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TRIO INDUSTRIAL ELECTRONICS GROUP LIMITED

致豐工業電子集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1710)

CONTINUING CONNECTED TRANSACTION – CONSULTANCY AGREEMENT

On 29 October 2021, Trio Engineering entered into the Consultancy Agreement with Mr. Kwan to appoint him as a consultant of the Group. The appointment will be effective from 1 November 2021 to 31 October 2022 (both dates inclusive).

Mr. Kwan is one of the founders of Trio Engineering who retired from his directorship in the Group by the end of 2015. He is also the spouse of Ms. Wong So Nui Amy, one of the Controlling Shareholders. Therefore, Mr. Kwan is a connected person of the Company and the Consultancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated in the Consultancy Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Consultancy Agreement are subject to the reporting, announcement and annual review requirements but are exempt from circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Consultancy Agreement

The Board is pleased to announce that Trio Engineering entered into the Consultancy Agreement with Mr. Kwan on 29 October 2021 to appoint him as a consultant of the Group. The major terms of the Consultancy Agreement are summarised below:

- Date:** 29 October 2021
- Parties:**
- (1) Trio Engineering
 - (2) Mr. Kwan
- Term:** The appointment is for a term of 12 months commencing from 1 November 2021 and expiring on 31 October 2022 (both dates inclusive).
- Scope of services:** During the term of his appointment, Mr. Kwan will provide the following services in respect of the Group's business and operations:
- (i) give advice with respect to the formulation and development of the business and corporate development strategies and directions;

- (ii) give advice with regard to the production, operation, sales, management and product development;
- (iii) offer assistance and contributions in developing the holistic corporate and business development goals; and
- (iv) develop loyalty and relationship with the major electronic manufacturing services customers of the Group.

Fee and payment terms:

Trio Engineering will pay a monthly consultancy fee of HK\$356,500 (the “Fee”) and a monthly car allowance of HK\$30,000 to Mr. Kwan. Trio Engineering will also reimburse Mr. Kwan any reasonable and necessary expenses incurred in connection with his provision of services under the Consultancy Agreement.

A one-off gratuity of HK\$310,000 will be paid to Mr. Kwan after the completion of the term of the Consultancy Agreement.

The payment to Mr. Kwan pursuant to the Consultancy Agreement will be funded by the internal resources of the Group.

Termination:

Either Trio Engineering or Mr. Kwan may terminate the Consultancy Agreement by giving not less than one month’s notice in writing to the other at any time during the term of the Consultancy Agreement.

Annual Cap

The maximum annual caps to be paid by Trio Engineering to Mr. Kwan for the provision of services under the Consultancy Agreement are as follows:

For the period from 1 November 2021 to 31 December 2021	HK\$850,000
For the period from 1 January 2022 to 31 October 2022	HK\$4,375,000

Basis of Determination of the Fee and Annual Cap

In arriving at the above annual caps, the Board has taken into account the monthly Fee, the monthly car allowance, one-off gratuity and any reimbursement of reasonable and necessary expenses to be paid from Trio Engineering to Mr. Kwan pursuant to the Consultancy Agreement and such annual caps were determined with reference to Mr. Kwan’s experience, duties, and responsibilities as a consultant within the Group and the range of comparable market price for such consultancy services. The terms of the Consultancy Agreement were determined after arm’s length negotiations between the relevant parties.

Reasons for and Benefits of the Consultancy Agreement

Mr. Kwan is one of the founders of Trio Engineering and has been involved in the overall management as well as supervision of the sales and marketing division of the Group since 1983 until his retirement in 2015. He has over 40 years of experience in the electronics industry and has established close and stable working relationships with the customers of the Group.

The Board is of the view that the appointment of Mr. Kwan as a consultant will be a key factor to the Group's success taking into account: (i) Mr. Kwan's strategic role as a founder of Trio Engineering; and (ii) his experience and expertise necessary for continuity and stability of the Group's business operations and corporate development. Through this appointment, the Group will have the benefits of his advisory services and contributions in furtherance of the interests of the Company.

Listing Rules Implications

Mr. Kwan is the spouse of Ms. Wong So Nui Amy, one of the Controlling Shareholders. Therefore, Mr. Kwan is a connected person of the Company and the Consultancy Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated in the Consultancy Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Consultancy Agreement are subject to the reporting, announcement and annual review requirements but are exempt from circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Directors' Confirmation in Respect of the Consultancy Agreement

None of the Directors has a material interest in the Consultancy Agreement and there no Director was required to abstain from voting on the board resolution approving the Consultancy Agreement. The Directors (including the independent non-executive Directors) are of the view that the Consultancy Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and the terms of the Consultancy Agreement and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information on the Group

The Group is a leading manufacturer of customised industrial electronic components and products. Its products include: (i) smart battery chargers; (ii) electro-mechanical products; (iii) switch-mode power supplies; and (iv) smart vending systems.

Definitions

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“connected person”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Trio Industrial Electronics Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01710)

“Consultancy Agreement”	the consultancy agreement dated 29 October 2021 between Trio Engineering and Mr. Kwan
“Controlling Shareholders”	collectively: <ul style="list-style-type: none"> (i) Trio Industrial Electronics Holding Limited (“Trio Holding”) which directly owns 725,000,000 shares of the Company (representing 72.5% of the total issued shares of the Company) as at the date of this announcement; (ii) Nawk Investment Inc. (“Nawk Investment”), LLT Investment Inc. (“LLT Investment”), Proactive Investment Inc. (“Proactive Investment”), Grand Energy Investment Limited (“Grand Energy”) and Eastville Enterprises Limited (“Eastville Enterprises”) who in aggregate own 100% of Trio Holding; (iii) Mr. Kwan Tak Sum Stanley, Mr. Tai Leung Lam (an executive Director), Mr. Lai Yiu Wah (an executive Director) and Ms. Wong So Nui Amy (the spouse of Mr. Kwan) who directly and wholly owned Nawk Investment, LLT Investment, Proactive Investment and Eastville Enterprises, respectively; (iv) King Fung Nominees Limited (“King Fung Nominees”) who directly and wholly owned Grand Energy on trust for Mr. Joseph Mac Carthy (an executive Director); and (v) Mr. Joseph Mac Carthy.
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Kwan”	Mr. Kwan Chan Kwong
“Shareholders”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trio Engineering”

Trio Engineering Company Limited (致豐工程有限公司, former Chinese name 志豐工程有限公司), a company incorporated under the laws of Hong Kong with limited liability on 16 September 1983 and a direct wholly-owned subsidiary of the Company

“%”

per cent

On behalf of the Board
Trio Industrial Electronics Group Limited
Lai Yiu Wah
Chairman and executive Director

Hong Kong, 29 October 2021

As at the date of this announcement, the Board comprises Mr. Lai Yiu Wah, Mr. Tai Leung Lam and Mr. Joseph Mac Carthy as executive Directors, Mr. Fung Chun Chung, Mr. Cheung Kin Wing and Mr. Wong Raymond Fook Lam as independent non-executive Directors.