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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)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Trio Industrial Electronics Group Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (“**FY2022**”), together with comparative figures for the year ended 31 December 2021 (“**FY2021**”) as follows:

#### **FINANCIAL HIGHLIGHTS:**

- Revenue for the year ended 31 December 2022 increased by 31.5% to HK\$978.1 million as compared with the corresponding period of 2021.
- Gross profit for the year ended 31 December 2022 increased by 48.8% to HK\$207.3 million, while gross profit margin increased by 2.5 percentage points to 21.2% as compared with the corresponding period of 2021.
- The Group reported a profit before income tax of HK\$55.9 million for the year ended 31 December 2022 as compared with a loss before income tax of HK\$15.5 million for the corresponding period of 2021.
- Profit attributable to owners of the Company for the year ended 31 December 2022 was HK\$45.4 million as compared with a loss of HK\$10.6 million for the corresponding period of 2021.

#### **FINAL DIVIDEND:**

- The Board has recommended a final dividend of HK1.2 cents per ordinary share of the Company for the year ended 31 December 2022 (2021: Nil) which is subject to the approval of the shareholders of the Company (“**Shareholders**”) at the forthcoming annual general meeting of the Company.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Note	Year ended 31 December	
		2022 HK\$'000	2021 HK\$'000
Revenue	5	978,103	744,067
Cost of sales	6	<u>(770,808)</u>	<u>(604,738)</u>
Gross profit		207,295	139,329
Other income, net	5	7,490	3,153
Selling and distribution expenses	6	(15,940)	(16,138)
Administrative expenses	6	(133,780)	(130,093)
Other operating income/(expenses), net	6	<u>1,584</u>	<u>(4,903)</u>
Profit/(loss) from operations		66,649	(8,652)
Finance expenses, net	7	<u>(10,770)</u>	<u>(6,843)</u>
Profit/(loss) before income tax		55,879	(15,495)
Income tax (expense)/credit	8	<u>(10,461)</u>	<u>4,911</u>
Profit/(loss) for the year		45,418	(10,584)
Other comprehensive income/(expense) <i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value (losses)/gains on revaluation of land and building, net of tax		(644)	3,774
Currency translation differences		<u>2,305</u>	<u>(1,429)</u>
Other comprehensive income for the year, net of tax		<u>1,661</u>	<u>2,345</u>
Total comprehensive income/(loss) for the year		<u><u>47,079</u></u>	<u><u>(8,239)</u></u>
Earnings/(loss) per share			
– Basic and diluted ( <i>HK cents</i> )	9	<u><u>4.54</u></u>	<u><u>(1.06)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

		As at 31 December	
		2022	2021
	Note	HK\$'000	HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		57,997	59,479
Right-of-use assets		102,047	14,378
Financial assets at fair value through profit or loss – non-current		10,998	11,527
Prepayment		6,260	1,831
Deferred tax assets		1,133	4,754
		<u>178,435</u>	<u>91,969</u>
		-----	-----
<b>Current assets</b>			
Inventories		244,213	243,729
Financial assets at fair value through profit or loss – current		342	639
Trade and other receivables	11	200,744	172,239
Prepayments and deposits		20,830	23,530
Tax recoverable		–	578
Restricted bank deposits		6,156	6,140
Bank and cash balances		72,796	62,790
		<u>545,081</u>	<u>509,645</u>
		-----	-----
<b>Current liabilities</b>			
Trade and other payables	12	158,895	170,372
Contract liabilities	13	38,414	45,370
Borrowings	14	20,970	10,438
Lease liabilities – current		8,795	7,537
Current income tax liabilities		11,679	10,500
		<u>238,753</u>	<u>244,217</u>
		-----	-----
<b>Net current assets</b>		<u>306,328</u>	<u>265,428</u>
		-----	-----
<b>Total assets less current liabilities</b>		<u>484,763</u>	<u>357,397</u>
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		As at 31 December	
		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities – non-current		97,139	8,561
Deferred tax liabilities		3,759	4,169
		<u>100,898</u>	<u>12,730</u>
<b>Net assets</b>		<b><u>383,865</u></b>	<b><u>344,667</u></b>
<b>Equity</b>			
Share capital	15	281,507	281,507
Reserves		102,358	63,160
<b>Total equity</b>		<b><u>383,865</u></b>	<b><u>344,667</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

The consolidated financial statements are presented in thousands of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

The financial information relating to the years ended 31 December 2022 and 2021 included in this announcement does not constitute the statutory annual consolidated financial statements of the Group for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622, the Laws of Hong Kong) (the “**Companies Ordinance**”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies in Hong Kong as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2022 in due course.

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

## 2 BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and are in compliance with the Companies Ordinance. The consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

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

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### 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:

Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020
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

The Group has assessed the impact of the adoption of these amended standards and considered that there is no significant impact on the Group's results and financial position.

#### New standard, amendments to existing standards and interpretation effective after 2022 and yet to be adopted

The following are new standards, amendments to standards and interpretation that have been issued but are not effective for the accounting period beginning 1 January 2022 and are yet to be adopted:

New standard, amendments and interpretation		Effective for accounting periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts	1 January 2023
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendment)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors of the Company anticipate that the application of the above new standard, amendments to standards and interpretation will have no material impact on the consolidated financial statements in the foreseeable future.

## 4 SEGMENT INFORMATION

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

Operating segments are reported in the manner consistent with the internal reporting provided to the CODM. The Group is subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole. The Board considers the performance assessment of the Group should be based on the profit/(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”), Thailand and Ireland during the years ended 31 December 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 contribute over 10% of total revenue of the Group for any of the year ended 31 December are as follows:

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Customer A	231,765	167,390
Customer B	137,693	N/A
Customer C	131,093	100,819
	<u>                    </u>	<u>                    </u>

### Geographical information

During the year ended 31 December 2022, majority of revenue were derived from customers in Europe (mainly the United Kingdom (the “UK”), Switzerland, Ireland, Sweden and Denmark), while the remaining revenue were derived from customers in the United States of America (the “US”), the PRC (including Hong Kong), South-east Asia and others (mainly Australia and Israel).

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

In relation to non-current assets held by the Group (primarily represented by property, plant and equipment and right-of-use assets), land and buildings with carrying values as at 31 December 2022 of HK\$23,000,000 (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.

## 5 REVENUE AND OTHER INCOME, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Sales of goods	<u>978,103</u>	<u>744,067</u>
Other income, net		
Commission income	195	222
Investment income	222	331
Fair value loss on financial assets at fair value through profit or loss	(826)	(515)
Government grants	1,860	1,525
Gain/(loss) on foreign exchange, net	2,120	(1,493)
Scrap material sales income	2,558	1,751
Rental income	388	–
COVID-19 related rent concessions	–	4
Service income	210	553
Gain on lease modification	18	5
Sundry income	745	770
	<u>7,490</u>	<u>3,153</u>

## 6 EXPENSES BY NATURE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Employee benefit expenses (including directors' emoluments)	193,175	179,047
Depreciation for property, plant and equipment	12,883	12,027
Depreciation on right-of-use assets	10,066	8,826
Amortisation of insurance expense	33	33
Auditors' remuneration		
– Audit services	2,233	2,093
– Non-audit services	777	769
Gain on derivative financial instruments	–	(786)
Obsolete inventories written off	604	375
Expenses related to short-term leases	1,648	447
Loss on disposal of property, plant and equipment	222	29
Provision for impairment loss on trade receivables	501	–
(Reversal of)/provision for impairment loss on inventories	<u>(2,944)</u>	<u>5,252</u>



**7 FINANCE EXPENSES, NET**

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Finance income		
Bank interest income	<u>413</u>	<u>66</u>
<b>Finance income</b>	<u>413</u>	<u>66</u>
Finance expenses		
Interest on bank borrowings		
– Wholly repayable within five years	(2,344)	(1,152)
Interest on lease liabilities	(3,080)	(539)
Other finance expenses		
Bank charges	<u>(5,759)</u>	<u>(5,218)</u>
<b>Finance expenses</b>	<u>(11,183)</u>	<u>(6,909)</u>
<b>Finance expenses, net</b>	<u>(10,770)</u>	<u>(6,843)</u>

**8 INCOME TAX EXPENSE/(CREDIT)**

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

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Current income tax:			
– Hong Kong	(a)	7,031	4,766
Under/(over) provision in prior years		30	(4,833)
Deferred tax expense/(credit)		<u>3,400</u>	<u>(4,844)</u>
Income tax expense/(credit)		<u>10,461</u>	<u>(4,911)</u>

*Note:*

- (a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of estimated assessable profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. The Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK\$2 million for the years ended 31 December 2022 and 2021.

## 9 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 years ended 31 December 2022 and 2021.

	2022	2021
Profit/(loss) attributable to owners of the Company ( <i>HK\$'000</i> )	45,418	(10,584)
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<u>1,000,000</u>	<u>1,000,000</u>
Basic earnings/(loss) per share ( <i>HK cents</i> )	<u>4.54</u>	<u>(1.06)</u>

### (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 was the same as basic earnings/(loss) per share due to the absence of dilutive potential ordinary shares for the years ended 31 December 2022 and 2021.

## 10 DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend paid of HK0.8 cent (2021: nil) per ordinary share	<u>8,000</u>	<u>—</u>

### *Note:*

A final dividend in respect of the year ended 31 December 2022 of HK1.2 cents per ordinary share, amounting to a total dividend of HK\$12,000,000, is to be proposed at the forthcoming annual general meeting of the Company to be held on 23 May 2023.

## 11 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Trade receivables	(a)	<b>198,604</b>	172,113
Less: Provision for impairment loss on trade receivables		<b>(2,347)</b>	(1,846)
Trade receivables – net		<b>196,257</b>	170,267
Other receivables		<b>4,487</b>	1,972
		<b>200,744</b>	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 the factoring arrangement.

### *Note:*

- (a) Trade receivables arise from sales of electronic products. The payment terms of trade receivables granted to third party customers generally range from full payment before shipment to 75 days after the end of month. The aging analysis of the trade receivables based on invoice date at the end of the reporting period is as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Below 30 days	<b>67,577</b>	75,298
Between 31 and 60 days	<b>59,730</b>	62,145
Over 60 days	<b>71,297</b>	34,670
	<b>198,604</b>	172,113

## 12 TRADE AND OTHER PAYABLES

	Note	2022 HK\$'000	2021 HK\$'000
Trade payables	(a)	132,932	124,699
Trust receipts		—	26,321
Accruals and other payables		25,963	19,352
		<u>158,895</u>	<u>170,372</u>

Note:

- (a) The credit terms of trade payables granted by the vendors generally range from full payment before shipment to net 180 days. The aging analysis of trade payables based on invoice date at the end of reporting period is as follows:

	2022 HK\$'000	2021 HK\$'000
Below 30 days	56,307	54,450
Between 31 and 60 days	42,254	42,225
Over 60 days	34,371	28,024
	<u>132,932</u>	<u>124,699</u>

## 13 CONTRACT LIABILITIES

### Revenue recognised in relation to contract liabilities

As at 31 December 2022 and 2021, the Group had recognised the following liabilities related to contracts with customers:

	2022 HK\$'000	2021 HK\$'000
Contract liabilities	<u>38,414</u>	<u>45,370</u>

#### (a) Change in contract liabilities

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance under the contracts which are mainly from sales of goods.

#### (b) Revenue recognised in relation to contract liabilities

The following table shows the amounts of the revenue recognised for the years ended 31 December 2022 and 2021 which relates to carried-forward contract liabilities.

	2022 HK\$'000	2021 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sales of goods	<u>9,345</u>	<u>2,138</u>

(c) *Unsatisfied contracts related to sales of goods*

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

## 14 BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Secured bank borrowings	<u>20,970</u>	<u>10,438</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 year	19,150	6,379
Between 1 and 2 years	986	2,426
Between 2 and 5 years	<u>834</u>	<u>1,633</u>
	<u>20,970</u>	<u>10,438</u>

*Notes:*

- (a) As these loans include a clause that gives the lender the unconditional right to call the loans at any times ("**Repayment on Demand Clause**"), according to HK Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" which requires the classification of whole term loans containing the Repayment on Demand Clause as current liabilities, these loans were classified by the Company as current liabilities.
- (b) As at 31 December 2022 and 2021, the total borrowings were secured by certain assets and their carrying values were shown below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Property, plant and equipment	23,000	24,900
Financial assets at fair value through profit or loss – non-current	9,325	9,086
Restricted bank deposits	<u>6,156</u>	<u>6,140</u>
	<u>38,481</u>	<u>40,126</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Variable rate	<u>20,970</u>	<u>10,438</u>

**15 SHARE CAPITAL**

	<b>2022</b>		2021	
	<b>Number of shares</b>	<b>Amount <i>HK\$'000</i></b>	Number of shares	Amount <i>HK\$'000</i>
<b>Issued and fully paid</b>				
At the beginning and the end of the of the year	<b><u>1,000,000,000</u></b>	<b><u>281,507</u></b>	<u>1,000,000,000</u>	<u>281,507</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

In FY2022, the global economy and business environment were adversely impacted by the coronavirus disease 2019 (“**COVID-19**”), geopolitical tensions and inflationary pressures. In the second half of the year, major countries in Europe and the US have gradually lifted the COVID-19 restrictions, including the quarantine measures and travel restrictions, in order to revitalise their economies.

COVID-19 brings challenges but also opportunities. The COVID-19 restrictions, such as social distancing measures and remote-working arrangements, have accelerated the digital transformation of companies, working style and societies, which in turn stimulated the global demands on electronic medical and health care products, self-service equipment, smart charging solutions and digital gaming devices.

As the global economic activities were recovering progressively in the second half of 2022, the demand for our products soared to a record high. The Group’s revenue for FY2022 grew by 31.5% to HK\$978.1 million (2021: HK\$744.1 million).

During the year, the management has taken various measures with the aim of improving the gross profit margin and getting a turnaround of the financial result of the Group. The management exercised stringent control on major costs, including but not limited to the material costs, direct labour costs and freight and transportation costs. Our marketing division made great effort to negotiate with our customers for compensation of our soaring material costs. Our engineering and production team strived to optimise its product mix to meet customer needs and further streamlined the manufacturing processes so as to enhance production efficiency and reduce labour costs. As a result, the Group’s gross profit margin for FY2022 rose by 2.5 percentage points to 21.2% (2021: 18.7%) and the Group recorded a profit attributable to owners of the Company of HK\$45.4 million for FY2022 as opposed to a loss of HK\$10.6 million in 2021.

## FINANCIAL REVIEW

### Revenue

The following table summarises the amount of revenue generated and as a percentage of total revenue from each product category for FY2022 and FY2021, respectively:

	FY2022		FY2021		Changes	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Electro-mechanical products	377,517	38.6	331,461	44.5	+46,056	+13.9
Smart chargers	232,758	23.8	173,075	23.3	+59,683	+34.5
Switch-mode power supplies	218,354	22.3	159,674	21.5	+58,680	+36.7
Smart vending systems	143,445	14.7	70,191	9.4	+73,254	+104.4
Others <sup>(1)</sup>	6,029	0.6	9,666	1.3	-3,637	-37.6
Total	<u>978,103</u>	<u>100.0</u>	<u>744,067</u>	<u>100.0</u>	<u>+234,036</u>	<u>+31.5</u>

Note:

- (1) Others include automatic testing equipment (“ATE”), power switch gear boards, and catering equipment control boards.

The Group’s revenue reached HK\$978.1 million for FY2022, representing an increase of 31.5% as compared with that for FY2021.

Following the stabilisation of COVID-19 pandemic and the gradual alleviation of material supplies, revenue generated from all main product categories – (i) electro-mechanical products, (ii) smart chargers, (iii) switch-mode power supplies and (iv) smart vending systems – delivered a remarkable increase for FY2022. In particular, revenue from smart vending systems achieved a double sales growth as compared with that in FY2021.



The table below summarises the geographical revenue segment based on location of customers for FY2022 and FY2021, respectively:

	FY2022		FY2021		Changes	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Europe <sup>(1)</sup>	800,243	81.8	616,288	82.8	+183,955	+29.8
North America <sup>(2)</sup>	113,211	11.6	91,698	12.3	+21,513	+23.5
The PRC (including Hong Kong)	28,163	2.9	25,246	3.4	+2,917	+11.6
South-east Asia <sup>(3)</sup>	11,013	1.1	3,074	0.4	+7,939	+258.3
Others <sup>(4)</sup>	25,473	2.6	7,761	1.1	+17,712	+228.2
<b>Total</b>	<b>978,103</b>	<b>100.0</b>	<b>744,067</b>	<b>100.0</b>	<b>+234,036</b>	<b>+31.5</b>

*Notes:*

- (1) Europe includes Austria, Bulgaria, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Poland, Portugal, Serbia, Slovakia, Spain, Sweden, Switzerland, the Netherlands, and the United Kingdom.
- (2) North America includes the US.
- (3) South-east Asia includes India, Malaysia, Philippines, Singapore, Thailand and Vietnam.
- (4) Others include Australia, Brazil, Israel, Japan and Taiwan.

Europe and North America continued to be the major markets of the Group which in aggregate accounted for 93.4% and 95.1% of total revenue for FY2022 and FY2021 respectively. Revenue generated from all sales regions reported a noticeable increase in FY2022 mainly due to growing product demands driven by the gradual resumption of global economic activities.

### Cost of sales

The Group's cost of sales mainly comprised direct materials, direct labour costs, and manufacturing overheads. Cost of sales for FY2022 went up by 27.5% to HK\$770.8 million from HK\$604.7 million for FY2021. The upsurge in cost of sales is a combination of: (i) growing revenue for FY2022; (ii) soaring material costs brought by prolonged material shortages worldwide; (iii) higher labour costs as a result of the adjustment of minimum wages in Guangdong province, the PRC 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 and escalating geopolitical tensions.

## **Gross profit and gross profit margin**

As a result of the foregoing, the Group's gross profit was HK\$207.3 million for FY2022, representing an increase of 48.8% compared with that of FY2021. Gross profit margin improved by 2.5 percentage points to 21.2% for FY2022 from 18.7% for FY2021.

## **Other income, net**

Other income, net was HK\$7.5 million for FY2022, more than double of the amount of HK\$3.2 million for FY2021. The increase was primarily attributed to: (i) gain on foreign exchange, net of HK\$2.1 million mostly derived from the depreciation of Renminbi (“RMB”) and Thai Baht (“THB”) and (ii) increase in scrap material sales income by HK\$0.8 million during the reporting period.

## **Selling and distribution expenses**

The selling and distribution expenses included primarily: (i) freight, insurance, and transportation charges, (ii) custom duties and declaration charges, and (iii) sales commission. There was a 1.2% decrease in selling and distribution expenses to HK\$15.9 million for FY2022 from HK\$16.1 million for FY2021, as a result of effective cost control measures implemented by the Group.

## **Administrative expenses**

Administrative expenses grew by 2.8% from HK\$130.1 million for FY2021 to HK\$133.8 million for FY2022. The increase in administrative expenses was mainly due to the rise in employee benefit expenses of directors, management and sales and administrative staff in the Group.

## **Other operating income/(expenses), net**

The Group reported other operating income of HK\$1.6 million for FY2022 as opposed to other operating expenses of HK\$4.9 million for FY2021. The other operating income for FY2022 primarily resulted from reversal of impairment loss on inventories of HK\$2.9 million, as opposed to the provision for impairment loss on inventories of HK\$5.3 million in FY2021.

## **Finance expenses, net**

Finance expenses, net rose by 57.4% from HK\$6.8 million for FY2021 to HK\$10.8 million for FY2022. With surging global interest rates and the commencement of the leases of factory buildings during FY2022, the interest on bank borrowings and lease liabilities rose by HK\$1.2 million and HK\$2.5 million respectively for FY2022 as compared with that of FY2021.

## **Income tax expenses/(credit)**

Income tax expenses of HK\$10.5 million for FY2022 primarily represented the provision of income tax expenses for FY2022 and the recognition of deferred tax expense arising from the utilisation of tax losses in the prior years.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During FY2022, 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 shares of the Company on the Main Board of the Stock Exchange on 23 November 2017 (the "**Listing**") and bank borrowings. As at 31 December 2022, the Group had bank borrowings of HK\$21.0 million (2021: HK\$10.4 million), which were classified as current liabilities and primarily denominated in HK\$ and United States Dollars ("**US\$**"). In addition, the Group as at 31 December 2022 had undrawn banking facilities of HK\$191.4 million (2021: HK\$182.8 million) and cash and bank balances (including restricted bank deposits) of HK\$79.0 million (2021: HK\$68.9 million). Cash and bank balances (including restricted bank deposits) were mainly denominated in HK\$, US\$, RMB, THB and Euros ("**EUR**").

As at 31 December 2022, the Group had net current assets of HK\$306.3 million (2021: HK\$265.4 million). The Group's current ratio (as calculated by current assets divided by current liabilities) increased from 2.1 times as at 31 December 2021 to 2.3 times as at 31 December 2022. Gearing ratio is calculated by net debt divided by total capital as at the end of the reporting period. Net debt is calculated as total borrowings less cash and bank balances, while total capital is calculated as "equity" as shown in the consolidated statement of financial position, plus net debt, where applicable. As at 31 December 2022, the gearing ratio was not applicable ("**N/A**") (2021: N/A) to the Group as the Group continued to record a net cash position (being cash and bank balances less total borrowings to be positive).

## **FINANCIAL RISK MANAGEMENT**

The Group's activities are exposed to a variety of financial risks: (i) market risk (including foreign exchange risk, cash flow and fair value interest rate risk), (ii) credit risk; and (iii) 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.

### **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 their foreign exchange risk against its functional currencies. It manages its foreign currency risk by closely monitoring the movements of foreign currency rates and will consider to enter into forward foreign exchange contracts to reduce the exposure should the need arise.

During the year ended 31 December 2022, the Group had not entered into any forward foreign exchange contract. During the year ended 31 December 2021, the Group had entered into certain forward foreign exchange contracts with a bank and a gain on derivative financial instruments of HK\$0.8 million was recognised at the consolidated statement of comprehensive income. The forward foreign exchange contracts had expired during the year ended 31 December 2021.

### **Cash flow and fair value interest rate risk**

The Group's interest rate risk arises from borrowings. Borrowings 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.

During FY2022 and FY2021, all bank borrowings of the Group were arranged at floating rates varied with the then prevailing market condition.

As at 31 December 2022, the Group had bank borrowings of HK\$21.0 million (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 and other receivables, deposits, 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 Group 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. According to the Group's historical experience in collection of trade and other receivables, the irrecoverable trade and other receivables fall within the recorded allowances and the management is of the opinion that adequate provision for uncollectible receivables has been made in the consolidated financial statements.

As at 31 December 2022, the customer bases were widely dispersed despite that 11.6% (2021: 13.3%) of the trade receivable were due from the Group's largest customer and 73.1% (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 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 forecasting is performed in 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) The Group's capital expenditure on property, plant and equipment contracted for but not yet incurred as at 31 December 2022 amounted to HK\$1,121,000 (2021: HK\$42,000).
- (b) The Group has recognised right-of-use assets and lease liabilities for all leases, except for short-term leases with original lease term of less than one year. The total future minimum lease payments under non-cancellable leases for which no lease liabilities have been recognised by the Group as at 31 December 2022 amounted to HK\$565,000.

As at 31 December 2021, the total future minimum lease payments under non-cancellable short-term leases and leases not yet commenced, for which no lease liabilities have been recognised by the Group amounted to HK\$203,000 and HK\$136,473,000, respectively.

### **CAPITAL STRUCTURE**

The capital structure of the Group consists of bank borrowings and equity attributable to owners of the Company, comprising issued share capital and reserves. As at 31 December 2022, the Company had 1,000,000,000 shares in issue (2021: 1,000,000,000 shares).

### **SIGNIFICANT INVESTMENTS**

As at 31 December 2022, the Group did not hold any significant investments (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 FY2022 (2021: nil).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

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

## **CONTINGENT LIABILITIES**

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

## **TREASURY MANAGEMENT**

During FY2022, 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 Group’s objectives when managing capital are to ensure that members of the Group will be able to continue as a going concern while maximizing the return to Shareholders through the optimization of its debt and equity balance. The Group manages the amount of capital in proportion to risk, and makes adjustments to its overall capital structure. The management of the Group closely reviews the trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. The management of the Group carefully monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and commitments can meet its funding requirements to manage liquidity risk.

## **PLEDGE OF ASSETS**

As at 31 December 2022, the financial asset at fair value through profit or loss amounted to HK\$9.3 million (2021: HK\$9.1 million), property, plant and equipment amounted to HK\$23.0 million (2021: HK\$24.9 million) and bank deposits amounted to HK\$6.2 million (2021: HK\$6.1 million) have been charged as security for the bank borrowings of the Group.

## **EMPLOYEES AND REMUNERATION POLICIES**

The total number of employees were approximately 1,600 as at 31 December 2022 (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 FY2022, the Group’s total employee benefit expenses (including directors’ emoluments) amounted to HK\$193.2 million (2021: HK\$179.0 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. No share options were granted, exercised or lapsed under the Share Option Scheme during FY2022. As at 31 December 2022, the Group did not have any outstanding share options granted under the Share Option Scheme (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 FY2022 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 global economic outlook is subject to multiple uncertainties, including potential new virus variant outbreak, geopolitical tensions, surging inflation, currency depreciation pressures, etc, the market is still full of business opportunities. The COVID-19 pandemic has been widely acknowledged as accelerating 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 our 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

Whilst a number of project developments and product launches were put on hold due to the multiple waves of COVID-19 outbreak, the sales, marketing, and technical executives of the Group kept close contact with customers and business partners to offer various supports, including but not limited to production schedules, product shipment, technical support, etc. Despite the tough economic environment, business opportunities are still emerging. The COVID-19 pandemic has redefined customer experience and the demands for medical and healthcare products, automation and self-service solutions, and smart charging applications are increasing. The Group will continue to invest in the development of these products to capture market trends.

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.
Strengthen the sales and marketing efforts in the industrial electronic manufacturing services sector	As most of the European countries have lifted the COVID-19 restrictions, including social distancing and travel restrictions, the Group resumed participating the trade fair and conference for electronics in Germany in the second half of 2022. In 2023, the Group is planning to have more physical promotional campaigns, including industrial exhibitions, customer visits, etc. in the view of reconnecting customers and looking for new business opportunities.
Further enhance the production efficiency and expand the production capacity	<p>As disclosed 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 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 “<b>Landlord</b>”) (collectively, the “<b>Tenancy Agreements</b>”) 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 “<b>Factory Buildings</b>”). 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.</p> <p>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 be equipped with high level automation and digitisation production lines to enhance the capabilities to serve large volume production on high value and heavy-duty product series.</p> <p>On the other hand, the performance of the Group’s production facility in Thailand has gradually improved during FY2022. The Group will continue to allocate resources to support this production facility in enhancing its production efficiency and capabilities.</p>



Continue to recruit talents and professionals

To maintain and enhance the Group’s competitiveness in the industrial EMS industry, the Group has been encouraging the development and application of new/innovative technologies toward high value-added projects/products. 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 31 December 2022, there were eight 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 31 December 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 31 December 2022	Balance as at 31 December 2022	Expected timeline of full utilisation of the balance as at 31 December 2022
	HK\$’ million		HK\$’ million			
Development of new production base	77.8	–	77.8	(43.3)	34.5	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
	<u>110.0</u>	<u>–</u>	<u>110.0</u>	<u>(75.5)</u>	<u>34.5</u>	

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 plans for the development of new production base in the PRC and business developments and operations in Europe have 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**

Stepping into the post-pandemic era, the global economy is expected to recover at a faster pace in 2023. However, the international economic organisation and major financial institutions generally warn of a tough year for world economy in 2023 with one-third of the world economy could be in recession. The management is cautiously optimistic about the prospects and will remain vigilant in the challenging operating environment.

The Group's order backlog stays strong which reflected robust demands in our products as stimulated by digital transformation and automation.

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 in the PRC and Thailand. The Group leased two factory buildings alongside the existing production base in the PRC. The factory buildings will be equipped with high level automation and digitisation production lines to enhance the capabilities to serve large volume production on high value and heavy-duty product series. The factory buildings are expected to come into operations in the first half of 2023. On the other hand, the performance of the Group's production facility in Thailand has gradually improved during FY2022. The Group will continue to allocate resources to support this production facility in enhancing its production efficiency and capabilities.

In March 2023, the Group formed strategic alliance with Guangzhou Max Power New Energy Technology Co. Ltd.\* (廣州邁斯寶新能源科技有限公司), which is principally engaged in the design, development and manufacture of electric vehicles ("EV") chargers. The management of the Company believes that the strategic alliance will create synergy for both parties to establish and strengthen business relationship and network and to cooperate in the design and manufacture of EV chargers and the collaboration will further enhance the business development of our existing EV charger division.

With the joint efforts of all of its employees, the Group endeavors to maintain a good business relationship with its customers, business partners and Shareholders to maximise its corporate value and deliver promising returns to its Shareholders.

## **DIVIDENDS**

An interim dividend of HK0.8 cent (2021: Nil) per ordinary share totalling HK\$8,000,000 was paid to the Shareholders on 17 October 2022.

The Board has recommended a final dividend of HK1.2 cents per ordinary share of the Company for the year ended 31 December 2022 (2021: Nil) to the Shareholders. The proposed final dividend, subject to the approval of the Shareholders at the annual general meeting (the “AGM”) of the Company to be held on Tuesday, 23 May 2023, is expected to be paid on Friday, 7 July 2023 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 21 June 2023, being the record date for determination of entitlements to the final dividend.

A circular containing, among other things, further information about the final dividend and the notice of the forthcoming annual general meeting will be despatched to the Shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the AGM to be held on Tuesday, 23 May 2023, the register of members of the Company will be closed from Thursday, 18 May 2023 to Tuesday, 23 May 2023, both days inclusive, during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 17 May 2023.

In order to ascertain the entitlement to the final dividend, the register of members of the Company will be closed from Monday, 19 June 2023 to Wednesday, 21 June 2023, both days inclusive. In order to qualify for the final 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 not later than 4:30 p.m. on Friday, 16 June 2023.

## **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 year ended 31 December 2022.

## **EVENTS AFTER THE REPORTING PERIOD**

Saved as disclosed in this announcement and the changes of the board composition, authorised representative and chief financial officer of the Company as announced by the Company on 20 January 2023, there are no significant events affecting the Group after the year ended 31 December 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 Part 2 of Appendix 14 to the Listing Rules. The Company is committed to ensuring a quality board and transparency and accountability to Shareholders.

The Company complied with all code provisions in the CG Code during the year ended 31 December 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 year ended 31 December 2022 and up to the date of this announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) was established on 27 October 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C4 and paragraph D3 of the CG Code. The Audit Committee comprises three members, namely Ms. Law Ying Wai Denise, Mr. Hau Siu Laam and Mr. Fung Chun Chung. The chairperson of the Audit Committee is Ms. Law Ying Wai Denise. The Audit Committee reviewed the preliminary results announcement and the consolidated financial statements of the Group for the year ended 31 December 2022. The Audit Committee also reviewed the effectiveness of internal control system of the Group and considered the system to be effective and adequate.

## **REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY THE INDEPENDENT AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Group’s independent auditor, PricewaterhouseCoopers, Certified Public Accountants of Hong Kong (“**PricewaterhouseCoopers**”) to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

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

Hong Kong, 28 March 2023

*As at the date of this announcement, the Board comprises Mr. Wong Sze Chai (Chairman), Mr. Tai Leung Lam, Mr. Joseph Mac Carthy, and Mr. Lo Ka Kei Jun as executive Directors, Mr. Kwan Tak Sum Stanley as non-executive Director, and Mr. Fung Chun Chung, Mr. Hau Siu Laam and Ms. Law Ying Wai Denise as independent non-executive Directors.*

\* *for identification purpose only*