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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1710)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the "**Board**") of directors (the "**Directors**") of Trio Industrial Electronics Group Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2022, together with comparative figures for the six months ended 30 June 2021 as follows:

FINANCIAL HIGHLIGHTS:

- Revenue for the six months ended 30 June 2022 increased by 28.3% to HK$417.4 million as compared with the corresponding period of 2021.
- Gross profit for the six months ended 30 June 2022 increased by 9.1% to HK$73.0 million, while gross profit margin reduced by 3.1 percentage points to 17.5% as compared with the corresponding period of 2021.
- The Group recorded a profit before income tax of HK$1.4 million for the six months ended 30 June 2022 as compared with a loss before income tax of HK$8.4 million for the corresponding period of 2021.
- Profit attributable to owners of the Company for the six months ended 30 June 2022 was HK$0.9 million, as opposed to a loss attributable to owners of the Company of HK$9.9 million for the corresponding period of 2021.
- The Board has resolved to declare an interim dividend of HK0.8 cent per ordinary share for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2022 HK$'000 (Unaudited)	2021 HK$'000 (Unaudited)
Revenue	*4*	**417,416**	325,371
Cost of sales	*5*	**(344,432)**	(258,462)
Gross profit		**72,984**	66,909
Other income, net	*4*	**3,977**	939
Selling and distribution expenses	*5*	**(7,531)**	(7,272)
Administrative expenses	*5*	**(66,370)**	(66,782)
Other operating income, net	*5*	**2,222**	764
Profit/(loss) from operations		**5,282**	(5,442)
Finance expenses, net	*6*	**(3,887)**	(2,962)
Profit/(loss) before income tax		**1,395**	(8,404)
Income tax expense	*7*	**(519)**	(1,463)
Profit/(loss) for the period		**876**	(9,867)
Other comprehensive expense			
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences		**(854)**	(1,243)
Other comprehensive expense for the period, net of tax		**(854)**	(1,243)
Total comprehensive income/(loss) for the period		**22**	(11,110)
Profit/(loss) for the period attributable to:			
Owners of the Company		**876**	(9,867)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		**22**	(11,110)
Earnings/(loss) per share			
– Basic and diluted (HK cent)	*8*	**0.09**	(0.99)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2022** ***HK$'000*** **(Unaudited)**	As at 31 December 2021 *HK$'000* (Audited)
Assets			
Non-current assets			
Property, plant and equipment		**52,613**	59,479
Right-of-use assets		**103,891**	14,378
Financial assets at fair value through profit or loss – non-current		**11,039**	11,527
Prepayment		**1,814**	1,831
Deferred tax assets		**6,974**	4,754
		176,331	91,969
Current assets			
Inventories		**301,234**	243,729
Trade and other receivables	*10*	**162,806**	172,239
Prepayments and deposits		**24,907**	23,530
Financial asset at fair value through profit or loss – current		**535**	639
Restricted bank deposits		**6,142**	6,140
Bank and cash balances		**70,383**	62,790
Tax recoverable		**–**	578
		566,007	509,645
Current liabilities			
Trade and other payables	*11*	**172,017**	170,372
Contract liabilities		**55,458**	45,370
Bank borrowings	*12*	**48,113**	10,438
Lease liabilities – current		**9,257**	7,537
Current income tax liabilities		**12,453**	10,500
		297,298	244,217
Net current assets		**268,709**	265,428
Total assets less current liabilities		**445,040**	357,397
Non-current liabilities			
Lease liabilities – non-current		**96,347**	8,561
Deferred tax liabilities		**3,945**	4,169
		100,292	12,730
Net assets		**344,748**	344,667
Equity			
Share capital	*13*	**281,507**	281,507
Reserves		**63,241**	63,160
Total equity		**344,748**	344,667

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 ("**Interim Financial Information**") is presented in thousands of Hong Kong dollars ("**HK$'000**"), unless otherwise stated.

2 BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2021 that is included in the Interim Financial Information as comparative information does not constitute the Group's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622, the laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Except as described below, the accounting policies used in the preparation of the Interim Financial Information are consistent with those set out in the annual report for the year ended 31 December 2021.

Amended standards effective in 2022 which are relevant to the Group's operations

The Group has adopted the following amended standards which are effective for the financial period beginning on or after 1 January 2022 and relevant to the Group:

HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 (Amendment)	Reference to the Conceptual Framework
Annual Improvements Project (Amendments)	Annual Improvements to HKFRSs 2018-2020 Cycle

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

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

3 SEGMENT INFORMATION

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

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

The Group provides manufacturing and sales of electronic products, which are carried out internationally, through the production complexes located in the People's Republic of China (the "**PRC**"), Ireland, and Thailand during the six months ended 30 June 2022 and 2021.

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 that each contributes over 10% of total revenue of the Group for any of the six months ended 30 June 2022 and 2021 are as follows:

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A	**109,582**	76,518
Customer B	**57,472**	46,244
Customer C	**N/A**	34,388

Geographical information

During the six months ended 30 June 2022, the majority of revenue was derived from customers in Europe (mainly the United Kingdom (the "**UK**"), Switzerland, Ireland, Denmark, and Sweden), while the remaining revenue was from customers in the United States of America (the "**US**"), the PRC (including Hong Kong), and others (mainly Australia).

In relation to non-current assets held by the Group (primarily represented by property, plant and equipment and right-of-use assets), land and buildings with carrying values as at 30 June 2022 of HK$24,307,000 (31 December 2021: HK$24,900,000) are located in Hong Kong. Other property, plant and equipment and right-of-use assets are primarily located in the PRC and Thailand.

4 REVENUE AND OTHER INCOME, NET

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of goods	**417,416**	325,371
Other income, net		
Commission income	**60**	136
Fair value loss on financial assets at fair value through profit or loss	**(592)**	(366)
Gain/(loss) on foreign exchange, net	**2,373**	(586)
Government grants	**692**	562
Investment income	**117**	303
Rental income	**164**	–
Scrap material sale income	**636**	287
Service income	**192**	262
Sundry income	**335**	341
	3,977	939

5 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses (including Directors' emoluments)	**95,462**	90,959
Auditors' remuneration	**1,439**	1,401
Depreciation for property, plant and equipment	**6,614**	5,672
Depreciation for right-of-use assets	**3,925**	4,463
Amortisation for insurance expense	**17**	17
Obsolete inventories written off	**6**	326
Expenses related to short-term leases	**661**	221
Gain on derivative financial instruments	**–**	(244)
Loss on disposal of property, plant and equipment	**–**	6
Reversal of provision for impairment loss on inventories	**(2,321)**	(869)
Provision for impairment loss on trade receivables	**76**	–

6 FINANCE EXPENSES, NET

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income		
Bank interest income	**52**	35
Finance income	**52**	35
Finance expenses		
Interest on bank borrowings – wholly repayable within five years	**(965)**	(349)
Interest on lease liabilities	**(501)**	(269)
Other finance expenses		
Bank charges	**(2,473)**	(2,379)
Finance expenses	**(3,939)**	(2,997)
Finance expenses, net	**(3,887)**	(2,962)

7 INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax:		
– Hong Kong	**2,938**	3,347
Overprovision in prior years	**(34)**	–
Deferred tax credit	**(2,385)**	(1,884)
Income tax expense	**519**	1,463

(a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. The Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK$2 million for the six months ended 30 June 2022 and 2021.

(b) No provision for corporate income tax in other jurisdictions has been made as the Group has no assessable incomes in the relevant jurisdiction during the six months ended 30 June 2022 and 2021.

8 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated on the profit/(loss) attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company *(HK$'000)*	**876**	(9,867)
Weighted average number of ordinary shares in issue *(thousand shares)*	**1,000,000**	1,000,000
Basic earnings/(loss) per share *(HK cent)*	**0.09**	(0.99)

(b) Diluted earnings/(loss) per share

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

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share due to the absence of dilutive potential ordinary shares for the six months ended 30 June 2022 and 2021.

9 DIVIDENDS

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period		
Final dividend for 2020 paid of HK1.2 cents per ordinary share	**–**	12,000
Dividend declared after the end of the interim reporting period		
Interim dividend of HK0.8 cent (2021: Nil) per ordinary share	**8,000**	–

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

10 TRADE AND OTHER RECEIVABLES

	Note	As at 30 June 2022 HK$'000 (Unaudited)	As at 31 December 2021 HK$'000 (Audited)
Trade receivables	(a)	**159,703**	172,113
Less: provision for impairment loss on trade receivables		**(1,923)**	(1,846)
Trade receivables – net		**157,780**	170,267
Other receivables		**5,026**	1,972
		162,806	172,239

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

Note:

(a) Trade receivables were arising from trading of electronic products. The payment terms of trade receivables granted to third party customers range from full payment before shipment to 75 days from end of month. As at 30 June 2022 and 31 December 2021, the aging analysis based on invoice date of the trade receivables is as follows:

	As at 30 June 2022 HK$'000 (Unaudited)	As at 31 December 2021 HK$'000 (Audited)
Below 30 days	**82,227**	75,298
Between 31 and 60 days	**50,382**	62,145
Over 60 days	**27,094**	34,670
	159,703	172,113

11 TRADE AND OTHER PAYABLES

	Note	As at 30 June 2022 HK$'000 (Unaudited)	As at 31 December 2021 HK$'000 (Audited)
Trade payables	*(a)*	**147,895**	124,699
Trust receipts		**–**	26,321
Accruals and other payables		**24,122**	19,352
		172,017	170,372

(a) The credit terms of trade payables granted by the vendors generally range from full payment before shipment to net 180 days. As at 30 June 2022 and 31 December 2021, the aging analysis of trade payables based on invoice date is as follows:

	As at 30 June 2022 HK$'000 (Unaudited)	As at 31 December 2021 HK$'000 (Audited)
Below 30 days	**76,503**	54,450
Between 31 and 60 days	**46,106**	42,225
Over 60 days	**25,286**	28,024
	147,895	124,699

12 BANK BORROWINGS

	Note	As at 30 June 2022 HK$'000 (Unaudited)	As at 31 December 2021 HK$'000 (Audited)
Secured bank borrowings	*(a)*	**48,113**	10,438

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

	As at 30 June 2022 HK$'000 (Unaudited)	As at 31 December 2021 HK$'000 (Audited)
Within 1 year	**45,221**	6,379
Between 1 and 2 years	**1,814**	2,426
Between 2 and 5 years	**1,078**	1,633
	48,113	10,438

Notes:

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

(b) As at 30 June 2022 and 31 December 2021, the total bank borrowings are pledged by certain assets and their carrying amounts are shown as below:

	As at 30 June 2022	As at 31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**24,307**	24,900
Financial assets at fair value through profit or loss	**9,236**	9,086
Restricted bank deposits	**6,142**	6,140
	39,685	40,126

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

	As at 30 June 2022	As at 31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Variable rates	**48,113**	10,438

13 SHARE CAPITAL

	As at 30 June 2022 (Unaudited)		As at 31 December 2021 (Audited)	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		*HK$'000*
Issued and fully paid				
At beginning and the end of period/year	**1,000,000,000**	**281,507**	1,000,000,000	281,507

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

With the growing vaccination rates, the impact of the coronavirus disease 2019 ("**COVID-19**") pandemic has been gradually reducing around the world. COVID-19 control measures implemented by governments worldwide have been progressively lifted and global economic activities revived positively. Given a sharp rebound in demands from major economies, global production and trading activities had become more vibrant for the six months ended 30 June 2022. The Group registered a noticeable growth in revenue to HK$417.4 million for the six months ended 30 June 2022, representing an increase of 28.3% compared with the corresponding period of 2021. The Group's profitability, however, continued to be hit by soaring production costs brought by worldwide material shortages, global supply chain disruptions and increased labour costs, resulting in the Group's gross profit margin down by 3.1 percentage points to 17.5% for the six months ended 30 June 2022. The Group recorded a profit attributable to owners of the Company of HK$0.9 million for the six months ended 30 June 2022 as opposed to a loss of HK$9.9 million for the same period of 2021, mainly attributable to gain on foreign exchange, net, reversal of provision for impairment loss of obsolete inventories, and recognition of deferred tax credits from certain group companies.

In light of serious material shortages with extended lead time, the Group had stocked up raw materials to secure its production and order fulfilment, which resulted in the Group's inventory at a high level of HK$301.2 million as at 30 June 2022, representing an increase of 23.6% compared with that of 31 December 2021. In addition, severe disruptions in global supply chains led to the delay in product shipment and thereby drove up the Group's finished goods at end of the reporting period.

Following the stabilisation of COVID-19 pandemic, the Group expects that material supplies and global supply chains will improve and respective prices will likely show a downward trend in the next 12 months. As such, the Group has introduced a wide range of measures, including but not limited to strategic sourcing, active de-stocking, etc. to manage its inventory into an acceptable level.

The Group had successfully bidden the leasing of two factory buildings alongside the existing production base in the PRC in the first half of 2021. The factory buildings were delivered to the Group for rent in June 2022, and renovation works are underway. It is expected that the factory buildings will gradually put into operation around the fourth quarter of 2022.

While the Group's financial results for the first half of 2022 outperformed the same period of 2021, the global economic outlook is still subject to significant uncertainties and risks which pose challenges to the Group's business performance, including the pandemic development and associated supply chain disruptions, rising geopolitical tensions, inflationary pressures, financial market volatility, etc. The Group will remain vigilant and carefully assess the potential impact of these risk factors and take necessary actions to mitigate the adverse effects towards its operation.

FINANCIAL REVIEW

Revenue

The following table summarises the amount of revenue generated and as a percentage of total revenue from each product category for the six months ended 30 June 2022 and 2021, respectively:

	Six months ended 30 June					
	2022		2021		Changes	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
	(Unaudited)		(Unaudited)		(Unaudited)	
Electro-mechanical products	**161,543**	**38.7**	158,493	48.7	+3,050	+1.9
Smart chargers	**112,196**	**26.9**	79,446	24.4	+32,750	+41.2
Switch-mode power supplies	**95,710**	**22.9**	76,392	23.5	+19,318	+25.3
Smart vending systems	**38,801**	**9.3**	7,743	2.4	+31,058	+401.1
Others[(1)]	**9,166**	**2.2**	3,297	1.0	+5,869	+178.0
Total	**417,416**	**100.0**	325,371	100.0	+92,045	+28.3

Note:

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

Revenue generated from all of the product categories delivered a remarkable increase for the first half of 2022 mainly due to the stabilisation of COVID-19 pandemic and the corresponding temporary alleviation of certain material supplies. The growth in revenue, however, was partially offset by prolonged supply chain disruptions and material shortages, which affected the Group's ability to meet customers' demands.

The table below summarises the geographical revenue segment based on location of customers for six months ended 30 June 2022 and 2021, respectively:

	Six months ended 30 June					
	2022		2021		Changes	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
	(Unaudited)		(Unaudited)		(Unaudited)	
Europe[(1)]	**336,731**	**80.7**	264,028	81.1	+72,703	+27.5
North America[(2)]	**48,974**	**11.7**	46,662	14.4	+2,312	+5.0
The PRC (including Hong Kong)	**12,925**	**3.1**	10,525	3.2	+2,400	+22.8
South-east Asia[(3)]	**5,183**	**1.2**	1,449	0.5	+3,734	+257.7
Others[(4)]	**13,603**	**3.3**	2,707	0.8	+10,896	+402.5
Total	**417,416**	**100.0**	325,371	100.0	+92,045	+28.3

Notes:

(1) Europe includes Austria, Bulgaria, Denmark, Estonia, France, Germany, Hungary, Ireland, Italy, the Netherlands, Poland, Serbia, Slovakia, Spain, Sweden, Switzerland, and the United Kingdom (the "**UK**").

(2) North America includes the United States of America (the "**US**").

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

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

Europe and North America remained the Group's major markets, which in aggregate accounted for 92.4% and 95.5% of total revenue for the first half of 2022 and 2021, respectively. Revenue generated from European markets and other regions recorded a noticeable increase for the six months ended 30 June 2022 mainly due to growing product demands driven by the resumption of economic activities in these regions.

Cost of sales

The Group's cost of sales mainly consisted of direct materials, direct labour costs, and manufacturing overheads. There was a 33.3% increase in the cost of sales to HK$344.4 million for the six months ended 30 June 2022 from HK$258.5 million for the same period of 2021. The rise in cost of sales reflects the combined impacts of: (i) growing revenue for the first half of 2022; (ii) soaring material costs brought by prolonged material shortages and global supply chain disruptions; (iii) higher labour costs as a result of the adjustment of minimum wages in Guangdong province, the PRC since December 2021 and the re-arrangement of production activities in response to unstable supply of materials; (iv) the rise in carriage inwards and delivery lead time brought by pandemic-induced logistic disruptions; and (v) increased energy costs arising from rising electricity prices in the PRC since October 2021 and escalating geopolitical tensions.

Gross profit and gross profit margin

The Group's gross profit was HK$73.0 million for the six months ended 30 June 2022, representing an increase of 9.1% compared with the same period of 2021. Gross profit margin, however, reduced by 3.1 percentage points to 17.5% for the first half of 2022 from 20.6% for the same period of 2021 as the Group's profitability has been eroded by an upsurge in production costs arising from ongoing material shortages, longer lead times, heightened labour costs and soaring energy costs.

Other income, net

Other income, net went up by HK$3.0 million to HK$4.0 million for the first half of 2022 compared with that of 2021. The increase mainly resulted from: (i) gain on foreign exchange, net of HK$2.4 million mostly derived from the depreciation of Renminbi ("**RMB**") and Thai Baht ("**THB**") during the six months ended 30 June 2022; (ii) the rise in scrap material sales income by HK$0.3 million; and (iii) the receipt of government grants and subsidies as part of COVID-19 relief measures. The growth in other income, net, however, was partially offset by fair value losses on fund investments and listed equity investments.

Selling and distribution expenses

The Group recorded a slight increase in selling and distribution expenses by 3.6% to HK$7.5 million for the six months ended 30 June 2022 from HK$7.3 million for the same period of 2021 because of the increase in commissions paid to agents to facilitate sales during the period under review.

Administrative expenses

Administrative expenses dropped by 0.6% from HK$66.8 million for the first half of 2021 to HK$66.4 million for the same period of 2022. The decline in administrative expenses mainly resulted from: (i) overall decrease in operating expenses driven by the currency depreciation; and (ii) reduced payment of consultancy fees during the period under review.

Other operating incomes, net

Other operating incomes, net moved upwards from HK$0.8 million for the first half of 2021 to HK$2.2 million for the same period of 2022 mostly due to the reversal of provision for impairment loss of obsolete inventories amounting to HK$2.3 million for the period under review.

Finance expenses, net

Finance expenses, net went up by 31.2% from HK$3.0 million for the first half of 2021 to HK$3.9 million for the same period of 2022. The rise in interest rate level in the financial market and growing utilisation of banking facilities contributed to the increase in finance expenses, net for the six months ended 30 June 2022.

Income tax expense

Income tax expense decreased from HK$1.5 million for the six months ended 30 June 2021 to HK$0.5 million for the same period of 2022 mainly due to the recognition of deferred tax credits from certain group companies during the period under review.

Profit/(loss) for the period

The Group reported a profit of HK$0.9 million for the six months ended 30 June 2022, as opposed to a loss of HK$9.9 million for the same period of 2021. The turnaround reflected the combined effects of (i) sales growth rebounded from COVID-19 pandemic; (ii) gain on foreign exchange, net arising from currency depreciation; (iii) reversal of provision for impairment loss of obsolete inventories; and (iv) recognition of deferred tax credits for the first half of 2022.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2022, the Group's operation and capital requirements were financed principally through a combination of cash flows generated from the operating activities, proceeds from the listing of the Company on the Main Board of the Stock Exchange on 23 November 2017 (the "**Listing**") and bank borrowings. As at 30 June 2022, the Group had net current assets of HK$268.7 million (31 December 2021: HK$265.4 million), including cash and bank balances (including restricted bank deposits) of HK$76.5 million (31 December 2021: HK$68.9 million). Cash and bank balances (including restricted bank deposits) are mainly denominated in HK$, United States Dollars ("**US$**"), RMB and Euros ("**EUR**"). The Group's current ratio (as calculated by current assets divided by current liabilities) decreased from 2.1 times as at 31 December 2021 to 1.9 times as at 30 June 2022. Gearing ratio is calculated by net debt divided by total capital as at the end of reporting period. Net debt is calculated as total bank borrowings less cash and bank balances, while total capital is calculated as "equity" as shown in the interim condensed consolidated statement of financial position, plus net debt, where applicable. As at 30 June 2022, the gearing ratio was not applicable ("**N/A**") to the Group (31 December 2021: N/A) as the Group had sufficient working capital level from the net proceeds received from the Listing.

FINANCIAL RISK MANAGEMENT

Foreign exchange risk

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

The management of the Company has set up a policy to require the Group to manage its foreign exchange risk. The Group does not adopt formal hedge accounting policy. It manages its foreign currency risk by closely monitoring the movements of foreign currency rates and will consider entering into forward foreign exchange contracts to reduce the exposure should the need arise.

No gain or loss on derivative financial instruments was incurred during the six months ended 30 June 2022, whilst a gain on derivative financial instruments of HK$0.2 million was recognised for the same period of 2021, as all the forward foreign exchange contracts had expired during the year ended 31 December 2021.

As at 30 June 2022, no new forward foreign exchange contracts had been entered into by the Group (31 December 2021: nil).

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank borrowings. Bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates.

For the six months ended 30 June 2022 and 2021, all bank borrowings of the Group were arranged at floating rates varied with the then prevailing market condition.

As at 30 June 2022, the Group had bank borrowings of HK$48.1 million (31 December 2021: HK$10.4 million), which were primarily denominated in HK$ and US$.

Credit risk

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

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

The management of the Company 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 the management is of the opinion that adequate provision for uncollectible receivables has been made in the interim condensed consolidated financial statements.

As at 30 June 2022, the customer bases are widely dispersed despite that 26.7% (31 December 2021: 13.3%) of the trade receivable were due from the Group's largest customer and 66.5% (31 December 2021: 72.2%) were due from the five largest customers determined on the same basis.

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

Liquidity risk

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

The Group maintains liquidity 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 in the foreseeable future.

COMMITMENTS

(a) As at 30 June 2022, the Group did not have capital commitments in relation to the purchase of property, plant and equipment (31 December 2021: HK$42,000).

(b) The Group does not have lease contracts that are committed but have not yet commenced as at 30 June 2022.

The Group had lease contracts that are committed but have not yet commenced as at 31 December 2021. The future lease payments for these non-cancellable lease contracts were approximately HK$136.5 million.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the six months ended 30 June 2022. The share capital of the Company only comprises ordinary shares.

As at 30 June 2022, the Company had 1,000,000,000 shares in issue (31 December 2021: 1,000,000,000 shares).

SIGNIFICANT INVESTMENTS

Saved as disclosed in this announcement, the Group did not hold any significant investments as at 30 June 2022 (31 December 2021: nil).

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions nor disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 June 2022 (31 December 2021: nil).

TREASURY MANAGEMENT

During the six months ended 30 June 2022, there had been no material change in the Group's funding and treasury policies. The Group has a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business.

The management of the Company closely reviews the trade receivable balances and any overdue balances on an ongoing basis and only trades with creditworthy parties. The management of the Company carefully monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements to manage liquidity risk.

PLEDGE OF ASSETS

As at 30 June 2022, the financial assets at fair value through profit or loss amounted to HK$9.2 million (31 December 2021: HK$9.1 million), property, plant and equipment amounted to HK$24.3 million (31 December 2021: HK$24.9 million) and bank deposits amounted to HK$6.1 million (31 December 2021: HK$6.1 million) have been pledged as security for the bank borrowings of the Group.

As at 30 June 2022, no property, plant and equipment was held under finance leases (31 December 2021: nil).

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were approximately 1,500 as at 30 June 2022 (31 December 2021: approximately 1,500). The Group's employee benefit expenses mainly included salaries, overtime payment and discretionary bonus, other staff benefits and contributions to retirement schemes.

For the six months ended 30 June 2022, the Group's total employee benefit expenses (including Directors' emoluments) amounted to HK$95.5 million (six months ended 30 June 2021: HK$91.0 million). Remuneration is determined with reference to the qualification, experience and work performance, whereas the payment of discretionary bonus is generally subject to work performance, the financial performance of the Group in that particular year and general market conditions.

The Group operates a share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible Directors and employees of the Group, who contribute to the success of the Group's operations. As at 30 June 2022, the Group did not have any outstanding share options granted under the Share Option Scheme (31 December 2021: nil). No share options were granted, allotted, exercised, cancelled or lapsed under the Share Option Scheme during the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

COMPARISON OF BUSINESS STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The following sets out a comparison of the business strategies as stated in the Prospectus with the Group's actual business progress for the six months ended 30 June 2022 and up to the date of this announcement:

Business strategies as stated in the Prospectus	Actual business progress up to the date of this announcement
Continue to expand the customer base in the European market and explore new markets in the PRC, the US and other Asian countries	Despite the global economic outlook is subject to multiple uncertainties, including potential new virus variant outbreak, geopolitical tensions, surging inflation, currency depreciation pressures, etc, business opportunities are still arising positively. The COVID-19 pandemic has been widely acknowledged as an accelerator of digital transformation of companies, working style and societies, which have stimulated higher global demands on medical and health care products, automation and self-service equipment, and smart charging solutions. Riding on the continuous efforts made by its marketing team, the Group has successfully approached customers of the aforesaid industries in Europe and the US. Some of these customers have placed trial orders to the Group and mass production is expected to materialise in the year to come. The Group will continue to put more resources on sales and marketing activities to capture these business opportunities.
Manufacture products of higher value and/or with higher profit contribution per the resources	Prolonged material shortages, supply chain disruptions, rising energy prices, and increased labour costs have put huge pressures on the Group's profitability. The Group has taken initiatives, including but not limited to the stock-up of certain critical components, diversification of material sourcing, early shipment booking, etc. to maintain its cost competitiveness and order fulfilment.
Continue to expand the operations in automatic test equipment ("**ATE**") business segment	COVID-19-induced contraction in economic activities and geopolitical risks have adversely affected the world's investment spending. In the face of uncertain business environment, some companies, if not all, stayed conservative in project development and capital investment. As such, the Group continued to re-assign its ATEs talents to support its existing businesses, enhance productivity, and strengthen its capability in power electronics.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this announcement
Strengthen the sales and marketing efforts in the industrial electronic manufacturing services sector	A tribute to the high vaccination rate of COVID-19 vaccines, global economic activities have been on the verge of returning to normal. Hence, other than ongoing virtual marketing activities, the Group is planning to resume physical promotional campaigns in the second half of 2022, including industrial exhibitions, customer visits, etc. in the hope of reconnecting customers and looking for new business opportunities.
Further enhance the production efficiency and expand the production capacity	As disclosed in announcements of the Company dated 23 April 2021, 22 June 2021, 15 December 2021, 18 March 2022, and 13 May 2022 respectively and the circular of the Company dated 26 July 2021, the Group had on 8 May 2021 and 30 June 2021, respectively, entered into tenancy agreements 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 "**Landlord**") (collectively, the "**Tenancy Agreements**") for the leasing of two respective factory buildings situated at No. 17 and No. 37, Dongchong Section, Shinan Highway. Shiji Village, Dongchong Town, Nansha District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市南沙區東涌鎮石基村市南公路東涌段 17及37號) (collectively, the "**Factory Buildings**"). By entering into the Tenancy Agreements, it will allow the Group to increase its production capacity in the Factory Buildings. The expansion plan will create synergy, minimise logistics and administrative costs and maximise production efficiency. Details of the leasing of the Factory Buildings are set out in the announcements of the Company dated 23 April 2021, 22 June 2021, 15 December 2021, 18 March 2022, and 13 May 2022, respectively, and the circular of the Company dated 26 July 2021. The Factory Buildings were delivered to the Group for rent in June 2022. The renovation works of the Factory Buildings are in progress and will assemble a higher level of automation and digitisation to enhance the capabilities to serve large volume production on high value and heavy-duty product series.

Business strategies as stated in the Prospectus	**Actual business progress up to the date of this announcement**
	The performance of the Group's production facility in Thailand has gradually improved during the first half of 2022. The Group will continue to allocate resources in support of this production facility to enhance its production efficiency and capabilities.
Continue to recruit talents and professionals	To stay competitive in the power electronics industry, the Group has embarked on the road to high added value by encouraging new technologies. The Group's strategic talent centre ("**STC**") in the Guangzhou City, Guangdong Province, the PRC has been transformed into an innovation and development hub to recruit and nurture technological talents, strengthen its infrastructure, and push for the application of advanced technologies and innovation. As at 30 June 2022, there were nine employees working at the STC to provide a wide range of value-added services to the Group. The management of the Group will continue to recruit talents of the necessary level and number at this STC for providing various supports to the Group.

USE OF PROCEEDS

The following table sets forth the status of use of net proceeds from the Listing as at 30 June 2022 and the expected timeline of the use of the unutilised proceeds:

Business strategies as set out in the Prospectus	The actual net proceeds prior to the reallocation approved by the Board on 25 October 2019 (the "Reallocation")	The Reallocation	The actual net proceeds subsequent to the Reallocation	Incurred up to 30 June 2022	Balance as at 30 June 2022	Expected timeline of full utilisation of the balance as at 30 June 2022
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	
Development of new production base	77.8	–	77.8	(33.9)	43.9	End of 2023
Upgrading of existing production facilities	4.5	–	4.5	(4.5)	–	N/A
Establishment of offices in Dublin, Ireland and Paris, France	11.3	(8.3)	3.0	(3.0)	–	N/A
Establishment of the STC in Guangzhou City, Guangdong Province, the PRC	11.3	(5.0)	6.3	(6.3)	–	N/A
Working capital and other general corporate purposes	5.1	–	5.1	(5.1)	–	N/A
Business developments and operations in Europe	–	13.3	13.3	(13.3)	–	N/A
	110.0	–	110.0	(66.1)	43.9	

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

OUTLOOK

Global economy is expected to pick up at a faster pace in the second half of 2022 as the economic impacts arising from the Omicron variant may be less than the previous infection waves. While the Omicron variant is unlikely to derail the global recovery, uncertainties associated with any new virus variants may continue to cloud the economic outlook, given that some regional economies' vaccination rates are still lagging behind and public hygiene resources may be tight. In this case, repeated lockdowns and deterioration of supply bottlenecks cannot be ruled out. In addition, the conflict between Russia and Ukraine has driven up global commodity prices durably, aggravated shortages in industrial supplies, and fuelled financial market volatility, which have threatened the strength and speed of economic recovery. With accelerated inflation backed by continuing disruptions to global supply chains and escalating Russian-Ukraine conflict, worldwide monetary authorities are facing the dilemma of tightening their monetary policies to tackle the inflationary risk or maintaining accommodative policies to support economic growth.

Notwithstanding the foregoing, the Group will continue to stay in close contact with suppliers, customers, and business partners to mitigate the adverse effects brought by the aforesaid challenges. It is the best of times and the worst of times. The pandemic has served as a wake-up call to corporations for the need to build up a more sustainable and resilient growth model in the long term, and to better prepare for other high-impact risks. The Group will continue to avail more resources on sales and marketing activities to explore new business opportunities and invest in new technologies to enhance its production efficiency and capabilities.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.8 cent per ordinary share for the six months ended 30 June 2022 (six months ended 30 June 2021: nil). The said interim dividend will be payable on 17 October 2022.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlement to the interim dividend, the register of members of the Company will be closed from Monday, 26 September 2022 to Wednesday, 28 September 2022, both days inclusive. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 23 September 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Saved as disclosed in this announcement, there are no significant events affecting the Group after the six months ended 30 June 2022 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Company's corporate governance code is based on the principles of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Company is committed to ensuring a quality Board and its transparency and accountability to its Shareholders. The Company complied with all code provisions in the CG Code during the six months ended 30 June 2022, except for the following deviation:

Compliance with Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules and terms of reference of each of the Board Committees

Rules 3.10(1), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules and the terms of reference of each of the board committees stipulate the required minimum number of independent non-executive Directors of the Board, and the composition of the audit committee of the Company (the "**Audit Committee**"), the remuneration committee of the Company (the "**Remuneration Committee**"), the nomination committee of the Company (the "**Nomination Committee**") and the risk management committee of the Company (the "**Risk Management Committee**") (collectively, the "**Board Committees**"). In addition, Rule 3.10(2) of the Listing Rules stipulates that at least one of the independent non-executive directors must have appropriate accounting or related financial management qualification or expertise. Following the retirement of Mr. Cheung Kin Wing and Mr. Wong Raymond Fook Lam as independent non-executive Directors at the conclusion of the Company's annual general meeting held on 27 May 2022 (the "**2022 AGM**"), the number of independent non-executive Directors and the number of members of each of the Board Committees fell below the minimum number required under Rules 3.10(1), 3.10A, and 3.21, 3.25, and 3.27A of the Listing Rules and the terms of reference of each of the Board Committees. Mr. Fung Chun Chung, the remaining independent non-executive Director, has neither appropriate professional qualifications nor accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. Therefore, the Company has appointed Ms. Law Ying Wai Denise as an independent non-executive Director, the chairperson of the Audit Committee, and a member of each of the Remuneration Committee, the Nomination Committee and the Risk Management Committee; and Mr. Hau Siu Laam as an independent non-executive Director, the chairperson of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 1 August 2022. In light of the above-mentioned appointments, the aforesaid Listing Rules and terms of reference of each of the Board Committees have then been complied with. Details of the appointment of independent non-executive Directors and members and chairperson of Board Committees are set out in the announcement of the Company dated 28 July 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct governing Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and there were no events of non-compliance during the six months ended 30 June 2022.

AUDIT COMMITTEE

The Audit Committee was established on 27 October 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph A.2.1 and paragraph D.3 of the CG Code.

From 1 January 2022 to 27 May 2022, the Audit Committee comprised three independent non-executive Directors, namely Mr. Cheung Kin Wing as the chairperson of the Audit Committee, and Mr. Fung Chun Chung and Mr. Wong Raymond Fook Lam as the members of the Audit Committee. Since Mr. Cheung Kin Wing and Mr. Wong Raymond Fook Lam retired from office as the independent non-executive Directors with effect from the conclusion of the 2022 AGM, the number of Audit Committee members fell below the minimum number as required under Rule 3.21 of the Listing Rules. Mr. Fung Chun Chung, the remaining independent non-executive Director, does not have appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. Following the appointment of Ms. Law Ying Wai Denise as an independent non-executive Director, a chairperson of the Audit Committee, and a member of each of the Remuneration Committee, the Nomination Committee and the Risk Management Committee; and Mr. Hau Siu Laam as an independent non-executive Director, a chairperson of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 1 August 2022, the Board has then fulfilled the requirements under the Listing Rules. Details of the appointment of independent non-executive Directors and members and chairman of Board Committees are set out in the announcement of the Company dated 28 July 2022.

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

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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

Hong Kong, 29 August 2022

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. Hau Siu Laam and Ms. Law Ying Wai Denise as independent non-executive Directors.

* *For identification purpose only*