comprised gain of foreign exchange amounted to HK$4.1 million and HK$4.2 million respectively as a result of the depreciation of RMB.

Selling and distribution expenses

Selling and distribution expenses decreased by 15.3% from HK$18.5 million in FY2015 to HK$15.7 million in FY2016, which was primarily due to the decrease in marketing and promotion expenses. In FY2015, our Group incurred marketing and promotion expenses amounted to HK$5.1 million mainly in relation to the sales commission paid to an independent sales agent who introduced a new customer in the medical equipment segment to our Group in FY2015.

Administrative expenses

Despite our Group recorded an increase in our production volume and operating scale by incorporating new subsidiary in the PRC in FY2016, due to our Group's initiatives in cost saving, our Group's administrative expense in FY2016 remained comparable to that of FY2015.

Other operating expenses, net

Other operating expenses in FY2016 decreased substantially from HK$11.1 million in FY2015 to HK$1.9 million in FY2016. This was mainly due to (i) our Group recorded a loss on derivative financial instruments in relation to certain RMB hedging contracts in FY2015, while in FY2016 we recorded a gain on such derivative financial instruments; and (ii) in FY2015, our Group recorded certain specific provision for impairment loss of/write-off obsolete inventories amounted to HK$4.2 million which was reduced to HK$1.5 million in FY2016.

Finance expenses, net

Net finance expenses increased by 13.2% from HK$8.4 million in FY2015 to HK$9.5 million in FY2016. The increase was mainly due to the increase in bank charges as a result of the increase in factoring of our receivables in FY2016.

Income tax expense

Income tax expense increased substantially by 73.2% from HK$12.8 million in FY2015 to HK$22.1 million in FY2016, which was primarily due to an increase in taxable profits generated in FY2016. Our effective tax rate was 30.0% and 22.7% in FY2015 and FY2016 respectively. In FY2015, our Group recorded certain expenses which were not deductible for tax purposes as well as recognised certain under provision of profits tax in previous years which resulted in a relatively high effective tax rate. As no further under provision of profits tax in prior years were noted in FY2016, we recorded a decrease in the effective tax rate.

In relation to intercompany transactions for FY 2016, the Group has continued to appoint the Transfer Pricing Consultant to review our Group's intercompany transactions and the Directors noted that the profit position of Trio Microtronics for FY 2016 falls within the benchmarking range which is used to submit to the PRC tax authority for the self adjustment purpose, and our Group is expected to continue to appoint a PRC tax consultant to review the Group's intercompany transactions prior to the submission of relevant annual regulatory tax filings.

Profit for the year and net profit margin

As a result of the above, our net profit in FY2016 substantially increased by 152.9% from HK$29.8 million in FY2015 to HK$75.3 million in FY2016. Our net profit margin also increased from 4.5% in FY2015 to 10.1% in FY2016.

Fair value gains on revaluation of land and buildings, net of tax

Fair value gains on revaluation of land and buildings, net of tax, decreased by 12.2% from HK$1.7 million in FY2015 to HK$1.5 million in FY2016, which was mainly due to the decrease in fair value increment of our Group's Hong Kong office premises, warehouses and car parking spaces owned by our Group.

Total comprehensive income

As a result of the above, our total comprehensive income for the year increased by 144.0% from HK$31.5 million in FY2015 to HK$76.8 million in FY2016.

FY2015 compared with FY2014

Revenue

Our revenue increased by 27.1% from HK$517.5 million in FY2014 to HK$657.6 million in FY2015. In FY2015, key driver of our Group's growth in revenue was from the increase in sales of smart chargers and electro-mechanical products, contributed by the increase in sales orders from our customers of smart chargers and electro-mechanical products.

Cost of sales

In line with our increase in sales, our cost of sales increased by 28.5% from HK$383.0 million in FY2014 to HK$492.3 million in FY2015. Such increase was largely due to the increase in raw material costs from HK$303.8 million in FY2014 to HK$400.9 million in FY2015.

Gross profit

As a result of the above, our gross profit for FY2015 increased by 23.0% from HK$134.4 million in FY2014 to HK$165.3 million in FY2015, while our gross profit margin for the FY2015 of 25.1% remained comparable to FY2014 of 26.0%.

Other income/gain

Other income/gain increased substantially by 393.0% from HK$1.0 million in FY2014 to HK$5.1 million in FY2015, which was mainly due to the increase in gain on foreign exchange amounted to HK$4.1 million as a result of the depreciation of RMB.

Selling and distribution expenses

Selling and distribution expenses increased by 51.3% from HK$12.2 million in FY 2014 to HK$18.5 million in FY2015. The increase was primarily due to (i) an increase of HK$4.1 million in marketing and promotion expenses contributed by the sales commission paid to an independent sales agent who introduced a new customer in the medical equipment segment to our Group in FY2015; (ii) an increase of HK$2.0 million in freight, insurance and transportation charges as a result of increase in sales to U.S. and Europe; and (iii) an increase of HK$0.7 million in custom and declaration charges due to the increase in import of raw materials.

Administrative expenses

Administrative expenses increased by 34.8% from HK$66.7 million in FY2014 to HK$89.9 million in FY2015. The increase was primarily due to (i) an increase of HK$8.9 million in employee benefit expenses contributed by the increase in headcount of our Group's administrative staff from 459 staff as at 31 December 2014 to 531 staff as at 31 December 2015 as well as general annual salary increment in FY2015; (ii) an increase of HK$8.4 million in legal and professional fees as a result of the preparation of Listing; (iii) an increase in depreciation expense of HK$2.9 million as a result of addition to leasehold improvements and furniture and fixtures during the year; (iv) an increase in other taxes and surcharges of HK$1.2 million as a result of the increase in local levy which were charged in accordance with our Group's revenue amount; and (v) an increase of HK$0.3 million in utility and office expenses due to the increase in usage of utilities/electricity and water during the year.

Other operating expenses

Other operating expenses decreased by 47.3% from HK$21.2 million in FY2014 to HK$11.1 million in FY2015. The decrease was primarily due to the decrease in the recognition of loss on derivative financial instruments of HK$9.7 million in relation to RMB hedging contracts entered into by our Group.

Finance expenses, net

Net finance expenses increased by 21.8% from HK$6.9 million in FY2014 to HK$8.4 million in FY2015. The increase was mainly due to the increase in bank charges in relation to our factoring facilities as well as the increase in bank interest expenses in relation to our facilities utilised during the year.

Income tax expense

Income tax expense increased substantially by 92.6% from HK$6.6 million in FY2014 to HK$12.8 million in FY2015, which was primarily due to an increase in taxable profits generated in FY2015. Our effective tax rates were 23.2% and 30.0% during FY2014 and FY2015 respectively. The increase in effective tax rate for FY2015 was mainly due to the increase in expenses not deductible for tax purposes during the year as well as recognition of certain under provision of profits tax in previous years.

In August 2015 and May 2016, our Group received notices from the PRC tax authority in respect of our fluctuation in PRC profits tax paid between 2005 to 2015 and requested us to provide further information in respect of our operation and certain financial information, among other things, audited financial reports and our analysis and relevant supporting documents in relation to intercompany transactions as well as our transfer pricing arrangement.

In response to the notice from the PRC tax authority, our Group has appointed PricewaterhouseCoopers Limited (the "**Transfer Pricing Consultant**") to provide us with an analysis on our Group's intercompany transactions and findings of the analysis were submitted to the PRC tax authority. In May 2016, our Group made a voluntary payment of RMB4.3 million (the "**Voluntary Payment**") for the period between 2005 and 2015, which was calculated based on the benchmarking range pursuant to the analysis submitted to the PRC tax authority. The Voluntary Payment had been fully paid and the PRC tax authority had issued tax receipts for the Voluntary Payment.

The benchmarking range was determined by performing a formal benchmarking study using the OSIRIS database, which is a database prescribed by China's State Administration of Taxation. A set of quantitative screening and qualitative screening criteria was used to reject companies which had different function and risk profiles as compared to that of Trio Microtronics. For instance, as Trio Microtronics does not undertake research and development ("**R&D**") function, companies whose R&D-to-sales ratios were greater than 1% were rejected. Furthermore, companies with retail functions based on their business descriptions were also rejected, as Trio Microtronics does not undertake such function. Companies which were not independent might potentially have related party transactions and their profitability might not be reliable. Thus, these companies were rejected. After going through the different screening criteria, a set of independent companies whose function and risk profiles were comparable to that of Trio Microtronics was identified, and the benchmarking range was established based on these comparable companies. The above benchmarking approach follows the international standard and is widely used. It is also acceptable by the Chinese tax authorities in practice.

Cross-border related party buy-sell transactions have taken place between Trio Engineering and Trio Microtronics, and the pricing for these transactions was determined taking into consideration factors such as cost incurred and product type. In relation to such cross-border related party transactions, Trio Microtronics has complied with the PRC transfer pricing documentation requirements and prepared transfer pricing contemporaneous documentation for compliance purposes. In 2016, Trio Microtronics conducted a detailed reassessment for years 2005 to 2015 and made a self adjustment with the Chinese tax authorities based on the median of the benchmarking study for each of the respective years, which is a common practice as the relevant PRC transfer pricing rules and regulations state that the tax authorities shall in principle make adjustments based on the profit level not lower than the median value when applying the interquartile methodology in analysing and assessing the profitability of an enterprise under investigation. For 2016, Trio Microtronics' financial result was above the median of the benchmarking range and thus no adjustment was made. Based on the above, the Transfer Pricing Consultant confirmed that Trio Microtronics' transfer pricing arrangements for FY2014 to FY2016 have followed the arm's length principle which is in compliance with the requirements under the relevant transfer pricing rules and regulations in the PRC. As for Hong Kong, the only legislation that relates to transfer pricing is Section 20(2) of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**IRO**"), which applies when a resident person conducts transactions with a "closely connected" non-resident in such a way that the profits arising in Hong Kong are less than the ordinary profits that might be expected to arise. The main thrust of Section 20(2) of the IRO is that intercompany transactions should be conducted on an "arm's length" basis. As the related party buy-sell transactions between Trio Engineering and Trio Microtronics have been reviewed and considered as reasonable from China transfer pricing perspective, the Transfer Pricing Consultant confirms that the same related party transactions could be deduced to be "arm's length" from Hong Kong transfer pricing perspective, and thus comply with the "arm's length" principle under the IRO. For FY2017, based on the latest management accounts of the Group and the current transfer pricing practice adopted by the Group, the Transfer Pricing Consultant confirmed that Trio Microtronics' transfer pricing arrangements have followed the arm's length principle which is in compliance with the requirements under the relevant transfer pricing rules and regulations in PRC. Conclusively, the Directors confirm that the Group has complied with the relevant rules and regulations in the PRC and general practices under the IRO in respect of the transfer pricing arrangements during the Track Record Period. Going forward, Trio Microtronics will continue to adopt the full cost plus markup approach and ensure that its financial results will be around the median of the benchmarking ranges.

According to the assessment from the Transfer Pricing Consultant, the maximum tax exposure on our Group's intercompany transaction arrangements from China transfer pricing perspective was RMB13.9 million for years 2005 to 2015 (including interest up to 8 May 2017), which is calculated based on the upper quartile of the same benchmarking study submitted to the Chinese tax authorities for self adjustment purposes. Our Directors had discussed with the Transfer Pricing Consultant the risk of Trio Microtronics being re-investigated by the PRC tax authority, and based on the discussion, our Directors are of the view that the Voluntary Payment was considered to be sufficient in addressing the relevant tax authority's enquiry in respect of our Group's intercompany transaction arrangements and the chance of the PRC tax authority imposing further transfer pricing adjustment is not high. As at the Latest Practicable Date, our Group did not receive any further enquiry from the PRC tax authority in this regards.

However, having considered that the relevant tax authorities have the power to re-assess the affiliated transactions up to 10 years after the taxable year when such transactions were conducted, our Controlling Shareholders entered into the Deed of Indemnity to indemnify us for any tax liabilities our Group incurred on or before the Listing Date. Further details of the Deed of Indemnity are set out in the Appendix IV to this prospectus.

Profit for the year and net profit margin

As a result of the above, our profit for the year increased by 36.0% from HK$21.9 million in FY2014 to HK$29.8 million in FY2015. Our net profit margin also increased slightly from 4.2% in FY2014 to 4.5% in FY2015.

Fair value gains on revaluation of land and buildings, net of tax

Fair value gains on revaluation of land and buildings, net of tax, decreased by 29.9% from HK$2.4 million in FY2014 to HK$1.7 million in FY2015, which was mainly contributed by the decrease in fair value increment of our Group's Hong Kong office premises, warehouses and car parking spaces owned by our Group.

Total comprehensive income

As a result of the above, our total comprehensive income for the year increased by 29.4% from HK$24.3 million in FY2014 to HK$31.5 million in FY2015.

ANALYSIS ON MAJOR COMPONENTS OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below presents the summary of consolidated statements of financial position of our Group as at 31 December 2014, 2015, 2016 and 31 May 2017 extracted from the Accountant's Report in Appendix I to this prospectus.

Consolidated statements of financial position

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Non-current assets				
Property, plant and equipment	49,147	54,078	47,756	44,636
Financial asset at fair value through profit or loss	2,348	2,423	2,535	2,559
Prepayment	453	442	430	425
	51,948	56,943	50,721	47,620
Current assets				
Inventories	120,087	122,738	101,479	116,439
Trade and other receivables	84,629	109,395	114,397	112,226
Prepayments and deposits	7,491	8,039	10,979	17,668
Restricted bank deposits	7,546	9,562	10,079	8,065
Bank and cash balances	6,502	2,218	6,569	31,854
	226,255	251,952	243,503	286,252
Current liabilities				
Trade and other payables	119,482	133,317	99,555	158,652
Borrowings	26,554	20,391	18,972	12,602
Finance lease payables	2,388	4,261	3,472	2,708
Derivative financial instruments	11,946	12,338	721	–
Current income tax liabilities	2,000	9,538	13,037	10,766
	162,370	179,845	135,757	184,728
Total assets less current liabilities	115,833	129,050	158,467	149,144
Non-current liabilities				
Derivative financial instruments	4,269	467	–	–
Deferred tax liabilities	3,685	3,656	3,712	3,706
	7,954	4,123	3,712	3,706
Net assets	107,879	124,927	154,755	145,438
Equity				
Share capital	–	–	145,172	145,172
Other reserves	20,000	20,010	(125,162)	(125,162)
Statutory reserves	5,753	6,077	6,077	6,077
Revaluation reserves	17,561	18,765	19,785	19,854
Retained profits	64,565	80,075	108,883	94,497
Total equity	107,879	124,927	154,755	145,438

Property, plant and equipment

Our Group's property, plant and equipment comprised land and buildings, plant and machinery, furniture and fixtures, office equipment, motor vehicles, leasehold improvements, and construction in progress. As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group's property, plant and equipment were HK$49.1 million, HK$54.1 million, HK$47.8 million and HK$44.6 million respectively, representing 17.7%, 17.5%, 16.2% and 13.4% of our Group's total assets as at the respective dates.

Property, plant and equipment increased by HK$5.0 million from HK$49.1 million as at 31 December 2014 to HK$54.1 million as at 31 December 2015, which was principally attributable to addition of property, plant and equipment of HK$14.9 million and surplus on revaluation of land and buildings of HK$1.9 million, partially offset by depreciation charges of HK$11.5 million.

Property, plant and equipment as at 31 December 2016 decreased by HK$6.3 million from HK$54.1 million as at 31 December 2015 to HK$47.8 million as at 31 December 2016 which was principally attributable to depreciation of property, plant and equipment amounted to HK$12.5 million, partially offset by the addition of property, plant and equipment amounted to HK$4.6 million and surplus on revaluation of land and buildings of HK$1.7 million.

Property, plant and equipment as at 31 May 2017 decreased by HK$3.2 million from HK$47.8 million as at 31 December 2016 to HK$44.6 million as at 31 May 2017 which was principally attributable to depreciation of property, plant and equipment amounted to HK$4.0 million, partially offset by the addition of property, plant and equipment amounted to HK$0.5 million and surplus on revaluation of land and buildings of HK$0.4 million.

Inventories

Our Group's inventories comprised raw materials, work in progress, finished goods and goods in transit. Our Group stored our inventories in warehouses located in Hong Kong and the PRC. Our Group typically manages the utilisation of our raw materials according to a first-expiry-first-out approach (based on the manufacturing dates of the raw materials) towards our inventories. As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group's inventory levels were HK$120.1 million, HK$122.7 million, HK$101.5 million and HK$116.4 million, respectively, representing 53.1%, 48.7%, 41.7% and 40.7% of our Group's total current assets as at the respective dates. Slight increase in the inventories from 31 December 2014 to 31 December 2015 by of HK$2.6 million was mainly due to purchase of raw materials for one of our major customers which is a global leading manufacturer in stored energy solutions at its request to maintain safety stock, while offset by decrease in work in progress, finished goods and goods in transit. The decrease in inventory level in FY2016 was contributed by the continuous enhancement of supply chain management in FY2016. As at 31 May 2017, our Group recorded an increase in inventory balance due to the preparation of raw materials for production after the Track Record Period.

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	46,722	82,278	64,349	73,816
Work in progress	27,437	23,693	19,218	31,124
Finished goods	17,578	11,326	12,254	8,858
Goods in transit	28,350	5,441	5,658	2,641
	120,087	122,738	101,479	116,439

The following table sets out a summary of our Group's average inventory turnover days for the years/period indicated:

	For the year ended 31 December			For the five months ended 31 May
	2014	2015	2016	2017
Average inventory turnover (days)	90.7	90.0	76.3	79.3

Note: The calculation of inventory turnover days is based on the average of the opening balance and closing balance of inventories divided by cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period.

As at 31 December 2014 and 2015, our Group average inventory turnover days remained stable of approximately 90 days. As at 31 December 2016, our Group recorded a decrease in average inventory turnover days from 90.0 days to 76.3 days. Such decrease was resulted from our Group's effort in enhancing our supply chain management. As at 31 May 2017, our Group recorded a slight increase in inventory turnover days from 76.3 days to 79.3 days due to preparation of raw materials for production after the Track Record Period.

The following table sets out the ageing analysis of the inventories:

	Raw materials and goods in transit	Work in progress	Finished goods	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2014				
0-30 days	21,106	27,437	17,578	66,121
31-120 days	35,895	–	–	35,895
121 days-1 year	12,482	–	–	12,482
Over 1 year	6,732	–	–	6,732
Total before provision for impairment of obsolete inventories	76,215	27,437	17,578	121,230
Less: provision for impairment of obsolete inventories				(1,143)
Total inventories				120,087
As at 31 December 2015				
0-30 days	29,526	23,693	11,326	64,545
31-120 days	42,581	–	–	42,581
121 days-1 year	11,769	–	–	11,769
Over 1 year	9,156	–	–	9,156
Total before provision for impairment of obsolete inventories	93,032	23,693	11,326	128,051
Less: provision for impairment of obsolete inventories				(5,313)
Total inventories				122,738

	Raw materials and goods in transit	Work in progress	Finished goods	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2016				
0-30 days	28,884	19,218	12,254	60,356
31-120 days	26,074	–	–	26,074
121 days-1 year	10,140	–	–	10,140
Over 1 year	11,240	–	–	11,240
Total before provision for impairment of obsolete inventories	76,338	19,218	12,254	107,810
Less: provision for impairment of obsolete inventories				(6,331)
Total inventories				101,479
As at 31 May 2017				
0-30 days	42,746	31,124	8,858	82,728
31-120 days	22,215	–	–	22,215
121 days-1 year	7,731	–	–	7,731
Over 1 year	11,227	–	–	11,227
Total before provision for impairment of obsolete inventories	83,919	31,124	8,858	123,901
Less: provision for impairment of obsolete inventories				(7,462)
Total inventories				116,439

We have adopted specific inventory provision policies to ensure the value of our inventories are properly reflected. Provision for impairment loss of obsolete inventories is made with reference to aging of inventories. We made provision for inventories of HK$1.1 million, HK$5.3 million, HK$6.3 million and HK$7.5 million, respectively for FY2014, FY2015, FY2016 and 5M2017. The increasing trend of our inventories provision was mainly due to the full provision made on raw materials aged more than two years in FY2015, FY2016 and 5M2017.

As at the Latest Practicable Date, 89.3% of the inventories balance as at 31 May 2017 has been sold or utilised.

Trade and other receivables

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group's trade and other receivables were HK$84.6 million, HK$109.4 million, HK$114.4 million and HK$112.2 million respectively, representing 37.4%, 43.4%, 47.0% and 39.2% of our Group's total current assets as at the respective dates.

The following table sets out the details of our Group's trade and other receivables as at the dates indicated:

		As at 31 December			As at 31 May
		2014	**2015**	**2016**	**2017**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables		87,019	97,277	114,169	112,030
Less: allowance for impairment of trade receivables		(4,531)	–	–	–
Trade receivables – net	*(i)*	82,488	97,277	114,169	112,030
Other receivables	*(ii)*	1,391	108	228	196
Amount due from shareholders	*(iii)*	750	12,010	–	–
		84,629	109,395	114,397	112,226

(i) Trade receivables – net

Our Group's trade receivables represented the receivables from our customers, net of factoring and allowance for impairment of trade receivables. We grant credit terms to our customers based on purchase volume, creditworthiness and customer relationship. The payment terms offered by our Group to our customers generally range from full payment before shipment to 75 days from end of month. For those customers who only have a small purchase volume or short trading history with our Group, they are not eligible for a credit period and our Group generally requests prepayments before production. Customers are required to settle trade receivables in the form of bank remittance. The increase in trade receivables from HK$82.5 million as at 31 December 2014 to HK$97.3 million as at 31 December 2015 and to HK$114.2 million as at 31 December 2016 were in line with the increase in total revenue during the Track Record Period. Trade receivable balance as at 31 May 2017 remained comparable to the balance as at 31 December 2016.

The following table sets out the ageing analysis of trade receivables based on invoice date:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Below 30 days	37,735	47,845	66,002	50,483
Between 31 and 60 days	29,106	32,126	39,034	40,293
Over 60 days	20,178	17,306	9,133	21,254
	87,019	97,277	114,169	112,030

As at 31 December 2014, 2015 and 2016 and 31 May 2017, the trade receivables of HK$66.0 million, HK$75.0 million and HK$104.9 million and HK$90.3 million respectively were not yet past due. Our Group recorded allowance for impairment of trade receivables of HK$4.5 million for FY2014. The balance of allowance for impairment of trade receivables as at 31 December 2014 mainly included a specific provision amounted to US$0.5 million in relation to certain receivable outstanding, which has been written off during FY2015. No allowance for impairment of receivables were recorded in FY2015, FY2016 and 5M2017.

As at 31 December 2014, 2015 and 2016 and 31 May 2017, trade receivables of HK$16.5 million, HK$22.3 million, HK$9.3 million and HK$21.8 million respectively were past due but not impaired. Such balances were related to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these receivables is as follows:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Past due by:				
Below 30 days	10,885	15,085	5,844	18,455
Between 31 and 60 days	1,260	4,636	597	618
Over 60 days	4,366	2,574	2,851	2,700
	16,511	22,295	9,292	21,773

The following table sets out the turnover of our Group's trade receivables for the years/period indicated:

	For the year ended 31 December			For the five months ended 31 May
	2014	2015	2016	2017
Trade receivables turnover days	48.8	49.9	51.8	57.4

Note: The calculation of trade receivables turnover days is based on the average of the opening balance and closing balance of trade receivables for the relevant year/period divided by revenue and multiplied by the number of days in the relevant year/period.

In FY2014, FY2015 and FY2016, trade receivables turnover days were 48.8 days, 49.9 days and 51.8 days respectively. The slight increase in turnover days from 48.8 days for FY2014 to 49.9 days for FY2015 and to 51.8 days for FY2016 were primarily driven by increase in trade receivables during the Track Record Period. During 5M2017, our Group's trade receivable turnover days further increased to 57.4 days due to additional credit period granted to our customers as a result of continuous business relationship with them.

As at the Latest Practicable Date, subsequent settlement of the outstanding balance of trade receivables as at 31 May 2017 amounted to HK$110.0 million, representing 98.2% of the net trade receivable amount.

(ii) Other receivables

Our Group's other receivables, which mainly included prepaid expenditures and value-added tax receivables, were HK$1.4 million, HK$0.1 million, HK$0.2 million and HK$0.2 million as at 31 December 2014, 2015, 2016 and 31 May 2017 respectively.

(iii) Amount due from shareholders

Amount due from shareholders represented advance to shareholders of Trio Engineering for their respective private use. Amount due from shareholders were denominated in HK$, interest fee, unsecured and repayable on demand. The increase in amount due from shareholders as at 31 December 2015 was mainly due to additional advance made to Mr. Stanley Kwan, Mr. Tai and Mr. Lai during the year. As at 31 December 2016, all amounts due from shareholders had been fully settled and our Group did not record any amount due from shareholders balance as at 31 May 2017.

Prepayments and deposits

Prepayments and deposits mainly represented prepayments of key man insurance policy, purchase of inventories, prepayment of other expenses, and rental and utility deposits. Prepayments and deposits amounted to HK$7.9 million, HK$8.5 million, HK$11.4 million and HK$18.1 million as at 31 December 2014, 2015 and 2016 and 31 May 2017 respectively. The increase in prepayments and deposits was mainly contributed by the increase prepayment of inventories during 5M2017 for production after Track Record Period. The following table sets out the balances of its prepayments and deposits for the periods indicated:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	6,317	6,748	8,750	15,171
Rental, utility and deposits	1,627	1,733	2,659	2,922
	7,944	8,481	11,409	18,093
Less: non-current portion				
Prepayments	(453)	(442)	(430)	(425)
Prepayments and deposits – current portion	7,491	8,039	10,979	17,668

Trade and other payables

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our trade and other payables were HK$119.5 million, HK$133.3 million, HK$99.6 million and HK$158.7 million respectively, representing 73.6%, 74.1%, 73.3% and 85.9% of our Group's total current liabilities as at the respective dates.

The following table sets out the details of our Group's trade and other payables as at the dates indicated:

		As at 31 December			As at 31 May
		2014	**2015**	**2016**	**2017**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	*(i)*	63,914	74,420	61,391	93,013
Trust receipts	*(ii)*	32,000	35,086	24,361	45,260
Accruals and other payables	*(iii)*	12,303	20,023	12,277	18,520
Sale deposits received		2,313	854	1,439	1,859
Amount due to shareholders	*(iv)*	5,163	322	87	–
Amount due to a related company	*(iv)*	894	612	–	–
Amount due to the then shareholder	*(iv)*	2,895	–	–	–
Dividends payable		–	2,000	–	–
		119,482	133,317	99,555	158,652

(i) Trade payables

Our Group's trade payables mainly related to the purchases of raw materials and components from our suppliers with credit terms which generally ranged from 10 to 180 days from invoice date or from 30 to 90 days from end of month. Our Group settles our trade payables mainly in the form of letters of credit, bank remittance and cheques. Our Group's trade payables were mainly denominated in USD, RMB, HKD, EUR and GBP.

The increase in trade payables by HK$10.5 million from HK$63.9 million as at 31 December 2014 to HK$74.4 million as at 31 December 2015 was in line with the increase in purchase of raw materials during FY2015. In FY2016, as a result of the enhancement of supply chain management, our Group recorded a decrease in overall purchase of raw materials which resulted in a decrease in trade payables by 17.5% to HK$61.4 million. In 5M2017, our Group recorded an increase in trade payable by 51.5% to HK$93.0 million, as a result of the extension of credit period granted by our suppliers and the increase in purchase during 5M2017.

The following table sets out the ageing analysis of trade payables based on invoice date:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Below 30 days	36,911	38,126	35,000	52,855
Between 31 and 60 days	23,717	31,109	23,043	32,544
Over 60 days	3,286	5,185	3,348	7,614
	63,914	74,420	61,391	93,013

The following table sets out the turnover of our trade payables for the periods indicated:

	For the year ended 31 December			For the five months ended 31 May
	2014	**2015**	**2016**	**2017**
Trade payables turnover days	50.9	51.3	46.2	56.2

Note: The calculation of trade payables turnover days is based on the average of the opening balance and closing balance of trade payables for the relevant year divided by cost of sales and multiplied by the number of days in the relevant year/period.

For FY2014, FY2015 and FY2016, trade payables turnover days were 50.9 days, 51.3 days and 46.2 days respectively. The trade payables turnover days were relatively stable for both FY2014 and FY2015. For FY2016, trade payables turnover days decreased to 46.2 days as a result of our Group's decrease in purchase of raw materials in FY2016. For 5M2017, trade payable turnover days increased to 56.2 days as a result of increase in credit period granted by our suppliers.

As at the Latest Practicable Date, subsequent settlements of the outstanding balance of trade payables as at 31 May 2017 amounted to HK$92.9 million, representing 99.9% of the outstanding balance.

(ii) Trust receipts

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our trust receipts were HK$32.0 million, HK$35.1 million, HK$24.4 million and HK$45.3 million respectively. Our trust receipts principally represented outstanding amount of invoice financing loans and bill payables for settlement of the purchase from our suppliers. Our trust receipts were mainly denominated in USD, RMB, HKD, EUR and GBP. For invoice financing loans, we were charged with floating rates with reference to HIBOR, LIBOR or prime rate etc.

The increase in trust receipts by HK$3.1 million from 31 December 2014 to 31 December 2015 was in line with the increase in cost of sales. As at 31 December 2016, our Group recorded a decrease in trust receipts which is in-line with the overall decrease in purchase of raw materials. The increase in trust receipts by HK$20.9 million from 31 December 2016 to 31 May 2017 was mainly due to the extension of credit period granted by the financial institution and the increase in utilization of the invoice financing by our Group.

(iii) Accruals and other payables

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group's accruals and other payables were HK$12.3 million, HK$20.0 million, HK$12.3 million and HK$18.5 million respectively. The accruals and other payables principally represented accrued salaries and staff benefits, provision for warranty cost, sales commission and professional fees.

The increase in accruals and other payables by HK$7.7 million from HK$12.3 million as at 31 December 2014 to HK$20.0 million as at 31 December 2015 was primarily due to increase in accrued sales commission and accrued professional fee in relation to Listing. The decrease in accruals and other payables by HK$7.7 million from HK$20.0 million as at 31 December 2015 to HK$12.3 million as at 31 December 2016 was contributed by (i) an amount of HK$3.5 million recorded as accrual of sales commission as at 31 December 2015, while no such accrual was recorded as at 31 December 2016; (ii) the decrease in accrual of professional fee in relation to the preparation of Listing from HK$2.8 million as at 31 December 2015 to HK$1.6 million as at 31 December 2016; and (iii) the accrual of staff bonus amounted to HK$3.8 million as at 31 December 2015, while no such accrual was recorded as at 31 December 2016. The increase in accruals and other payables from HK$12.3 million as at 31 December 2016 to HK$18.5 million as at 31 May 2017 was mainly contributed by (i) the increase in provision of annual leave by HK$1.3 million; and (ii) the increase in accrual of staff cost by HK$1.2 million.

(iv) Amounts due to the then shareholder, shareholders and a related company

The amounts due to the then shareholder and shareholders mainly represented the payments or settlements of expenses by the then shareholder and shareholders on behalf of of our Group and the unsettled dividend declared to the then shareholder and shareholders respectively.

The amount due to a related company mainly represented settlements of expenses by the related Company on behalf of our Group.

The balances are denominated in HKD, unsecured, interest free and repayable on demand. As at Latest Practicable Date, all amounts due to the then shareholder, shareholders and related company have been fully settled.

Borrowings

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group's bank borrowings were as follows:

		As at 31 December			As at 31 May
		2014	**2015**	**2016**	**2017**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profits tax loan	*(i)*	2,500	2,831	9,274	4,783
Term loans	*(ii)*	17,692	13,390	9,254	7,489
Insurance premium loan	*(iii)*	977	713	444	330
Bank overdrafts, secured	*(iv)*	5,385	3,457	–	–
Borrowings		26,554	20,391	18,972	12,602

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group's borrowings were HK$26.6 million, HK$20.4 million, HK$19.0 million and HK$12.6 million respectively, representing 16.4%, 11.3%, 14.0% and 6.8% of our Group's total current liabilities as at the respective dates.

The weighted average effective interest rates of our bank borrowings were 4.37%, 4.42%, 3.80% and 4.09% per annum respectively for FY2014, FY2015, FY2016 and 5M2017.

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group's undrawn borrowing facilities amounted to HK$44.2 million, HK$70.6 million, HK$146.0 million and HK$106.4 million respectively.

(i) Profits tax loan

Profits tax loan mainly represented borrowings from bank for settlement of profits tax payable to Hong Kong government. The profits tax loan charged an interest rate of the relevant bank's HKD best lending rate minus 1.0% during the Track Record Period and shall be repaid by a 12-month fixed repayment schedule.

Increase in profits tax loan balance from HK$2.8 million as at 31 December 2015 to HK$9.3 million as at 31 December 2016 was mainly due to additional profits tax loan obtained for settlement of profits tax. The decrease in profits tax loan from HK$9.3 million as at 31 December 2016 to HK$4.8 million as at 31 May 2017 was due to repayment made during 5M2017.

(ii) Term loans

Term loans mainly represented four loan arrangements entered into by our Group and banks during the Track Record Period, with terms ranging from three to five years and annual interest rate ranging between 3.0% and 5.75%. Proceeds from our term loans were utilised to finance our working capital requirement. Term loans were denominated in HKD.

The decreases in term loan balances as at 31 December 2015 and 2016 and 31 May 2017 were mainly due to repayment made during the year/period.

(iii) Insurance premium loan

Insurance premium loan mainly represented borrowings from a bank for payment of our Group's key man insurance contract entered into by Mr. Stanley Kwan, our Chairman and Executive Director in 2011 for the benefit of our Group. The insurance premium loan charged an interest rate according to USD best lending rate of the relevant bank during the Track Record Period with a term of seven years and will be fully repaid by 2018.

(iv) Bank overdrafts

Bank overdrafts mainly represented overdraft facilities granted by three banks during the Track Record Period respectively to our Group to support our liquidity need for daily operation. Bank overdrafts are charged at rates ranging from 4.0% to 6.5% during the Track Record Period. As at 31 December 2016 and 31 May 2017, our Group did not record any bank overdraft.

Securities

The profits tax loan, term loans, insurance premium loan and bank overdrafts outstanding during the Track Record Period were secured by: (i) guarantee given by the Hong Kong Mortgage Corporation Limited; (ii) personal guarantee from our then shareholder, Mr. Eddie Kwan, which was discharged during FY2016 following his retirement by the end of 2015, and our shareholders including Mr. Stanley Kwan, Mr. Tai and Mr. Mac Carthy, which will be fully released upon the Listing; (iii) restricted bank deposits of our Group; (iv) all the assignor's claims, options, privileges, right, title, interest and benefit in and under the key man insurance policy; and (v) certain property, plant and equipment of our Group. As at 31 December 2014, 2015 and 2016 and 31 May 2017, the total bank borrowings pledged by certain assets and their carrying values are shown as below:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	22,000	23,100	23,900	23,900
Financial asset at fair value through profit or loss	2,348	2,423	2,535	2,559
Restricted bank deposits	7,546	9,562	10,079	8,065
	31,894	35,085	36,514	34,524

Our Directors confirm that the personal guarantees from our shareholders will be released upon Listing.

Finance lease payables

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group's finance lease payables were as follows:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	2,508	4,497	3,629	2,818
Future finance charges on finance lease	(120)	(236)	(157)	(110)
Present values of finance lease liabilities	2,388	4,261	3,472	2,708

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group's present value of finance lease payables were HK$2.4 million, HK$4.3 million, HK$3.5 million and HK$2.7 million respectively, representing 1.5%, 2.4%, 2.6% and 1.5% of our Group's total current liabilities as at the respective dates. The increase in finance lease payables by HK$1.9 million from 31 December 2014 to 31 December 2015 was principally attributable to additional lease loans obtained for purchase of additional machineries during FY2015. Our Group recorded a decrease in finance lease payables in FY2016 and 5M2017 which was mainly due to repayment of finance lease loans made during the respective year/period.

Assets arranged under finance leases represent plant and machineries such as solder paste printer, optical inspector, PCB conveyor, reflow oven, and SMT machine and accessories. All leases are on a fixed repayment basis with average lease term of four years, four years and four years and with effective interest rate of 3.5%, 3.5%, 3.5% and 3.5% per annum for FY2014, FY2015, FY2016 and 5M2017 respectively.

The lease loans were secured by among other things: (i) the underlying assets; (ii) guarantee given by SME Loan Guarantee Scheme – For Business Installations and Equipment Loans Scheme; and (iii) personal guarantee from our then shareholder, Mr. Eddie Kwan, which was discharged during FY2016 following his retirement by the end of 2015), and our shareholders including Mr. Stanley Kwan, Mr. Tai and Mr. Mac Carthy. Our Directors confirm that the personal guarantee from our shareholders will be released upon Listing.

Current income tax liabilities

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group's current income tax liabilities were HK$2.0 million, HK$9.5 million, HK$13.0 million and HK$10.8 million respectively. Current income tax liabilities increased from HK$2.0 million as at 31 December 2014 to HK$9.5 million as 31 December 2015. Such increase was mainly due to charge of current income tax of HK$12.9 million, partially offset by settlement of income tax of HK$5.4 million.

The increase in current tax liabilities from HK$9.5 million as at 31 December 2015 to HK$13.0 million as at 31 December 2016 was mainly due to charge of current income tax of HK$22.1 million, partially offset by settlement of income tax of HK$18.6 million.

The decrease in current tax liabilities by HK$2.2 million for 5M2017 was mainly due to settlement of income tax of HK$8.2 million, partially offset by charge of current income tax of HK$5.9 million.

Financial asset at fair value through profit or loss

Financial asset at fair value through profit or loss represented fair value of the key man insurance contract entered into by Mr. Stanley Kwan, our Chairman and Executive Director, in 2011 for the benefit of our Group. The fair value of the insurance was recorded at HK$2.3 million, HK$2.4 million, HK$2.5 million and HK$2.6 million as at 31 December 2014, 2015 and 2016 and 31 May 2017 respectively. Our Group being the beneficiary of the insurance policy pledged the insurance policy to secure our bank borrowings. As at the Latest Practicable Date, our Group did not intend to further invest in financial asset of such nature after Listing.

Derivative financial instruments

During the Track Record Period, the derivative financial instruments were comprised of forward foreign exchange contracts, details of which are set out in "Derivative Financial Instruments and Hedging Activities" in this section. The following table sets out our Group's derivative financial instruments as at 31 December 2014, 2015 and 2016 and 31 May 2017:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Forward foreign exchange contracts liabilities	16,215	12,805	721	–
Less: non-current portion	(4,269)	(467)	–	–
	11,946	12,338	721	–

Our derivative financial instruments decreased from HK$16.2 million as at 31 December 2014 to HK$12.8 million as at 31 December 2015 and further decreased to HK$0.7 million as at 31 December 2016 and nil as at 31 May 2017 due to the expiry of certain forward foreign exchange contracts during the Track Record Period. We did not have any outstanding forward foreign exchange contracts as at 31 May 2017.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our Group's operation and capital requirements were financed principally through a combination of cash flow generated from our operating activities and bank borrowings.

During the Track Record Period, we were able to repay our obligations under bank borrowings when they became due and did not experience any difficulty in rolling over our bank borrowings. We expect that there will not be any material change in the sources and uses of the cash of our Group upon completion of the Global Offering and in the future, except that we will have additional funds from the proceeds of the Global Offering for implementing our future plans as detailed in "Future Plans and Use of Proceeds" in this prospectus.

Cash flows of our Group

The following table sets out a condensed summary of our Group's consolidated statements of cash flows during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May	
	2014	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Net cash generated from operating activities	5,615	57,930	59,708	26,193	61,599
Net cash (used in)/generated from investing activities	(12,276)	(26,438)	(15,925)	(7,034)	908
Net cash generated from/(used in) financing activities	10,746	(33,848)	(35,975)	(15,450)	(37,222)
Net increase/(decrease) in cash and cash equivalents	4,085	(2,356)	7,808	3,709	25,285
Cash and cash equivalents at beginning of the year/period	(2,968)	1,117	(1,239)	(1,239)	6,569
Cash and cash equivalents at end of the year/period	1,117	(1,239)	6,569	2,470	31,854

Net cash generated from operating activities

Our cash from operations was mainly generated from our revenue received. Our cash used in operations mainly comprised payment for purchase of raw materials, employee benefit expenses, taxes and other operating expenses.

For 5M2017, the net cash of our Group generated from operating activities was HK$61.6 million, which was mainly attributable to the cash generated from operations of HK$73.4 million, partially offset by finance expenses paid of HK$3.6 million and income tax paid of HK$8.2 million. Our operating cash flows before working capital changes was HK$34.8 million, which was primarily attributable to profit before tax of HK$26.2 million after adjustment for (i) non-cash items, which principally included depreciation of property, plant and equipment of HK$4.0 million and provision for impairment loss on inventories of HK$1.1 million; and (ii) finance costs of HK$3.6 million. Our change in working capital was attributable to a cash inflow of HK$34.8 million, which was primarily due to decrease in trade and other receivables of HK$2.2 million and increase in trade and other payables of HK$59.2 million, partially offset by increase in inventories of HK$16.1 million and prepayment and deposits of HK$6.7 million.

For FY2016, the net cash of our Group generated from operating activities was HK$59.7 million, which was mainly attributable to the cash generated from operations of HK$87.9 million, partially offset by finance expenses paid of HK$9.5 million and income tax paid of

HK$18.6 million. Our operating cash flows before working capital changes was HK$119.7 million, which was primarily attributable to profit before tax of HK$97.4 million after adjustment for (i) non-cash items, which principally included depreciation of property, plant and equipment of HK$12.5 million, gain on derivative financial instruments of HK$1.2 million and provision for impairment loss on inventories of HK$1.5 million; and (ii) finance costs of HK$9.5 million. Our change in working capital was attributable to a cash outflow of HK$31.8 million, which was primarily due to increase in trade and other receivables of HK$17.0 million and decrease in trade and other payables of HK$31.5 million, partially offset by increase in inventories of HK$19.6 million.

For FY2015, the net cash of our Group generated from operating activities was HK$57.9 million, which was mainly attributable to the cash generated from operations of HK$71.7 million, partially offset by finance expenses paid of HK$8.4 million and income tax paid of HK$5.4 million. Our operating cash flows before working capital changes was HK$72.4 million, which was primarily attributable to profit before tax of HK$42.5 million after adjustment for (i) non-cash items, which principally included depreciation of property, plant and equipment of HK$11.5 million, loss on derivative financial instruments of HK$6.1 million and provision for impairment loss on inventories of HK$4.2 million; and (ii) finance costs of HK$8.4 million. Our change in working capital was attributable to a cash outflow of HK$0.7 million, which was primarily due to increase in inventories of HK$6.9 million, increase in trade and other receivables of HK$12.9 million and increase in prepayment and deposits of HK$0.5 million, partially offset by increase in trade and other payables of HK$19.6 million.

For FY2014, the net cash of our Group generated from operating activities was HK$5.6 million, which was mainly attributable to the cash generated from operations of HK$18.8 million, partially offset by finance expenses paid of HK$7.0 million and income tax paid of HK$6.2 million. Our operating cash flows before working capital changes was HK$64.4 million, which was primarily attributable to profit before tax of HK$28.5 million after adjustment for (i) non-cash items, which principally included depreciation of property, plant and equipment of HK$8.9 million, loss on derivative financial instruments of HK$15.8 million and provision for doubtful debts of HK$3.7 million; and (ii) finance costs of HK$7.0 million. Our change in working capital was attributable to a cash outflow of HK$45.6 million, which was primarily due to increase in inventories of HK$50.6 million, increase in trade and other receivables of HK$29.3 million and increase in prepayment and deposits of HK$4.8 million, partially offset by increase in trade and other payables of HK$39.1 million.

Net cash used in/generated from investing activities

During the Track Record Period, our Group derived cash inflow from investing activities mainly from bank interest received and proceed from disposal of property, plant and equipment. Our cash outflow used in investing activities was mainly attributable to purchases of property, plant and equipment and restricted bank deposits.

For 5M2017, our net cash generated from investing activities was HK$0.9 million. The net cash generated from investing activities was primarily due to decrease in restricted bank deposits of HK$2.0 million, partially offset by purchase of property, plant and equipment of HK$0.5 million and settlement on derivative financial instruments of HK$0.6 million.

For FY2016, our net cash used in investing activities was HK$15.9 million. The net cash used in investing activities was primarily due to purchase of property, plant and equipment of HK$4.6 million and settlement on derivative financial instruments of HK$10.9 million.

For FY2015, our net cash used in investing activities was HK$26.4 million, which was mainly attributable to purchase of property, plant and equipment of HK$14.9 million, increase in restricted bank deposits of HK$2.0 million and settlement on derivative financial instruments of HK$9.5 million.

For FY2014, our net cash used in investing activities was HK$12.3 million, which was mainly attributable to purchase of property, plant and equipment of HK$10.7 million and increase in restricted bank deposits of HK$2.5 million.

Net cash generated from/used in financing activities

During the Track Record Period, our cash inflow from financing activities was primarily attributable to amounts due to related parties, proceeds from the issuance of shares, proceeds from term loans and proceeds of finance lease payables. Our cash outflow from financing activities was mainly attributable to dividend paid, repayments of tax loans, repayments of finance lease payables and amounts due from related parties.

For 5M2017, our net cash used in financing activities was HK$37.2 million. The net cash used in financing activities was primarily due to payment of dividend of HK$30.0 million and repayment of term loans of HK$1.8 million and profits tax loan of HK$4.5 million.

For FY2016, our net cash used in financing activities was HK$36.0 million. The net cash used in financing activities was primarily due to payment of dividend of HK$49.0 million and repayment of term loans of HK$4.1 million, partially offset by change in balances with due from/to related parties of HK$11.8 million and proceeds from drawdown of tax loan of HK$6.4 million.

For FY2015, our net cash used in financing activities was HK$33.8 million, which was mainly attributable to payment of dividend of HK$12.5 million, change in balances with from/to related parties of HK$19.0 million and repayment of a term loan of HK$4.3 million, partially offset by proceeds of a finance and lease of HK$1.9 million.

For FY2014, our net cash generated from financing activities was HK$10.7 million, which was mainly attributable to capital contribution from owners of HK$12.0 million, proceeds from term loans of HK$11.6 million and change in balances with related parties of HK$7.3 million, partially offset by payment of dividend of HK$18.1 million.

NET CURRENT ASSETS

The following table sets out our Group's current assets and liabilities as at 31 December 2014 and 2015 and 2016, 31 May 2017 and 30 September 2017:

	As at 31 December			As at 31 May	As at 30 September
	2014	2015	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)
Current assets					
Inventories	120,087	122,738	101,479	116,439	142,098
Trade and other receivables	84,629	109,395	114,397	112,226	126,008
Prepayments and deposits	7,491	8,039	10,979	17,668	18,156
Restricted bank deposits	7,546	9,562	10,079	8,065	8,078
Bank and cash balances	6,502	2,218	6,569	31,854	30,879
Total current assets	226,255	251,952	243,503	286,252	325,219
Current liabilities					
Trade and other payables	119,482	133,317	99,555	158,652	155,841
Borrowings	26,554	20,391	18,972	12,602	17,169
Finance lease payables	2,388	4,261	3,472	2,708	2,089
Derivative financial instruments	11,946	12,338	721	–	–
Current income tax liabilities	2,000	9,538	13,037	10,766	20,547
Total current liabilities	162,370	179,845	135,757	184,728	195,646
Net current assets	63,885	72,107	107,746	101,524	129,573

As at 31 December 2014, we had net current assets of HK$63.9 million. The key components of our current assets as at 31 December 2014 were comprised of (i) inventories of HK$120.1 million; (ii) trade and other receivables of HK$84.6 million; (iii) bank and cash balances of HK$6.5 million; (iv) prepayments and deposits of HK$7.5 million; and (v) restricted bank deposits of HK$7.5 million. The key components of our current liabilities as at 31 December 2014 were (i) trade and other payables of HK$119.5 million; (ii) borrowings of HK$26.6 million; and (iii) derivative financial instruments of HK$11.9 million.

As at 31 December 2015, we had net current assets of HK$72.1 million. The key components of our current assets as at 31 December 2015 were comprised of (i) inventories of HK$122.7 million; (ii) trade and other receivables of HK$109.4 million; (iii) restricted bank deposits of HK$9.6 million; and (iv) prepayments and deposits of HK$8.0 million. The key components of our current liabilities as at 31 December 2015 were (i) trade and other payables of HK$133.3 million; (ii) borrowings of HK$20.4 million; (iii) derivative financial instruments of HK$12.3 million; and (iv) current income tax liabilities of HK$9.5 million.

As at 31 December 2016, we had net current assets of HK$107.7 million. The key components of our current assets as at 31 December 2016 were comprised of (i) inventories of HK$101.5 million; (ii) trade and other receivables of HK$114.4 million; (iii) restricted bank deposits of HK$10.1 million; (iv) prepayments and deposits of HK$11.0 million; and (v) bank and cash balances of HK$6.6 million. The key components of our current liabilities as at 31 December 2016 were (i) trade and other payables of HK$99.6 million; (ii) borrowings of HK$19.0 million; and (iii) current income tax liabilities of HK$13.0 million.

As at 31 May 2017, we had net current assets of HK$101.5 million. The key components of our current assets as at 31 May 2017 were comprised of (i) inventories of HK$116.4 million; (ii) trade and other receivables of HK$112.2 million; (iii) bank and cash balances of HK$31.9 million; and (iv) prepayments and deposits of HK$17.7 million. The key components of our current liabilities as at 31 May 2017 were (i) trade and other payables of HK$158.7 million; (ii) borrowings of HK$12.6 million; and (iii) current income tax liabilities of HK$10.8 million.

As at 30 September 2017, we had net current assets of HK$129.6 million. The key components of our current assets as at 30 September 2017 comprised of (i) inventories of HK$142.1 million; (ii) trade and other receivables of HK$126.0 million; (iii) bank and cash balances of HK$30.9 million; and (iv) prepayments and deposits of HK$18.2 million. The key components of our current liabilities as at 30 September 2017 were (i) trade and other payables of HK$155.8 million; (ii) borrowings of HK$17.2 million; and (iii) current income tax liabilities of HK$20.5 million.

Our net current assets increased by HK$8.2 million from HK$63.9 million as at 31 December 2014 to HK$72.1 million as at 31 December 2015, primarily due to the combined effect of (i) increase in current assets of HK$25.7 million, which was primarily driven by increase in inventories of HK$2.7 million, increase in trade and other receivables of HK$24.8 million and increase in restricted bank deposits of HK$2.0 million, while partially offset by decrease in bank and cash balances of HK$4.3 million; and (ii) increase in current liabilities of HK$17.5 million, which was primarily driven by increase in trade and other payables of HK$13.8 million and increase in current income tax liabilities of HK$7.5 million, while partially offset by decrease in borrowings of HK$6.2 million.

Our net current assets increased by HK$35.6 million from HK$72.1 million as at 31 December 2015 to HK$107.7 million as at 31 December 2016, primarily due to the combined effect of (i) decrease in current liabilities of HK$44.1 million, which was primarily driven by decrease in trade and other payables of HK$33.8 million and decrease in derivative financial instruments of HK$11.6 million; and (ii) decrease in current assets of HK$8.4 million, which was primarily driven by decrease in inventories of HK$21.3 million, while partially offset by increase in trade and other receivables of HK$5.0 million and increase in bank and cash balances of HK$4.4 million.

Our net current assets decreased by HK$6.2 million from HK$107.7 million as at 31 December 2016 to HK$101.5 million as at 31 May 2017, primarily due to the combined effect of (i) increase in current liabilities of HK$49.0 million, which was primarily driven by increase in trade and other payables of HK$59.1 million, while partially offset by decrease in borrowings of HK$6.4 million; and (ii) increase in current assets of HK$42.7 million, which was primarily driven by increase in bank and cash balances of HK$25.3 million and inventories of HK$15.0 million.

Our net current assets increased by HK$28.1 million from HK$101.5 million as at 31 May 2017 to HK$129.6 million as at 30 September 2017, primarily due to the combined effect of (i) increase in current assets of HK$39.0 million, which was primarily driven by increase in trade and other receivables of HK$13.8 million and inventories of HK$25.7 million; and (ii) increase in current liabilities of HK$10.9 million, which was primarily driven by increase in current income tax liabilities of HK$9.8 million.

For discussion on material fluctuations of our key balance sheet items during the Track Record Period, please see "Analysis on Major Components of the Consolidated Statements of Financial Position" in this section.

CAPITAL COMMITMENTS

Capital commitments

As at 31 December 2014, we had no significant capital commitments. As at 31 December 2015, 31 December 2016 and 31 May 2017, we had capital commitments of HK$0.5 million, HK$0.02 million and HK$0.06 million, respectively, in relation to the purchase of property, plant and equipment.

Operating lease commitments

Our Group leases staff dormitory and warehouses under non-cancellable operating lease agreements. The lease terms are between one to three years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

Our Group also leases various warehouses and factories under cancellable operating lease agreements. Our Group is required to give a six-month notice for the termination of these agreements.

The total future minimum lease payments under non-cancellable operating lease for the manufacturing premises are payable as follows:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	937	916	789	745
In the second to third years, inclusive	556	48	586	318
	1,493	964	1,375	1,063

INDEBTEDNESS

Borrowings

The following table sets out our Group's interest-bearing borrowings as at the dates indicated:

	As at 31 December			As at 31 May	As at 30 September
	2014	2015	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)
Profits tax loans	2,500	2,831	9,274	4,783	1,205
Term loans	17,692	13,390	9,254	7,489	15,726
Insurance premium loan	977	713	444	330	238
Bank overdraft	5,385	3,457	–	–	–
	26,554	20,391	18,972	12,602	17,169

As at 31 December 2014, 2015 and 2016 and 31 May 2017, our Group had borrowings payables of HK$26.6 million, HK$20.4 million and HK$19.0 million and HK$12.6 million respectively which were primarily denominated in Hong Kong Dollars. As at 30 September 2017, being the latest practicable date for determining indebtedness, our Group had borrowings of HK$17.2 million, which was in line with the level of borrowings during the Track Record Period.

Our Group's borrowings were primarily used in financing the working capital requirement of our operations, while our liability of the finance lease payables was for the acquisition of plant and machinery to support our operations. During the Track Record Period and up to 30 September 2017, our Group's borrowings were secured/guaranteed by (i) guarantee given by the Hong Kong Mortgage Corporation Limited; (ii) joint and several guarantee executed by our then shareholder, Mr. Eddie Kwan, which was discharged during FY2016 after his retirement by the end of 2015, and our shareholders including Mr. Stanley Kwan, Mr. Tai and Mr. Mac Carthy, which will be fully released upon Listing; (iii) property, plant and equipment held by our Group with net book value of HK$23.9 million as at 31 December 2016, HK$23.9 million as at 31 May 2017 and HK$23.6 million as at 30 September 2017; and (iv) restricted bank deposits with carrying value of HK$10.1 million as at 31 December 2016, HK$8.1 million as at 31 May 2017 and HK$8.1 million as at 30 September 2017; and (v) all the assignor's claims, options, privileges, right, title interest and benefit in and under the key man insurance policy.

As at 31 December 2014, 2015 and 2016, our Group had unutilised banking facilities amounted to HK$44.2 million, HK$70.6 million and HK$146.0 million respectively.

As at 31 May 2017, our Group had unutilised banking facilities of HK$106.4 million, which included trading facilities of HK$102.4 million and bank overdraft of HK$4.0 million.

As at 30 September 2017, being latest practicable date for determining indebtedness, our Group had unutilised banking facilities at HK$127.8 million, which included trading facilities of HK$123.8 million and bank overdraft of HK$4.0 million.

As confirmed by our Directors, our Group had not defaulted or delayed any payment, and/or breached any of the finance covenants of our banking facilities during the Track Record Period and up to the Latest Practicable Date. For details of our borrowings, please see Notes 21 and 22 to the Accountant's Report in Appendix I to this prospectus.

Obligations under finance leases

As at 31 December 2014, 2015 and 2016, 31 May 2017 and 30 September 2017, our Group's present value of finance lease payables were HK$2.4 million, HK$4.3 million, HK$3.5 million, HK$2.7 million and HK$2.1 million respectively, which was secured by among other things: (i) the underlying assets; (ii) guarantee given by SME Loan Guarantee Scheme – For Business Installations and Equipment Loans Scheme; and (iii) personal guarantee from our then shareholder, Mr. Eddie Kwan, which was discharged during FY2016 following his retirement by the end of 2015), and our shareholders including Mr. Stanley Kwan, Mr. Tai and Mr. Mac Carthy. Our Directors confirm that the personal guarantee from our shareholders will be released upon Listing.

Amounts due to the then shareholder, shareholders and a related company

The following table sets out our Group's amounts due to the then shareholder, shareholders and a related company as at the dates indicated:

	As at 31 December			As at 31 May	As at 30 September
	2014	**2015**	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)
Amount due to the then shareholder	2,895	–	–	–	–
Amounts due to a related company	894	612	–	–	–
Amounts due to shareholders	5,163	322	87	–	–
	8,952	934	87	–	–

Amounts due to the then Shareholder, shareholders and a related company are denominated in HK$, unsecured, interest-free, non-trade in nature and repayable on demand.

Contingent liabilities

As at 31 December 2014, 2015, 2016, 31 May 2017 and 30 September 2017, we had no significant contingent liabilities.

Save as disclosed in "Indebtedness" in this section, we did not have, at the close of business on 30 September 2017, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the Track Record Period:

	As at 31 December 2014	2015	2016	As at 31 May 2017
Current ratio[(1)]	1.4	1.4	1.8	1.5
Quick ratio[(2)]	0.7	0.7	1.0	0.9
Gearing ratio[(3)]	26.8%	19.7%	14.5%	10.5%
Net debt to equity ratio[(4)]	13.8%	10.3%	3.7%	N/A[(9)]

	For the year ended 31 December 2014	2015	2016	For the five months ended 31 May 2017
Return on asset ratio[(5)]	7.9%	9.6%	25.6%	N/A[(8)]
Return on equity ratio[(6)]	20.3%	23.8%	48.6%	N/A[(8)]
Interest coverage ratio[(7)]	5.1	6.0	11.2	8.3

Notes:

(1) Current ratio is calculated by dividing current assets by current liabilities as at the respective year/period-end date.

(2) Quick ratio is calculated by dividing current assets minus inventories by current liabilities as at the respective year/period-end date.

(3) Gearing ratio is calculated by dividing total debts (being the total interest-bearing loans including banks and other borrowings) by total equity as at the respective year/period-end date.

(4) Net debt to equity ratio is calculated by dividing net debts (being the total interest-bearing loans including banks and other borrowings less bank and cash balances and restricted bank deposits) by total equity as at the respective year/period-end date.

(5) Return on total assets ratio is calculated by dividing profit for the year/period by the total assets as at the respective year/period-end date.

(6) Return on equity ratio is calculated by dividing profit for the year/period by the total equity as at the respective year/period-end date.

(7) Interest coverage ratio is calculated by dividing profit before interest and tax by the finance expenses for the corresponding year/period.

(8) Such ratio is not applicable as it is not comparable to annual numbers.

(9) Our Group recorded a net cash position.

Current and quick ratios

Our Group's current ratios were 1.4, 1.4, 1.8 and 1.5 as at 31 December 2014, 2015 and 2016 and 31 May 2017, respectively while the quick ratio as at 31 December 2014, 2015 and 2016 and 31 May 2017 were 0.7, 0.7, 1.0 and 0.9, respectively.

Our current assets increased by HK$42.7 million from 31 December 2016 to 31 May 2017, principally attributable to the increase in bank and cash balances of HK$25.3 million and inventories of HK$15.0 million. On the other hand, our current liabilities also increased by HK$49.0 million from 31 December 2016 to 31 May 2017, and such increase was principally attributable to the increase in trade and other payables of HK$59.1 million, while partially offset by decrease in borrowings of HK$6.4 million and current tax liabilities of HK$2.3 million. The higher level of increase in current liabilities than in current assets resulted in a slight decrease in both current ratio and quick ratio as at 31 May 2017 as compared to that as at 31 December 2016.

Our current assets decreased by HK$8.4 million from 31 December 2015 to 31 December 2016, principally attributable to the decrease in inventories of HK$21.3 million, while partially offset by the increase in trade and other receivables of HK$5.0 million and bank and cash balances of HK$4.4 million. On the other hand, our current liabilities also decreased by HK$44.1 million from HK$179.8 million as at 31 December 2015 to HK$135.8 million as at 31 December 2016, such decrease was principally attributable to the decrease in trade and other payables of HK$33.8 million and derivative financial instruments of HK$11.6 million. The higher level of decrease in current liabilities than in current assets resulted in an increase in both current ratio and quick ratio as at 31 December 2016 as compared to that as at 31 December 2015.

Our current assets increased by HK$25.7 million from 31 December 2014 to 31 December 2015, principally attributable to the increase in trade and other receivables of HK$24.8 million, inventories of HK$2.7 million and restricted bank deposits of HK$2.0 million, while partially offset by the decrease in cash and bank balances of HK$4.3 million. On the other hand, our current liabilities also increased by HK$17.5 million from HK$162.4 million as at 31 December 2014 to HK$179.8 million as at 31 December 2015, such increase was principally attributable to the increase in trade and other payables of HK$13.8 million, derivative financial instruments of HK$0.4 million, current income tax liabilities of HK$7.5 million and finance lease payables of HK$1.9 million, while partially offset by decrease in borrowings of HK$6.2 million. Accordingly, the similar level of increase in both current assets and current liabilities resulted in a relatively stable level of current ratio and quick ratio as at 31 December 2014 and 31 December 2015.

Gearing ratio and net debt to equity ratio

Our gearing ratio is calculated by dividing total debts (being the total interest-bearing loans including banks and other borrowings) by total equity as at the respective year-end date. Our Group's gearing ratios were 26.8%, 19.7%, 14.5% and 10.5% as at 31 December 2014, 2015 and 2016 and 31 May 2017, respectively.

The decrease in gearing ratio from 14.5% as at 31 December 2016 to 10.5% as at 31 May 2017 was principally attributable to decrease in borrowings by HK$7.1 million, while partially offset by decrease in total equity by HK$9.3 million mainly driven by declaration of dividends of HK$30.0 million during 5M2017.

The decrease in gearing ratio from 19.7% as at 31 December 2015 to 14.5% as at 31 December 2016 was principally attributable to increase in total equity by HK$29.9 million, as well as decrease in borrowings by HK$1.4 million driven by contribution from the profit for the year ended 31 December 2016 and partially offset by declaration of dividend.

The decrease in gearing ratio from 26.8% as at 31 December 2014 to 19.7% as at 31 December 2015 was principally attributable to decrease in borrowings of HK$6.2 million while partially offset by increase in finance lease payables of HK$1.9 million, and increase in total equity of HK$17.0 million.

Our net debt to equity ratio is calculated by dividing net debts (being the total interest-bearing loans including banks and other borrowings less bank and cash balances and restricted bank deposits) by total equity as at the respective year-end date. Our Group's net debt to equity ratio were 13.8%, 10.3% and 3.7% as at 31 December 2014, 2015 and 2016, respectively.

Decrease in the net debt to equity ratio from 10.3% as at 31 December 2015 to 3.7% as at 31 December 2016 was principally attributable to decrease in total net debt which was driven by decrease in borrowings of HK$1.4 million and increase in bank and cash balances of HK$4.4 million, as well as increase in total equity of HK$29.9 million driven by contribution from the profit for the year ended 31 December 2016 and partially offset by declaration of dividend.

Decrease in the net debt to equity ratio from 13.8% as at 31 December 2014 to 10.3% as at 31 December 2015 was principally attributable to decrease in total net debt which was driven by decrease in borrowings of HK$6.2 million, while partially offset by increase in finance lease payables of HK$1.9 million and decrease in total cash and cash equivalents of HK$2.4 million, and increase in total equity of HK$17.0 million.

Return on assets ratio

Our Group's return on assets ratios were 7.9%, 9.6% and 25.6% for FY2014, FY2015 and FY2016, respectively.

The significant increase in return on assets ratio in FY2016 as compared to that of in FY2015 was principally attributable to the significant increase in net profit by 152.9% (as mainly driven by improvement in gross profit and reduction in other operating expenses and selling and distribution expenses, while partially offset by increase in net finance expenses and income tax expense), as well as the decrease in assets by 4.7% (as mainly driven by the decrease in inventories).

The increase in return on assets ratio in FY2015 as compared to that of in FY2014 was principally attributable to the increase in net profit by 36.0% (as mainly driven by improvement in gross profit and reduction in other operating expenses, and partially offset by increases in selling and distribution expenses, administrative expenses, net finance expenses and income tax expense), and partially offset by the increase in assets by 11.0% (as mainly driven by the increase in trade and other receivables and property, plant and equipment).

Return on equity ratio

Our Group's return on equity ratios were 20.3%, 23.8% and 48.6% for FY2014, FY2015 and FY2016, respectively.

The significant increase in return on equity ratio in FY2016 as compared to that of in FY2015 was principally attributable to the significant increase in net profit by 152.9% (as mainly driven by improvement in gross profit and reduction in other operating expenses and selling and distribution expenses, while partially offset by increase in net finance expenses and income tax expense), while partially offset by the increase in total equity by 23.9% (as mainly driven by contribution from profit for FY2016 and partially offset by the declaration of dividend).

The increase in return on equity ratio FY2015 as compared to that in FY2014 was principally attributable to the increase in net profit by 36.0% (as mainly driven by improvement in gross profit and reduction in other operating expenses, and partially offset by increases in selling and distribution expenses, administrative expenses, net finance expenses and income tax expense), and partially offset by the increase in equity by 15.8% (as mainly driven by accumulation of profit for the year ended 31 December 2015 and partially offset by declaration of dividends).

Interest coverage ratio

Our Group's interest coverage ratios were 5.1 times, 6.0 times, 11.2 times and 8.3 times for FY2014, FY2015, FY2016 and 5M2017, respectively.

The decrease in interest coverage ratio from 11.2 times in FY2016 to 8.3 times in 5M2017 was principally attributable to the decrease in profit before interest and tax during the period as a result of the higher percentage of administrative expenses to revenue in 5M2017 as compared to that in FY2016, which is mainly driven by the recording of listing expenses in 5M2017.

The significant increase in interest coverage ratio from 6.0 times in FY2015 to 11.2 times in FY2016 was principally attributable to increase in profit before interest and tax by 110.0% (as mainly driven by improvement in gross profit and reduction in other operating expenses and selling and distribution expenses), and partially offset by increase in finance expenses by 12.9%.

The increase in interest coverage ratio from 5.1 times in FY2014 to 6.0 times in FY2015 was principally attributable to increase in profit before interest and tax by 43.9% (as mainly driven by improvement in gross profit and reduction in other operating expenses, and partially offset by increases in selling and distribution expenses and administrative expenses), and partially offset by increase in finance expenses by 20.6%.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Our Group hedges its foreign exchange rate risk through the use of derivative financial instruments. Our Group primarily enters into foreign currency forward contracts and forward options to reduce the effects of fluctuating foreign currency exchange rates, in particular, the exchange rate between US$ and RMB. Our Group categorises these instruments as being entered into for hedging purposes.

The financial derivative contracts are entered into with certain major financial institutions with terms ranging from approximately half a year to two years with reference to our Group's foreign currency exposures. The accounting treatment of derivative contracts is set out in Note 24 to the Accountant's Report set out in Appendix I to this prospectus.

As at 31 December 2014, 2015 and 2016, our Group had forward foreign exchange contracts with fair value of HK$16.2 million, HK$12.8 million and HK$0.7 million respectively.

The fair values of forward foreign exchange contracts have been calculated assuming termination of the contracts at the balance sheet dates using observable market information.

As at 31 December 2014, 2015 and 2016, the notional principal amounts of the outstanding forward foreign exchange contracts were HK$1,042.0 million, HK$178.0 million and HK$6.2 million respectively.

As at 31 May 2017, all the forward foreign exchange contracts have been expired.

During FY2014, FY2015 and FY2016, our Group has settled part of the derivative financial instruments, which resulted a gain of HK$0.8 million, a loss of HK$9.5 million and a loss of HK$10.9 million respectively on these settlements. The fair value loss of HK$16.6 million, fair value gain of HK$3.4 million and fair value gain of HK$12.1 million respectively on the unsettled derivative financial instruments were also incurred in FY2014, FY2015 and FY2016.

As at 31 December 2014, our Group had a commitment in respect of a foreign exchange contract entered into with a bank to enable our Group buying or selling US$ and RMB of approximately HK$147 million of which the settlement dates were between March 2015 and September 2016. As at 31 December 2015 and 2016, there was no commitment in respect of the foreign exchange contract entered by our Company. Set out below is the summary list of the terms of the hedging contracts which is still outstanding as at 31 December 2016:

Bank	Contract date	Last settlement date	Term	Outstanding notional amount	Specific rate/ Strike rate
Bank A	4 March 2015	3 March 2017	24 settlements, approximately once a month	US$800,000	6.23, high range at 6.45 (RMB/USD)

During 5M2017, the remaining derivative financial instrument has also been settled, which resulted in a gain of HK$0.1 million.

Foreign exchange hedge policies adopted by our Group during the Track Record Period

Our foreign exchange hedge activities were managed and overseen by our Directors and the financial controller of our Group (the "**Financial Controller**"). During the Track Record Period, our Directors and our Financial Controller assessed our hedge needs on a monthly basis, taking into account factors such as (i) the prevailing foreign exchange market condition and trends of the exchange rate of the currency to be hedged; (ii) the need for currency conversion of our daily operation (including foreign currency receipts, settlement of accounts payables and procurement of property, plant and equipment in foreign currency); and (iii) the recommendations from financial institutions.

Our Financial Controller, together with the assistant of the staff in our finance division, would obtain the relevant market information, analyse the pros and cons of various types of hedge instruments and determine the type, number, amount and stop-loss limit of the hedge instruments that our Group could consider to enter into. Our Financial Controller and our Directors would consider the terms and conditions of the quotations obtained from the financial institution and make a decision as to whether to enter into the relevant financial instruments.

Our Financial Controller would negotiate with the relevant financial institutions and we would execute the hedge agreements if we consider them to be beneficial to our business operations. Our finance division would prepare a summary report setting out the hedge agreements we had entered into, the expiry date of each of such agreements, the realised income or loss in that particular month and other relevant information. Our Directors would, based on the summary report and taking into consideration the abovementioned factors, discuss and determine whether to engage in further hedge activities in the following month.

We believe that members of our finance division and our Executive Directors have sufficient experience in conducting foreign exchange hedge activities. Our Executive Directors, including Mr. Stanley Kwan who has been involved in our hedge activities and Mr. Lai who has a strong financial background, are mainly responsible for assessing the prevailing foreign exchange market conditions and the needs of our Group to enter into foreign exchange hedge instruments. Our Financial Controller has been involved in our hedge activities since he joined us in November 2008 and is mainly responsible for assessing the prevailing foreign exchange market conditions and the needs of our Group to enter into foreign exchange hedge contracts, reviewing hedge agreements, and analysing the outcome of the hedge activities. Our assistant group financial controller, who is also a key member of our finance division and is familiar with our business operations and financial matters, will be involved in our hedge activities together with our Financial Controller and will be responsible for assessing the prevailing foreign exchange market conditions, reviewing hedge agreements, negotiating with the financial institutions in relation to the terms of the hedge agreements, and analysing the outcome of the hedge activities as and when necessary. In addition, the Risk Management Committee will be established upon Listing and will be responsible for (i) reviewing our Directors' decisions on entering into hedge arrangements; (ii) reviewing the effectiveness of our hedge policy; and (iii) providing recommendations to our Board on improving our hedge policy, where appropriate and if necessary. For details of the Risk Management Committee, see "Directors and Senior Management – Board Committees" in this prospectus.

Our Directors confirm that the foreign exchange hedge activities conducted by us during the Track Record Period were for hedge purpose and not for speculation. We ceased to enter into any new hedge transaction since March 2015. Our Risk Management Committee will continuously monitor our risk exposure and take appropriate actions to mitigate such risk as and when necessary. As at the Latest Practicable Date, we currently do not intend to enter into any hedge transaction upon Listing.

DISCLOSURE REQUIREMENT UNDER THE LISTING RULES

Our Directors confirmed that, as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the shares been listed on the Stock Exchange on that date.

FINANCIAL RISK MANAGEMENT

Our Group are exposed to various types of market risk, including, foreign exchange risk, credit risk, interest rate risk and liquidity risk.

Foreign exchange risk

Our Group has certain exposure to foreign exchange rate risk as part of its business transactions, assets and liabilities are denominated in HK$, RMB and EUR. The majority of our assets and liabilities are denominated in HK$, RMB or EUR, and there are no significant assets and liabilities denominated in other currencies. Our Directors monitor our Group's foreign currency exposure closely and our Group currently hedges its exposure to the RMB, details of which are outlined in "Derivative Financial Instruments and Hedging Activities" in this section.

The following table demonstrates the sensitivity at the end of the relevant periods as below to a reasonably possible change in the US$, EUR and RMB exchange rates, with all other variables held constant, of our Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in foreign exchange rate	**Increase/(decrease) in profit after tax Year ended 31 December**			**Five months ended 31 May**
		2014	**2015**	**2016**	**2017**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
If EUR strengthens against US$	5.0%	(184)	(504)	(143)	(321)
If EUR weakens against US$	(5.0%)	184	504	143	321
If RMB strengthens against US$	5.0%	(796)	(1,417)	(1,442)	(3,015)
If RMB weakens against US$	(5.0%)	796	1,417	1,442	3,015

Credit risk

We are exposed to credit risk primarily from our cash deposited at banks, trade receivables, deposits, and other receivables. Our Group's exposure to credit risk is the carrying amounts of these financial assets.

In respect of 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.

Management 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. Our Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the management is of the opinion that adequate provision for uncollectible receivables has been made in the financial statements.

As at 31 December 2014, 2015, 2016 and 31 May 2017, our Group had no significant concentration of credit risk with respect to trade receivables from third party customers as the customer bases were widely dispersed despite that 18.8%, 30.4%, 43.9% and 42.0% of the trade receivables were due from our Group's largest customer and 71.3%, 67.5%, 77.9% and 79.6% were due from the five largest customers determined on the same basis.

Interest rate risk

Our interest rate risk arises from borrowings. Borrowings obtained at variable rates expose our Group to interest rate risk which is partially offset by cash held at variable rates. Our Group does not adopt any interest hedging strategy.

As at 31 December 2014, 2015, 2016 and 31 May 2017, if the interest rates on borrowings had been 50 basis points higher or lower, assuming all other variables had been held constant, our profit after income tax for the respective year would have been lower or higher by approximately HK$0.01 million, HK$0.02 million, HK$0.02 million and HK$0.01 million, respectively.

The above mentioned analysis indicates the impact on our Group's profit for the year/period and retained profits that would have arisen assuming that there is an annualised impact on interest income and expense by a change in interest rates. The analysis has been performed on the same basis throughout the Track Record Period.

Liquidity risk

We manage liquidity risk by monitoring and maintaining (i) a level of cash and cash equivalents deemed adequate by our management team to meet operational needs; and (ii) sufficient headroom on our undrawn committed borrowing facilities at all times so that our Group does not breach borrowing limits or covenants (where applicable) on any of our borrowing facilities.

The table below analyses our Group's non-derivative and derivative financial liabilities into the applicable maturity groupings based on the remaining period at the end of reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amounts *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within one year or on demand *HK$'000*	Within two years to five years *HK$'000*
At 31 December 2014				
Derivative financial instruments	16,215	16,215	11,946	4,269
Trade and other payables (excluding sale deposits received)	106,176	106,176	106,176	–
Profits tax loan	2,500	2,554	2,554	–
Term loans	17,692	19,345	19,345	–
Insurance premium loan	977	1,022	1,022	–
Finance lease payables	2,388	2,508	2,508	–
Bank overdrafts, secured	5,385	5,385	5,385	–
	151,333	153,205	148,936	4,269
At 31 December 2015				
Derivative financial instruments	12,805	12,805	12,338	467
Trade and other payables (excluding sale deposits received)	121,956	121,956	121,956	–
Profits tax loan	2,831	2,888	2,888	–
Term loans	13,390	14,368	14,368	–
Insurance premium loan	713	767	767	–
Finance lease payables	4,261	4,497	4,497	–
Bank overdrafts, secured	3,457	3,457	3,457	–
	159,413	160,738	160,271	467

	Carrying amounts *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within one year or on demand *HK$'000*	Within two years to five years *HK$'000*
At 31 December 2016				
Derivative financial instruments	721	721	721	–
Trade and other payables (excluding sale deposit received)	91,603	91,603	91,603	–
Profits tax loan	9,274	9,441	9,441	–
Term loans	9,254	9,734	9,734	–
Insurance premium loan	444	479	479	–
Finance lease payables	3,472	3,629	3,629	–
	114,768	115,607	115,607	–

	Carrying amounts *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within one year or on demand *HK$'000*	Within two years to five years *HK$'000*
At 31 May 2017				
Trade and other payables (excluding sale deposits received)	148,152	148,152	148,152	–
Profits tax loan	4,783	4,834	4,834	–
Term loans	7,489	7,815	7,815	–
Insurance premium loan	330	386	386	–
Finance lease payables	2,708	2,819	2,819	–
	163,462	164,006	164,006	–

Taking into account the expected cash inflow from operations of our Group and the undrawn banking facilities, our Directors believe that our Group has sufficient resources to meet our debt obligations with banks and working capital needs.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to specialise in the manufacturing of customised industrial electronic components and products, and to expand our operations in the ATE business segment. After the participation in Electronica held in Munich, Germany, an industry exhibition, in October 2016, we have established contacts with several customers through paying visits and providing quotations to them, and in June 2017, some of such customers placed purchase orders for certain power supply products.

We continue to explore opportunities for our ATE business through paying visits to our potential customers and design ATE with different specifications. Due to our more active marketing efforts, we have received new enquiries from potential customers for our ATE products.

We are also actively working on plans to bridge the gaps between our existing operational systems and Industry 4.0 with a view to achieve the Industry 4.0 accreditation. We continue to make capital commitment to achieve a higher level of automation in our manufacturing process and recruit engineers to further modify our existing manufacturing system.

In the nine months ended 30 September 2017, our revenue amounted to HK$567.1 million, which represented a slight decrease as compared to the corresponding period in FY2016. However, as contributed by the increase in sales of certain models of smart chargers with relatively high profit margin, our Group was able to achieve an improvement in gross profit as well gross profit margin as compared to the corresponding period in FY2016. Our Directors are responsible for the preparation of our unaudited consolidated management accounts for the nine months ended 30 September 2017 in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA. Our consolidated management accounts for the nine months ended 30 September 2017 are unaudited but have been reviewed by our Company's reporting accountant, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

As a result of (i) Listing; (ii) the recruitment of high calibre personnel for our strategic talent office in Guangzhou City as part of our business strategies; (iii) general salary increment for our employees; and (iv) fees payable to our Executive Directors, we expect to record a substantial increase in legal and professional fees, direct labour costs and employee benefit expenses for FY2017.

Our Directors confirm that, subsequent to the Track Record Period and up to the date of this prospectus, save as disclosed above, there had been no material adverse change in the financial or trading position or prospects of our Group.

OFF BALANCE SHEET TRANSACTIONS

Our Group has not entered into any material off balance sheet transactions or arrangements during the Track Record Period.

LISTING EXPENSES

During the Track Record Period, we had incurred Listing expenses of HK$8.1 million, HK$4.0 million and HK$6.1 million, which were recognised as administrative expenses in our consolidated income statements for FY2015, FY2016 and 5M2017, respectively. We expect to incur additional Listing expenses (including underwriting commission and management fee of HK$10.9 million, assuming mid-point of the proposed Offer Price range and before any exercise of the Over-allotment Option, to be paid to the Underwriters) of HK$27.7 million, of which an additional HK$9.8 million is expected to be recognised as administrative expenses during the remaining months of FY2017 and the remaining balance is expected to be recognised as a deduction in equity directly upon Listing.

DIVIDEND

The declaration of dividend is subject to the discretion of our Board and the approval of our Shareholders. We do not have a dividend policy or a pre-determined dividend payout ratio. Our Directors may recommend a payment of dividend in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our Articles of Association and the Companies Ordinance, including the approval of our Shareholders. Any future declarations of dividend may or may not reflect our historical declarations of dividend and will be at the absolute discretion of our Directors.

We cannot assure you that we will be able to distribute dividend of the amount below or any amount, or at all, in any year. The declaration and payment of dividend may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future.

In FY2014, FY2015 and FY2016, we had declared dividend of HK$18.1 million, HK$14.5 million and HK$47.0 million, respectively, to our Shareholders, which represented 82.7%, 48.7% and 62.4% of our net profit in FY2014, FY2015 and FY2016 respectively. A HK$30.0 million dividend was declared on 15 March 2017 and was paid to our Shareholders on 28 March 2017 with our own internal resources. However, this should not be used as a reference or basis to determine the level of dividend that may be declared or paid by us in the future.

SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that after taking into account, the existing financial resources available to our Group including internally generated funds from operating activities, the existing bank borrowing, the available banking facilities, and the estimated net proceeds of the Global Offering, our Group has sufficient working capital for its present requirements for the next 12 months from the date of this prospectus.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had certain related party transactions in the normal course of business. These transactions were conducted in accordance with terms as agreed between us and the respective related parties. Our Directors have confirmed that all related party transactions during the Track Record Period were conducted on normal commercial terms that were reasonable and in the interest of our Group as a whole. Our Directors further confirmed that these related party transactions would not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance. For more information on our related party transactions, see Note 30 to the Accountant's Report in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on our net tangible assets of our Group attributable to the equity holders of our Company as of 31 May 2017 as if the Global Offering had taken place on 31 May 2017 assuming the Over-allotment Option is not exercised.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as at 31 May 2017 or at any future dates following the Global Offering. It is prepared based on the audited consolidated net tangible assets of our Group as at 31 May 2017 as set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as at 31 May 2017 *(Note 1)* *HK$'000*	Estimated net proceeds from the Global Offering *(Note 2)* *HK$'000*	Unaudited pro forma adjusted net tangible assets attributable to owners of our Company as at 31 May 2017 *HK$'000*	Unaudited pro forma adjusted net tangible assets per Share *(Note 3)* *HK$*
Based on an Offer Price of HK$0.52 per Share	145,438	104,024	249,462	0.25
Based on an Offer Price of HK$0.72 per Share	145,438	150,524	295,962	0.30

Notes:

(1) The audited consolidated net tangible assets attributable to owners of our Company as at 31 May 2017 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to owners of our Company as at 31 May 2017 of HK$145,438,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$0.52 and HK$0.72 per Share after deduction of the underwriting fees and other related expenses (excluding listing expenses of HK$18,124,000 which have been accounted for prior to 31 May 2017) paid/payable by our Company and takes no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued or repurchased by our Company pursuant to the Issuing Mandate and the Repurchase Mandate.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,000,000,000 Shares were in issue assuming that the Global Offering has been completed on 31 May 2017 but takes no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued or repurchased by our Company pursuant to the Issuing Mandate and the Repurchase Mandate.

(4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 31 May 2017.

DISTRIBUTABLE RESERVES

As at 31 May 2017, we did not have any distributable reserves available for distribution to our shareholders.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that since 31 May 2017 (being the date to which the latest audited consolidated financial information of our Group were made up) and up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group.

FUTURE PLANS

See "Business – Business Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and estimated expenses paid and payable by us in connection thereto, are estimated to be approximately HK$109.2 million before exercise of the Over-allotment Option, assuming an Offer Price of HK$0.62 per Share, being the mid-point of the proposed Offer Price range of HK$0.52 to HK$0.72 per Share. We intend to use such net proceeds as follows:

- approximately HK$81.7 million (or approximately 74.8% of our total estimated net proceeds) will be used to further enhance our production efficiency and expand our production capacity, of which:

  (i) for development of new production base

  - approximately HK$53.8 million (or approximately 49.3% of our total estimated net proceeds) will be used to install two automated SMT production lines, six interchangeable PCB assembly production lines and other machineries and equipment in our new production base (which is to be converted from two of our existing warehouses) in Nansha District, Guangzhou City, Guangdong Province, the PRC;

  - approximately HK$23.4 million will be used as follows:

    - HK$14.3 million (equivalent to RMB12.3 million) (or approximately 13.1% of our total estimated net proceeds) will be used for the advance payment of rental deposit, electricity installation charges and rental prepayment in respect of our new production base; and

    - approximately HK$9.1 million (or approximately 8.3% of our total estimated net proceeds) will be used for the configuration of our new production base (which is to be converted from two of our existing warehouses), including leasehold improvements;

  (ii) for upgrading of existing production facilities

  - approximately HK$4.5 million (or approximately 4.1% of our total estimated net proceeds) will be used to upgrade our existing production facilities;

- approximately HK$11.2 million (or approximately 10.3% of our total estimated net proceeds) will be used to establish offices in Dublin, Ireland and Paris, France (for purposes such as company incorporation, capital injection, purchase of office equipment, office renovation and payment of rental deposit, staff cost (for the recruitment of approximately three employees at each new office at Dublin and Paris) as well as advertising and promotion expenses) and for the expansion of our customer base in Europe;

- approximately HK$11.2 million (or approximately 10.3% of our total estimated net proceeds) will be used to establish our strategic talent office in Guangzhou City, Guangdong Province, the PRC and to recruit high calibre personnel such as engineers, IT technicians, procurement specialists, accountants and internal auditors; and

- the balance to be used for working capital and other general corporate purposes.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds of the Global Offering, assuming that the Over-allotment Option is not exercised, will increase to approximately HK$132.4 million or decrease to approximately HK$85.9 million, respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK$130.8 million, assuming an Offer Price of HK$0.62 per Share, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the indicative Offer Price range, the net proceeds of the Global Offering, including the proceeds from the exercise of the Over-allotment Option, will increase to approximately HK$157.5 million or decrease to HK$104.0 million, respectively. In such event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

The application of the net proceeds as stated above are only current estimates and are subject to changes based on prevailing economic, market and business conditions. To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions.

The issued share capital of our Company immediately following completion of the Bonus Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme) will be as follows:

Issued and to be issued, fully paid or credited as fully paid:

Shares in issue as at the date of this prospectus	2
Shares to be issued pursuant to the Bonus Issue	749,999,998
Shares to be issued pursuant to the Global Offering	250,000,000
Shares in total	1,000,000,000

Assuming the Over-allotment Option is exercised in full, the issued share capital of our Company immediately following completion of the Bonus Issue and the Global Offering (without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme) will be as follows:

Issued and to be issued, fully paid or credited as fully paid:

Shares in issue as at the date of this prospectus	2
Shares to be issued pursuant to the Bonus Issue	749,999,998
Share to be issued pursuant to the Global Offering and the Over-allotment Option	287,500,000
Shares in total	1,037,500,000

ASSUMPTIONS

This table assumes the Global Offering has become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account (i) any Shares which may be allotted and issued upon exercise of the options granted under the Share Option Scheme; or (ii) any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issue or the repurchase of Shares granted to our Directors as referred to below.

RANKING

The Offer Shares and the Shares which may be issued pursuant to the Over-allotment Option shall carry the same rights as all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividend or other distributions declared, made or paid after the date of this prospectus.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme as further described in "Statutory and General Information – Other Information – 12. Share Option Scheme" in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted with a general unconditional mandate to allot, issue and deal with such number of Shares representing not more than the sum of:

(a) 20.0% of the aggregate number of Shares in issue immediately following completion of the Bonus Issue and the Global Offering; and

(b) the aggregate number of Shares repurchased by our Company, if any, under the general mandate to repurchase Shares referred to below.

The number of Shares which our Directors are authorised to allot and issue under the Issuing Mandate will not be reduced by the allotment and issue of Shares pursuant to (i) a rights issue; (ii) any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association; (iii) the exercise of any option to be granted under the Share Option Scheme, or under the Global Offering, or upon exercise of the Over-allotment Option; or (iv) any specific authority granted by the Shareholders in general meeting.

The Issuing Mandate will expire at the earliest of:

(a) the conclusion of our Company's next annual general meeting unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which our Company is required by the applicable Hong Kong laws or the Articles of Association to hold our next annual general meeting; or

(c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of the Issuing Mandate, see "Statutory and General Information – Further Information about our Company – 5. Written resolutions of our sole Shareholder passed on 27 October 2017" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted with a general unconditional mandate to exercise all powers of our Company to repurchase such number of Shares representing not more than 10.0% of the aggregate number of Shares in issue immediately following completion of the Bonus Issue and the Global Offering.

The Repurchase Mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose) and which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares by our Company is set out in "Statutory and General Information – Further Information about our Company – 6. Repurchase of Shares" in Appendix IV to this prospectus.

The Repurchase Mandate will expire at the earliest of:

(a) the conclusion of our Company's next annual general meeting unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which our Company is required by the applicable Hong Kong laws or the Articles of Association to hold our next annual general meeting; or

(c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of the Repurchase Mandate, see "Statutory and General Information – Further Information about our Company – 5. Written resolutions of our sole Shareholder passed on 27 October 2017" in Appendix IV to this prospectus.

So far as our Directors are aware, immediately following completion of the Bonus Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Capacity/nature of interest	Number of Shares(1)	Shareholding Percentage
Trio Holding	Beneficial owner	750,000,000 (L)	75.0%
Mr. Stanley Kwan(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%
Nawk Investment(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%
Mr. Tai(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%
LLT Investment(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%
Mr. Lai(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%
Proactive Investment(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%
Mr. Mac Carthy(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%
King Fung Nominees(2)	Trustee; interest in a controlled corporation	750,000,000 (L)	75.0%
Grand Energy(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%

Notes:

(1) The letter "L" denotes a long position in the Shares.

(2) As at the Latest Practicable Date, (i) Trio Holding was owned as to 32.5%, 32.5%, 17.5% and 17.5% by Nawk Investment, LLT Investment, Proactive Investment and Grand Energy, respectively; (ii) Nawk Investment, LLT Investment and Proactive Investment were directly and wholly owned by Mr. Stanley Kwan, Mr. Tai and Mr. Lai, respectively; and (iii) Grand Energy was directly and wholly owned by King Fung Nominees on trust for Mr. Mac Carthy. Because of their interests in Trio Holding, Mr. Stanley Kwan, Mr. Tai, Mr. Lai and Mr. Mac Carthy, Nawk Investment, LLT Investment, Proactive Investment, Grand Energy and King Fung Nominees will be regarded as our Controlling Shareholders and together be entitled to exercise and control 75.0% of our entire issued share capital immediately following completion of the Bonus Issue and the Global Offering.

Save as disclosed in this paragraph, our Directors are not aware of any person who will, immediately following completion of the Bonus Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme), have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

HONG KONG UNDERWRITERS

Halcyon Securities Limited
VMS Securities Limited
Great Roc Capital Securities Limited
KGI Capital Asia Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 10 November 2017. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein (including the additional shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued upon the exercise of the options granted under the Share Option Scheme), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally, and not jointly, to apply to purchase or procure applications to purchase the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been entered into and becoming unconditional and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement will be subject to termination with immediate effect by notice in writing from the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters), subject to the consent of the Sole Sponsor, if prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Joint Bookrunners:

(i) that any statement contained in this prospectus, the Application Forms or the formal notice issued by us in connection with the Hong Kong Public Offering (the "**Hong Kong Public Offering Documents**") and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of us in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents is not fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission from any of the Hong Kong Public Offering Documents and/or in any notices, announcements, advertisements, communications or other documents including any supplement or amendment thereto; or

(iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement (other than upon any of the Hong Kong Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of us or the Controlling Shareholders or Executive Directors; or

(v) any adverse change, or any development involving a prospective adverse change or development in conditions, in the assets, liabilities, business affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or

(vi) any breach of any warranties under the Hong Kong Underwriting Agreement or any event or circumstances rendering such warranties be or would be when repeated untrue, incorrect or misleading in any respect; or

(vii) that any person (other than the Joint Bookrunners, the Sole Sponsor or any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus or to the issue of this prospectus; or

(viii) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(ix) we withdraw this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(b) there shall develop, occur, exist or come into effect:

(i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government or orders of any courts, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, nuclear leakage, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or

(ii) any change or any development involving a prospective change, or any event or series of events likely to result in any change or development or a prospective change, in any local, regional, national, or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in any stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

(iii) any new law or any change or any development involving a prospective change or any event or circumstance likely to result in a change in existing laws or development involving a prospective change in (or in the interpretation or application by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the BVI, the United Kingdom, the European Union (or any member thereof) or any other jurisdiction relevant to any member of our Group (together, the "**Specific Jurisdictions**"); or

(iv) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or the imposition of any general moratorium on commercial banking activities in the Specific Jurisdictions declared by the relevant authorities or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services or procedures in any of the Specific Jurisdictions; or

(v) the imposition of economic sanctions, in whatever form, directly or indirectly, by or on any of the Specific Jurisdictions; or

(vi) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment laws (including, without limitation, a material devaluation of the Hong Kong dollars or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Specific Jurisdictions; or

(vii) any litigation or claim of any third party being threatened or instigated against any member of our Group; or

(viii) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(ix) our chairman or chief executive officer or chief financial officer vacating his office; or

(x) the commencement by any governmental, regulatory or political body or organisation in any relevant jurisdiction of any investigation against any Director; or

(xi) a prohibition on us for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including Shares to be allotted and issued under the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xii) a contravention by any member of our Group of the Listing Rules or applicable laws; or

(xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xiv) the issue or requirement to issue by us of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies (WUMP) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xv) a petition or an order for the winding-up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group, which, individually or in the aggregate, in the sole opinion of the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters):

(i) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company or any of our subsidiaries taken as a whole; or

(ii) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering; or

(iii) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed; or

(iv) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by us

Pursuant to Rule 10.08 of the Listing Rules, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or any issue of shares or securities in circumstances prescribed by Rule 10.08 of the Listing Rules, we will not, at any time within six months from the Listing Date, issue any shares or other securities convertible into our equity securities (whether or not a class already listed) or enter into any agreement or arrangement to issue such shares or securities (whether or not such issue of shares or securities will be completed within six months from the Listing Date).

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), that he/it will not, and shall procure that any other registered holder(s) (if any) of our Shares will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he/it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the "**Parent Shares**"); or

(b) during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be our controlling shareholder (as defined in the Listing Rules).

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that, during the First Six-month Period and the Second Six-month Period, he/it will:

(a) if he/it pledges or charges any of our securities beneficially owned by him/it in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and

(b) if he/it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by him/it will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters, if any, by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by us

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to the Joint Bookrunners, the Hong Kong Underwriters and the Sole Sponsor that except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and issue of Shares pursuant to the Bonus Issue and the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date, we will not, without the prior written consent of the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(a) offer, accept subscription for, pledge, lend, assign, mortgage, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or buyback, any of the share capital of our Company or other securities of any subsidiary or any securities convertible into or exercisable or exchangeable for or that represent the right to receive, or interests in, such share capital or any derivatives with the Shares or the shares of any subsidiary as underlying securities; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or

(c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above;

whether any of the foregoing transactions described above is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Group will or may enter into any transaction described above. We have further agreed that, in the event of an issue or disposal of any Shares or any interest therein during the Second Six-Months Period, we shall take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Group will, create a disorderly or false market for any of our Shares or other securities of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has respectively undertaken to us, the Sole Sponsor, the Joint Bookrunners and the Hong Kong Underwriters that:

(a) during the First Six Months Period, he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, without the prior written consent of the Joint Bookrunners and unless in compliance with the requirements of the Listing Rules, (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities (together, the "**Relevant Securities**"); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Shares or such other securities, in cash or otherwise; or (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; or (iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above;

(b) during the Second Six Months Period, he/it shall not, and shall procure that the relevant registered holder(s) and their respective associates or companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, without the prior written consent of the Joint Bookrunners and unless in compliance with the Listing Rules, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities held by him/it or any of his/its associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder (as defined in the Listing Rules) or would together with other Controlling Shareholders cease to be a group of controlling shareholders (as defined in the Listing Rules);

(c) in the event of a disposal of any Relevant Securities or the Company's securities or any interest therein within Second Six Months Period, he/it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or our other securities of our Company; and

(d) he/it shall, and shall procure that his/its associates and companies controlled by and nominees or trustees holding in trust for him/it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/it or by the registered holder controlled by him/it of any Shares.

Each of our Controlling Shareholders has further undertaken to us, the Sole Sponsor, the Joint Bookrunners and the Hong Kong Underwriters that, from the date hereof up to the expiry of the first 12 months from the Listing Date, he/it will:

(a) when he/it pledges or charges any securities or interests in the Relevant Securities, immediately inform us, the Sole Sponsor and the Joint Bookrunners in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(b) when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in our securities will be sold, transferred or disposed of, immediately inform us, the Sole Sponsor and the Joint Bookrunners in writing of such indications.

Indemnity

We and the Controlling Shareholders have agreed to indemnify, hold harmless and keep fully indemnified on demand (on an after-tax basis) each of the Sole Sponsor, the Joint Bookrunners and the Hong Kong Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement, subject to the terms of the Hong Kong Underwriting Agreement.

International Placing

In connection with the International Placing, it is expected that we and the Executive Directors will enter into the International Underwriting Agreement with, among others, the Joint Bookrunners, the International Underwriters and the Sole Sponsor. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Placing Shares being offered pursuant to the International Placing or procure purchasers for such International Placing Shares.

We expect to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Joint Bookrunners on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require us to issue and allot up to an aggregate of 37,500,000 additional Offer Shares, representing 15.0% of the number of Offer Shares initially being offered under the Global Offering, at the Offer Price to solely cover over-allocations in the International Placing, if any.

Under the International Underwriting Agreement, we and the Controlling Shareholders will agree to indemnify the International Underwriters and the Sole Sponsor against certain losses which they may suffer including losses as a result of certain claims or liabilities which might be incurred by the International Underwriters, subject to the terms of the International Underwriting Agreement.

Underwriting Commission and Expenses

Under the terms and conditions of the Hong Kong Underwriting Agreement, the Joint Bookrunners (on behalf of the Hong Kong Underwriters) will receive an underwriting commission equal to 7.0% on the aggregate Offer Price payable in respect of all of the Hong Kong Offer Shares (excluding any International Placing Shares reallocated to the Hong Kong Public Offering). The respective entitlements of the Hong Kong Underwriters to the underwriting commission will be paid as separately agreed between the Joint Bookrunners and the Hong Kong Underwriters. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the relevant International Underwriters (but not the Hong Kong Underwriters).

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$0.62 per Share (being the mid-point of the indicative Offer Price range of HK$0.52 to HK$0.72 per Share), the aggregate commissions and fees, together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the listing of the existing Shares and the Global Offering to be borne by us are estimated to amount to approximately HK$45.9 million).

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement or as otherwise disclosed in this prospectus, none of the Hong Kong Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

Independence of the Sole Sponsor

Halcyon Capital Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering.

The Global Offering initially consists of:

(i) the Hong Kong Public Offering of initially 25,000,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described in "Hong Kong Public Offering" in this section below; and

(ii) the International Placing of initially 225,000,000 Offer Shares by our Company (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional investors within Hong Kong) in offshore transactions in reliance on Regulation S or pursuant to another exemption from the registration requirements under the U.S. Securities Act.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Placing Shares under the International Placing, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received the International Placing Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have applied for Hong Kong Offer Shares in the Hong Kong Public Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of the International Placing Shares to professional, institutional and other investors anticipated to have a sizeable demand for such International Placing Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the International Placing Shares in the International Placing. Prospective professional, institutional and other investors will be required to specify the number of the International Placing Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price.

The number of Shares to be offered under the Hong Kong Public Offering and the International Placing may be subject to reallocation as described in "Pricing and Allocation" in this section below.

References in this prospectus to applications, Application Forms, application monies or the procedure for application refer solely to the Hong Kong Public Offering.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on, among others:

(i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Bonus Issue and the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares which may be issued upon exercise of the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange;

(ii) the Offer Price having been fixed, and the execution and delivery of the Price Determination Agreement on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become unconditional (including, if relevant, as a result of the wavier of any conditions by the Joint Bookrunners (on behalf of the Underwriters)) and not having been terminated in accordance with the terms of the respective Underwriting Agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company by Tuesday, 21 November 2017, the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.trio-ieg.com** on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Offer Shares are expected to be issued on Wednesday, 22 November 2017, but will only become valid certificates of title at 8:00 a.m. on Thursday, 23 November 2017, the date of commencement of dealings in the Shares provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination as described in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for termination" in this prospectus has not been exercised. Investors who trade the Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 25,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering (assuming that the Over-allotment Option is not exercised). Subject to the reallocation of Shares between (i) the International Placing; and (ii) the Hong Kong Public Offering as mentioned below, the number of the Hong Kong Offer Shares will represent 2.5% of our Company's issued share capital immediately after completion of the Bonus Issue and the Global Offering without taking into account any Shares which may be issued and allotted upon any exercise of Over-allotment Option and the options which have been or may be granted under the Share Option Scheme.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in "Conditions of the Hong Kong Public Offering" in this section.

Allocation

The total number of Offer Shares available for subscription under the Hong Kong Public Offering (after taking into account of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Placing) is to be divided equally into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B with any odd board lots being allocated to pool A. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable) and up to the value of pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only apply for Hong Kong Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or in both pools and any application for more than 12,500,000 Hong Kong Offer Shares are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times; (ii) 50 times or more but less than 100 times; and (iii) 100 times or more, of the number of Offer Shares initially available for subscription under the Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing so that the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 75,000,000 Offer Shares (in the case of (i)), 100,000,000 Offer Shares (in the case of (ii)) and 125,000,000 Offer Shares (in the case of (iii)), representing approximately 30.0%, 40.0% and 50.0% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, in certain prescribed circumstances, the Joint Bookrunners may, at their sole and absolute discretion, reallocate International Placing Shares as they deem appropriate from the International Placing to the Hong Kong Public Offering to satisfy in whole or in part the excess valid application in the Hong Kong Public Offering.

If the Hong Kong Offer Shares are not fully subscribed for, the Joint Bookrunners may, at their sole and absolute discretion, reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportion as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may, at their sole and absolute discretion, reallocate International Placing Shares to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she, and any person(s) for whose benefit he or she is making the application (if any) have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$0.72 per Offer Share in addition to any brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "Pricing and Allocation" below in this section, is lower than HK$0.72 per Offer Share, being the Maximum Offer Price, we will refund the respective difference (including the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

INTERNATIONAL PLACING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription under the International Placing will be 225,000,000 Shares (subject to adjustment and the Over-allotment Option). Subject to any reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the International Placing Shares will represent 22.5% of our enlarged issued share capital immediately after completion of the Bonus Issue and the Global Offering without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme.

The International Placing is subject to the same conditions as stated in "Conditions of the Hong Kong Public Offering" below in this section.

Allocation

Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the book-building process and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional Shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Placing may change as a result of the clawback arrangement described in "Hong Kong Public Offering – Reallocation" above in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the Joint Bookrunners (for themselves and on behalf of the International Underwriters), exercisable at the sole discretion of the Joint Bookrunners (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Joint Bookrunners have the right, exercisable at any time from the Listing Date until 30 days from the date of the last day of lodging applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 37,500,000 additional Shares, representing 15.0% of the number of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover, among other things, over-allocation in the International Placing, if any, and/or to satisfy the obligation of Great Roc Capital Securities Limited to return securities to be borrowed under the Stock Borrowing Agreement. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.61% of our enlarged share capital immediately following completion of the Bonus Issue and the Global Offering and the exercise of the Over-allotment Option but without taking into account any Shares which may fall to be issued upon exercise of any options to be granted under the Share Option Scheme. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the Listing Rules.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the International Placing, Great Roc Capital Securities Limited as the stabilising manager (the "**Stabilising Manager**") or any person acting for it may choose to borrow Shares from Trio Holding under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:–

– such stock borrowing arrangement with Trio Holding will only be effected by the Stabilising Manager for settlement of over-allocations in the International Placing and covering any short position prior to the exercise of the Over-allotment Option;

– the maximum number of Shares borrowed from Trio Holding under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;

– the same number of Shares so borrowed must be returned to Trio Holding or its nominees on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised or (b) the day on which the Over-allotment Option is exercised in full;

– the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and

– no payment will be made to Trio Holding by the Stabilising Manager or its authorised agents in relation to such stock borrowing arrangement.

OVER-ALLOCATION AND STABILISATION

Stabilisation is a practise used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, Great Roc Capital Securities Limited, as Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely 37,500,000 Shares, which is 15.0% of the Offer Shares initially available under the Global Offering.

Stabilising action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation and stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules under the Securities and Futures Ordinance includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:–

– the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;

– there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;

– liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;

– no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall; and

– the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilizing period. In connection with the Global Offering, the Joint Bookrunners may over-allocate up to and not more than an aggregate of 37,500,000 Shares and cover such over-allocations by (amongst other methods) exercising the Over-allotment Option, making purchases in the secondary market at prices that do not exceed the Offer Price or by any combination of these means.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Friday, 17 November 2017, and in any event not later than Tuesday, 21 November 2017, by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will be not more than HK$0.72 per Offer Share and is expected to be not less than HK$0.52 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, expected to be on Thursday, 16 November 2017, cause to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), and on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.trio-ieg.com** notice(s) of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon by our Company with the Joint Bookrunners (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus, and the number of Offer Shares offered in the Global Offering will under no circumstances be fewer than the number stated in this prospectus. If the number of Offer Shares and/or the indicative Offer Price range is reduced, applicants who have submitted an application under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

The Offer Price, the levels of indication of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares under the Hong Kong Public Offering, are expected to be announced on Wednesday, 22 November 2017 in the manner set out in "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" in this prospectus.

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Allocation of our Offer Shares pursuant to the International Placing will be determined by the Joint Bookrunners and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation may be made to professional and institutional investors and is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Offer Price under the Global Offering, the level of indications of interest in the International Placing, and the level of applications and the results of and basis of allocations under the Hong Kong Public Offering are expected to be announced on Wednesday, 22 November 2017 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), on the Stock Exchange's website **www.hkexnews.hk** and our website **www.trio-ieg.com** and in a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" in this prospectus. You should note that our website, and all information contained in our website, does not form part of this prospectus.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 23 November 2017, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 23 November 2017, and will be traded in board lots of 4,000 Shares each.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date.

We expect that we will, on or around the Price Determination Date, shortly after determination of the Offer Price, enter into the International Underwriting Agreement relating to the International Placing.

The underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in "Underwriting" in this prospectus.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Bookrunners may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;
- a Director or chief executive of our Company and/or any of our subsidiaries;
- a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Bonus Issue and the Global Offering;
- a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Placing Shares or have otherwise participated in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Monday, 13 November 2017 until 12:00 noon on Thursday, 16 November 2017 from:

(i) the following offices of the Underwriters in Hong Kong:

Halcyon Securities Limited 鎧盛證券有限公司	11/F, 8 Wyndham Street, Central, Hong Kong
VMS Securities Limited 鼎珮證券有限公司	49/F One Exchange Square, 8 Connaught Place, Central, Hong Kong
Great Roc Capital Securities Limited 鴻鵬資本證券有限公司	Suite 1601-1603, 16/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Central, Hong Kong
KGI Capital Asia Limited 凱基金融亞洲有限公司	41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong

(ii) any of the following branches of the receiving bank:

DBS Bank (Hong Kong) Limited

Branch	**Delivery address**
Hong Kong Island	
Head Office	G/F, The Center, 99 Queen's Road Central
United Centre Branch	Shops 1015-1018 on 1/F & Shops 2032-2034 on 2/F, United Centre, 95 Queensway, Admiralty
North Point Branch	G/F, 391 King's Road, North Point
Kowloon	
Amoy Plaza Branch	Shops G193-195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok
Canton Road – DBS Treasures Centre	G/F, Hanley House, 68 Canton Road, Tsimshatsui
Nathan Road – SME Banking Centre	2/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
Kowloon Bay – SME Banking Centre	Shop 6, G/F, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay
New Territories	
Tuen Mun Town Plaza – SME Banking Centre	Shop 23, G/F, Tuen Mun Town Plaza (II), 3 Tuen Lung Street, Tuen Mun

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Monday, 13 November 2017 until 12:00 noon on Thursday, 16 November 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited – TRIO Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Monday, 13 November 2017	**–**	**9:00 a.m. to 5:00 p.m.**
Tuesday, 14 November 2017	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, 15 November 2017	**–**	**9:00 a.m. to 5:00 p.m.**
Thursday, 16 November 2017	**–**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 16 November 2017, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Applications Lists" below in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form**, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;

(ii) agree to comply with the Companies Ordinance, the Companies (WUMP) Ordinance and the Articles;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Share Registrar, the receiving bank, and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) (if the laws of any place outside Hong Kong apply to your application) agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number of such Shares allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as an agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM

General

Individuals who meet the criteria set out in "2. Who Can Apply" in this section, may apply through the **HK eIPO White Form** for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form**.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 13 November 2017 until 11:30 a.m. on Thursday, 16 November 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 16 November 2017 or such later time in "10. Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a copy of this prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners and our Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number of such Shares allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as an agent;

- confirm that you understand that our Company, our Directors, the Sole Sponsor and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriter, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, the Sole Sponsor, the Joint Bookrunners, the Underwriters, the Share Registrar, the receiving bank and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (WUMP) Ordinance and the Articles; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the Maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Hong Kong Offer Shares. Instructions for more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, 13 November 2017	**–**	**9:00 a.m. to 8:30 p.m.(1)**
Tuesday, 14 November 2017	**–**	**8:00 a.m. to 8:30 p.m.(1)**
Wednesday, 15 November 2017	**–**	**8:00 a.m. to 8:30 p.m.(1)**
Thursday, 16 November 2017	**–**	**8:00 a.m.(1) to 12:00 noon**

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 13 November 2017 until 12:00 noon on Thursday, 16 November 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 16 November 2017, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Application Lists" below in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance).

Personal Data

The section in the Application Form headed "Personal Data" applies to any personal data held by our Company, the Share Registrar, the receiving bank, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Bookrunners, the Sole Sponsor and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 16 November 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form**, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"*Unlisted company*" means a company with no equity securities listed on the Stock Exchange.

"*Statutory control*" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** or **YELLOW** Application Forms have tables showing the exact amount payable for our Shares.

You must pay the Maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for our Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** in respect of a minimum of 4,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure and Conditions of the Global Offering – Pricing and Allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 16 November 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 16 November 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing and the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, 22 November 2017 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on our Company's website at **www.trio-ieg.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.trio-ieg.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, 22 November 2017;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 22 November 2017 to 12:00 midnight on Tuesday, 28 November 2017;

- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 22 November 2017 to Monday, 27 November 2017 (excluding Saturday and Sunday);

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 22 November 2017 to Friday, 24 November 2017 at all the receiving bank designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedures to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or our agents exercise discretion to reject your application:

Our Company, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** are not completed in accordance with the instructions, terms and conditions on the designated website;

- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Bookrunners believe that by accepting your application, we or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Maximum Offer Price of HK$0.72 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the conditions set out in "Structure and Conditions of the Global Offering – Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 22 November 2017.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described).

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the Maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the Maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Wednesday, 22 November 2017. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 23 November 2017 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 22 November 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 22 November 2017, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 22 November 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 22 November 2017, or in the event of a contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

Our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "11. Publication of Results" in this section. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 22 November 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 22 November 2017, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, 22 November 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 22 November 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Wednesday, 22 November 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 22 November 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 22 November 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 22 November 2017.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TRIO INDUSTRIAL ELECTRONICS GROUP LIMITED AND HALCYON CAPITAL LIMITED

Introduction

We report on the historical financial information of Trio Industrial Electronics Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-54, which comprises the consolidated statements of financial position as at 31 December 2014, 2015 and 2016 and 31 May 2017, the Company's statements of financial position as at 31 December 2016 and 31 May 2017, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-54 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 13 November 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2016 and 31 May 2017 and the consolidated financial position of the Group as at 31 December 2014, 2015 and 2016 and 31 May 2017 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive income, changes in equity and cash flows for the five months ended 31 May 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by Trio Industrial Electronics Group Limited in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
13 November 2017

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

(A) Consolidated statements of comprehensive income

		Year ended 31 December			Five months ended 31 May	
	Note	**2014**	**2015**	**2016**	**2016**	**2017**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue	*6*	517,479	657,614	744,899	327,708	297,315
Cost of sales	*7*	(383,044)	(492,286)	(536,403)	(239,468)	(207,597)
Gross profit		134,435	165,328	208,496	88,240	89,718
Other income/gain, net	*6*	1,036	5,107	5,955	1,244	(1,474)
Selling and distribution expenses	*7*	(12,241)	(18,516)	(15,689)	(6,367)	(6,585)
Administrative expenses	*7*	(66,717)	(89,905)	(90,054)	(37,597)	(50,194)
Other operating expenses, net	*7*	(21,152)	(11,143)	(1,895)	1,159	(1,677)
Profit from operations		35,361	50,871	106,813	46,679	29,788
Finance expenses, net	*10*	(6,860)	(8,358)	(9,458)	(4,358)	(3,552)
Profit before tax		28,501	42,513	97,355	42,321	26,236
Income tax expense	*11*	(6,623)	(12,756)	(22,098)	(9,621)	(5,942)
Profit for the year/period		21,878	29,757	75,257	32,700	20,294
Other comprehensive income						
Item that will not be reclassified subsequently to profit or loss:						
Fair value gains on revaluation of land and buildings, net of tax		2,425	1,700	1,493	591	345
Total comprehensive income for the year/period		24,303	31,457	76,750	33,291	20,639
Earnings per share						
– Basic and diluted *(Note)*	*12*	10,939	14,878	37,628	16,350	10,147

Note: The earnings per share as presented above has not taken into account the proposed bonus issue pursuant to the sole shareholder's resolutions dated 27 October 2017 (Note 35) because the proposed bonus issue has not been effected as at the date of this report.

(B) Consolidated statements of financial position

	Note	As at 31 December 2014 HK$'000	2015 HK$'000	2016 HK$'000	As at 31 May 2017 HK$'000
Assets					
Non-current assets					
Property, plant and equipment	*14*	49,147	54,078	47,756	44,636
Financial asset at fair value through profit or loss	*15*	2,348	2,423	2,535	2,559
Prepayment	*18*	453	442	430	425
		51,948	56,943	50,721	47,620
Current assets					
Inventories	*16*	120,087	122,738	101,479	116,439
Trade and other receivables	*17*	84,629	109,395	114,397	112,226
Prepayments and deposits	*18*	7,491	8,039	10,979	17,668
Restricted bank deposits	*19*	7,546	9,562	10,079	8,065
Bank and cash balances	*19*	6,502	2,218	6,569	31,854
		226,255	251,952	243,503	286,252
Current liabilities					
Trade and other payables	*20*	119,482	133,317	99,555	158,652
Borrowings	*21*	26,554	20,391	18,972	12,602
Finance lease payables	*22*	2,388	4,261	3,472	2,708
Derivative financial instruments	*24*	11,946	12,338	721	–
Current income tax liabilities		2,000	9,538	13,037	10,766
		162,370	179,845	135,757	184,728
Total assets less current liabilities		115,833	129,050	158,467	149,144
Non-current liabilities					
Derivative financial instruments	*24*	4,269	467	–	–
Deferred tax liabilities	*25*	3,685	3,656	3,712	3,706
		7,954	4,123	3,712	3,706
Net assets		107,879	124,927	154,755	145,438
Equity					
Share capital	*23*	–	–	145,172	145,172
Other reserves	*26*	20,000	20,010	(125,162)	(125,162)
Statutory reserves	*26*	5,753	6,077	6,077	6,077
Revaluation reserves	*26*	17,561	18,765	19,785	19,854
Retained profits		64,565	80,075	108,883	99,497
Total equity		107,879	124,927	154,755	145,438

(C) Statements of financial position of the Company

	Note	**As at 31 December 2016** *HK$'000*	**As at 31 May 2017** *HK$'000*
Assets			
Non-current asset			
Investment in subsidiaries	*33*	145,172	145,172
		145,172	145,172
Current assets			
Other receivables	*17*	4,000	–
Prepayments	*18*	3,299	5,364
Bank and cash balances	*19*	423	2,747
		7,722	8,111
Current liabilities			
Trade and other payables	*20*	2,298	5,744
Amount due to a subsidiary	*33*	5,146	247
Current income tax liabilities		–	1,331
		7,444	7,322
Net assets		145,450	145,961
Equity			
Share capital	*23*	145,172	145,172
Retained profits	*31*	278	789
Total equity		145,450	145,961

(D) Consolidated statements of changes in equity

For the year ended 31 December 2014

	Note	**Share capital** *HK$'000*	**Other reserve** *HK$'000*	**Statutory reserve** *HK$'000*	**Revaluation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
Balance at 1 January 2014		–	8,000	5,202	15,658	60,730	89,590
Revaluation surplus on building		–	–	–	2,690	–	2,690
Tax effect of revaluation surplus		–	–	–	(265)	–	(265)
Realisation of revaluation surplus		–	–	–	(522)	608	86
Contributions by/(distribution) to owners:							
Capital contribution from owners		–	12,000	–	–	–	12,000
Dividends	*13*	–	–	–	–	(18,100)	(18,100)
Profit for the year		–	–	–	–	21,878	21,878
Appropriation of statutory reserve		–	–	551	–	(551)	–
Balance at 31 December 2014		–	20,000	5,753	17,561	64,565	107,879

For the year ended 31 December 2015

	Note	**Share capital** *HK$'000*	**Other reserve** *HK$'000*	**Statutory reserve** *HK$'000*	**Revaluation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
Balance at 1 January 2015		–	20,000	5,753	17,561	64,565	107,879
Revaluation surplus on building		–	–	–	1,886	–	1,886
Tax effect of revaluation surplus		–	–	–	(186)	–	(186)
Realisation of revaluation surplus		–	–	–	(496)	577	81
Contributions by/(distribution) to owners:							
Capital contribution from owners		–	10	–	–	–	10
Dividends	*13*	–	–	–	–	(14,500)	(14,500)
Profit for the year		–	–	–	–	29,757	29,757
Appropriation of statutory reserve		–	–	324	–	(324)	–
Balance at 31 December 2015		–	20,010	6,077	18,765	80,075	124,927

For the year ended 31 December 2016

	Note	Share capital HK$'000	Other reserve HK$'000	Statutory reserve HK$'000	Revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2016		–	20,010	6,077	18,765	80,075	124,927
Revaluation surplus on building		–	–	–	1,656	–	1,656
Tax effect of revaluation surplus		–	–	–	(163)	–	(163)
Realisation of revaluation surplus		–	–	–	(473)	551	78
Contributions by/(distribution) to owners:							
Issuance of shares during reorganisation	23	145,172	(145,172)	–	–	–	–
Dividends	13	–	–	–	–	(47,000)	(47,000)
Profit for the year		–	–	–	–	75,257	75,257
Balance at 31 December 2016		145,172	(125,162)	6,077	19,785	108,883	154,755

For the five months ended 31 May 2016 (Unaudited)

	Note	Share capital HK$'000	Other reserve HK$'000	Statutory reserve HK$'000	Revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2016		–	20,010	6,077	18,765	80,075	124,927
Revaluation surplus on building		–	–	–	656	–	656
Tax effect of revaluation surplus		–	–	–	(65)	–	(65)
Realisation of revaluation surplus		–	–	–	(259)	302	43
Contributions by owners:							
Profit for the period		–	–	–	–	32,700	32,700
Balance at 31 May 2016		–	20,010	6,077	19,097	113,077	158,261

For the five months ended 31 May 2017

	Note	Share capital HK$'000	Other reserve HK$'000	Statutory reserve HK$'000	Revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2017		145,172	(125,162)	6,077	19,785	108,883	154,755
Revaluation surplus on building		–	–	–	383	–	383
Tax effect of revaluation surplus		–	–	–	(38)	–	(38)
Realisation of revaluation surplus		–	–	–	(276)	320	44
Contributions by/(distribution) to owners:							
Dividends	13	–	–	–	–	(30,000)	(30,000)
Profit for the period		–	–	–	–	20,294	20,294
Balance at 31 May 2017		145,172	(125,162)	6,077	19,854	99,497	145,438

(E) Consolidated statements of cash flows

	Note	Year ended 31 December 2014 HK$'000	2015 HK$'000	2016 HK$'000	Five months ended 31 May 2016 HK$'000 (Unaudited)	2017 HK$'000
Cash flows from operating activities						
Cash generated from operations	29	18,807	71,710	87,855	39,061	73,406
Finance expenses paid		(6,987)	(8,429)	(9,519)	(4,367)	(3,594)
Income tax paid		(6,205)	(5,351)	(18,628)	(8,501)	(8,213)
Net cash generated from operating activities		5,615	57,930	59,708	26,193	61,599
Cash flows from investing activities						
Restricted bank deposits		(2,521)	(2,016)	(517)	1,509	2,014
Bank interest received		14	22	30	6	11
Purchases of property, plant and equipment		(10,611)	(14,897)	(4,582)	(1,782)	(540)
Proceeds from disposal of property, plant and equipment		66	–	66	–	–
Settlement on derivative financial instruments		776	(9,547)	(10,922)	(6,767)	(577)
Net cash (used in)/generated from investing activities		(12,276)	(26,438)	(15,925)	(7,034)	908
Cash flows from financing activities						
Balances with shareholders		7,339	(18,996)	11,776	(11,234)	(88)
Proceeds from/(repayment of) term loans		11,638	(4,302)	(4,136)	(1,707)	(1,765)
(Repayments of)/proceeds of finance lease payables		(1,032)	1,873	(789)	261	(764)
(Repayments of)/proceeds of tax loan		(844)	331	6,443	(660)	(4,491)
Repayments of insurance premium loan		(255)	(264)	(269)	(110)	(114)
Dividends paid		(18,100)	(12,500)	(49,000)	(2,000)	(30,000)
Capital contribution from owners		12,000	10	–	–	–
Net cash generated from/(used in) financing activities		10,746	(33,848)	(35,975)	(15,450)	(37,222)
Net increase/(decrease) in cash and cash equivalents		4,085	(2,356)	7,808	3,709	25,285
Cash and cash equivalents at 1 January		(2,968)	1,117	(1,239)	(1,239)	6,569
Cash and cash equivalents at 31 December/31 May		1,117	(1,239)	6,569	2,470	31,854
Analysis of cash and cash equivalents						
Bank and cash balances	19	6,502	2,218	6,569	3,693	31,854
Bank overdrafts, secured	19	(5,385)	(3,457)	–	(1,223)	–
		1,117	(1,239)	6,569	2,470	31,854

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION, AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in Hong Kong on 15 April 2016 as a limited liability company. The Company's principal place of business and registered office is at Block J, 5/F., Phase II Kaiser Estate, 51 Man Yue Street, Hunghom, Kowloon.

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 mainly exported to Europe, North America and Asia (the "Listing Business"). The immediate holding company of the Company is Trio Industrial Electronics Holding Limited ("Trio Holding"). The ultimate shareholders of the Group are Mr. Kwan Tak Sum, Stanley, Mr. Tai Leung Lam, Mr. Lai Yiu Wah and Mr. Joseph Mac Carthy (the "Ultimate Shareholders"), each holding an effective interest of 32.5%, 32.5%, 17.5% and 17.5% in the Company, respectively.

The Historical Financial Information contained in this Prospectus does not constitute the Company's statutory annual consolidated financial statements for any of the financial years ended 31 December 2014, 2015 and 2016.

As the Company was a private company since its incorporation, the Company was not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Company's auditor has reported on these financial statements for the year ended 31 December 2016. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was carried out by Trio Engineering Company Limited ("Trio Engineering"), Panyu Trio Microtronics Co., Ltd. ("Trio Microtronics") and Professional Electronics Manufacturing Solutions Limited ("PEMS") (collectively the "Operating Companies").

In preparation for listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation. Details of the Reorganisation are set out below:

(i) On 15 April 2016, the Company was incorporated in Hong Kong. Upon incorporation, one original share was allotted and issued to Trio Holding.

(ii) On 29 August 2016, the Company purchased entire shares of Trio Engineering and PEMS from Mr. Kwan Tak Sum, Stanley, Mr. Tai Leung Lam, Mr. Lai Yiu Wah and Grand energy Investment Limited for one ordinary share in the Company to Trio Holding. Since then the Company held entire equity interest in the Trio Engineering and PEMS.

(iii) Upon completion of the Reorganisation on 12 September 2016, the Company became the holding company of the subsidiaries now comprising the Group.

(iv) On 3 November 2016, Guangzhou Professional Electronics Manufacturing Solutions Limited ("Guangzhou PEMS") was established as a wholly foreign owned enterprise under the laws of the PRC with a registered capital of RMB500,000 and was wholly owned by PEMS.

Upon the completion of the Reorganisation and as at the date of the report, the Company has direct or indirect interests in the following subsidiaries:

Name	Country and date of incorporation	Principal activities	Type of legal status	Issued and paid in capital	Effective interest held as at 31 December 2014	2015	2016	As at 31 May 2017	Statutory auditor
Directly held									
Trio Engineering	Hong Kong, 16 September 1983	Sales of electronic products	Limited liability company	HK$20,000,000	0%	0%	100%	100%	Note i
PEMS	Hong Kong, 27 May 2015	Sales of electronic products	Limited liability company	HK$10,000	0%	0%	100%	100%	Note ii
Indirectly held									
Trio Microtronics	The People's Republic of China, 5 April 1991	Manufacturing of electronic products	Limited liability company	US$1,385,000	0%	0%	100%	100%	Note iii
Guangzhou PEMS	The People's Republic of China, 3 November 2016	Sales of electronic products	Limited liability company	RMB500,000	0%	0%	100%	100%	Note iv

Notes:

i The statutory financial statements of this company for the years ended 31 December 2014, 2015 and 2016 were audited by PricewaterhouseCoopers Hong Kong.

ii The statutory financial statements of this company for the period from 27 May 2015 (date of incorporation) to 31 December 2015 and for the year ended 31 December 2016 were audited by PricewaterhouseCoopers Hong Kong.

iii The statutory financial statements of this company for the years ended 31 December 2014, 2015 and 2016 were audited by Guangzhou Yeqin Certified Public Accountants Co., Ltd.

iv No audited financial statements have been prepared for this company as this company has not yet commenced its business operation.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business which is mainly conducted through the Operating Companies is held by Trio Engineering and PEMS. Pursuant to the Reorganisation, the Listing Business is transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business and does not result in any change of business substance. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under Trio Engineering and PEMS and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Trio Engineering, Trio Microtronics, PEMS and Guangzhou PEMS, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business under the consolidated financial statements of Trio Engineering and PEMS for all periods presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"). The Historical Financial Information have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, financial asset at fair value through profit or loss and derivative financial instruments, which are carried at fair value.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

2.1.1 Changes in accounting policy and disclosures

New and amended standards effective in accounting periods beginning on or after 1 January 2017 which are relevant to the Group's operations and yet to be adopted

The following are new standards and amendments to standards relevant to the Group that have been issued but are not effective for the accounting period beginning after 1 January 2017 and are yet to be adopted:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements	Annual Improvements 2014-2016 Cycle	1 January 2018

Except as disclosed below, the Group has already commenced an assessment of the likely impact of adopting the above new standards but is not yet in a position to state whether they will have a significant impact on the reporting results of operations and financial position. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

(i) HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identity the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principal is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligation are identified. Based on preliminary assessment conducted, the Group does not expect the adoption of HKFRS 15 would have a material impact other than presenting more disclosures.

(ii) HKFRS 16 "Leases"

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on the consolidated statements of financial position for lessees. The Group is a lessee of certain office which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in note 2.6 with the Group's future operating lease commitments, which are not reflected in the consolidated statements of financial position. HKFRS 16 provides a new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated statements of financial position. Instead, when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statements of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statements of financial position. As for the financial performance impact in the consolidated statements of comprehensive income, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to consolidated income statements in the initial years of the lease, and decreasing expenses during the latter part of the lease term. Based on the Group's undiscounted operating lease commitment of HK$1,375,000 and HK$1,063,000 as at 31 December 2016 and 31 May 2017 respectively, as set out in note 28(b), management expects HKFRS 16 will not have significant impact on the financial position and financial performance of the Group.

(iii) HKFRS 9, "Financial instruments"

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness but contemporaneous documentation is still required. Management is in the process of assessing the impact of HKFRS 9. Measurement of impairment loss on trade receivable based on an expected credit losses model requires the use of historical data as well as forward looking information and may have an impact to the Group's Historical Financial Information. It is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review. Other than the adoption of an expected credit losses impairment model and disclosure changes, adoption of HKFRS 9 is currently not expected to have a material impact on the Historical Financial Information of the Group.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the group. The consideration transferred includes the fair value of any assets or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2.2 Separate financial statements

Investment in subsidiaries is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The result of subsidiaries is accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in subsidiaries is required upon receiving a dividend from this investment if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amounts of the investment in the separate financial statements exceeds the carrying amounts in the Historical Financial Information of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategy decisions.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the Historical Financial Information of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). "USD" is the functional currency of principal operating subsidiaries of the Group. The Historical Financial Information are presented in Hong Kong dollars ("HK$"), which is the functional and presentation currency of the Company.

(ii) Transactions and balances in financial statements

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting currency translation differences are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment (except for land and building) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Land and buildings comprise mainly offices. Land and buildings are carried at fair values, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of valuation is eliminated against the gross carrying amounts of the asset and the net amount is restated to the revalued amount of the asset.

Revaluation increases of land and buildings are recognised in the profit or loss to the extent that the increases reverse previous revaluation decreases of the same asset. All other revaluation increases are credited to the property revaluation reserve in the shareholders' equity. Revaluation decreases that offset previously revaluation increase of the same asset are charged against property revaluation reserve directly in equity. All other decreases are recognised in the profit or loss. On the subsequent sale or retirement of a revalued building, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained profits.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Land and buildings	3.33%
Plant and machinery	20%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	20%
Leasehold improvements	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if necessary, at each reporting date.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amounts of the relevant asset, and is recognised in the profit or loss.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Leases

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the profit or loss on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the consolidated statements of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs include cost of purchase (including taxes, transport and handling) net of trade discounts received and other costs incurred in bringing the inventories to their present location and condition, and are calculated using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is determined based on estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

When inventories are sold, the carrying amounts of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised in profit or loss in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.8 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.9 Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial asset at fair value through profit or loss

A financial asset which is managed and evaluated on a fair value basis is classified as financial asset at fair value through profit or loss. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "restricted bank deposits" and "cash and cash equivalents" in the consolidated statements of financial position.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial asset carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the consolidated statements of comprehensive income. Loans and receivables are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial asset at fair value through profit or loss is subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial asset at fair value through profit or loss" category are presented in the consolidated statements of comprehensive income within "other income/gain" or "other operating expenses" which they arise.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.10 Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or "events") has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amounts and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amounts of the asset is reduced and the amount of the loss is recognised in the consolidated statements of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statements of comprehensive income.

2.11 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The gain or loss is recognised in "Other operating expenses" in the consolidated statements of comprehensive income.

2.12 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.13 Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities.

Revenue from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

2.15 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amounts to its recoverable amount, being the estimated future cash flow discounted at the original effective rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.16 Employee benefits

(i) Pension obligations

The Group joined the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance, and who are eligible to participate in the MPF Scheme.

The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds. The Group has no further payment obligations once the contribution has been paid. The Group's contributions to the scheme are recognised as employee benefit expenses when they are due. When employees leave the scheme prior to the full vesting of the employer's voluntary contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The Group in the PRC participate in defined contribution retirement benefit plans organised by relevant government authorities for its employees in the PRC and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Bonus plans

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iv) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

2.17 Taxation

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense within "Finance expenses, net" in the consolidated statements of comprehensive income.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probably that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in which they are incurred.

2.21 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and 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.

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

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

Management has set up a policy to require the group companies to manage their foreign exchange risk against their functional currencies. The group companies do not adopt formal hedge accounting policy. It manages its foreign currency risk by closely monitoring the movement of foreign currency rates and will consider to enter into foreign exchange contracts to reduce the exposure should the need arises.

As at 31 December 2014, 2015, 2016 and 31 May 2017, if US$ had weakened/strengthened by 5 percent against EUR with all other variables held constant, post-tax profit for the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2017 would have been HK$184,000, HK$504,000, HK$143,000 and HK$321,000 lower/higher respectively, mainly as a result of net foreign exchange losses/gains on translation of EUR denominated trade and other payables, and cash and cash equivalents.

As at 31 December 2014, 2015, 2016 and 31 May 2017, if the US$ had weakened/strengthened by 5 percent against RMB with all other variables held constant, post-tax profit for the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2017 would have been approximately HK$796,000, HK$1,417,000, HK$1,442,000 and HK$3,015,000 lower/higher respectively, mainly as a result of net foreign exchange gains/losses on translation of RMB denominated trade and other receivables, deposits, trade and other payables, and cash and cash equivalents.

Under the Linked Exchange Rate System in Hong Kong, HK$ is pegged to US$, management therefore considers that there is no significant foreign exchange risk with respect to the HK$.

As at 31 December 2014, 2015, 2016 and 31 May 2017, the exposure to foreign exchange risk arising from certain currency exposures such as Great British Pound, Singapore dollar, etc. are not significant.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowing 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.

As at 31 December 2014, 2015, 2016 and 31 May 2017, if interest rates on borrowings at variable rates had been 50 basis points higher/lower with all other variables held constant, the Group's post-tax profit for the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2017 would have been approximately HK$14,000, HK$18,000, HK$18,000 and HK$6,000 lower/higher respectively as a result of higher/lower net interest expenses.

(b) Credit risk

Credit risk arises mainly from cash deposited at banks, trade receivables, deposits and other receivables.

In respect of 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.

Management 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. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and management is of the opinion that adequate provision for uncollectible receivables has been made in the Historical Financial Information.

As at 31 December 2014, 2015, 2016 and 31 May 2017, the customer bases are widely dispersed despite that 18.8%, 30.4%, 43.9% and 42.0% of the trade receivables were due from the Group's largest customer and 71.3%, 67.5%, 77.9% and 79.6% were due from the five largest customers determined on the same basis.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. Such forecasting 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 by a number of sources including orderly realisation of short-term financial assets and receivables; and long-term financing including long-term borrowings. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the Group's non-derivative and derivative financial liabilities into the applicable maturity groupings based on the remaining period at the end of reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Group

	Carrying amounts *HK$'000*	**Total contractual undiscounted cash flow** *HK$'000*	**Within one year or on demand** *HK$'000*	**Within two years to five years** *HK$'000*
At 31 December 2014				
Derivative financial instruments	16,215	16,215	11,946	4,269
Trade and other payables (excluding sale deposits received)	106,176	106,176	106,176	–
Profits tax loan	2,500	2,554	2,554	–
Term loans	17,692	19,345	19,345	–
Insurance premium loan	977	1,022	1,022	–
Finance lease payables	2,388	2,508	2,508	–
Bank overdrafts, secured	5,385	5,385	5,385	–
	151,333	153,205	148,936	4,269
At 31 December 2015				
Derivative financial instruments	12,805	12,805	12,338	467
Trade and other payables (excluding sale deposits received)	121,956	121,956	121,956	–
Profits tax loan	2,831	2,888	2,888	–
Term loans	13,390	14,368	14,368	–
Insurance premium loan	713	767	767	–
Finance lease payables	4,261	4,497	4,497	–
Bank overdrafts, secured	3,457	3,457	3,457	–
	159,413	160,738	160,271	467
At 31 December 2016				
Derivative financial instruments	721	721	721	–
Trade and other payables (excluding sale deposits received)	91,603	91,603	91,603	–
Profits tax loan	9,274	9,441	9,441	–
Term loans	9,254	9,734	9,734	–
Insurance premium loan	444	479	479	–
Finance lease payables	3,472	3,629	3,629	–
	114,768	115,607	115,607	–
At 31 May 2017				
Trade and other payables (excluding sale deposits received)	148,152	148,152	148,152	–
Profits tax loan	4,783	4,834	4,834	–
Term loans	7,489	7,815	7,815	–
Insurance premium loan	330	386	386	–
Finance lease payables	2,708	2,819	2,819	–
	163,462	164,006	164,006	–

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group uses bank borrowings to finance its operations.

In order to maintain or adjust the capital structure, the Group may adjust the amounts paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (include bank borrowings and finance lease payables) less cash and bank balances. Total capital is calculated as "equity" as shown in the consolidated statements of financial position, plus net debt, where applicable.

The Group's strategy was to maintain optimal capital structure to reduce the cost of capital. The gearing ratios as at 31 December 2014, 2015, 2016 and 31 May 2017 were as follows:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings *(note 21)*	26,554	20,391	18,972	12,602
Finance lease payables *(note 22)*	2,388	4,261	3,472	2,708
Less: Cash and bank balances *(note 19)*	(6,502)	(2,218)	(6,569)	(31,854)
Net debt/(cash)	22,440	22,434	15,875	(16,544)
Total equity	107,879	124,927	154,755	145,438
Total capital	130,319	147,361	170,630	128,894
Gearing ratio	17%	15%	9%	N/A

3.3 Fair value estimation

The table below analyses the Group's assets and liabilities carried at fair value as at 31 December 2014, 2015, 2016 and 31 May 2017 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2014, 2015, 2016 and 31 May 2017, all the Group's assets and liabilities carried at fair value are categorised into level 2.

There were no transfers between levels 1, 2 and 3 during the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2017.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the changes in the Group's assets and liabilities carried at fair value for the years ended 31 December 2014, 2015, 2016 and for the five months ended 31 May 2017.

	Land and building at fair value *HK$'000*	Derivative financial instruments *HK$'000*	Financial asset at fair value through profit or loss *HK$'000*	Total *HK$'000*
For the year ended 31 December 2014				
Opening balance	20,000	399	2,254	22,653
(Loss)/gain recognised in profit or loss	–	(15,838)	94	(15,744)
Gain recognised in other comprehensive income	2,690	–	–	2,690
Depreciation	(690)	–	–	(690)
Settlement	–	(776)	–	(776)
Closing balance	22,000	(16,215)	2,348	8,133
For the year ended 31 December 2015				
Opening balance	22,000	(16,215)	2,348	8,133
(Loss)/gain recognised in profit or loss	–	(6,137)	75	(6,062)
Gain recognised in other comprehensive income	1,886	–	–	1,886
Depreciation	(786)	–	–	(786)
Settlement	–	9,547	–	9,547
Closing balance	23,100	(12,805)	2,423	12,718
For the year ended 31 December 2016				
Opening balance	23,100	(12,805)	2,423	12,718
Gain recognised in profit or loss	–	1,162	112	1,274
Gain recognised in other comprehensive income	1,656	–	–	1,656
Depreciation	(856)	–	–	(856)
Settlement	–	10,922	–	10,922
Closing balance	23,900	(721)	2,535	25,714
For the five months ended 31 May 2017				
Opening balance	23,900	(721)	2,535	25,714
Gain recognised in profit or loss	–	144	24	168
Gain recognised in other comprehensive income	383	–	–	383
Depreciation	(383)	–	–	(383)
Settlement	–	577	–	577
Closing balance	23,900	–	2,559	26,459

3.4 Offsetting financial assets and financial liabilities

As at 31 December 2014, 2015, 2016 and 31 May 2017, there were no financial assets or financial liabilities which were subject to offsetting, enforceable master netting or similar agreements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment assessment of property, plant and equipment

The Group has substantial investments in property, plant and equipment. Judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has incurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or value-in-use, which is the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions used to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the profit or loss.

(b) Net realisable value of inventories

Net realisable value of inventories is estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at the end of each Track Record Period.

(c) Impairment of trade receivables

The Group's management estimates the provision of impairment of trade receivables by assessing their recoverability. Provisions are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade receivables and impairment charge in the period in which such estimate has been changed.

(d) Income taxes

The Group is subject to income taxes in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors 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 of Directors 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 Historical Financial Information accordingly. Therefore, the Board of Directors 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 PRC during the Track Record Period.

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 any of the years ended 31 December 2014, 2015 and 2016 and five months ended 31 May 2016 and 2017 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Customer A	154,245	147,893	125,536	55,913	53,163
Customer B	83,048	178,745	336,601	137,822	127,215
Customer C	82,092	59,540	57,242	30,570	25,265

Geographical information

During the Track Record Period, majority of revenue were sold to customers in Europe (mainly United Kingdom, Germany, Denmark and Switzerland), while the remaining revenue were sold to customers in the United States of America, The People's Republic of China, Malaysia and Singapore.

In relation to non-current assets held by the Group (primarily represented by property, plant and equipment as detailed in note 14), land and buildings with carrying values as at 31 December 2014, 2015, 2016 and as at 31 May 2017 of HK$22,000,000, HK$23,100,000, HK$23,900,000 and HK$23,900,000 respectively are located in Hong Kong. Other property, plant and equipment are primarily located in The People's Republic of China.

6 REVENUE AND OTHER INCOME/GAIN, NET

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue					
Sales of goods	517,479	657,614	744,899	327,708	297,315
Other income/gain, net					
Commission income	347	306	146	41	31
Fair value gain on financial assets at fair value through profit or loss	94	75	112	35	24
Gain/(loss) on foreign exchange	284	4,145	4,155	931	(1,855)
Sundry income	311	581	1,542	237	326
	1,036	5,107	5,955	1,244	(1,474)

7 EXPENSES BY NATURE

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

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Employee benefit expenses (including directors' emoluments) *(note 8)*	97,517	118,417	132,296	58,529	64,526
Listing expenses	–	8,059	3,966	1,653	6,099
Auditors' remuneration	598	912	922	384	750
Depreciation *(note 14)*	8,941	11,507	12,497	5,165	4,018
Amortisation of insurance expense	12	12	12	5	5
Loss/(gain) on derivative financial instruments	15,838	6,137	(1,162)	(2,103)	(144)
Obsolete inventories written off	451	–	110	14	–
Operating lease payments	3,476	6,061	5,333	2,477	1,986
(Gain)/loss on disposal of property, plant and equipment	(64)	345	(3)	47	25
Provision for/(reversal of) doubtful debts *(note 17)*	3,660	(654)	–	–	–
Provision for impairment loss on inventories *(note 16)*	181	4,219	1,501	323	1,131

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Wages, salaries and allowances	90,117	106,795	112,328	50,612	55,701
Retirement benefit costs	7,400	11,612	19,968	7,917	8,825
Termination benefits	–	10	–	–	–
	97,517	118,417	132,296	58,529	64,526

9 BENEFITS AND INTERESTS OF DIRECTORS

Directors' remuneration disclosed pursuant to the section 383 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

	Year ended 31 December			Five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:					
Fees	–	–	–	–	240
Salaries	5,070	5,799	10,790	4,150	5,453
Employer's contribution to a retirement benefit scheme	702	716	990	414	639
Remunerations paid or receivable in respect of accepting office as director	–	135	–	–	–
	5,772	6,650	11,780	4,564	6,332

(a) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking during the Track Record Period.

(b) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the Track Record Period.

(c) Consideration provided to third parties for making available directors' services

Save as disclosed in note 9(g), no payment was made to the former employer or directors for making available the services of them as a director of the Company during the Track Record Period.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in note 30(c), there are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

(f) Independent non-executive directors

Mr. Fung Chun Chung, Mr. Cheung Kin Wing and Mr. Wong Raymond Fook Lam were appointed as independent non-executive directors of the Company on 10 February 2017.

(g) Directors' emolument

The remuneration of every director for the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2016 and 2017 is set out below:

	Fees	Basic salaries, bonuses, allowances and benefits in kind	Discretionary bonuses *(note v)*	Employer's contribution to retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014						
Mr. Kwan Chan Kwong *(note i, ii)*	–	1,690	–	234	–	1,924
Mr. Kwan Tak Sum Stanley	–	1,690	–	234	–	1,924
Mr. Tai Leung Lam	–	1,690	–	234	–	1,924
Mr. Joseph Mac Carthy	–	–	–	–	–	–
	–	5,070	–	702	–	5,772
2015						
Mr. Kwan Chan Kwong *(note i, ii)*	–	1,690	–	234	–	1,924
Mr. Kwan Tak Sum Stanley	–	1,690	–	234	–	1,924
Mr. Tai Leung Lam	–	1,690	–	234	–	1,924
Mr. Joseph Mac Carthy	–	–	–	–	–	–
Mr. Lai Yiu Wah *(note iii, iv)*	–	729	–	14	135	878
	–	5,799	–	716	135	6,650
2016						
Mr. Kwan Tak Sum Stanley	–	3,510	–	486	–	3,996
Mr. Tai Leung Lam	–	3,510	–	486	–	3,996
Mr. Joseph Mac Carthy	–	1,690	–	–	–	1,690
Mr. Lai Yiu Wah *(note iii, iv)*	–	2,080	–	18	–	2,098
	–	10,790	–	990	–	11,780
For the five months ended 31 May 2016 (Unaudited)						
Mr. Kwan Tak Sum Stanley	–	1,350	–	203	–	1,553
Mr. Tai Leung Lam	–	1,350	–	203	–	1,553
Mr. Joseph Mac Carthy	–	650	–	–	–	650
Mr. Lai Yiu Wah *(note iii, iv)*	–	800	–	8	–	808
	–	4,150	–	414	–	4,564

	Fees	Basic salaries, bonuses, allowances and benefits in kind	Discretionary bonuses *(note v)*	Employer's contribution to retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the five months ended 31 May 2017						
Executive directors: (note vi)						
Mr. Stanley Kwan Tak Sum	–	1,700	–	233	–	1,933
Mr. Tai Leung Lam	–	1,700	–	233	–	1,933
Mr. Lai Yiu Wah *(note iii, iv)*	–	1,305	–	173	–	1,478
Mr. Joseph Mac Carthy	–	748	–	–	–	748
Independent non-executive directors (note 9(f)):						
Mr. Fung Chun Chung	80	–	–	–	–	80
Mr. Cheung Kin Wing	80	–	–	–	–	80
Mr. Wong Raymond Fook Lam	80	–	–	–	–	80
	240	5,453	–	639	–	6,332

Notes:

(i) Mr. Kwan Chan Kwong resigned as a director of Trio Engineering and PEMS on 30 December 2015.

(ii) Mr. Kwan Chan Kwong resigned as a director of Trio Microtronics on 22 June 2016.

(iii) Mr. Lai Yiu Wah was appointed as a director of Trio Engineering on 13 April 2015.

(iv) Mr. Lai Yiu Wah was appointed as a director of Trio Microtronics on 22 June 2016.

(v) Discretionary bonuses are determined based on the overall performance of the individual and the Group.

(vi) Mr. Stanley Kwan Tak Sum, Mr. Tai Leung Lam, Mr. Lai Yiu Wah and Mr. Joseph Mac Carthy were appointed as the executive directors of the Company on 15 April 2016.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

(h) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2014, 2015 and 2016 and five months ended 31 May 2016 and 2017 included 3, 3, 4, 4 and 4 directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2, 2, 1, 1 and 1 individuals during the years ended 2014, 2015 and 2016 and five months ended 31 May 2016 and 2017 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Basic salaries, and other allowances and benefits in kind	1,509	1,580	855	418	379
Bonuses	574	610	306	–	361
Pension scheme contributions	131	135	18	–	8
	2,214	2,325	1,179	418	748

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees for the year ended 31 December			Five months ended 31 May	
	2014	**2015**	**2016**	**2016** (Unaudited)	**2017**
Nil – HK$1,000,000	–	–	–	1	1
HK$1,000,001 – HK$1,500,000	2	2	1	–	–

10 FINANCE EXPENSES, NET

	Year ended 31 December			Five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Finance income					
Bank interest income	14	22	30	6	11
Other interest income	113	49	31	3	31
Finance income	127	71	61	9	42
Finance expenses					
Interest on bank borrowings – wholly repayable within five years	(3,288)	(4,098)	(4,193)	(2,129)	(1,394)
Other finance expenses					
Bank charges	(3,595)	(4,236)	(5,176)	(2,171)	(2,154)
Finance lease charges	(104)	(95)	(150)	(67)	(46)
Finance expenses	(6,987)	(8,429)	(9,519)	(4,367)	(3,594)
Finance expenses, net	(6,860)	(8,358)	(9,458)	(4,358)	(3,552)

11 INCOME TAX EXPENSE

(a) The amount of taxation in the consolidated statements of comprehensive income represents:

	Year ended 31 December			Five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Current tax:					
Hong Kong profits tax					
– Current year/period	3,696	7,168	12,602	4,697	5,452
Overseas taxation					
– Current year/period	1,796	5,721	9,522	4,924	490
	5,492	12,889	22,124	9,621	5,942
Deferred income tax *(note 25)*					
– Origination and reversal of timing differences	1,131	(133)	(26)	–	–
Income tax expense	6,623	12,756	22,098	9,621	5,942

Hong Kong profits tax is provided at 16.5% based on the assessable profits for the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2016 and 2017.

PRC enterprise income tax is provided at 25% based on the assessable profits for the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2016 and 2017.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits as follows:

	Year ended 31 December			Five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit before income tax	28,501	42,513	97,355	42,321	26,236
Calculated at a tax rate of 16.5%	4,702	7,014	16,063	6,983	4,329
Effect of different tax rates in other countries	574	785	2,437	1,411	71
Income not subject to tax	(294)	(168)	(96)	(28)	(21)
Tax losses for which no deferred tax asset was recognised	–	5	80	–	10
Expenses not deductible for tax purposes	1,661	5,140	3,618	1,259	1,553
Utilisation of previously unrecognised tax losses	–	–	(4)	(4)	–
Tax concession	(20)	(20)	–	–	–
Income tax expense	6,623	12,756	22,098	9,621	5,942

12 EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated on the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Track Record Period. In determining the weighted average number of ordinary shares in issue, the 2 shares issued upon incorporation and during the Reorganisation as detailed in note 1.2 were deemed to have been in issue since 1 January 2014.

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
				(Unaudited)	
Profit attributable to equity holders of the Company (HK$'000)	21,878	29,757	75,257	32,700	20,294
Weighted average number of shares in issue	2	2	2	2	2
Basic earnings per share (expressed in HK$ thousand per share)	10,939	14,878	37,628	16,350	10,147

Note: The earnings per share as presented above has not taken into account the proposed bonus issue pursuant to the sole shareholder's resolutions dated 27 October 2017 (Note 35) because the proposed bonus issue has not been effected as at the date of this report.

(b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued during the Track Record Period.

13 DIVIDENDS

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Dividends	18,100	14,500	47,000	–	30,000

During the year ended 31 December 2016, the Company declared an interim dividend of HK$11,750,000 per share, totalling HK$23,500,000 to the shareholder of the Company. During each of the years ended 31 December 2014, 2015 and 2016, a subsidiary of the Group declared interim dividends of HK$18,100,000, HK$14,500,000 and HK$23,500,000 to its then shareholder, respectively. On 15 March 2017, the Company further declared a dividend of approximately HK$30,000,000 to the shareholders. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

14 PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Plant & machinery	Furniture & fixtures	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014								
Cost or valuation	20,000	30,355	4,896	4,668	3,576	13,688	4,980	82,163
Accumulated depreciation	–	(20,833)	(2,598)	(1,640)	(2,245)	(10,058)	–	(37,374)
Net book value at 1 January 2014	20,000	9,522	2,298	3,028	1,331	3,630	4,980	44,789

	Land & buildings HK$'000	Plant & machinery HK$'000	Furniture & fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Construction in progress HK$'000	Total HK$'000
Year ended 31 December 2014								
Net book value at 1 January 2014	20,000	9,522	2,298	3,028	1,331	3,630	4,980	44,789
Additions	–	1,772	2,754	21	–	3,034	3,030	10,611
Surplus on revaluation	2,690	–	–	–	–	–	–	2,690
Disposals	–	–	–	(2)	–	–	–	(2)
Transfer	–	–	–	–	–	6,007	(6,007)	–
Depreciation	(690)	(3,776)	(1,014)	(749)	(479)	(2,233)	–	(8,941)
Balance as at 31 December 2014	22,000	7,518	4,038	2,298	852	10,438	2,003	49,147
At 31 December 2014								
Cost or valuation	22,000	30,993	7,606	4,552	3,154	22,576	2,003	92,884
Accumulated depreciation	–	(23,475)	(3,568)	(2,254)	(2,302)	(12,138)	–	(43,737)
Net book value at 31 December 2014	22,000	7,518	4,038	2,298	852	10,438	2,003	49,147
Year ended 31 December 2015								
Net book value at 1 January 2015	22,000	7,518	4,038	2,298	852	10,438	2,003	49,147
Additions	–	5,317	4,084	5	572	–	4,919	14,897
Surplus on revaluation	1,886	–	–	–	–	–	–	1,886
Disposals	–	(64)	(211)	(58)	(12)	–	–	(345)
Transfer	–	–	–	–	–	6,733	(6,733)	–
Depreciation	(786)	(3,454)	(1,683)	(702)	(500)	(4,382)	–	(11,507)
Balance as at 31 December 2015	23,100	9,317	6,228	1,543	912	12,789	189	54,078
At 31 December 2015								
Cost or valuation	23,100	32,205	9,724	3,738	3,576	28,085	189	100,617
Accumulated depreciation	–	(22,888)	(3,496)	(2,195)	(2,664)	(15,296)	–	(46,539)
Net book value at 31 December 2015	23,100	9,317	6,228	1,543	912	12,789	189	54,078
Year ended 31 December 2016								
Net book value at 1 January 2016	23,100	9,317	6,228	1,543	912	12,789	189	54,078
Additions	–	1,626	2,729	3	182	–	42	4,582
Surplus on revaluation	1,656	–	–	–	–	–	–	1,656
Disposals	–	(1)	(56)	(6)	–	–	–	(63)
Depreciation	(856)	(3,617)	(2,354)	(635)	(543)	(4,492)	–	(12,497)
Balance at 31 December 2016	23,900	7,325	6,547	905	551	8,297	231	47,756
At 31 December 2016								
Cost or valuation	23,900	30,270	11,572	3,378	3,563	25,871	231	98,785
Accumulated depreciation	–	(22,945)	(5,025)	(2,473)	(3,012)	(17,574)	–	(51,029)
Net book value at 31 December 2016	23,900	7,325	6,547	905	551	8,297	231	47,756

The analysis of the cost or valuation at 31 December 2016 of the above assets is as follows:

	Land & buildings *HK$'000*	Plant & machinery *HK$'000*	Furniture & fixtures *HK$'000*	Office equipment *HK$'000*	Motor vehicles *HK$'000*	Leasehold improvements *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
At cost	–	7,325	6,547	905	551	8,297	231	23,856
At valuation	23,900	–	–	–	–	–	–	23,900
	23,900	7,325	6,547	905	551	8,297	231	47,756
Five months ended 31 May 2017								
Net book value at 1 January 2017	23,900	7,325	6,547	905	551	8,297	231	47,756
Additions	–	75	410	19	–	–	36	540
Surplus on revaluation	383	–	–	–	–	–	–	383
Disposals	–	–	(25)	–	–	–	–	(25)
Depreciation	(383)	(1,162)	(874)	(213)	(59)	(1,327)	–	(4,018)
Balance at 31 May 2017	23,900	6,238	6,058	711	492	6,970	267	44,636
At 31 May 2017								
Cost or valuation	23,900	30,345	11,954	3,397	3,563	25,871	267	99,297
Accumulated depreciation	–	(24,107)	(5,896)	(2,686)	(3,071)	(18,901)	–	(54,661)
Net book value at 31 May 2017	23,900	6,238	6,058	711	492	6,970	267	44,636

The analysis of the cost or valuation at 31 May 2017 of the above assets is as follows:

	Land & buildings	Plant & machinery	Furniture & fixtures	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
At cost	–	6,238	6,058	711	492	6,970	267	20,736
At valuation	23,900	–	–	–	–	–	–	23,900
	23,900	6,238	6,058	711	492	6,970	267	44,636

For the years ended 31 December 2014, 2015 and 2016, depreciation expense of HK$3,776,000, HK$3,455,000, and HK$3,616,000 and HK$5,165,000, HK$8,052,000, and HK$8,881,000 was charged to "cost of goods sold" and "administrative expenses" respectively.

For the five months ended 31 May 2016 and 2017, depreciation expense of HK$1,485,000, HK$1,162,000, and HK$3,680,000 and HK$2,856,000 was charged to "cost of good sold" and "administrative expenses" respectively.

As at 31 December 2014, 2015, 2016 and 31 May 2017, the Group's land and buildings are held under medium term leases (unexpired period between 20 years to 50 years) and the carrying amounts of land and buildings pledged as part of the securities for banking facilities from a bank amounted to HK$22,000,000, HK$23,100,000, HK$23,900,000 and HK$23,900,000 respectively.

As at 31 December 2014, 2015, 2016 and 31 May 2017, the net carrying amounts of the Group's fixed assets held under finance leases (note 22) included in the total amount of plant and machinery was HK$2,619,000, HK$4,732,000, HK$3,969,000 and HK$3,392,000 respectively.

Valuation processes of the Group

The Group's land and building was valued at 31 December 2014, 2015, 2016 and 31 May 2017 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the assets valued. For land and building, the current use equates to the highest and best use.

The Group's finance division includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer ("CFO") and the directors. Discussions of valuation processes and results are held between the CFO, directors, the valuation team and valuers annually. As at 31 December 2014, the fair value of the land and building have been determined by S.H. Ng & Co., Ltd.. As at 31 December 2015, 2016 and 31 May 2017, the fair values of the land and building have been determined by Grant Sherman Appraisal Limited.

At each financial year/period end the finance division:

- verifies all major inputs to the independent valuation report;
- assesses property valuations movements when compared to the prior year valuation report;
- holds discussions with the independent valuer.

Valuation techniques

For land and building, the valuation was determined using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot, which is approximately amounted to HK$4,900, HK$5,500, HK$6,000 and HK$5,700 per square foot respectively for the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2017.

15 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted				
– Key man insurance contract	2,348	2,423	2,535	2,559

The financial asset at fair value through profit or loss represented the investment element of the key man insurance purchased for Mr. Kwan Tak Sum, Stanley, a director of the Company.

As at 31 December 2014, 2015, 2016 and 31 May 2017, the carrying amounts of financial asset at fair value through profit or loss pledged as security for the Group's bank loan outstanding amounted to HK$977,000, HK$713,000, HK$444,000 and HK$330,000 respectively.

16 INVENTORIES

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	46,722	82,278	64,349	73,816
Work in progress	27,437	23,693	19,218	31,124
Finished goods	17,578	11,326	12,254	8,858
Goods in transit	28,350	5,441	5,658	2,641
	120,087	122,738	101,479	116,439

The cost of inventories recognised as expenses and included in "cost of sales" amounted to HK$303,750,000, HK$400,872,000, HK$440,544,000, HK$197,252,000 and HK$169,237,000 for the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2016 and 2017 respectively. A provision for impairment of inventories of HK$181,000, HK$4,219,000, HK$1,501,000, HK$323,000 and HK$1,131,000 was recognised in "other operating expenses" in the consolidated statements of comprehensive income for the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2016 and 2017 respectively.

17 TRADE AND OTHER RECEIVABLES

The Group

	Note	As at 31 December 2014	2015	2016	As at 31 May 2017
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables		87,019	97,277	114,169	112,030
Less: allowance for impairment of trade receivables		(4,531)	–	–	–
Trade receivables – net	*(a)*	82,488	97,277	114,169	112,030
Other receivables		1,391	108	228	196
Amounts due from shareholders	*(b)*	750	12,010	–	–
		84,629	109,395	114,397	112,226

(a) Trade receivables were arising from trading of electronic products. The payment terms of trade receivables granted to third party customers ranging from full payment before shipment to 75 days from end of month. Aging analysis based on invoice date of the gross trade receivables at the end of each Track Record Period is as follows:

	As at 31 December 2014	2015	2016	As at 31 May 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Below 30 days	37,735	47,845	66,002	50,483
Between 31 and 60 days	29,106	32,126	39,034	40,293
Over 60 days	20,178	17,306	9,133	21,254
	87,019	97,277	114,169	112,030

Trade and other receivables are past due when a counterparty has failed to make a payment when contractually due.

As at 31 December 2014, 2015, 2016 and 31 May 2017, trade receivables of HK$65,977,000, HK$74,982,000, HK$104,877,000 and HK$90,257,000 respectively were not past due.

As at 31 December 2014, 2015, 2016 and 31 May 2017, trade receivables of HK$16,511,000, HK$22,295,000 and HK$9,292,000 and HK$21,773,000 respectively were past due but not impaired. The Group has not provided for impairment loss as at 31 December 2015, 2016 and 31 May 2017 because there was no significant change in credit quality and the amounts are still considered recoverable. As at 31 December 2014, provision for impairment of these receivables of HK$4,531,000 was made because the recoverability of an account receivable was in doubt.

Trade receivables that were past due but not impaired relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these receivables is as follows:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*
Past due by:				
Below 30 days	10,885	15,085	5,844	18,455
Between 31 and 60 days	1,260	4,636	597	618
Over 60 days	4,366	2,574	2,851	2,700
	16,511	22,295	9,292	21,773

The Company

	As at 31 December 2016	As at 31 May 2017
	HK\$'000	*HK\$'000*
Other receivables	4,000	–

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*
HK\$	17	–	–	–
US\$	87,002	90,644	114,042	111,398
RMB	–	6,633	127	632
	87,019	97,277	114,169	112,030

Movements on the Group's allowance for impairment of trade receivables are as follows:

	Year ended 31 December			Five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000* (Unaudited)	*HK\$'000*
At 1 January	871	4,531	–	–	–
Provision for/(reversal of) receivables impairment *(note 7)*	3,660	(654)	–	–	–
Receivables written off during the year/period as uncollectible	–	(3,877)	–	–	–
At 31 December	4,531	–	–	–	–

The creation and release of provision for impaired receivables have been included in "other operating expenses" in the consolidated statements of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The carrying amounts of trade and other receivables approximate their fair values as at 31 December 2014, 2015, 2016 and 31 May 2017.

Other receivables of the Company as at 31 December 2016 represents dividend receivable from a subsidiary.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

(b) Amounts due from shareholders are denominated in HK$, interest free, unsecured and repayable on demand.

18 PREPAYMENTS AND DEPOSITS

The Group

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	6,317	6,748	8,750	15,171
Rental, utility, and other deposits	1,627	1,733	2,659	2,922
	7,944	8,481	11,409	18,093
Less: non-current portion				
Prepayments	(453)	(442)	(430)	(425)
	7,491	8,039	10,979	17,668

The Company

	As at 31 December 2016	As at 31 May 2017
	HK$'000	*HK$'000*
Prepayments	3,299	5,364

The carrying amounts of deposits of the Group approximate their fair values as at 31 December 2014, 2015, 2016 and 31 May 2017.

19 RESTRICTED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Restricted bank deposits *(note (a))*	7,546	9,562	10,079	8,065
Bank and cash balances	6,502	2,218	6,569	31,854

The Company

	As at 31 December 2016	As at 31 May 2017
	HK$'000	*HK$'000*
Bank and cash balances	423	2,747

(a) The Group's restricted bank deposits represented deposits pledged to banks to secure banking facilities granted to a subsidiary of the Group as set out in note 27 to the Historical Financial Information.

(b) The carrying amounts of bank and cash balances and restricted deposits of the Group are denominated in the following currencies:

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	7,964	9,934	10,836	11,243
US$	5,485	1,045	2,736	22,463
RMB	534	728	2,960	6,111
EUR	34	45	43	35
Other currencies	31	28	73	67
	14,048	11,780	16,648	39,919

The bank and cash balances of the Company are denominated in HK$.

(c) The Group's bank and cash balances and bank overdrafts included the following for the purpose of the consolidated statements of cash flows:

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank and cash balances	6,502	2,218	6,569	31,854
Bank overdrafts *(note 21)*	(5,385)	(3,457)	–	–
Cash and cash equivalents	1,117	(1,239)	6,569	31,854

The bank and cash balances and restricted deposits are at fixed interest rate range from 0.05% to 0.40%, 0.05% to 0.40%, 0.01% to 0.60% and 0.01% to 0.60% per annum as at 31 December 2014, 2015, 2016 and 31 May 2017 respectively and therefore are subject to fair value interest rate risk.

20 TRADE AND OTHER PAYABLES

The Group

		As at 31 December			As at 31 May
	Note	**2014**	**2015**	**2016**	**2017**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables		63,914	74,420	61,391	93,013
Trust receipts		32,000	35,086	24,361	45,260
Accruals and other payables		12,303	20,023	12,276	18,520
Sale deposits received		2,313	854	1,439	1,859
Amount due to a related company	*(a)*	894	612	–	–
Amount due to the then shareholder	*(a)*	2,895	–	–	–
Amounts due to shareholders	*(a)*	5,163	322	88	–
Dividends payable		–	2,000	–	–
		119,482	133,317	99,555	158,652

The credit terms of trade payables granted by the vendors are 10 to 180 days from invoice date or 30 to 90 days from end of month. The ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Below 30 days	36,911	38,126	35,000	52,855
Between 31 and 60 days	23,717	31,109	23,043	32,544
Over 60 days	3,286	5,185	3,348	7,614
	63,914	74,420	61,391	93,013

The Company

	Note	**As at 31 December 2016**	**As at 31 May 2017**
		HK$'000	*HK$'000*
Accruals and other payables		2,210	5,744
Amount due to a shareholder	*(a)*	88	–
		2,298	5,744

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	18,563	18,199	13,117	16,703
US$	22,658	27,279	23,653	32,256
RMB	21,125	22,185	22,569	39,545
EUR	1,122	6,462	1,969	3,426
Other currencies	446	295	83	1,083
	63,914	74,420	61,391	93,013

(a) Amounts due to a related company, the then shareholder and shareholders of the Group are denominated in HK$, unsecured, interest-free, and repayable on demand. Amount due to a shareholder of the Company is denominated in HK$, unsecured, interest-free, and repayable on demand.

21 BORROWINGS

	Note	As at 31 December			As at 31 May
		2014	2015	2016	2017
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profits tax loan	*(a)*	2,500	2,831	9,274	4,783
Term loans	*(a)*	17,692	13,390	9,254	7,489
Insurance premium loan	*(a)*	977	713	444	330
Bank overdrafts, secured		5,385	3,457	–	–
		26,554	20,391	18,972	12,602

The Group's borrowings were repayable as follows (without taking into account the repayable on demand clause as detailed in note 21(a)):

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	12,451	10,694	13,829	9,068
Between 1 and 2 years	4,406	4,720	3,672	3,534
Between 2 and 5 years	9,697	4,977	1,471	–
	26,554	20,391	18,972	12,602

(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" which requires the classification of whole term loans containing the repayment on demand clause as current liabilities, these loans were classified by the Group as current liabilities.

(b) At end of each Track Record Period, the total borrowings are pledged by certain assets and their carrying values are shown as below:

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment *(note 14)*	22,000	23,100	23,900	23,900
Financial asset at fair value through profit or loss *(note 15)*	2,348	2,423	2,535	2,559
Restricted bank deposits *(note 19)*	7,546	9,562	10,079	8,065
	31,894	35,085	36,514	34,524

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of each Track Record Period are as follows:

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	26,554	20,391	18,972	12,602

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

The weighted average effective interest rate of bank borrowings are 4.37%, 4.42%, 3.80% and 4.09% per annum respectively for the years ended 31 December 2014, 2015, 2016 and 31 May 2017.

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

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	25,577	19,678	18,528	12,272
US$	977	713	444	330
	26,554	20,391	18,972	12,602

The Group has the following undrawn borrowing facilities:

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Expiring within one year	44,206	70,596	146,021	106,416

22 FINANCE LEASE PAYABLES

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross finance lease liabilities – minimum lease payments				
Within 1 year	2,508	4,497	3,629	2,818
Future finance charges on finance lease	(120)	(236)	(157)	(110)
Present values of finance lease liabilities	2,388	4,261	3,472	2,708

The carrying amounts of balances of the Group approximate their fair values as at 31 December 2014, 2015, 2016 and 31 May 2017.

Assets arranged under finance leases represent plant and machinery. The average lease term is 4 years, 4 years, 4 years and 4 years with effective interest rate of 3.50%, 3.50%, 3.50% and 3.50% per annum as at 31 December 2014, 2015, 2016 and 31 May 2017 respectively.

23 SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Issued and fully paid		
At 15 April 2016 (date of incorporation)	1	–
Allotment of shares *(note 1.2)*	1	145,172
At 31 December 2016 and 31 May 2017	2	145,172

24 DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of the Group's derivative financial instruments at the end of Track Record Period were:

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Forward foreign exchange contracts liabilities	16,215	12,805	721	–
Less: Non-current portion	(4,269)	(467)	–	–
	11,946	12,338	721	–

The fair values of forward foreign exchange contracts have been determined at the end of Track Record Period using observable market information.

As at 31 December 2014, 2015 and 2016, the notional principal amounts of the outstanding forward foreign exchange contracts were approximately HK$1,042,000,000, HK$178,000,000 and HK$6,200,000 respectively. As at 31 May 2017, all outstanding contracts have been settled.

As at 31 December 2014, the Group had a commitment in respect of a foreign exchange contract entered into with a bank to enable the Group buying or selling US$ and RMB of approximately HK$147,000,000 of which the settlement dates are between March 2015 to September 2016. As at 31 December 2015, 2016 and 31 May 2017, there is no new commitment in respect of the foreign exchange contract entered by the Group.

25 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% for the years ended 31 December 2014, 2015, 2016 and five months ended 31 May 2016 and 2017. The net movement on the deferred income tax liabilities, arising from accelerated tax depreciation is as follows:

	Year ended 31 December			Five months ended	
				31 May	31 May
	2014	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
At beginning of the year	2,375	3,685	3,656	3,656	3,712
Charged/(credited) to the consolidated statement of comprehensive income *(note 11)*	1,131	(133)	(26)	–	–
Charged/(credited) to equity	179	105	85	22	(6)
Others	–	(1)	(3)	–	–
At end of the year	3,685	3,656	3,712	3,678	3,706

The net deferred income tax liabilities are expected to be settled after more than 12 months.

Deferred income tax liabilities of HK$1,661,000, HK$1,837,000, HK$2,633,000 and HK$2,652,000 as at 31 December 2014, 2015, 2016 and 31 May 2017 respectively have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings as at 31 December 2014, 2015, 2016 and 31 May 2017 were HK$33,223,000, HK$36,737,000, HK$52,652,000 and HK$53,040,000 respectively.

26 RESERVES

(a) Other capital reserves

Other capital reserves as at 31 December 2014, 2015, 2016 and 31 May 2017 represent the aggregate paid-in capital of the subsidiaries acquired, offset by investment costs in subsidiaries of the Company during the Reorganisation.

(b) Statutory reserve

In accordance with the PRC Company Law and the articles of association of those group companies incorporated in the PRC, the group companies are required to appropriate 10% of their profits after tax, as determined in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises and other regulations applicable to group companies, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the group companies. The appropriation to the reserve must be made before any distribution of dividends to holders of the group companies. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the group companies' capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the capital of the group companies.

(c) Revaluation reserves

Revaluation reserves as at 31 December 2014, 2015, 2016 and 31 May 2017 represent the revaluation of land and buildings held by the Group.

27 BANKING FACILITIES

(a) At 31 December 2014, 2015, 2016 and 31 May 2017, the Group had banking facilities totalling HK$129,200,000, HK$144,200,000, HK$198,000,000 and HK$200,000,000 granted by five, five, three and three banks respectively. These facilities were secured by the leasehold land and buildings of the Group, financial asset at fair value through profit or loss of the Group, fixed deposits placed in four, four, three and two banks, and joint and several guarantees executed by Mr. Kwan Tak Sum Stanley, Mr. Tai Leung Lam, Mr. Joseph Mac Carthy, and Mr. Kwan Chan Kwong (which was discharged during the year ended 31 December 2016 following his retirement as director of Trio Engineering on 30 December 2015).

(b) The Group's borrowings and obligations under finance lease (note 22) of HK$2,388,000, HK$4,261,000, HK$3,472,000 and HK$2,708,000 as at 31 December 2014, 2015, 2016 and 31 May 2017 respectively, were secured by plant and machinery of the Group, a guarantee executed by the Hong Kong Special Administrative Region Government, and an unlimited guarantee from Mr. Kwan Tak Sum Stanley, Mr. Tai Leung Lam, Mr. Joseph Mac Carthy, and Mr. Kwan Chan Kwong (which was discharged during the year ended 31 December 2016 following his retirement as director of Trio Engineering on 30 December 2015) as detailed in note 14.

(c) At 31 December 2014, 2015, 2016 and 31 May 2017, the Group also had general banking facilities under the Hong Kong Mortgage Corporation Limited ("HKMC") SME financing guarantee scheme granted by two banks to the extent of HK$12,000,000, HK$12,000,000, HK$12,000,000 and HK$12,000,000 respectively. These facilities were secured by HKMC and joint and several guarantees executed by Mr. Kwan Tak Sum Stanley, Mr. Tai Leung Lam, Mr. Joseph Mac Carthy, and Mr. Kwan Chan Kwong (which was discharged during the year ended 31 December 2016 following his retirement as director of Trio Engineering on 30 December 2015).

(d) The personal guarantee executed by Mr. Kwan Chan Kwong to these banking facilities was discharged during the year ended 31 December 2016 following Mr. Kwan's resignation as a director of Trio Engineering on 30 December 2015. The personal guarantee provided by the other directors of the Company to the Group's borrowings and banking facilities will be released upon listing.

28 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the Track Record Period but not yet incurred is as follows:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	–	474	18	58

(b) Operating lease commitments – as a lessee

The Group leases staff dormitory, factory and warehouses under non-cancellable operating lease agreements. The lease terms are between one to three years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The Group also leases various warehouses and factory under cancellable operating lease agreements. The Group is required to give up to six-month notice for the termination of these agreements.

The total future minimum lease payments under non-cancellable operating lease for the manufacturing premises are payable as follows:

	As at 31 December			As at 31 May
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	937	916	789	745
In the second to third years, inclusive	556	48	586	318
	1,493	964	1,375	1,063

29 NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of profit before tax to cash generated from operations:

	Year ended 31 December			Five months ended 31 May	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Cash flows from operating activities					
Profit before tax	28,501	42,513	97,355	42,321	26,236
Adjustments for:					
Bank interest	(14)	(22)	(30)	(6)	(11)
Amortisation	12	12	12	5	5
Depreciation	8,941	11,507	12,497	5,165	4,018
Finance costs	6,987	8,429	9,519	4,367	3,594
Loss/(gain) on derivative financial instruments	15,838	6,137	(1,162)	(2,103)	(144)
(Gain)/loss on disposal of property, plant and equipment	(64)	345	(3)	47	25
Provision for/(reversal of) doubtful debts	3,660	(654)	–	–	–
Provision for impairment loss on inventories	181	4,219	1,501	323	1,131
Obsolete inventories written off	451	–	110	14	–
Fair value gain on financial assets at fair value through profit or loss	(94)	(75)	(112)	(35)	(24)
Operating profit before working capital changes	64,399	72,411	119,687	50,098	34,830
(Increase)/decrease in inventories	(50,568)	(6,870)	19,648	13,559	(16,091)
(Decrease)/increase in trade and other receivables	(29,301)	(12,853)	(17,012)	(24,413)	2,171
Increase in prepayment and deposits	(4,773)	(548)	(2,940)	(603)	(6,689)
Increase/(decrease) in trade and other payables	39,050	19,570	(31,528)	420	59,185
Net cash generated from operations	18,807	71,710	87,855	39,061	73,406

Reconciliation of liabilities arising from financing activities:

	Balance with shareholders	Term loans	Finance lease payables	Profits tax loans	Insurance premium loan
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	(31)	6,054	3,420	3,344	1,232
Cash flows	7,339	11,638	(1,032)	(844)	(255)
At 31 December 2014	7,308	17,692	2,388	2,500	977
Cash flows	(18,996)	(4,302)	1,873	331	(264)
At 31 December 2015	(11,688)	13,390	4,261	2,831	713
Cash flows	11,776	(4,136)	(789)	6,443	(269)
At 31 December 2016	88	9,254	3,472	9,274	444
Cash flows	(88)	(1,765)	(764)	(4,491)	(114)
At 31 May 2017	–	7,489	2,708	4,783	330
(Unaudited)					
At 1 January 2016	(11,688)	13,390	4,261	2,831	713
Cash flows	(11,234)	(1,707)	261	(660)	(110)
At 31 May 2016	(22,922)	11,683	4,522	2,171	603

30 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Save for those disclosed elsewhere in these Historical Financial Information, details of transactions between the Group and other related parties are disclosed below:

(a) The directors of the Company are of the view that the following parties/companies were related parties that had transaction or balances with the Group during the Track Record Period:

Name of related parties	Relationship with the Group
Mr. Kwan Tak Sum, Stanley	An ultimate shareholder and executive director of the Company
Mr. Lai Yiu Wah	An ultimate shareholder and executive director of the Company
Mr. Tai Leung Lam	An ultimate shareholder and executive director of the Company
Mr. Joseph Mac Carthy	An ultimate shareholder and executive director of the Company
Mr. Kwan Chan Kwong	A co-founder and the then shareholder of the Group
Grand Energy Investment Limited	Shareholder of the Company controlled by Mr. Joseph Mac Carthy, an ultimate shareholder of the Company

Name of related parties	**Relationship with the Group**
Multi-Trend Investment Limited	Controlled by Mr. Kwan Tak Sum, Stanley, Mr. Tai Leung Lam, Mr. Kwan Chan Kwong and Grand Energy Investment Limited
PSI Europe Limited	Controlled by Mr. Joseph Mac Carthy, an ultimate shareholder of the Company, up to 15 December 2015
Ms. Wai Yuet Wah	Spouse of Mr. Kwan Tak Sum, Stanley

(b) During the Track Record Period, the Group had the following transactions with related parties, which in the opinion of the directors, were entered at terms mutually agreed between all parties involved:

	Year ended 31 December			**Five months ended 31 May**	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Rental expense to Mr. Kwan Tak Sum, Stanley	36	36	–	–	–
Rental expense to Multi-Trend Investment Limited	25	120	40	40	–
Purchase from PSI Europe Limited	–	8	–	–	–
Commission expense to PSI Europe Limited	–	32	10	–	–
Rental expense to Ms. Wai Yuet Wah	–	41	41	7	–

(c) Year end balances with related parties

The Group

As at 31 December 2014

	Outstanding amounts at the beginning of the year	**Outstanding amounts at the end of the year**	**Maximum outstanding during the year**
	HK$'000	*HK$'000*	*HK$'000*
Amount due from a shareholder			
– Grand Energy Investment Limited	–	750	750

As at 31 December 2015

	Outstanding amounts at the beginning of the year	**Outstanding amounts at the end of the year**	**Maximum outstanding during the year**
	HK$'000	*HK$'000*	*HK$'000*
Amounts due from shareholders			
– Mr. Kwan Tak Sum, Stanley	–	6,003	6,003
– Mr. Tai Leung Lam	–	6,003	6,003
– Grand Energy Investment Limited	750	2	1,017
– Mr. Lai Yiu Wah	–	2	2
	750	12,010	13,025

As at 31 December 2016

	Outstanding amounts at the beginning of the year *HK$'000*	Outstanding amounts at the end of the year *HK$'000*	Maximum outstanding during the year *HK$'000*
Amounts due from shareholders			
– Mr. Kwan Tak Sum, Stanley	6,003	–	9,750
– Mr. Tai Leung Lam	6,003	–	9,750
– Grand Energy Investment Limited	2	–	8,313
– Mr. Lai Yiu Wah	2	–	8,313
	12,010	–	36,126

As at 31 May 2017

	Outstanding amounts at the beginning of the period *HK$'000*	Outstanding amounts at the end of the period *HK$'000*	Maximum outstanding during the period *HK$'000*
Amounts due from shareholders			
– Mr. Kwan Tak Sum, Stanley	–	–	–
– Mr. Tai Leung Lam	–	–	–
– Grand Energy Investment Limited	–	–	–
– Mr. Lai Yiu Wah	–	–	–
	–	–	–

	As at 31 December			As at 31 May
	2014 *HK$'000*	2015 *HK$'000*	2016 *HK$'000*	2017 *HK$'000*
Amount due to a related company – Multi-Trend Investment Limited	894	612	–	–
Amount due to the then shareholder – Mr. Kwan Chan Kwong	2,895	–	–	–
Amounts due to shareholders				
– Mr. Kwan Tak Sum, Stanley	2,561	–	–	–
– Mr. Tai Leung Lam	2,602	–	–	–
– Grand Energy Investment Limited	–	322	88	–
	5,163	322	88	–

Company

	As at 31 December 2016 HK$'000	As at 31 May 2017 HK$'000
Amount due to a subsidiary – Trio Engineering	5,146	247
Amount due to a shareholder – Grand Energy Investment Limited	88	–

Amounts due from/to a related party and shareholders of the Group are unsecured, interest-free and repayable on demand. Amount due to a subsidiary of the Company is unsecured, interest-free and repayable on demand. All these balances are non trade in nature.

(d) Members of key management during the Track Record Period comprised the directors of the Group only whose remuneration is set out in note 9 of the Historical Financial Information.

(e) Guarantees by directors

As at 31 December 2014, 2015, 2016 and 31 May 2017, the banking facilities were secured by joint and several guarantees executed by the directors of the Group as disclosed in note 27(a) of the Historical Financial Information. Such guarantees will be released upon listing.

31 MOVEMENT OF RETAINED PROFITS OF THE COMPANY

	HK$'000
At 15 April 2016 (date of incorporation)	–
Profit for the period	23,778
Dividend paid *(note 13)*	(23,500)
At 31 December 2016	278
At 1 January 2017	278
Profit for the period	30,511
Dividend paid *(note 13)*	(30,000)
At 31 May 2017	789

32 FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2014

	Loans and receivables HK$'000	Financial asset at fair value through the profit or loss HK$'000	Total HK$'000
Financial asset at fair value through the profit or loss	–	2,348	2,348
Trade and other receivables	84,629	–	84,629
Deposits	1,627	–	1,627
Restricted bank deposits	7,546	–	7,546
Cash and cash equivalents	6,502	–	6,502
Total	100,304	2,348	102,652

	Financial liabilities at fair value HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and other payables (excluding sale deposits received)	–	106,176	106,176
Borrowings	–	26,554	26,554
Derivative financial instruments	16,215	–	16,215
Finance lease payables	–	2,388	2,388
Total	16,215	135,118	151,333

As at 31 December 2015

	Loans and receivables HK$'000	Financial asset at fair value through the profit or loss HK$'000	Total HK$'000
Financial asset at fair value through the profit or loss	–	2,423	2,423
Trade and other receivables	109,395	–	109,395
Deposits	1,733	–	1,733
Restricted bank deposits	9,562	–	9,562
Cash and cash equivalents	2,218	–	2,218
Total	122,908	2,423	125,331

	Financial liabilities at fair value HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and other payables (excluding sale deposit received)	–	121,956	121,956
Borrowings	–	20,391	20,391
Derivative financial instruments	12,805	–	12,805
Finance lease payables	–	4,261	4,261
Total	12,805	146,608	159,413

As at 31 December 2016

	Loans and receivables HK$'000	Financial asset at fair value through the profit or loss HK$'000	Total HK$'000
Financial asset at fair value through the profit or loss	–	2,535	2,535
Trade and other receivables	114,397	–	114,397
Deposits	2,659	–	2,659
Restricted bank deposits	10,079	–	10,079
Cash and cash equivalents	6,569	–	6,569
Total	133,704	2,535	136,239

	Financial liabilities at fair value	Financial liabilities at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables (excluding sale deposit received)	–	91,603	91,603
Borrowings	–	18,972	18,972
Derivative financial instruments	721	–	721
Finance lease payables	–	3,472	3,472
Total	721	114,047	114,768

As at 31 May 2017

	Loans and receivables	Financial asset at fair value through the profit or loss	Total
	HK$'000	*HK$'000*	*HK$'000*
Financial asset at fair value through the profit or loss	–	2,559	2,559
Trade and other receivables	112,226	–	112,226
Deposits	2,922	–	2,922
Restricted bank deposits	8,065	–	8,065
Cash and cash equivalents	31,854	–	31,854
Total	155,067	2,559	157,626

	Financial liabilities at fair value	Financial liabilities at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables (excluding sale deposit received)	–	148,152	148,152
Borrowings	–	12,602	12,602
Finance lease payables	–	2,708	2,708
Total	–	163,462	163,462

Financial instruments of the Company represents other receivables, bank and cash balances, trade and other payables and amount due to a subsidiary.

33 INVESTMENT IN SUBSIDIARIES

	As at 31 December 2016	As at 31 May 2017
	HK$'000	*HK$'000*
Investment in subsidiaries – at cost, unlisted *(Note (a))*	145,172	145,172
Amount due to a subsidiary *(Note (b))*	5,146	247

(a) It represented the aggregate net assets value of the subsidiaries acquired pursuant to the Reorganisation, which was recorded as deemed investment costs.

(b) The amount due to a subsidiary is denominated in HK$, unsecured, interest-free and repayable on demand.

34 CONTINGENT LIABILITIES

During the Track Record Period, there were no significant contingent liabilities in the Group and the Company.

35 SUBSEQUENT EVENTS

(i) Pursuant to the resolutions of sole shareholder of the Company passed on 27 October 2017, conditional upon completion of the Global Offering, the directors of the Company were authorised to allot and issue 749,999,998 shares to Trio Holding without payment and credited as fully paid.

(ii) Pursuant to the resolutions of sole shareholder of the Company passed on 27 October 2017, the Group has conditionally adopted a share option scheme under which employees of the Group including executive directors, members of senior management and other eligible participants may be granted options to subscribe for shares of the Company.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company or any of the companies now comprising the Group have been prepared by the directors of the Company in respect of any period subsequent to 31 May 2017 up to the date of this report. Save as disclosed in Note 13, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2017.

The information set out in this Appendix does not form part of the Accountant's Report from the reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to owners of the Company as of 31 May 2017 as if the Global Offering had taken place on 31 May 2017 assuming the over-allotment is not exercised.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 31 May 2017 or at any future dates following the Global Offering. It is prepared based on the consolidated net tangible assets of the Group as at 31 May 2017 as set out in the Accountant's Report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 May 2017 *(Note 1)* *HK$'000*	**Estimated net proceeds from the Global Offering** *(Note 2)* *HK$'000*	**Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at 31 May 2017** *HK$'000*	**Unaudited pro forma adjusted net tangible assets per Share** *(Note 3)* *HK$*
Based on an Offer Price of HK$0.52 per Share	145,438	104,024	249,462	0.25
Based on an Offer Price of HK$0.72 per Share	145,438	150,524	295,962	0.30

Notes:

(1) The audited consolidated net tangible assets attributable to owners of the Company as at 31 May 2017 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 May 2017 of HK$145,438,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$0.52 and HK$0.72 per Share after deduction of the underwriting fees and other related expenses (excluding listing expenses of HK$18,124,000 which have been accounted for prior to 31 May 2017) paid/payable by the Company and takes no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued or repurchased by the Company pursuant to the Issuing Mandate and the Repurchase Mandate.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,000,000,000 Shares were in issue assuming that the Global Offering has been completed on 31 May 2017 but takes no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued or repurchased by the Company pursuant to the Issuing Mandate and the Repurchase Mandate.

(4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 May 2017.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Trio Industrial Electronics Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Trio Industrial Electronics Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 May 2017, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 13 November 2017, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 May 2017 as if the proposed initial public offering had taken place at 31 May 2017. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the five months ended 31 May 2017, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 May 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 13 November 2017

This appendix contains a summary of the Articles of Association of our Company. The principal objective is to provide potential investors with an overview of the Articles of Association. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, a copy of the Articles of Association is available for inspection.

The Articles of Association were adopted on by our sole Shareholder on 27 October 2017 and became effective on Listing. The following is a summary of certain provisions of the Articles of Association. The powers conferred or permitted by the Articles of Association are subject to the provisions of the Companies Ordinance, the Companies (WUMP) Ordinance and other ordinances, subsidiary legislation and the Listing Rules.

ALTERATION OF CAPITAL

Our Company may from time to time by ordinary resolution alter its share capital in any one or more of the ways set out in section 170 of the Companies Ordinance, including but not limited to:

(a) increasing its share capital by allotting and issuing new shares in accordance with the Companies Ordinance;

(b) increasing its share capital without allotting and issuing new shares, if the funds or other assets for the increase are provided by the members of our Company;

(c) capitalising its profits, with or without allotting and issuing new shares;

(d) allotting and issuing bonus shares with or without increasing its share capital;

(e) converting all or any of its share into a larger or smaller number of existing shares;

(f) dividing its shares into several classes and attaching thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, provided always that where our Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";

(g) cancelling shares:

(a) that, at the date of the passing of the resolution for cancellation, have not been taken or agreed to be taken by any person; or

(b) that have been forfeited; or

(h) making provision for the issue and allotment of shares which do not carry any voting rights[1].

Our Company may by special resolution reduce its share capital in any manner and with, and subject to, and incident authorised, and consent required by law[2].

PURCHASE OF OWN SHARES AND WARRANTS

Our Company may exercise any powers conferred or permitted by the Companies Ordinance or any other ordinance from time to time to purchase or otherwise acquire its own shares (including any redeemable shares), or to give, directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares in our Company and should our Company purchase or otherwise acquire its own shares, neither our Company nor the Directors shall be required to select the shares to be purchased or otherwise acquired rateably or in any other particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such purchase or other acquisition or financial assistance shall only be made or given in accordance with any relevant rules or regulations issued by the Stock Exchange, the SFC or the relevant regulator or authorities from time to time in force.

"Shares" referred to above include shares, warrants and any other securities convertible into shares which are issued from time to time by our Company[3].

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[1] Article 61

[2] Article 64

[3] Article 65

VARIATION OF RIGHTS

Subject to the provisions of the Companies Ordinance, if at any time the capital of our Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, either while our Company is a going concern or during or in contemplation of a winding-up, either with the consent in writing of the holders of 75% of the total voting rights of holders of shares in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise. To every such separate meeting the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, except that:

(a) the necessary quorum at such meeting (other than an adjourned meeting) shall be no less than two persons together holding or representing by proxy at least one-third in the total voting rights of the issued shares of the class in question;

(b) at any adjourned meeting the necessary quorum shall be two persons holding shares of that class or by proxy (whatever the number of shares held by them);

(c) the holders of the shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively; and

(d) any holder of shares of the class present in person or by proxy may demand a poll[4].

TRANSFERS OF SHARES

The instrument of transfer of any share shall be in writing and in any usual form or in any other form which the Directors approve including the standard form of transfer as prescribed by the Stock Exchange and shall be executed by or on behalf of the transferor and by or on behalf of the transferee. If the transferor or transferee is a clearing house or its nominee, the instrument of transfer shall be executed by hand or by machine imprinted signature(s) or by such other manner of execution as the Directors may approve from time to time. The transferor shall be deemed to remain the holder of the share(s) concerned until the name of the transferee is entered in the register in respect thereof. Nothing in the Articles of Association shall preclude the Directors from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person. Shares of different classes shall not be comprised in the same instrument of transfer[5].

[4] Article 20

[5] Article 49

The Directors may, in their absolute discretion, refuse to register the transfer of a share which is not fully paid. The Directors may also refuse to register a transfer of a share unless the instrument of transfer:

(a) is lodged, duly stamped, at the registered office of our Company or at such other place as the Directors may appoint and is accompanied by the certificate for the share to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and a fee as permitted under the rules prescribed by the Stock Exchange;

(b) is in respect of only one class of share;

(c) is in favour of not more than four transferees;

(d) the shares concerned are free of any lien in favour of our Company; and

(e) such other conditions as the Directors may from time to time impose for the purpose of guarding against losses arising from forgery are satisfied[6].

If the Directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with our Company send to the transferee notice of the refusal in accordance with the Companies Ordinance. If the Directors refuse to register a transfer of a share, the transferee or transferor may request a statement of the reasons for the refusal. If such a request is made, our Company shall, within 28 days after receiving the request: (a) send the person who made the request a statement of reasons; or (b) register the transfer[7].

No transfer may be made to an infant or to a person of unsound mind or under other legal disability[8].

GENERAL MEETINGS

Our Company shall, in respect of each financial year of our Company, hold a general meeting as its annual general meeting in accordance with the requirements of the Companies Ordinance in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it. Subject to such requirements, the Directors shall determine the date, time and place at which each annual general meeting shall be held[9].

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[6] Article 50

[7] Article 51

[8] Article 56

[9] Article 66

The Directors may convene a general meeting whenever they think fit. General meetings shall also be convened by the Directors on the requisition of members pursuant to the provisions of the Companies Ordinance. The Directors may, whenever they think fit, convene a general meeting, and general meetings shall also be convened on such requisition or in default, may be convened by such requisitionists, as provided by the Companies Ordinance. If at any time there are not within Hong Kong sufficient Directors capable of acting to form a quorum, any Director or any two or more members of our Company representing at least 10% of the total voting rights of all members having a right to vote at general meetings, may convene a general meeting in the same manner as nearly as possible, as that in which meetings may be convened by the Directors[10].

NOTICE OF GENERAL MEETINGS

Subject to section 578 of the Companies Ordinance, an annual general meeting shall be called by notice in writing of at least 21 clear days (or such longer period as may be required by the Listing Rules), and a general meeting other than an annual general meeting shall be called by notice in writing of at least 14 clear days (or such longer period as may be required by the Listing Rules), shall be given in the manner mentioned in the Articles of Association to all members, to the Directors and to the auditors of our Company for the time being. Notice of a general meeting shall be given to such persons as are, under the Articles of Association, entitled to receive such notices from our Company[11].

The notice shall specify the place, the day and the time of meeting (and if the meeting is to be held in 2 or more places, the principal place of the meeting and the other place or places of the meeting) and, in the case of special business the general nature of such business, and in the case of an annual general meeting shall specify the meeting as such. If a resolution (whether or not a special resolution) is intended to be moved at the meeting, the notice must include notice of the resolution, and include or be accompanied by a statement containing any information or explanation that is reasonably necessary to indicate the purpose of the resolution. For notice of a general meeting, there shall appear on every such notice with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of our Company[12].

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[10] Article 68

[11] Article 70

[12] Article 71(a)-(c)

The accidental omission to give notice of a meeting or a resolution intended to be moved at a general meeting to, or the non-receipt of notice of a meeting or a resolution intended to be moved at a general meeting by, any person entitled to receive notice shall not invalidate any resolution(s) passed or the proceedings at that meeting. In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution(s) passed or the proceedings at that meeting[13].

Subject to the provisions of the Companies Ordinance, a meeting of our Company shall, notwithstanding that it is called by shorter notice than that specified in the Articles of Association, be deemed to have been duly called if it so agreed:

(a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights at the meeting of all the members[14].

VOTING AT GENERAL MEETINGS

Subject to any rights or restrictions attached to any shares, and to the Articles of Association and the Companies Ordinance, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative at any general meeting shall have one vote only, and on a poll every member shall have one vote for every fully paid-up share of which he is the holder[15].

Subject to the rules prescribed by the Stock Exchange from time to time, any vote of shareholders at a general meeting shall be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. For the purposes of the Articles of Association, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by our Company to its members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all members a reasonable opportunity to express their views. A poll shall be taken as the chairman directs,

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[13] Article 72

[14] Article 71(d)

[15] Article 83

and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded[16].

On any resolution where a vote is not required under the Companies Ordinance, the Listing Rules or the Articles of Association to be held on a poll, a poll may be demanded before or on the declaration of the result of the show of hands:

(a) by the chairman of the meeting;

(b) by not less than five members having the right to vote at the meeting;

(c) by a member or members present in person or by proxy, or a duly authorised representative of a corporation which is a member, representing not less than 5.0% of the total voting rights of all the members having the right to vote at the meeting; or

(d) by a member or members holding shares conferring a right to vote at the meeting on which an aggregate sum has been paid up equal to not less than 5.0% of the total sum paid up on all the shares conferring that right,

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself[17].

Without prejudice to the generality of the Articles of Association if a clearing house (or its nominee) is a member of our Company, it (or, as the case may be, its nominee) may authorise such person or persons as it thinks fit to act as its proxy or proxies or its representative or representatives at any meeting of our Company or at any meeting of any class of member of our Company provided that, if more than one person is so authorised, the instrument of proxy or authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised under the provisions of the Articles of Association will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence to substantiate that it is so authorised and shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise as if such person were an individual member of our Company, and where a show of hands is allowed, each such person shall be entitled to a separate vote notwithstanding any contrary provision as provided in the Articles of Association[18].

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[16] Article 77

[17] Article 78(a)

[18] Article 96

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted[19].

DIRECTORS NEED NOT BE MEMBERS

A Director shall not require a share qualification. A Director who is not a member of our Company shall nevertheless be entitled to attend and speak at all general meeting of our Company[20].

BORROWING POWERS OF DIRECTORS

The Directors may from time to time at their discretion exercise all the powers of our Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of our Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. The Directors may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and, in particular by the issue of debentures, debenture stock, bonds or other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party[21].

DIRECTORS' APPOINTMENT, REMOVAL AND RETIREMENT

Our Company may by ordinary resolution elect any person to be a Director[22]. No person (other than a Director retiring at the meeting or in accordance with the Articles of Association) shall be appointed or re-appointed a Director at any general meeting unless:

(a) he is recommended by the Directors; or

(b) any of the following occurs:

(A) a notice executed by a member qualified to attend and vote on the appointment or reappointment has been given to our Company of the intention to propose that person for appointment or reappointment, stating the particulars which would, if he was appointed or reappointed, be required to be included in our Company's register of directors, together with notice executed by that person of his willingness to be appointed or reappointed;

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19 Article 82

20 Article 98

21 Article 113

22 Article 119(a)

(B) the minimum length of the period during which the notices referred to in (A) are given is at least seven days; or

(C) the period for lodgement of the notices referred to in (A) will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting[23].

Subject to any express terms to the contrary in the relevant resolution for appointing any Director under the Articles of Association, any Director so elected by our Company shall be elected for a term of not more than approximately three years expiring at the conclusion of the annual general meeting of our Company held in the third year following the year of his appointment[24].

Without prejudice to the power of our Company in general meeting in accordance with any of the provisions of the Articles of Association to appoint any person to be a Director, the Board may, at any time, and from time to time, appoint any person to be a Director, either to fill a casual vacancy or by way of addition to their number. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of our Company, and shall then be eligible for re-appointment[25].

Subject to the Articles of Association, at each annual general meeting, one-third of the Directors (excluding those Director(s) who are not subject to the rotation requirement under the Articles of Association) or, if their number is not three or a multiple of three, the number which is nearest to and is at least one-third, shall retire from office by rotation. A retiring Director shall be eligible for re-election[26].

Any Director who holds the position as an executive Director shall not be subject to the foregoing retirement-rotation requirement, but for the avoidance of doubt, the Articles of Association shall not prejudice the power of shareholders in general meeting to remove any such Director[27].

Our Company may, at any general meeting convened and held in accordance with the Companies Ordinance, by ordinary resolution, remove a Director (including an executive Director) at any time before the expiration of his period of office (but such removal shall be without prejudice to any claim to damages for breach of any contract of service between the Director and our Company) provided that the notice of such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such

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[23] Article 120(d)

[24] Article 119(b)

[25] Article 119(c)

[26] Article 120(a)

[27] Article 120(e)

Director 28 days before the meeting and on the members, at least 14 days before the meeting. At such meeting such Director shall be entitled to be heard on the motion of his removal and, subject to the Articles of Association, our Company may, by ordinary resolution, appoint another person instead of him. A person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last appointed or reappointed a Director[28].

REMUNERATION AND EXPENSES OF DIRECTORS

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Directors may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing shall not apply to a Director who holds any salaried employment or office in our Company except in the case of sums paid in respect of Directors' fees[29].

The Directors may also be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Directors or of committees of the Directors or general meetings or separate meetings of the holders of any class of shares or otherwise in connection with the discharge of their duties as Directors[30].

Any Director who performs services which the Directors consider go beyond the ordinary duties of a Director may be paid such special remuneration (whether by way of bonus, commission, participation in profits or otherwise) as the Directors, or a committee of the Directors, may determine. In particular, the remuneration of a managing Director, joint managing Director, deputy managing Director or other executive Director or a Director appointed to any other office in the management of our Company shall from time to time be fixed by the Directors, or a committee of the Directors, and may be by way of lump sum or by way of salary, bonus, commission, participation in profits or otherwise and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors, or a committee of the Directors may from time to time decide. Such remuneration shall be in addition to his remuneration as a Director[31].

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[28] Article 121

[29] Article 100

[30] Article 101

[31] Article 102

DIRECTORS' INTERESTS

A Director (including his connected entities) who is in any way, whether directly or indirectly, interested in a transaction, arrangement or contract or proposed transaction, arrangement or contract with our Company shall declare the nature and extent of his interest or his connected entities' interest at a meeting of the Directors at which the question of entering into the transaction, arrangement or contract is first taken into consideration, if he knows his interest then exists, or in any other case as soon as reasonably practicable, and in any event at the first meeting of Directors after he knows that he is or has become so interested[32].

Save as otherwise provided by the Articles of Association, a Director and his alternate shall not vote (nor shall be counted in the quorum) at a meeting of the Directors on any resolution approving any transaction, contract or arrangement or concerning a matter in which he or any of his close associate(s) has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, our Company), unless his interest arises only because the case falls within one or more of the following sub-paragraphs:

(a) the resolution relates to the giving to him or his close associate(s) of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him or any of them at the request of or for the benefit of, our Company or any of its subsidiaries;

(b) the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

(c) his interest arises by virtue of his or his close associate(s) being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of or by our Company or any other corporation which our Company may promote or be interested in subscription, purchase or exchange;

(d) the resolution relates to an arrangement for the benefit of the employees of our Company or any of its subsidiaries, including but without being limited to the adoption, modification or operation of any pension fund, or retirement, death or disability benefit scheme, which relates to both Directors, his close associate(s) and employees of our Company or any of its subsidiaries and does not accord to any Director or his close associate(s) as such any privilege or advantage not generally accorded to the employees to whom the arrangement relates;

[32] Article 125

(e) any transaction, contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in those shares, debentures or other securities of our Company;

(f) the resolution relates to an arrangement concerning the adoption, modification or operation of any employee's share scheme, share incentive scheme or share option scheme involving the issue or grant of options over shares or other securities by our Company to, or for the benefit of, the employees of our Company or its subsidiaries under which the Director or his close associate(s) may benefit;

(g) any contract, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of any Director, his close associate(s), officer or employee pursuant to the Articles of Association; or

(h) any proposal concerning any other company in which the Director or his close associate(s) is interested only, whether directly or indirectly, as an officer or executive or shareholder or in which he or any of his close associate(s) is beneficially interested in shares of that company, provided that he and any of his close associate(s) are not in aggregate beneficially interested in 5.0% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his close associate(s) is derived) or of the voting rights[33].

A Director may:

(a) hold any other office or place of profit under our Company (other than the office of auditor) in conjunction with his office of Director, for such period and on such terms (as to remuneration or otherwise) as the Directors may determine and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article;

(b) act by himself or his firm in a professional capacity for our Company (otherwise than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

(c) continue to be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or in which our Company may be interested as a shareholder or otherwise, and subject to the Companies Ordinance, no such Director shall be accountable to our Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by our Company, or exercisable by them as

[33] Article 128(a)

directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) and any Director may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or is about to be appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid).

Subject to the Companies Ordinance and the Articles of Association, no Director or intended Director shall be disqualified by his office from contracting with our Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such transaction, arrangement or contract, or any transaction, arrangement or contract entered into by or on behalf of our Company in which any Director (including his connected entities) is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company for any profit realised by any such transaction, arrangement or contract by reason of such Director holding that office or of the fiduciary relation thereby established, provided that such Director shall disclose the nature and extent of his (including his connected entities) interest in any transaction, arrangement or contract in which he is interested as required by and subject to the provisions of the Companies Ordinance[34].

A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote[35].

DIVIDENDS

Our Company may by ordinary resolution declare dividend but no dividend shall exceed the amount recommended by the Directors. No dividend shall be payable except out of the profits or other distributable reserves of our Company available for distribution[36]. No dividend or other moneys payable on or in respect of a share in the capital of our Company shall bear interest against our Company[37].

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[34] Article 127

[35] Article 129

[36] Article 143

[37] Article 146

Our Company may retain any dividend or other moneys payable on or in respect of a share upon which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise in relation to the shares of our Company[38].

Except as otherwise provided by the Articles of Association or the rights attached to shares or the terms of issue thereof, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case (and except as aforesaid), dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purpose of this paragraph, an amount paid up on a share in advance of a call shall be treated, in relation to any dividend declared after the payment but before the call, as not paid up on the share[39].

The Directors may pay interim dividends if it appears to them that they are justified by the profits of our Company available for distribution. If the share capital is divided into different classes, the Directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, and provided that the Directors act bona fide they shall not incur any liability to the holders of shares conferring preferred rights for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferred rights. The Directors may also resolve to pay at half-yearly or other suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of the opinion that the reserves of our Company justify the payment[40].

Whenever the Directors or our Company have resolved that a dividend be paid or declared on the share capital of our Company, the Directors may further resolve either:

(a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted shall be of the same class or classes as the class or classes already held by the members entitled thereto, provided that these members will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or[41]

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[38] Article 147

[39] Article 148

[40] Article 144

[41] Article 152(a)(i)

(b) that members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit[42].

The basis of any such allotment shall be determined by the Directors[43]. The Directors, after determining the basis of allotment, shall give not less than two weeks' notice in writing to the members of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective[44].

The shares allotted pursuant to the provisions above shall rank *pari passu* in all respects with the shares then in issue save only as regards participation:

(a) in the relevant dividend (or the right to receive or to elect to receive an allotment of shares in lieu thereof as aforesaid); or

(b) in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend[45].

Whenever the Directors or our Company in general meeting have resolved that a dividend be paid or declared, the Directors may resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of our Company or any other corporation to which our Company is entitled, or in any one or more of such ways, with or without offering any rights to members to elect to receive such dividend in cash[46].

Any dividend unclaimed for one year after having become payable may be invested or otherwise made use of by the Directors for the benefit of our Company until claimed. Any dividend which has remained unclaimed for six years after having become payable shall, if the Directors so resolve, be forfeited and cease to remain owing by our Company[47].

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42 Article 152(a)(ii)

43 Article 152(a)(i)(A)/Article 152(a)(ii)(A)

44 Article 152(a)(i)(B)/Article 152(a)(ii)(B)

45 Article 152(b)

46 Article 149

47 Article 151

INDEMNITY

Subject to the provisions of the Companies Ordinance, but without prejudice to any indemnity to which a Director may otherwise be entitled every Director, former Director, responsible person, officer or auditor of our Company shall be indemnified out of the assets of our Company against any liability, loss or expenditure incurred by him in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a Director, former Director, responsible person, officer or auditor of our Company[48].

The above paragraph shall not apply to:

(a) any liability of the Director, former Director, responsible person, officer or auditor to pay:

(i) a fine imposed in criminal proceedings; or

(ii) a sum payable by way of a penalty in respect of non-compliance with any requirement of a regulatory nature; or

(b) any liability incurred by the Director, former Director, responsible person, officer or auditor:

(i) in defending criminal proceedings in which the Director, former Director, responsible person, officer or auditor is convicted;

(ii) in defending civil proceedings brought by our Company, or an associated company of our Company, in which judgment is given against the Director, former Director, responsible person, officer or auditor;

(iii) in defending civil proceedings brought on behalf of our Company by a member of our Company or of an associated company of our Company, in which judgment is given against the Director, former Director, responsible person, officer or auditor;

(iv) in defending civil proceedings brought on behalf of an associated company of our Company by a member of the associated company or by a member of an associated company of the associated company, in which judgment is given against the Director, former Director, responsible person, officer or auditor; or

[48] Article 174

(v) in connection with an application for relief under section 903 or 904 of the Companies Ordinance in which the Court refuses to grant the Director, former Director, responsible person, officer or auditor relief[49].

WINDING UP

The Directors shall have power in the name and on behalf of our Company to present a petition to the Court for our Company to be wound up[50].

If our Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of our Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine, but no member shall be compelled to accept any assets upon which there is a liability[51].

UNTRACED MEMBERS

Without prejudice to the rights of our Company, our Company may cease sending such cheques for dividend entitlement or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions or after the first occasion on which a cheque or warrant is returned undelivered[52].

Our Company shall be entitled to sell in such manner as the Directors think fit any share held by a member, or any share to which a person is entitle by transmission, if:

(a) all cheques or warrants, being not less than three in total number, in respect of the shares in question sent during the relevant period in the manner authorised by the articles of our Company have remained uncashed or unclaimed;

(b) so far as it is aware at the end of the relevant period, our Company has not at any time during the relevant period received any indication of the existence of the shareholder who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law;

(c) at the end of the relevant period, our Company has caused an advertisement in English in one English language newspaper and in Chinese in one Chinese language daily newspaper and by notice to the Stock Exchange (if shares of the class concerned are listed on that exchange) gives notice of its intention to sell such shares;

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49 Article 175(a)

50 Article 170

51 Article 171

52 Article 177

(d) our Company has not during the further period of three months after the date of the advertisement and prior to the sale of the shares received any communication from the member or person concerned.

For the purpose of the foregoing, "relevant period" means the period commencing 12 years before the date of publication of the advertisement referred to in sub-paragraph (c) above and ending at the expiry of the period referred to in that paragraph[53].

The manner, timing and terms of any sale of shares pursuant to this Article (including, but not limited to, the price or prices at which the same is made) shall be such as the Directors determined, based upon advice from such bankers, brokers or other persons consulted by them for the purpose as the Directors consider appropriate, to be reasonably practicable having regard to all the circumstances, including the number of shares to be disposed of and the requirement that the disposal be made without delay, and the Directors shall not be liable to any person for any of the consequences of reliance on such advice[54].

To give effect to the sale of any share pursuant to the above paragraph our Company may appoint any person to execute an instrument of transfer of the share, and the instrument shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to, the share. The purchaser shall not be bound to see to the application of the proceeds of sale, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings relating to the sale. Our Company shall be indebted to the member or other person entitled to the share for an amount equal to the net proceeds of the sale, but no trust or duty to account shall arise and no interest shall be payable in respect of the proceeds of sale. Any sale under the above paragraphs shall include any additional shares which during the relevant period or during any period ending on the date when all the requirements of sub-paragraphs (a) to (d) above have been satisfied have been issued in respect of those held at the beginning of such relevant period and shall be valid and effective notwithstanding that the member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity[55].

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[53] Article 178(a)

[54] Article 178(b)

[55] Article 178(c)

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in Hong Kong under the Companies Ordinance as a company with limited liability on 15 April 2016. Our Company's registered office is at Block J, 5/F Kaiser Estate Phase II, 51 Man Yue Street, Hunghom, Kowloon, Hong Kong.

A summary of certain provisions of the Articles of Association is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

(a) On the date of incorporation, one Share was issued and allotted to Trio Holding.

(b) On 12 September 2016, one Share was issued and allotted to Trio Holding.

(c) Assuming that the Global Offering becomes unconditional, immediately following completion of the Bonus Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme), there will be 1,000,000,000 Shares in issue.

Save as disclosed above and in "5. Written resolutions of our sole Shareholder passed on 27 October 2017" below, there has been no alternation in the share capital of our Company within the two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our Subsidiaries

Certain details of our subsidiaries are set out in Appendix I to this prospectus. Save as set out in Appendix I to this prospectus, we do not have any other subsidiaries.

There has been no change in the share capital of our subsidiaries within the two years immediately preceding the issue of this prospectus.

4. Corporate reorganisation

See "History, Development and Reorganisation – Reorganisation" in this prospectus for more details regarding the Reorganisation.

5. Written resolutions of our sole Shareholder passed on 27 October 2017

Written resolutions of our sole Shareholder were passed on 27 October 2017 approving, among others, the following:

(a) conditional upon (i) the Listing Committee granting the approval of the listing of, and the permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Share which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares which may be issued upon exercise of the options granted under the Share Option Scheme; (ii) the Offer Price having been duly agreed between the Joint Bookrunners and our Company; (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and (iv) the obligations of the Underwriters under the Underwriting Agreements having become unconditional and the Underwriting Agreements not having been terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in such agreements:

(i) the Global Offering was approved and our Directors were authorised to approve the allotment and issue of the Shares pursuant to the Global Offering on and subject to the terms and conditions thereof as set out in this prospectus and the Application Forms;

(ii) the proposed Listing was approved and our Directors were authorised to implement the proposed Listing;

(iii) the Over-allotment Option was approved and our Directors were authorised to effect the same and to allot and issue the Shares upon exercise of the Over-allotment Option;

(iv) the issuance of the 250,000,000 Offer Shares and up to 287,500,000 Shares upon exercise of the Over-allotment Option was approved;

(v) conditional upon completion of the Global Offering, our Directors were authorised to allot and issue 749,999,998 Shares to Trio Holding without payment and credited as fully-paid Shares;

(vi) a general unconditional mandate (the "**Issuing Mandate**") was given to our Directors to exercise all powers of our Company to allot, issue and deal with, other than pursuant to (aa) a rights issue; (bb) any scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of a dividend on Shares in accordance with the Articles of Association; (cc) the exercise of any option to be granted under the Share Option Scheme, or under the Global Offering, or upon exercise of the Over-allotment Option; or (dd) a specific authority granted by the Shareholders in general meeting, such number of Shares representing up to 20.0% of the aggregate number of Shares immediately following completion of the Bonus Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of our next annual general meeting unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions, or the expiration of the period within which our next annual general meeting is required by the Articles of Association or any applicable law of Hong Kong to be held, or when revoked or varied by an ordinary resolution of the Shareholders in general meeting, which occurs first;

(vii) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other approved stock exchange on which our securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or requirements of the Listing Rules or of any other stock exchange on which our securities may be listed, as amended from time to time such number of Shares representing up to 10.0% of the aggregate number of Shares immediately following completion of the Bonus Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of our next annual general meeting unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions, or the expiration of the period within which our next annual general meeting is required by the Articles of Association or any applicable law of Hong Kong to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;

(viii) the extension of the Issuing Mandate to include the number of Shares which may be repurchased pursuant to the Repurchase Mandate;

(ix) the adoption of the Share Option Scheme was approved; and

(b) the Articles of Association were adopted in substitution of and to the exclusion of the existing articles of association of our Company with effect from the Listing Date.

6. Repurchase of Shares

This paragraph sets out information required by the Stock Exchange to be included in this prospectus relating to the repurchase by our Company of our own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution in writing passed by our sole Shareholder on 27 October 2017, the Repurchase Mandate was given to our Directors authorising any repurchase by our Company of Shares on the Stock Exchange, or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10.0% of the aggregate number of Shares in issue immediately following completion of the Global Offering but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Share Option Scheme, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association, the Companies Ordinance or applicable Hong Kong laws to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of Hong Kong. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchase by our Company may be made out of our funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of Shares made for the purpose of the repurchase.

(c) Reasons for repurchases

Our Directors believe that it is in the best interest of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of Hong Kong.

On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Share to us or our subsidiaries. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association, the Companies Ordinance and any other applicable law of Hong Kong.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of us is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person of our Company has notified us that he/she/it has a present intention to sell any Share to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT OUR BUSINESS

7. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) a sale and purchase agreement dated 29 August 2016 and entered into between Mr. Stanley Kwan, Mr. Tai, Mr. Lai and Grand Energy as vendors and the Company as purchaser to transfer (i) 65,000, 65,000, 35,000 and 35,000 shares in Trio Engineering, respectively, together representing its entire issued share capital; and (ii) 3,250, 3,250, 1,750 and 1,750 shares in PEMS, respectively, together representing its entire issued share capital, the consideration of which was the allotment and issue of one Share to Trio Holding at the direction of Mr. Stanley Kwan, Mr, Tai, Mr. Lai and Grand Energy, credited as fully paid;

(b) the Deed of Non-Competition;

(c) the Deed of Indemnity; and

(d) the Hong Kong Underwriting Agreement.

8. Intellectual property rights of our Group

(a) Patents

As at the Latest Practicable Date, we were the registered owner of the following patents which we believe are material to our business:

No.	Name of patent	Type of patent	Place of registration	Patent number	Duration of validity	Registered owner
1.	An integrated machine for attendance and detection of body static impedance (集考勤和人體靜電阻抗檢測的一體機)	Utility model	PRC	ZL201420232678.8	8 May 2014 to 7 May 2024	Trio Microtronics
2.	System and Method for Manufacturing Articles	Short-term patent	Hong Kong	HK1205422	13 August 2015 to 12 August 2023	Trio Engineering

(b) Computer software copyrights

As at the Latest Practicable Date, we were the registered owner of the following computer software copyrights registered in the PRC which we believe are material to our business:

No.	Name of software	Registered number	Registration date	Registered owner
1.	Trio SMT control software V1.0 (致豐SMT控制軟件V1.0)	2013SR060666	1 January 2013	Trio Microtronics
2.	Trio manufacturing online control software [T-MICS] V1.0 (致豐製造在線控制軟件 [簡稱T-MICS]V1.0)	2013SR131422	16 September 2013	Trio Microtronics
3.	Temperature and humidity monitoring system for integrated circuit products v1.0 (集成電路產品生產溫濕度監控系統V1.0)	2017SR270440	25 May 2016	Trio Microtronics
4.	Smart soldering station with control and traceability system for production of integrated circuit products v1.0 (集成電路產品生產用智能電絡鐵管控及追蹤系統 V1.0)	2017SR270132	30 June 2015	Trio Microtronics
5.	Direction control system of integrated circuit wave soldering tray v1.0 (集成電路焊接用波峰爐托盤方向控制系統V1.0)	2017SR270128	18 December 2015	Trio Microtronics
6.	Integrated circuit production smart monitoring system APP v1.0 (APP集成電路生產智能監控系統V1.0)	2017SR270674	30 December 2016	Trio Microtronics
7.	Burn-in test software for integrated circuit products v1.0 (集成電路產品老化測試軟件V1.0)	2017SR270349	29 December 2016	Trio Microtronics

(c) Domain name

As at the Latest Practicable Date, we were the registered owner of the following domain name which we believe is material to our business:

Domain name	Expiry date
www.trio-ieg.com	22 July 2018

Save as disclosed above, as at the Latest Practicable Date, there were no other intellectual property rights which are material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

9. Directors

(a) Interests of our Directors and chief executive in the share capital of our Company

The following table sets out the interests of our Directors immediately following completion of the Bonus Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme) in the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed:

Name of Director/chief executive	Capacity/nature of interest	Number of Shares(1)	Shareholding Percentage
Mr. Stanley Kwan(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%
Mr. Tai(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%
Mr. Lai(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%
Mr. Mac Carthy(2)	Interest in a controlled corporation	750,000,000 (L)	75.0%

Notes:

(1) The letter "L" denotes a long position in the Shares.

(2) As at the Latest Practicable Date, (i) Trio Holding was owned as to 32.5%, 32.5%, 17.5% and 17.5% by Nawk Investment, LLT Investment, Proactive Investment and Grand Energy, respectively; (ii) Nawk Investment, LLT Investment and Proactive Investment were directly and wholly owned by Mr. Stanley Kwan, Mr. Tai and Mr. Lai, respectively; and (iii) Grand Energy was directly and wholly owned by King Fung Nominees on trust for Mr. Mac Carthy. Because of their interests in Trio Holding, Mr. Stanley Kwan, Mr. Tai, Mr. Lai and Mr. Mac Carthy, Nawk Investment, LLT Investment, Proactive Investment, Grand Energy and King Fung Nominees will be regarded as our Controlling Shareholders and together be entitled to exercise and control 75.0% of our entire issued share capital immediately following completion of the Bonus Issue and the Global Offering.

(b) Particulars of service contracts

Each of our Executive Directors has signed a service contract with our Company for an initial term of three years, commencing from 10 February 2017 (subject to termination in certain circumstances as stipulated in the relevant service agreement).

The annual remuneration payable to our Executive Directors by our Group (excluding any discretionary bonus) is as follows:

Name of Director	**Remuneration (per annum)**
Mr. Stanley Kwan	HK$4.4 million
Mr. Tai	HK$4.4 million
Mr. Lai	HK$3.4 million
Mr. Mac Carthy	HK$2.0 million

Each of the Independent Non-executive Directors has signed a service contract with our Company for an initial term of three years, commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service contract). Each of the Independent Non-executive Directors is entitled to an annual remuneration of HK$0.2 million.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have entered into any service contract or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

10. Interests of the Substantial Shareholders in the share capital of our Company

So far as our Directors are aware, immediately following completion of the Bonus Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme), the following persons (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/nature of interest	Number of Shares[1]	Shareholding Percentage
Trio Holding	Beneficial owner	750,000,000 (L)	75.0%
Nawk Investment[2]	Interest in a controlled corporation	750,000,000 (L)	75.0%
LLT Investment[2]	Interest in a controlled corporation	750,000,000 (L)	75.0%
Proactive Investment[2]	Interest in a controlled corporation	750,000,000 (L)	75.0%
King Fung Nominees[2]	Trustee; interest in a controlled corporation	750,000,000 (L)	75.0%
Grand Energy[2]	Interest in a controlled corporation	750,000,000 (L)	75.0%

Notes:

(1) The letter "L" denotes a long position in the Shares.

(2) As at the Latest Practicable Date, (i) Trio Holding was owned as to 32.5%, 32.5%, 17.5% and 17.5% by Nawk Investment, LLT Investment, Proactive Investment and Grand Energy, respectively; (ii) Nawk Investment, LLT Investment and Proactive Investment were directly and wholly owned by Mr. Stanley Kwan, Mr. Tai and Mr. Lai, respectively; and (iii) Grand Energy was directly and wholly owned by King Fung Nominees on trust for Mr. Mac Carthy. Because of their interests in Trio Holding, Mr. Stanley Kwan, Mr. Tai, Mr. Lai and Mr. Mac Carthy, Nawk Investment, LLT Investment, Proactive Investment, Grand Energy and King Fung Nominees will be regarded as our Controlling Shareholders and together be entitled to exercise and control 75.0% of our entire issued share capital immediately following completion of the Bonus Issue and the Global Offering.

11. Disclaimers

Save as disclosed herein:

(a) none of our Directors or the chief executive of our Company has, immediately following completion of the Bonus Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme), any interest or short position in the Shares, underlying Shares or debentures of our Company or any of our associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;

(b) so far as our Directors are aware, immediately following completion of the Bonus Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the options granted under the Share Option Scheme), no person (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors or the experts referred to in "Other Information – 18. Qualification of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any asset which was within the two years immediately preceding the date of this prospectus acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors or the experts referred to in "Other Information – 18. Qualification of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and

(e) so far as our Directors are aware, none of our Directors, their respective close associates or Shareholders who are interested in more than 5.0% of the issued share capital of our Company has any interest in the five largest customers and/or suppliers of our Group.

OTHER INFORMATION

12. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by written resolutions of our sole Shareholder passed on 27 October 2017. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

(a) Purpose

The purpose of the Share Option Scheme is to (i) motivate Eligible Persons (as set out in paragraph (b) below) to optimise their performance and efficiency for the benefit of our Group; and (ii) to attract, retain or otherwise maintain on-going relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth and success of our Group.

(b) Eligible persons

Our Board may, at its sole discretion, grant options to: (i) any director, employee or officer of and employed by any member of our Group (whether on a full time or part time basis) (the "**Employee**"), consultant, professional, customer, supplier, agent, partner or adviser of or contractor to any member of our Group or a company in which our Group holds an interest or a subsidiary of such company (the "**Affiliate**"); (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, Employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to any member of our Group or an Affiliate; or (iii) a company beneficially owned by any director, Employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to any member of our Group or an Affiliate (together, the "**Eligible Persons**" and each an "**Eligible Person**").

(c) Conditions and administration

The Share Option Scheme shall come into effect on the Listing Date, subject to:

(i) the passing of the necessary resolution(s) to adopt the Share Option Scheme by the sole Shareholder in general meeting;

(ii) the Listing Committee granting the approval of the listing of, and the permission to deal in, the Shares in issue and to be issued (including any Shares to be issued upon exercise of the options which may be granted under the Share Option Scheme); and

(iii) the commencement of dealings in the Shares on the Main Board.

The Share Option Scheme shall be subject to the administration of our Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (except as otherwise provided in the rules of the Share Option Scheme) be final and binding on all parties thereto. Our Board may delegate any or all of its powers in relation to the Share Option Scheme to any of its committees.

(d) Determination of eligibility

(i) The Board may, at its absolute discretion, offer to grant to any Eligible Person (a "**Grantee**") an option to subscribe for Shares under the Share Option Scheme.

(ii) An Eligible Person or a Grantee shall provide the Board such information as the Board may in its absolute discretion request for the purpose of assessing and/or determining his eligibility or continuing eligibility as an Eligible Person and/or a Grantee.

(e) Duration

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Listing Date. However, the Shareholders may by a resolution in general meeting at any time terminate the Share Option Scheme. Upon expiry or termination of the Share Option Scheme, no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the Share Option Scheme.

(f) Grant of options

On and subject to the terms and conditions of the Share Option Scheme, our Board shall be entitled at any time on a business day within a period of 10 years commencing on the Listing Date to offer the grant of any option to any Eligible Person as the Board may in its absolute discretion select, and on acceptance of the offer, grant such part of the option as accepted to the Eligible Person.

Subject to the provisions of the Share Option Scheme, the Board may in its discretion when offering the grant of an option impose any condition, restriction or limitation in relation thereto in addition to those expressly set out in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the option), including but without prejudice to the generality of the foregoing continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the Grantee, and continuing compliance by the Grantee of certain terms and conditions.

An offer of the grant of an option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the Grantee together with a remittance in favour of our Company of HK$1.0 by way of consideration for the grant thereof is received by our Company within the period specified in the letter containing the offer of the grant of the option. Once such acceptance is made, the option shall be deemed to have been granted and to have taken effect from the offer date.

(g) Subscription price of the Shares

The subscription price for the Shares in respect of any option granted under the Share Option Scheme shall be such price as our Board may determine and notify to each Grantee (in the letter containing the offer of the grant of the option) shall not be less than whichever is the highest of:

(i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(ii) the average of the closing prices of Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the offer date.

The subscription price shall also be subject to adjustment in accordance with paragraph (m).

(h) Exercise of options

(i) An option shall be exercised in whole or in part by the Grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given. The Grantee shall not exercise any option within a period of three years after the date of grant of such option. After the expiry of three years' period and subject to the Grantee remaining an Eligible Person, the Grantee may exercise part or all of his option pursuant to the Share Option Scheme.

(ii) An option shall be personal to the Grantee and shall not be assignable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or purport to do so.

(iii) An option may be exercised at any time during the option period, provided that:

(1) in the event of death of the Grantee (being an individual) before exercising the option(s) in full, the legal personal representatives of the Grantee may exercise the option(s) up to the Grantee's entitlement (to the extent exercisable as at the date of his death and not exercised) within the period of 12 months following his death or such longer period as the Board may determine;

(2) subject to sub-paragraphs (3) and (4), in the event of the Grantee who is an Employee ceasing to be an Employee for any reason other than his death, disability or the termination of his employment on one or more of the grounds specified in sub-paragraph (i)(vi), the Grantee may exercise the option(s) (to the extent exercisable as at the date of the relevant event and not exercised) within 30 days following such cessation;

(3) where the Grantee is an Employee, director, consultant, professional, agent, partner, advisor of or contractor to any member of our Group or an Affiliate at the time of the grant of the relevant option(s) and his employment or service is terminated on the ground of disability, the Grantee may exercise the option(s) (to the extent exercisable as at the date on which such Grantee ceases to be an Employee, director, consultant, professional, agent, partner, advisor of or contractor to any member of our Group or an Affiliate and not exercised) within six months following such cessation or such longer period as the Board may determine;

(4) where the Grantee is an Employee at the time of the grant of the relevant option(s), in the event that such Grantee shall cease to be an Employee but becomes, or continues to be, a consultant, professional, customer, supplier, agent, partner or adviser of or contractor to any member of our Group or an Affiliate, then the option(s) (to the extent exercisable as at the date on which such Grantee ceases to be an Employee and not exercised) shall be exercised within three months following the date of such cessation or such longer period as the Board may determine;

(5) where the Grantee is an Employee at the time of the grant of the relevant option(s), in the event that such Grantee shall cease to be an Employee but becomes, or continues to be, a director of any member of our Group or an Affiliate, then the option(s) (to the extent exercisable as at the date on which such Grantee ceases to be an Employee and not exercised) granted prior to the date of his becoming a director of any member of our Group or an Affiliate shall remain exercisable until its expiry in accordance with the provisions of the Share Option Scheme and the terms and conditions upon which such option(s) is/are granted unless the Board shall determine to the contrary;

(6) in the event of the Grantee, who is a director, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to any member of our Group or an Affiliate but not an Employee, ceasing to be a director, consultant, customer, supplier, agent, partner or adviser of or contractor to any member of our Group or an Affiliate for any reason other than his death (in the case of a Grantee being an individual) or disability (in the case of a Grantee being a director or consultant of any

member of our Group or an Affiliate), the option(s) (to the extent exercisable as at the date of such cessation and not exercised) shall be exercised within 30 days following the date of such cessation or such longer period as the Board may determine;

(7) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional, the Grantee shall be entitled to exercise the option (to the extent not already exercised) in full or in part at any time within one month after the date on which the offer becomes or is declared unconditional;

(8) in the event notice is given by our Company to the Shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to all Grantees and the Grantee may, by notice in writing to our Company accompanied by the remittance for the total subscription price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two business days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise; and

(9) if a compromise or arrangement between our Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than the relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), our Company shall give notice thereof to all Grantees on the same day as it despatches notices of meeting to its members or creditors to consider such a compromise or arrangement and thereupon the Grantee may, by notice in writing to our Company accompanied by the remittance for the total subscription price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two business days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and our Company shall, as soon as possible and

in any event no later than the business day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof.

(iv) The Shares to be allotted and issued upon exercise of an option shall be subject to all the provisions of the Articles of Association in force as at the allotment date and shall rank pari passu in all respects with then existing fully-paid Shares in issue on the allotment date, and accordingly shall entitle the holders to participate in all dividend or other distributions paid or made on or after the allotment date, other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the allotment date. Any Share allotted and issued upon exercise of an option shall not carry voting rights until the name of the Grantee has been duly entered into the register of members of our Company as the holder thereof.

(v) The Grantee may only exercise an option subject to any restrictions as may be reasonably imposed by the Board from time to time with a view to ensure or facilitate compliance with any applicable laws, mandatory rules and/or regulations binding on our Company, particularly those relating to insider dealing and other prohibitions under the Listing Rules.

(i) Lapse of options

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the occurrence of any of the following events unless otherwise relaxed or waived (conditionally or unconditionally) by our Board:

(i) the expiry of the option period;

(ii) the expiry of any of the periods referred to in sub-paragraphs (h)(iii)(1) to (h)(iii)(7);

(iii) subject to sub-paragraph (h)(iii)(8), the date of the commencement of the winding-up of our Company;

(iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in sub-paragraph (h)(iii)(9);

(v) the date on which the Grantee who is an Employee ceases to be an Employee by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty;

(vi) the happening of any of the following events, unless otherwise waived by the Board:

(1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Grantee (being a corporation);

(2) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within the meaning of the Companies Ordinance) or otherwise become insolvent;

(3) there is unsatisfied judgment, order or award outstanding against the Grantee or our Company has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his debts;

(4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (1), (2) and (3) above;

(5) a bankruptcy order has been made against the Grantee or any director of the Grantee (being a corporation) in any jurisdiction; or

(6) a petition for bankruptcy has been presented against the Grantee or any director of the Grantee (being a corporation) in any jurisdiction;

(vii) the date on which the Grantee commits or attempts to commit a breach of sub-paragraph (h)(ii);

(viii) the date on which the Grantee commits a breach of any terms or conditions attached to the grant of the option, unless otherwise resolved to the contrary by the Board; or

(ix) the date on which the Board resolves that the Grantee has failed or otherwise is or has been unable to meet the continuing eligibility under the Share Option Scheme.

No compensation shall be payable upon the lapse of any option, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

(j) Maximum number of Shares available for subscription

The maximum number of Shares to be issued upon exercise of all options which may be granted under the Share Option Scheme (and under any other share option scheme of our Company) shall not in aggregate exceed 10.0% of the Shares in issue immediately after completion of the Bonus Issue and the Global Offering and as at the Listing Date (the "**Scheme Mandate Limit**"), provided that our Company may at any time as the Board may think fit seek approval from the Shareholders to refresh the Scheme Mandate Limit, except that the maximum number of Shares to be issued upon exercise of all options which may be granted under the Share Option Scheme (and under any other share option scheme of our Company) shall not exceed 10.0% of the Shares in issue as at the date of approval by the Shareholders in general meeting where such limit is refreshed. Options previously granted under the Share Option Scheme and any other share option scheme (including those exercised, outstanding, cancelled and lapsed in accordance with the terms and conditions of the Share Option Scheme or any other share option scheme of our Company) shall not be counted for the purpose of calculating the limit as refreshed. Our Company shall issue a circular containing the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules to the Shareholders. In addition, our Company may seek separate approval from the Shareholders in general meeting for granting options beyond the Scheme Mandate Limit, provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by our Company before such approval is sought and for whom specific approval is obtained. Our Company shall issue a circular to the Shareholders containing the information required under Rule 17.03(3) of the Listing Rules.

The maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme (and under any other share option scheme of our Company) shall not exceed 30.0% of the Shares in issue from time to time.

The maximum number of Shares issued and to be issued upon exercise of the options granted to any one Eligible Person (including exercised and outstanding options) in any 12-month period shall not exceed 1.0% of the Shares in issue from time to time. Where any further grant of options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all options granted and which may be granted to such Eligible Person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1.0% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his associates or close associates (as the case may be) abstaining from voting. The applicable requirements of Rule 17.03(4) of the Listing Rules shall be complied with.

The maximum numbers set out in this paragraph (j) shall be subject to adjustment in accordance with paragraph (m) but shall not in any event exceed the limits imposed by Chapter 17 of the Listing Rules.

(k) Grant of options to Directors, chief executive of our Company, Substantial Shareholders or any of their associates

Insofar as and for so long as the Listing Rules require, where any offer of an option is proposed to be made to a Director, chief executive of our Company or Substantial Shareholder or any of their respective associates, such offer must first be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the Grantee to whom the option is proposed to be granted). Insofar and for so long as the Listing Rules so require, no option may be granted to any Substantial Shareholder or Independent Non-executive Director or any of their respective associates which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme (and under any other share option scheme of our Company) in the 12-month period up to and including the date of grant (i) representing in aggregate over 0.1% of the share capital of our Company in issue; or (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK$5.0 million, unless such further grant is approved by the Shareholders in general meeting. Prior to seeking such approval, our Company shall issue a circular containing such information as required by the Listing Rules to the Shareholders. At such general meeting, the grant of options to the Substantial Shareholder or Independent Non-executive Director or any of their respective associates shall, for so long and insofar as the Listing Rules so require, be approved by the Shareholders by way of poll with the Grantee, his associates and all core connected persons of our Company abstaining from voting in favour at such general meeting.

(l) Cancellation of options

The Board shall be entitled for the following causes to cancel any option in whole or in part by giving notice in writing to the Grantee stating that such option is thereby cancelled with effect from the date specified in such notice (the "**Cancellation Date**"):

(i) the Grantee commits or permits or attempts to commit or permit a breach of sub-paragraph (d)(ii) or any term or condition attached to the grant of the option;

(ii) the Grantee makes a written request to the Board for, or agrees to, the option to be cancelled; or

(iii) if the Grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or any member of our Group.

The option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case. Where our Company cancels an option held by a Grantee and issues new options to the same Grantee, the issue of such new options may only be made under the Share Option Scheme with available unissued options (excluding the cancelled option) within the limits set out in paragraph (j) above.

(m) Reorganisation of capital structure

In the event of any change in the capital structure of our Company while any option may become or remains exercisable, whether by way of a capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of our Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

(i) the number of Shares subject to outstanding options;

(ii) the subscription price of each outstanding option;

(iii) the method of exercise of the options; and/or

(iv) the number of Shares subject to the Share Option Scheme.

Any adjustments required under this paragraph (m) must give a Grantee the same proportion of the equity capital as that to which that Grantee was previously entitled, but no such adjustments may be made to the extent that such adjustments are made to the advantage of the Grantee. For the avoidance of doubt, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring an adjustment.

The capacity of the auditors or the independent financial advisors (as the case may be) in this paragraph (m) is that of experts and not of arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on our Company and the Grantees. The costs of the auditors or the independent financial advisors (as the case may be) shall be borne by our Company.

(n) Distributions

Upon distribution by our Company to holders of the Shares of any cash or in specie of assets (other than dividend in the ordinary course) (the "**Distribution**"), our Company may make a downward adjustment to the subscription price of any option granted but not exercised as at the date of such Distribution by an amount which the Board considers as reflecting the impact such Distribution will have or will likely to have on the trading price of the Shares, provided that (i) the Board's determination of any adjustment shall be final and binding on all Grantees; (ii) the amount of adjustment shall not exceed the amount of such Distribution to be made to the Shareholders; (iii) such adjustment shall take effect on or after the date of such Distribution by our Company; and (iv) any adjustment provided for in this paragraph (n) shall be cumulative to any other adjustment contemplated under paragraph (m) or approved by the Shareholders in general meeting.

(o) Disputes

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares the subject of an option, the amount of the subscription price or otherwise) shall be referred to the independent financial advisers of our Company for decision, who shall act as experts and not as arbitrators and whose decision shall be final and binding.

(p) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by a resolution of the Board, except that the following shall not be carried out except with the prior approval of the Shareholders by an ordinary resolution in a general meeting:

(i) any material alteration of the terms and conditions of the Share Option Scheme or any change to the terms of options granted (except where the alterations take effect under the existing terms of the Share Option Scheme);

(ii) any alteration of the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantages of the Grantees;

(iii) any change to the authority of our Directors in relation to any alteration of the terms of the Share Option Scheme; or

(iv) any alteration to this paragraph (p),

provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of Chapter 17 of the Listing Rules.

(q) Termination

Our Company may by a resolution of the Shareholders in general meeting at any time terminate the operation of the Share Option Scheme. Upon termination of the Share Option Scheme, no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

13. Tax, estate duty and other indemnity

Mr. Stanley Kwan, Mr. Tai, Mr. Lai, Mr. Mac Carthy, Nawk Investment, LLT Investment, Proactive Investment, Grand Energy and King Fung Nominees, each being a Controlling Shareholder (together the "**Indemnifiers**"), have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) to provide indemnities in respect of, among other matters:

(a) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation;

(b) all claims, actions, taxation, demands, proceedings, judgments, losses, liabilities, damages, costs, fees, sums, charges, expenses, penalties and fines resulting from (i) the non-compliance matters relating to non-payment of social insurance and housing provident fund contributions; and (ii) title defects of certain leased properties of our Group as more particularly described in "Business – Non-compliance Matters" in this prospectus incurred or suffered by any of member of our Group on or before the Listing Date; and

(c) all claims, actions, taxation, demands, proceedings, judgments, losses, liabilities, damages, costs, fees, sums, charges, expenses, penalties and fines resulting from any failure, delay or defect of corporate or regulatory compliance or error, discrepancy or missing document in the statutory records of any member of our Group under, or any breach of any provision of, the Companies Ordinance or its subsidiary legislation on or before the Listing Date.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

(a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 31 May 2017;

(b) to the extent that such taxation or liability falling on any member of our Group in respect of any accounting period commencing on or after 1 June 2017 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction:

   (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing Date; or

(ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date or pursuant to any statement of intention made in the prospectus;

(c) to the extent that such liability arises or is incurred as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by any statutory or government authority (in Hong Kong or elsewhere), including but without limitation the Hong Kong Inland Revenue Department coming into force after the Listing Date or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the Listing Date with retrospective effect; or

(d) to the extent that any provision or reserve made for taxation in the audited consolidated accounts of the Group or the audited accounts of any member of our Group up to 31 May 2017 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Dealings in Shares registered on our register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred. Dividend paid on Shares will not be subject to tax in Hong Kong and no tax is imposed in Hong Kong in respect of capital gains. However, profits from dealings in the Shares derived by persons carrying on a business of trading or dealings in securities in Hong Kong arising in or derived from Hong Kong may be subject to Hong Kong profits tax.

We have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

14. Preliminary expenses

Our preliminary expenses amounted to HK$7,750.0 and were paid by us.

15. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

16. Application for Listing

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares to be issued as mentioned in this prospectus and any Share which may be issued upon exercise of the Over-allotment Option or pursuant to the exercise of any option which may be granted under the Share Option Scheme. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

17. Sole Sponsor

The Sole Sponsor is independent of our Company pursuant to Rule 3A.07 of the Listing Rules. The total amount of fees payable by our Company to the Sole Sponsor is HK$6.1 million.

18. Qualifications of experts

The qualifications of the experts (the "**Experts**") who have given opinions or advice which are contained or referred to in this prospectus are as follows:

Name	Qualifications
Halcyon Capital Limited	A corporation licensed under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined in the SFO
PricewaterhouseCoopers	Certified Public Accountants
PricewaterhouseCoopers Limited	Transfer pricing consultant
Global Law Office	Legal advisers to our Company as to PRC laws
Ipsos Limited	Industry consultant

19. Consents of experts

Each of the Experts has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

20. Interests of experts

None of the Experts has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

None of the Experts has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

21. Exemption from requirement to set out property valuation report

This prospectus is exempt from compliance with the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance in reliance on the exemption under section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). See "Business – Properties" in this prospectus for further details.

22. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

23. Miscellaneous

Save as otherwise disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(c) within the two years preceding the date of this prospectus, no commission has been paid or is payable (save for the underwriting commission to the Underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscription, for any Share in our Company;

(d) neither our Company nor any of our subsidiaries has issued or agreed to issue any founder share, management share or deferred share;

(e) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(f) save in connection with the Underwriting Agreements, none of the experts listed in "Other Information – 18. Qualifications of experts" in this Appendix:

(i) is interested legally or beneficially in any securities of any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

24. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration are (i) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (ii) the written consents referred to in "Statutory and General Information – Other Information – 19. Consents of experts" in Appendix IV to this prospectus; and (iii) a copy of each of the material contracts referred to in "Statutory and General Information – Further Information about our Business – 7. Summary of material contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Deacons on 5th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(i) the Articles of Association;

(ii) the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(iii) the report from PricewaterhouseCoopers relating to the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(iv) the audited consolidated financial statements of our Group for FY2014, FY2015, FY2016 and 5M2017;

(v) the material contracts referred to in "Statutory and General Information – Further Information about our Business – 7. Summary of material contracts" in Appendix IV to this prospectus;

(vi) the service contracts referred to in "Statutory and General Information – Further Information about our Directors and Substantial Shareholders – 9. Directors – (b) Particulars of service contracts" in Appendix IV to this prospectus;

(vii) the written consents referred to in "Statutory and General Information – Other Information – 19. Consents of experts" in Appendix IV to this prospectus;

(viii) the industry report issued by Ipsos Limited;

(ix) the transfer pricing report issued by PricewaterhouseCoopers Limited;

(x) the PRC legal opinion issued by Global Law Offices, our legal advisers as to PRC laws, relating to our business operations and property interests in the PRC; and

(xi) the rules of the Share Option Scheme.

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