UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended December 31, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ___ to ___

Commission File Number 1-14523

TRIO-TECH INTERNATIONAL
(Exact name of Registrant as specified in its Charter)

California (State or other jurisdiction of incorporation or organization)	**95-2086631** (I.R.S. Employer Identification Number)
Block 1008 Toa Payoh North **Unit 03-09 Singapore** (Address of principal executive offices)	**318996** (Zip Code)

Registrant's Telephone Number, Including Area Code: **(65) 6265 3300**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange On which registered
Common Stock, no par value	TRT	NYSE American

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a nonaccelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company” and "emerging growth company" in Rule 12b2 of the Exchange Act. (Check one):

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of February 1, 2022, there were 3,949,180 shares of the issuer’s Common Stock, no par value, outstanding.

TRIO-TECH INTERNATIONAL

INDEX TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION, OTHER INFORMATION AND SIGNATURE

FORWARD-LOOKING STATEMENTS

The discussions of Trio-Tech International's (the "Company") business and activities set forth in this Form 10-Q and in other past and future reports and announcements by the Company may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and assumptions regarding future activities and results of operations of the Company. In light of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the following factors, among others, could cause actual results to differ materially from those reflected in any forward-looking statements made by or on behalf of the Company: market acceptance of Company products and services; changing business conditions or technologies and volatility in the semiconductor industry, which could affect demand for the Company's products and services; the impact of competition; problems with technology; product development schedules; delivery schedules; changes in military or commercial testing specifications which could affect the market for the Company's products and services; difficulties in profitably integrating acquired businesses, if any, into the Company; risks associated with conducting business internationally and especially in Asia, including currency fluctuations and devaluation, currency restrictions, local laws and restrictions and possible social, political and economic instability; changes in U.S. and global financial and equity markets, including market disruptions and significant interest rate fluctuations; on-going public health issues related to the COVID-19 pandemic; the trade tension between U.S. and China; and other economic, financial and regulatory factors beyond the Company's control and uncertainties relating to our ability to operate our business in China; uncertainties regarding the enforcement of laws and the fact that rules and regulation in China can change quickly with little advance notice, along with the risk that the Chinese government may intervene or influence our operation at any time, or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers could result in a material change in our operations, financial performance and/or the value of our common stock or impair our ability to raise money.. Other than statements of historical fact, all statements made in this Quarterly Report are forward-looking, including, but not limited to, statements regarding industry prospects, future results of operations or financial position, and statements of our intent, belief and current expectations about our strategic direction, prospective and future financial results and condition. In some cases, you can identify forward-looking statements by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "estimates," "potential," "believes," "can impact," "continue," or the negative thereof or other comparable terminology. Forward-looking statements involve risks and uncertainties that are inherently difficult to predict, which could cause actual outcomes and results to differ materially from our expectations, forecasts and assumptions.

Unless otherwise required by law, we undertake no obligation to update forward-looking statements to reflect subsequent events, changed circumstances, or the occurrence of unanticipated events. You are cautioned not to place undue reliance on such forward-looking statements.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (IN THOUSANDS, EXCEPT NUMBER OF SHARES)

	December 31, 2021 (Unaudited)	June 30, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,526	$ 5,836
Short-term deposits	4,997	6,651
Trade accounts receivable, less allowance for doubtful accounts of $252 and $311, respectively	9,839	8,293
Other receivables	2,387	662
Inventories, less provision for obsolete inventories of $703 and $679, respectively	2,572	2,080
Prepaid expenses and other current assets	511	418
Financed sales receivable	21	19
Total current assets	**27,853**	**23,959**
NONCURRENT ASSETS:		
Deferred tax assets	169	217
Investment properties, net	653	681
Property, plant and equipment, net	9,267	9,531
Operating lease right-of-use assets	2,699	1,876
Other assets	147	262
Restricted term deposits	1,735	1,741
Financed sales receivable	29	39
Total noncurrent assets	**14,699**	**14,347**
TOTAL ASSETS	**$ 42,552**	**$ 38,306**
LIABILITIES		
CURRENT LIABILITIES:		
Lines of credit	$ 477	$ 72
Accounts payable	3,961	3,702
Accrued expenses	4,744	3,363
Income taxes payable	351	314
Current portion of bank loans payable	445	439
Current portion of finance leases	163	197
Current portion of operating leases	845	672
Total current liabilities	**10,986**	**8,759**
NONCURRENT LIABILITIES:		
Bank loans payable, net of current portion	1,386	1,621
Finance leases, net of current portion	178	253
Operating leases, net of current portion	1,857	1,204
Income taxes payable	281	385
Deferred tax liabilities	15	-
Other noncurrent liabilities	29	31
Total noncurrent liabilities	**3,746**	**3,494**
TOTAL LIABILITIES	**$ 14,732**	**$ 12,253**
EQUITY		
TRIO-TECH INTERNATIONAL'S SHAREHOLDERS' EQUITY:		
Common stock, no par value, 15,000,000 shares authorized; 3,939,180 shares issued outstanding as at December 31, 2021 and 3,913,055 shares as at June 30, 2021, respectively	$ 12,178	$ 12,178
Paid-in capital	4,373	4,233
Accumulated retained earnings	8,596	6,824
Accumulated other comprehensive income-translation adjustments	2,367	2,399
Total Trio-Tech International shareholders equity	**27,514**	25,634
Noncontrolling interest	306	419
TOTAL EQUITY	**$ 27,820**	$ 26,053
TOTAL LIABILITIES AND EQUITY	**$ 42,552**	$ 38,306

See notes to condensed consolidated financial statements

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME / (LOSS)
UNAUDITED (IN THOUSANDS, EXCEPT EARNINGS PER SHARE)

	Three Months Ended		Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Revenue				
Manufacturing	3,528	$ 3,569	$ 7,090	$ 6,194
Testing services	4,966	3,560	9,566	6,514
Distribution	2,420	1,065	4,418	2,323
Real estate	8	7	19	11
	10,922	8,201	21,093	15,042
Cost of Sales				
Cost of manufactured products sold	2,874	2,770	5,308	4,707
Cost of testing services rendered	3,089	2,678	5,972	5,000
Cost of distribution	2,050	861	3,706	1,908
Cost of real estate	19	22	38	39
	8,032	6,331	15,024	11,654
Gross Margin	2,890	1,870	6,069	3,388
Operating Expenses:				
General and administrative	1,947	1,662	3,927	3,322
Selling	156	122	303	233
Research and development	131	123	213	198
Gain on disposal of property, plant and equipment	-	-	-	(1)
Total operating expenses	2,234	1,907	4,443	3,752
Income / (Loss) from Operations	**656**	**(37)**	**1,626**	**(364)**
Other Income / (Expenses)				
Interest expenses	(28)	(34)	(56)	(71)
Other income, net	381	143	542	354
Total other income	353	109	486	283
Income / (Loss) from Continuing Operations before Income Taxes	**1,009**	**72**	**2,112**	**(81)**
Income Tax Expenses	**(153)**	**-**	**(133)**	**(7)**
Income / (Loss) from continuing operations before non-controlling interest, net of tax	856	72	1,779	(88)
Discontinued Operations				
(Loss) / Income from discontinued operations, net of tax	-	(21)	5	(27)
NET INCOME / (LOSS)	**856**	**51**	**1,784**	**(115)**
Less: net (income) / loss attributable to noncontrolling interest	1	(184)	12	(342)
Net Income Attributable to Trio-Tech International Common Shareholders	**$ 855**	**$ 235**	**$ 1,772**	**$ 227**
Amounts Attributable to Trio-Tech International Common Shareholders:				
Income from continuing operations, net of tax	856	246	1,770	241
(Loss) / Income from discontinued operations, net of tax	(1)	(11)	2	(14)
Net Income Attributable to Trio-Tech International Common Shareholders	**$ 855**	**$ 235**	**$** 1,772	**$ 227**
Basic Earnings per Share:				
Basic per share from continuing operations attributable to Trio-Tech International	$ 0.22	$ 0.06	$ 0.46	$ 0.06
Basic earnings per share from discontinued operations attributable to Trio-Tech International	$ -	$ -	$ -	$ -
Basic Earnings per Share from Net Income Attributable to Trio-Tech International	**$ 0.22**	**$ 0.06**	**$ 0.46**	**$ 0.06**
Diluted Earnings per Share:				
Diluted earnings per share from continuing operations attributable to Trio-Tech International	$ 0.20	$ 0.06	$ 0.43	$ 0.06
Diluted earnings per share from discontinued operations attributable to Trio-Tech International	**$** -	**$** -	**$** -	**$** -
Diluted Earnings per Share from Net Income Attributable to Trio-Tech International	**$ 0.20**	**$ 0.06**	**$ 0.43**	**$ 0.06**
Weighted average number of common shares outstanding				
Basic	3,923	3,710	3,923	3,710
Dilutive effect of stock options	319	90	206	83
Number of shares used to compute earnings per share diluted	4,242	3,800	4,129	3,793

See notes to condensed consolidated financial statements.

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)

	Three Months Ended		Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Comprehensive Income Attributable to Trio-Tech International Common Shareholders:				
Net income / (loss)	$ 856	$ 51	$ 1,784	$ (115)
Foreign currency translation, net of tax	251	943	(38)	1,583
Comprehensive Income	1,107	994	1,746	1,468
Less: comprehensive income / (loss) attributable to non-controlling interest	2	(197)	6	(319)
Comprehensive Income Attributable to Trio-Tech International Common Shareholders	$ 1,105	$ 1,191	$ 1,740	$ 1,787

See notes to condensed consolidated financial statements.

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(IN THOUSANDS)

Six months ended December 31, 2021

	Common Stock		Paid-in	Accumulated Retained	Accumulated Other Comprehensive	Non-controlling	
	Shares	Amount	Capital	Earnings	Income	Interest	Total
Balance at June 30, 2021	3,913	12,178	4,233	6,824	2,399	419	26,053
Stock option expenses	-	-	22	-	-	-	22
Net income/ (loss)	-	-	-	1,772	-	12	1,784
Dividend declared by subsidiary	-	-	-	-	-	(119)	(119)
Exercise of stock option	41	-	118	-	-	-	118
Translation adjustment	-	-	-	-	(32)	(6)	(38)
Balance at Dec. 31, 2021	3,954	12,178	4,373	8,596	2,367	306	27,820

Six months ended December 31, 2020

	Common Stock		Paid-in	Accumulated Retained	Accumulated Other Comprehensive	Non-controlling	
	Shares	Amount	Capital	Earnings	Income	Interest	Total
Balance at June 30, 2020	3,673	11,424	3,363	8,036	1,143	1,180	25,146
Stock option expenses	-	-	15	-	-	-	15
Net income/ (loss)	-	-	-	227	-	(342)	(115)
Dividend declared by subsidiary	-	-	-	-	-	(182)	(182)
Exercise of stock option	37	101	-	-	-	-	101
Translation adjustment	-	-	-	-	1,560	23	1,583
Balance at Dec. 31, 2020	3,710	11,525	3,378	8,263	2,703	679	26,548

See notes to condensed consolidated financial statements.

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)

	Six Months Ended Dec. 31, 2021 (Unaudited)	Six Months Ended Dec. 31, 2020 (Unaudited)
Cash Flow from Operating Activities		
Net income / (loss)	**$ 1,784**	**$ (115)**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Depreciation and amortization	1,502	1,469
Stock compensation	22	15
Addition of provision for obsolete inventories	26	10
Bad debt recovery	(62)	(15)
Accrued interest expense, net (accrued interest income)	51	(18)
Payment of interest portion of finance lease	(13)	(19)
Gain on sale of property, plant and equipment	-	(1)
Dividend income	-	(32)
Dividend received	-	32
Reversal of income tax provision	-	55
Deferred tax expense (benefit)	62	(83)
Changes in operating assets and liabilities, net of acquisition effects		
Trade accounts receivable	(1,501)	(1,595)
Other receivables	(1,725)	328
Other assets	125	(86)
Inventories	(525)	(140)
Prepaid expenses and other current assets	(79)	(1)
Accounts payable and accrued expenses	1,638	1,000
Income taxes payable	2	(114)
Operating lease liabilities	(470)	(375)
Net Cash Provided by Operating Activities	**837**	**315**
Cash Flow from Investing Activities		
Withdrawal of unrestricted deposit	1,957	520
Investment in unrestricted term deposits, net	(320)	(409)
Additions to property, plant and equipment	(795)	(217)
Net Cash Provided by/ (Used in) Investing Activities	**842**	**(106)**
Cash Flow from Financing Activities		
Payment on lines of credit	(546)	(174)
Payment of bank loans	(216)	(307)
Payment of principal portion of finance leases	(106)	-
Dividends paid to noncontrolling interest	(119)	(182)
Proceeds from exercise stock options	118	101
Proceeds from lines of credit	942	-
Proceeds from bank loans	-	205
Net Cash Provided by/ (Used in) Financing Activities	**73**	**(357)**
Effect of Changes in Exchange Rate	(68)	560
Net Increase in Cash, Cash Equivalents, and Restricted Cash	**1,684**	**412**
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	**7,577**	**5,810**
Cash, Cash Equivalents, and Restricted Cash at end of Period	**$ 9,261**	**$ 6,222**
Supplementary Information of Cash Flows		
Cash paid during the period for:		
Interest	$ 56	$ 71
Income taxes	$ 281	$ 114
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Cash	**7,526**	**4,470**
Restricted Term-Deposits in Noncurrent Assets	**1,735**	**1,752**
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	**$ 9,261**	**$ 6,222**

See notes to condensed consolidated financial statements.

Amounts included in restricted deposits represent the amount of cash pledged to secure loans payable or trade financing granted by financial institutions and serve as collateral for public utility agreements such as electricity and water. Restricted deposits are classified as noncurrent assets as they relate to long-term obligations and will become unrestricted only upon discharge of the obligations.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT EARNINGS PER SHARE AND NUMBER OF SHARES)

1. ORGANIZATION AND BASIS OF PRESENTATION

Trio-Tech International ("the Company" or "TTI" hereafter) was incorporated in fiscal year 1958 under the laws of the State of California. TTI provides third-party semiconductor testing and burn-in services primarily through its laboratories in Southeast Asia. In addition, TTI operates testing facilities in the United States. The Company also designs, develops, manufactures and markets a broad range of equipment and systems used in the manufacturing and testing of semiconductor devices and electronic components. In the second quarter of fiscal year 2021, TTI conducted business in four business segments: Manufacturing, Testing Services, Distribution and Real Estate. TTI has subsidiaries in the U.S., Singapore, Malaysia, Thailand, Indonesia, Ireland and China as follows:

	Ownership	Location
Express Test Corporation (Dormant)	100%	Van Nuys, California
Trio-Tech Reliability Services (Dormant)	100%	Van Nuys, California
KTS Incorporated, dba Universal Systems (Dormant)	100%	Van Nuys, California
European Electronic Test Centre (Dormant)	100%	Dublin, Ireland
Trio-Tech International Pte. Ltd.	100%	Singapore
Universal (Far East) Pte. Ltd. *	100%	Singapore
Trio-Tech International (Thailand) Co. Ltd. *	100%	Bangkok, Thailand
Trio-Tech (Bangkok) Co. Ltd.	100%	Bangkok, Thailand
Trio-Tech (Malaysia) Sdn. Bhd. (55% owned by Trio-Tech International Pte. Ltd.)	55%	Penang and Selangor, Malaysia
Trio-Tech (Kuala Lumpur) Sdn. Bhd. (100% owned by Trio-Tech Malaysia Sdn. Bhd.)	55%	Selangor, Malaysia
Prestal Enterprise Sdn. Bhd. (76% owned by Trio-Tech International Pte. Ltd.)	76%	Selangor, Malaysia
Trio-Tech (SIP) Co., Ltd. *	100%	Suzhou, China
Trio-Tech (Chongqing) Co. Ltd. *	100%	Chongqing, China
SHI International Pte. Ltd. (Dormant) (55% owned by Trio-Tech International Pte. Ltd)	55%	Singapore
PT SHI Indonesia (Dormant) (100% owned by SHI International Pte. Ltd.)	55%	Batam, Indonesia
Trio-Tech (Tianjin) Co., Ltd. *	100%	Tianjin, China
Trio-tech (Jiangsu) Co., Ltd. (See Note 24)	51%	Suzhou, China

* 100% owned by Trio-Tech International Pte. Ltd.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. All significant inter-company accounts and transactions have been eliminated in consolidation. The unaudited condensed consolidated financial statements are presented in U.S. dollars. The accompanying condensed consolidated financial statements do not include all the information and footnotes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report for the fiscal year ended June 30, 2021. The Company's operating results are presented based on the translation of foreign currencies using the respective quarter's average exchange rate.

Certain accounting matters that generally require consideration of forecasted financial information were assessed regarding impacts from the COVID-19 pandemic as of December 31, 2021, and through the Quarterly Report dated February 14, 2022 using reasonably available information as of those dates. Those accounting matters assessed included, but were not limited to, allowance for doubtful accounts, the carrying value of long-lived tangible assets and the valuation allowances for tax assets. While the assessments resulted in no material impacts to the consolidated financial statements as of and for the quarter ended December 31, 2021, the Company believes the full impact of the pandemic remains uncertain and the Company will continue to assess if ongoing developments related to the pandemic may cause future material impacts to our consolidated financial statements. As of December 31, 2021, the Company had cash and cash equivalents and short-terms deposits totaling $12,523 and unused lines of credit of $5,207. We finance operations primarily through our existing cash balances, cash collected from operations, bank borrowings and capital lease financing. We believe these sources are sufficient to fund our operations for the foreseeable future. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report for the fiscal year ended June 30, 2021.

Basis of Presentation and Summary of Significant Accounting Policies

The Company's core businesses — testing services, manufacturing and distribution — operate in a volatile industry, whereby its average selling prices and product costs are influenced by competitive factors. These factors create pressures on sales, costs, earnings and cash flows, which will impact liquidity.

All dollar amounts in the consolidated financial statements and in the notes herein are presented in thousands of United States dollars (US$'000) unless otherwise designated.

Liquidity — The Company earned net income attributable to common shareholders of $1,772 and earned net income attributable to common shareholders of $227 for the 6 months ended December 31, 2021, and December 31, 2020, respectively.

Foreign Currency Translation and Transactions — The U.S. dollar is the functional currency of the U.S. parent company. The Singapore dollar, the national currency of Singapore, is the primary currency of the economic environment in which the operations in Singapore are conducted. The Company also has business entities in Malaysia, Thailand, China and Indonesia of which the Malaysian ringgit ("RM"), Thai baht, Chinese renminbi ("RMB") and Indonesian rupiah, are the national currencies. The Company uses the U.S. dollar for financial reporting purposes.

The Company translates assets and liabilities of its subsidiaries outside the U.S. into U.S. dollars using the rate of exchange prevailing at the fiscal year end, and the consolidated statements of operations and comprehensive income or loss is translated at average rates during the reporting period. Adjustments resulting from the translation of the subsidiaries' financial statements from foreign currencies into U.S. dollars are recorded in shareholders' equity as part of accumulated other comprehensive gain - translation adjustments. Gains or losses resulting from transactions denominated in currencies other than functional currencies of the Company's subsidiaries are reflected in income for the reporting period.

Use of Estimates — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Among the more significant estimates included in these consolidated financial statements are the estimated allowance for doubtful account receivables, reserve for obsolete inventory, reserve for warranty, impairments and the deferred income tax asset allowance. Actual results could materially differ from those estimates.

Revenue Recognition — The Company follows ASU No. 2014-09, ASC Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606"). This standard update outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

We apply a five-step approach as defined in ASC Topic 606 in determining the amount and timing of revenue to be recognized: (1) identifying the contract with customer; (2) identifying the performance obligations in the contracts; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when the corresponding performance obligation is satisfied.

Revenue derived from testing services is recognized when testing services are rendered. Revenue generated from sale of products in the manufacturing and distribution segments are recognized when persuasive evidence of an arrangement exists, delivery of the products has occurred, customer acceptance has been obtained (which means the significant risks and rewards of ownership have been transferred to the customer), the price is fixed or determinable and collectibility is reasonably assured. Certain customers can request for installation and training services to be performed for certain products sold in the manufacturing segment. These services are mainly for helping customers with the test runs of the machines sold and are considered a separate performance obligation. Such services can be provided by other entities as well and these do not significantly modify the product. The Company recognizes the revenue at a point in time when the Company has satisfied its performance obligation.

In the real estate segment: (1) revenue from property development is earned and recognized on the earlier of the dates when the underlying property is sold or upon the maturity of the agreement; if this amount is uncollectible, the agreement empowers the repossession of the property, and (2) rental revenue is recognized on a straight-line basis over the terms of the respective leases. This means that, with respect to a particular lease, actual amounts billed in accordance with the lease during any given period may be higher or lower than the amount of rental revenue recognized for the period. Straight-line rental revenue is commenced when the tenant assumes possession of the leased premises. Accrued straight-line rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with lease agreements.

GST / Indirect Taxes — The Company's policy is to present taxes collected from customers and remitted to governmental authorities on a net basis. The Company records the amounts collected as a current liability and relieves such liability upon remittance to the taxing authority without impacting revenues or expenses.

Trade Account Receivables and Allowance for Doubtful Accounts — During the normal course of business, the Company extends unsecured credit to its customers in all segments. Typically, credit terms require payment to be made between 30 to 90 days from the date of the sale. The Company generally does not require collateral from our customers.

The Company's management considers the following factors when determining the collectibility of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. The Company includes any account balances that are determined to be uncollectible, along with a general reserve, in the overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available to management, the Company believed that its allowance for doubtful accounts was adequate as of December 31, 2021, and June 30, 2021.

Warranty Costs — The Company provides for the estimated costs that may be incurred under its warranty program at the time the sale is recorded in its manufacturing segment. The Company estimates warranty costs based on the historical rates of warranty returns. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary.

Cash and Cash Equivalents — The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Term Deposits — Term deposits consist of bank balances and interest-bearing deposits having maturities of three to six months.

Restricted Term Deposits — The Company held certain term deposits in the Singapore and Malaysia operations which were considered restricted, as they were held as security against certain facilities granted by the financial institutions

Inventories — Inventories in the Company's manufacturing and distribution segments, consisting principally of raw materials, works in progress, and finished goods, are stated at the lower of cost, using the first-in, first-out ("FIFO") method, or market value. The semiconductor industry is characterized by rapid technological change, short-term customer commitments and rapid fluctuations in demand. Provisions for estimated excess and obsolete inventory are based on our regular reviews of inventory quantities on hand and the latest forecasts of product demand and production requirements from our customers. Inventories are written down for not-saleable, excess or obsolete raw materials, works-in-process and finished goods by charging such write-downs to cost of sales. In addition to write-downs based on newly introduced parts, statistics and judgments are used for assessing provisions of the remaining inventory based on salability and obsolescence.

Property, Plant and Equipment and Investment Properties — Property, plant and equipment and investment properties are stated at cost, less accumulated depreciation and amortization. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Amortization of leasehold improvements is provided for over the lease terms or the estimated useful lives of the assets, whichever is shorter, using the straight-line method.

Maintenance, repairs and minor renewals are charged directly to expense as incurred. Additions and improvements to the assets are capitalized. When assets are disposed of, the related cost and accumulated depreciation thereon are removed from the accounts and any resulting gain or loss is included in the consolidated statements of operations and comprehensive income or loss.

Long-Lived Assets and Impairment – The Company's business requires heavy investment in manufacturing facilities and equipment that are technologically advanced but can quickly become significantly underutilized or rendered obsolete by rapid changes in demand.

The Company evaluates the long-lived assets, including property, plant and equipment and investment property, for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Factors considered important that could result in an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for our business, significant negative industry or economic trends, and a significant decline in the stock price for a sustained period of time. Impairment is recognized based on the difference between the fair value of the asset and its carrying value, and fair value is generally measured based on discounted cash flow analysis if there is significant adverse change.

The Company applies the provisions of ASC Topic 360, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("ASC Topic 360"), to property, plant and equipment. ASC Topic 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

Leases - Company as Lessee

Accounting Standards Codification Topic 842 ("ASC Topic 842") introduced new requirements to increase transparency and comparability among organizations for leasing transactions for both lessees and lessors. It requires a lessee to record a right-of-use asset and a lease liability for all leases with terms longer than 12 months. These leases will be either finance or operating, with classification affecting the pattern of expense recognition.

The Company applies the guidance in ASC Topic 842 to its individual leases of assets. When the Company receives substantially all the economic benefits from and directs the use of specified property, plant and equipment, the transactions give rise to leases. The Company's classes of assets include real estate leases.

Operating leases are included in operating lease right-of-use ("ROU") assets under the noncurrent asset portion of our consolidated balance sheets and under the current portion and noncurrent liabilities portion of our consolidated balance sheets. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the related lease. Finance leases are included in property, plant and equipment under the noncurrent asset portion of our consolidated balance sheets and under the current portion and noncurrent liabilities portion of our consolidated balance sheets.

The Company has elected the practical expedient within ASC Topic 842 to not separate lease and non-lease components within lease transactions for all classes of assets. Additionally, the Company has elected the short-term lease exception for all classes of assets, does not apply the recognition requirements for leases of 12 months or less, and recognizes lease payments for short-term leases as expense either straight-line over the lease term or as incurred depending on whether the lease payments are fixed or variable. These elections are applied consistently for all leases.

As part of applying the transition method, the Company has elected to apply the package of transition practical expedients within the new guidance. As required by the new standard, these expedients have been elected as a package and are consistently applied across the Company's lease portfolio. Given this election, the Company need not reassess:

- whether any expired or existing contracts are or contain leases;
- the lease classification for any expired or existing leases;
- treatment of initial direct costs relating to any existing leases.

When discount rates implicit in leases cannot be readily determined, the Company uses the applicable incremental borrowing rate at lease commencement to perform lease classification tests on lease components and to measure lease liabilities and ROU assets. The incremental borrowing rate used by the Company was based on baseline rates and adjusted by the credit spreads commensurate with the Company's secured borrowing rate over a similar term. At each reporting period when there is a new lease initiated, the rates established for that quarter will be used.

Leases - Company as Lessor

All the leases under which the Company is the lessor will continue to be classified as operating leases and sales-type leases under the new standard. The new standard did not have a material effect on our consolidated financial statements and will not have a significant change in our leasing activities.

Comprehensive Income or Loss — ASC Topic 220, *Reporting Comprehensive Income,* ("ASC Topic 220"), establishes standards for reporting and presentation of comprehensive income or loss and its components in a full set of general-purpose consolidated financial statements. The Company has chosen to report comprehensive income or loss in the statements of operations. Comprehensive income or loss is comprised of net income or loss and all changes to shareholders' equity except those due to investments by owners and distributions to owners.

Income Taxes — The Company accounts for income taxes using the liability method in accordance with ASC Topic 740, *Accounting for Income Taxes* ("ASC Topic 740"). ASC Topic 740 requires an entity to recognize deferred tax liabilities and assets. Deferred tax assets and liabilities are recognized for the future tax consequence attributable to the difference between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, which will result in taxable or deductible amounts in future years. Further, the effects of enacted tax laws or rate changes are included as part of deferred tax expenses or benefits in the period that covers the enactment date.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex global tax regulations. The Company recognizes potential liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

Retained Earnings — It is the intention of the Company to reinvest earnings of its foreign subsidiaries in the operations of those subsidiaries. These taxes are undeterminable at this time. The amount of earnings retained in subsidiaries was $17,430 and $16,683 at December 31, 2021, and June 30, 2021 respectively.

Stock-based compensation — The Company calculates compensation expense related to stock option awards made to employees and directors based on the fair value of stock-based awards on the date of grant. The Company determines the grant date fair value of our stock option awards using the Black-Scholes option pricing model and for awards without performance conditions, the related stock-based compensation is recognized over the period in which a participant is required to provide service in exchange for the stock-based award, which is generally four years. The Company recognizes stock-based compensation expense in the consolidated statements of shareholders' equity based on awards ultimately expected to vest. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Determining the fair value of stock-based awards at the grant date requires significant judgment. The determination of the grant date fair value of stock-based awards using the Black-Scholes option pricing model is affected by our estimated common stock fair value as well as other subjective assumptions including the expected term of the awards, the expected volatility over the expected term of the awards, expected dividend yield and risk-free interest rates. The assumptions used in our option pricing model represent management's best estimates and are as follows:

- Fair Value of Common Stock. We determined the fair value of each share of underlying common stock based on the closing price of our common stock on the date of grant.
- Expected Term. The expected term of employee stock options reflects the period for which we believe the option will remain outstanding based on historical experience and future expectations.
- Expected Volatility. We base expected volatility on our historical information over a similar expected term.

Earnings per Share — Computation of basic earnings per share is conducted by dividing net income available to common shares (numerator) by the weighted average number of common shares outstanding (denominator) during a reporting period. Computation of diluted earnings per share gives effect to all dilutive potential common shares outstanding during a reporting period. In computing diluted earnings per share, the average market price of common shares for a reporting period is used in determining the number of shares assumed to be purchased from the exercise of stock options.

Fair Values of Financial Instruments — Carrying values of trade account receivables, accounts payable, accrued expenses, and term deposits approximate their fair value due to their short-term maturities. Carrying values of the Company's lines of credit and long-term debt are considered to approximate their fair value because the interest rates associated with the lines of credit and long-term debt are adjustable in accordance with market situations when the Company tries to borrow funds with similar terms and remaining maturities. See Note 22 for detailed discussion of the fair value measurement of financial instruments.

ASC Topic 820, Fair Value Measurements and Disclosures ("ASC Topic 820") defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The financial assets and financial liabilities that require recognition under the guidance include available-for-sale investments, employee deferred compensation plan and foreign currency derivatives. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. As such, fair value is a market-based measure considered from the perspective of a market participant who holds the asset or owes the liability rather than an entity-specific measure. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Financial assets utilizing Level 1 inputs include U.S. treasuries, most money market funds, marketable equity securities and our employee deferred compensation plan;

- Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Financial assets and liabilities utilizing Level 2 inputs include foreign currency forward exchange contracts, most commercial paper and corporate notes and bonds; and

- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Concentration of Credit Risk — Financial instruments that subject the Company to credit risk compose trade account receivables. The Company performs ongoing credit evaluations of its customers for potential credit losses. The Company generally does not require collateral. The Company believes that its credit policies do not result in significant adverse risk and historically it has not experienced significant credit related losses.

Investments — The Company (a) evaluates the sufficiency of the total equity at risk, (b) reviews the voting rights and decision-making authority of the equity investment holders as a group, and whether there are any guaranteed returns, protection against losses, or capping of residual returns within the group, and (c) establishes whether activities within the venture are on behalf of an investor with disproportionately few voting rights in making this Variable Interest Entity ("VIE") determination. The Company would consolidate an investment that is determined to be a VIE if it was the primary beneficiary. The primary beneficiary of a VIE is determined by a primarily qualitative approach, whereby the variable interest holder, if any, has the power to direct the VIE's most significant activities and is the primary beneficiary. A new accounting standard became effective and changed the method by which the primary beneficiary of a VIE is determined. Through a primarily qualitative approach, the variable interest holder who has the power to direct the VIE's most significant activities is determined to be the primary beneficiary. To the extent that the investment does not qualify as VIE, the Company further assesses the existence of a controlling financial interest under a voting interest model to determine whether the investment should be consolidated.

Equity Method — The Company analyzes its investments to determine if they should be accounted for using the equity method. Management evaluates both Common Stock and in-substance Common Stock to determine whether they give the Company the ability to exercise significant influence over operating and financial policies of the investment even though the Company holds less than 50% of the Common Stock and in-substance Common Stock. The net income of the investment, if any, will be reported as "Equity in earnings of unconsolidated joint ventures, net of tax" in the Company's consolidated statements of operations and comprehensive income.

Cost Method — Investee companies not accounted for under the consolidation or the equity method of accounting are accounted for under the cost method of accounting. Under this method, the Company's share of the earnings or losses of such investee companies is not included in the consolidated balance sheet or statements of operations and comprehensive income or loss. However, impairment charges are recognized in the consolidated statements of operations and comprehensive income or loss. If circumstances suggest that the value of the investee company has subsequently recovered, such recovery is not recorded.

Loan Receivables from Property Development Projects — The loan receivables from property development projects are classified as current assets, carried at face value, and are individually evaluated for impairment. The allowance for loan losses reflects management's best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known loan accounts. All loans or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for losses.

Interest income on the loan receivables from property development projects are recognized on an accrual basis. Discounts and premiums on loans are amortized to income using the interest method over the remaining period to contractual maturity. The amortization of discounts into income is discontinued on loans that are contractually 90 days past due or when collection of interest appears doubtful.

Contingent Liabilities — Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

2. NEW ACCOUNTING PRONOUNCEMENTS

In March 2020, FASB issued ASU 2020-04 ASC Topic 848: *Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or by another reference rate expected to be discontinued. The amendments are effective for all entities as of March 12, 2020, and the Company may elect to apply the amendments prospectively through December 31, 2022. The Company has completed its assessment and concluded that this update has no significant impact to the Company's consolidated financial statements.

In June 2016, FASB issued ASU 2016-13 ASC Topic 326: *Financial Instruments — Credit Losses* ("ASC Topic 326") for the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. ASC Topic 326 is effective for the Company for annual periods beginning after December 15, 2022. The Company has completed its assessment and concluded that this update has no significant impact to the Company's consolidated financial statements.

Other new pronouncements issued but not yet effective until after December 31, 2021, are not expected to have a significant effect on the Company's consolidated financial position or results of operations.

3. TERM DEPOSITS

	Dec. 31, 2021 (Unaudited)	June 30, 2021
Short-term deposits	$ 5,032	$ 6,353
Currency translation effect on short-term deposits	(35)	298
Total short-term deposits	**4,997**	**6,651**
Restricted term deposits	1,742	1,682
Currency translation effect on restricted term deposits	(9)	59
Total restricted term deposits	**1,735**	**1,741**
Total term deposits	**$ 6,732**	**$ 8,392**

Restricted deposits represent the amount of cash pledged to secure loans payable to financial institutions and serve as collateral for public utility agreements such as electricity and water, and performance bonds related to customs duty payable. Restricted deposits are classified as noncurrent assets, as they relate to long-term obligations and will become unrestricted only upon discharge of the obligations. Short-term deposits represent bank deposits, which do not qualify as cash equivalents.

4. TRADE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are customer obligations due under normal trade terms. The Company performs continuing credit evaluations of its customers' financial conditions, and although management generally does not require collateral, letters of credit may be required from the customers in certain circumstances.

Senior management reviews accounts receivable on a periodic basis to determine if any receivables will potentially be uncollectible. Management includes any accounts receivable balances that are determined to be uncollectible in the allowance for doubtful accounts. After all reasonable attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, management believed the allowance for doubtful accounts as of December 31, 2021, and June 30, 2021, was adequate.

The following table represents the changes in the allowance for doubtful accounts:

	Dec. 31, 2021 (Unaudited)	June 30, 2021
Beginning	$ 311	$ 314
Additions charged to expenses	44	5
Recovered	(105)	(14)
Write-off	-	(16)
Currency translation effect	2	22
Ending	**$ 252**	**$ 311**

5. LOANS RECEIVABLE FROM PROPERTY DEVELOPMENT PROJECTS

The following table presents Trio-Tech (Chongqing) Co. Ltd ("TTCQ")'s loan receivables from property development projects in China as of December 31, 2021.

	Loan Expiry Date	Loan Amount (RMB)	Loan Amount (U.S. Dollars)
Short-term loan receivables			
JiangHuai (Project – Yu Jin Jiang An)	May 31, 2013	2,000	314
Less: allowance for doubtful receivables		(2,000)	(314)
Net loan receivables from property development projects		-	-
Long-term loan receivables			
Jun Zhou Zhi Ye	Oct 31, 2016	5,000	784
Less: transfer – down-payment for purchase of investment property		(5,000)	(784)
Net loan receivables from property development projects		-	-

The short-term loan receivables amounting to renminbi ("RMB") 2,000, or approximately $314 arose due to TTCQ entering into a Memorandum Agreement with JiangHuai Property Development Co. Ltd. ("JiangHuai") to invest in their property development projects (Project - Yu Jin Jiang An) located in Chongqing City, China in fiscal 2011. Based on TTI's financial policy, a provision for doubtful receivables of $314 on the investment in JiangHuai was recorded during fiscal 2014. TTCQ did not generate other income from JiangHuai for the quarter ended December 31, 2021 or for the fiscal year ended June 30, 2021. TTCQ is in the legal process of recovering the outstanding amount of approximately $314.

The loan amounting to RMB 5,000, or approximately $784, arose due to TTCQ entering into a Memorandum Agreement with JiaSheng Property Development Co. Ltd. ("JiaSheng") to invest in their property development projects (Project B-48 Phase 2) located in Chongqing City, China in fiscal 2011. The amount was unsecured and repayable at the end of the term. The book value of the loan receivable approximates its fair value. During fiscal year 2015, the loan receivable was transferred to down payment for purchase of investment property that is being developed in the Singapore Themed Resort Project (See Note 9).

6. OTHER RECEIVABLES

The other receivables mainly consist of advanced payments made to trade creditor.

7. INVENTORIES

Inventories consisted of the following:

	Dec. 31, 2021 (Unaudited)	June 30, 2021
Raw materials	$ 1,383	$ 1,152
Work in progress	1,455	1,218
Finished goods	446	325
Currency translation effect	(9)	64
Less: provision for obsolete inventories	(703)	(679)
	$ 2,572	**$ 2,080**

The following table represents the changes in provision for obsolete inventories:

	Dec. 31, 2021 (Unaudited)	June 30, 2021
Beginning	$ 679	$ 678
Additions charged to expenses	26	13
Usage – disposition	-	(28)
Currency translation effect	(2)	16
Ending	**$ 703**	**$ 679**

8. INVESTMENT PROPERTIES

The following table presents the Company's investment in properties in China as of December 31, 2021. The exchange rate is based on the market rate as of December 31, 2021.

	Investment Date / Reclassification Date	Investment Amount (RMB)	Investment Amount (U.S. Dollars)
Purchase of rental property – Property I – MaoYe Property	Jan 04, 2008	5,554	894
Currency translation		-	(87)
Reclassification as "Assets held for sale"	July 01, 2019	(5,554)	(807)
Reclassification from "Assets held for sale"	Mar 31, 2020	2,024	301
		2,024	301
Purchase of rental property – Property II - JiangHuai	Jan 06, 2010	3,600	580
Purchase of rental property – Property III - FuLi	Apr 08, 2010	4,025	648
Currency translation		-	(15)
Gross investment in rental property		9,649	1,514
Accumulated depreciation on rental property	Dec 31, 2021	(7,281)	(1,128)
Reclassified as "Assets held for sale"- MaoYe Property	July 01, 2019	2,822	410
Reclassification from "Assets held for sale"- MaoYe Property	Mar 31, 2020	(1,029)	(143)
		(5,488)	(861)
Net investment in property – China		**4,161**	**653**

The following table presents the Company's investment in properties in China as of June 30, 2021. The exchange rate is based on the market rate as of June 30, 2021.

	Investment Date / Reclassification Date	Investment Amount (RMB)	Investment Amount (U.S. Dollars)
Purchase of rental property – Property I – MaoYe Property	Jan 04, 2008	5,554	894
Currency translation		-	(87)
Reclassification as "Assets held for sale"	Jul 01, 2018	(5,554)	(807)
Reclassification from "Assets held for sale"	Mar 31, 2019	2,024	301
		2,024	301
Purchase of rental property – Property II - JiangHuai	Jan 06, 2010	3,600	580
Purchase of rental property – Property III - FuLi	Apr 08, 2010	4,025	648
Currency translation		-	(36)
Gross investment in rental property		9,649	1,493
Accumulated depreciation on rental property	Jun 30, 2021	(7,040)	(1,079)
Reclassified as "Assets held for sale" - MaoYe Property	Jul 01, 2019	2,822	410
Reclassification from "Assets held for sale" - MaoYe Property	Mar 31, 2020	(1,029)	(143)
		(5,247)	(812)
Net investment in properties – China		**4,402**	**681**

Rental Property I - MaoYe Property

In fiscal 2008, TTCQ purchased an office in Chongqing, China from MaoYe Property Ltd. ("MaoYe"), for a total cash purchase price of RMB 5,554, or approximately $894.

Property purchased from MaoYe generated a rental income of $2 and $4 during the three and six months ended December 31, 2021, as compared to $nil and $3 for the same periods, respectively, in last fiscal year.

Depreciation expense for MaoYe was $4 and $8 for the three and six months ended December 31, 2021 and 2020, respectively.

Rental Property II - JiangHuai

In fiscal year 2010, TTCQ purchased eight units of commercial property in Chongqing, China from Chongqing JiangHuai Real Estate Development Co. Ltd. ("JiangHuai") for a total purchase price of RMB 3,600, or approximately $580. TTCQ has yet to receive the title deed for these properties. TTCQ was in the legal process of obtaining the title deed until the developer encountered cash flow difficulties in recent years. Since fiscal year 2018, JiangHuai has been under liquidation and is now undergoing asset distribution. Nonetheless, this is not expected to affect the property's market value but, in view of the COVID-19 pandemic and current economic situation, it is likely to be more tedious and time consuming for the court in their execution of the sale.

Property purchased from JiangHuai did not generate any rental income for the three and six months ended December 31, 2021 and 2020.

Depreciation expense for JiangHuai was $7 and $14 for the three and six months ended December 31, 2021, as compared to $7 and $13 for the same period in last fiscal year.

Rental Property III – FuLi

In fiscal 2010, TTCQ entered into a Memorandum Agreement with Chongqing FuLi Real Estate Development Co. Ltd. ("FuLi") to purchase two commercial properties totaling 311.99 square meters ("office space") located in Jiang Bei District Chongqing. The total purchase price committed and paid was RMB 4,025, or approximately $648. The development was completed, the property was handed over to TTCQ in April 2013 and the title deed was received during the third quarter of fiscal 2014.

One of the two commercial properties was leased from TTCQ by a third party under a two-year lease to rent out the 154.49 square meter space at a monthly rate of RMB9, or approximately $1, commencing from May 21, 2021, to May 23, 2023.

For the other leased property, TTCQ renewed the lease agreement to rent out the 161 square meter space at a monthly rate of RMB10, or approximately $1, from November 1, 2019, to October 31, 2020. After which, TTCQ renewed the lease agreement at a monthly rate of RMB10, or approximately $1, from November 1, 2020, to April 30, 2021, and May 1, 2021, to October 31, 2021. As the space is currently vacant, TTCQ is still actively searching for a tenant for this space.

Properties purchased from FuLi generated a rental income of $5 and $14 for the three and six months ended December 31, 2021, as compared to $4 and $7 for the same period in the last fiscal year.

Depreciation expense for FuLi was $8 and $16 for the three and six months ended December 31, 2021, respectively as compared to $7 and $14 for the same period in the last fiscal year.

Summary

Total rental income for all investment properties in China was $7 and $18 for the three and six months ended December 31, 2021, as compared to $7 and $10 for the same periods, respectively, in the last fiscal year.

Depreciation expenses for all investment properties in China were $19 and $38 for the three and six months ended December 31, 2021, respectively, as compared to $18 and $35 same periods, respectively, in the last fiscal year.

9. OTHER ASSETS

Other assets consisted of the following:

	Dec. 31, 2021 (Unaudited)	June 30, 2021
Down payment for purchase of investment properties *	$ -	$ -
Down payment for purchase of property, plant and equipment	6	372
Deposits for rental and utilities and others	159	160
Currency translation effect	(18)	(270)
Total	**$ 147**	$ 262

*Down payment for purchase of investment properties included:

	RMB	US Dollars
Original Investment (10% of Jun Zhou equity)	$ 10,000	$ 1,606
Less: Management Fee	(5,000)	(803)
Net Investment	5,000	803
Less: Share of Loss on Joint Venture	(137)	(22)
Net Investment as Down Payment(Note *a)	**4,863**	**781**
Loans Receivable	5,000	784
Interest Receivable	1,250	196
Less: Impairment of Interest	(906)	(142)
Transferred to Down Payment(Note *b)	**5,344**	**838**
*** Down Payment for Purchase of Investment Properties**	**10,207**	**1,619**
Less: Provision of Impairment loss on other assets	**(10,207)**	**(1,619)**
*** Down Payment for Purchase of Investment Properties**	**-**	**-**

a) In fiscal year 2011, the Company signed a Joint Venture agreement ("agreement") with Jia Sheng Property Development Co. Ltd. ("Developer") to form a new company, Jun Zhou Co., Limited ("Joint Venture" or "Jun Zhou") to joint develop the "Singapore Themed Park" project (the "project"), where the Company paid RMB 10 million for a 10% investment in the joint venture. The Developer paid the Company a management fee of RMB5 million in cash upon signing of the agreement with a remaining fee of RMB5 million payable upon fulfilment of certain conditions in accordance with the agreement. The Company further reduced its investment by RMB 137, or approximately $22, towards the losses from operations incurred by the joint venture.

In fiscal year 2014, the Company disposed of its entire 10% interest in the joint venture. The Company recognized the disposal of its 10% investment in Jun Zhou based on the recorded net book value of RMB5 million or equivalent to $784K, from net considerations paid, in accordance with US GAAP under ASC Topic 845 *Non-monetary Consideration*, and it's presented under "Other Assets" as noncurrent assets to defer the recognition of the gain on the disposal of the 10% interest in the joint venture investment until such time that the consideration is paid, so that the gain can be ascertained.

b) Amounts of RMB 5,000, or approximately $784, as disclosed in Note 5, plus the interest receivable on long term loan receivable of RMB 1,250, or approximately $196, and impairment on interest of RMB 906, or approximately $142.

The shop lots are to be delivered to TTCQ upon completion of the construction of the shop lots in Singapore Themed Resort Project. The initial targeted date of completion was in fiscal year 2017. Based on discussion with the developers, the completion date is currently estimated to be December 31, 2022. The delay was primarily due to the time needed by the developers to work with various parties to inject sufficient funds into this project.

During the fourth quarter of fiscal 2021, The Company accrued an impairment charge of $1,580 related to the doubtful recovery of the down payment on shop lots in the Singapore Theme Resort Project in Chongqing, China, which the impairment loss translated based on the exchange rate used in the fiscal year 2021. The Company accounted for this noncash impairment charge because of increased uncertainties regarding the project's viability given the developer's weakening financial condition as well as uncertainties arising from the negative real estate environment in China, implementation of control measures on real estate lending and its relevant government policies, together with effects of the ongoing pandemic.

10. LINES OF CREDIT

Carrying value of the Company's lines of credit approximates its fair value because the interest rates associated with the lines of credit are adjustable in accordance with market situations when the Company borrowed funds with similar terms and remaining maturities.

The Company's credit rating provides it with readily and adequate access to funds in global markets.

As of December 31, 2021, the Company had certain lines of credit that are collateralized by restricted deposits.

Entity with Facility	Type of Facility	Interest Rate	Expiration Date		Credit Limitation		Unused Credit
Trio-Tech International Pte. Ltd., Singapore	Lines of Credit	Ranging from 1.85% to 5.5%, SIBOR rate +1.25% and LIBOR rate +1.25%	-	$	4,216	$	4,216
Universal (Far East) Pte. Ltd.	Lines of Credit	Ranging from 1.85% to 5.5%	-	$	1,109	$	632
Trio-Tech Malaysia Sdn. Bhd.	Revolving Credit	Cost of Funds Rate +2%	-	$	359	$	359

As of June 30, 2021, the Company had certain lines of credit that are collateralized by restricted deposits.

Entity with Facility	Type of Facility	Interest Rate	Expiration Date		Credit Limitation		Unused Credit
Trio-Tech International Pte. Ltd., Singapore Universal (Far East) Pte. Ltd.	Lines of Credit	Ranging from 1.85% to 5.5%, SIBOR rate +1.25% and LIBOR rate +1.30%	-	$	4,806	$	4,806
Trio-Tech Malaysia Sdn. Bhd.	Lines of Credit	Ranging from 1.85% to 5.5%	-	$	359	$	187
Trio-Tech Malaysia Sdn. Bhd.	Revolving Credit	Cost of Funds Rate +2%	-	$	350	$	350

11. ACCRUED EXPENSES

Accrued expenses consisted of the following:

		Dec. 31, 2021 (Unaudited)		June 30, 2021
Payroll and related costs	$	1,419	$	1,362
Commissions		91		51
Customer deposits		39		45
Legal and audit		146		321
Sales tax		24		9
Utilities		145		91
Warranty		16		14
Accrued purchase of materials and property, plant and equipment		473		144
Provision for re-instatement		308		290
Deferred income		64		67
Contract liabilities		1,178		628
Other accrued expenses		836		279
Currency translation effect		5		62
Total	**$**	**4,744**	**$**	**3,363**

12. ASSURANCE WARRANTY ACCRUAL

The Company provides for the estimated costs that may be incurred under its warranty program at the time the sale is recorded. The warranty period of the products manufactured by the Company is generally one year or the warranty period agreed upon with the customer. The Company estimates the warranty costs based on the historical rates of warranty returns. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary.

	Dec. 31, 2021 (Unaudited)	June 30, 2021
Beginning	$ 14	$ 12
Additions charged to cost and expenses	2	7
Reversal	-	(4)
Currency translation effect	-	(1)
Ending	**$ 16**	**$ 14**

13. BANK LOANS PAYABLE

Bank loans payable consisted of the following:

	Dec. 31, 2021 (Unaudited)	June 30, 2021
Note payable denominated in RM for expansion plans in Malaysia, maturing in August 2028, bearing interest at the bank's prime rate less 2.00% (3.60% for December 31, 2021 and June 30, 2021) per annum, with monthly payments of principal plus interest through August 2028, collateralized by the acquired building with a carrying value of $2,543 and $2,579, as at December 31, 2021 and June 30, 2021, respectively.	1,676	1,885
Financing arrangement at fixed interest rate 3.2% per annum, with monthly payments of principal plus interest through July 2025.	155	175
Total bank loans payable	**$ 1,831**	**$ 2,060**
Current portion of bank loans payable	448	428
Currency translation effect on current portion of bank loans	(3)	11
Current portion of bank loans payable	**445**	**439**
Long-term portion of bank loans payable	1,398	1,564
Currency translation effect on long-term portion of bank loans	(12)	57
Long-term portion of bank loans payable	**$ 1,386**	**$ 1,621**

Future minimum payments (excluding interest) as at December 31, 2021, were as follows:

Remainder of fiscal 2022	$ 445
2023	462
2024	328
2025	191
2026	169
Thereafter	236
Total obligations and commitments	**$ 1,831**

Future minimum payments (excluding interest) as at June 30, 2021, were as follows:

2022	$ 439
2023	457
2024	462
2025	208
2026	171
Thereafter	323
Total obligations and commitments	**$ 2,060**

14. COMMITMENTS AND CONTINGENCIES

Trio-Tech (Malaysia) Sdn. Bhd. has no capital commitments as at December 31, 2021, as compared to capital commitment of $93 as at June 30, 2021.

Trio-Tech (Tianjin) Co., Ltd. in China has capital commitments for the purchase of equipment and other related infrastructure costs amounting to RMB 542, or approximately $91, as at December 31, 2021, as compared to no capital commitment as at June 30, 2021.

The Company is, from time to time, the subject of litigation claims and assessments arising out of matters occurring in its normal business operations. In the opinion of management, resolution of these matters will not have a material adverse effect on the Company's financial statements.

15. BUSINESS SEGMENTS

The Company generates revenue primarily from 3 different segments: Manufacturing, Testing and Distribution. The Company accounts for a contract with a customer when there is approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectibility of consideration is probable. The Company's revenues are measured based on consideration stipulated in the arrangement with each customer, net of any sales incentives and amounts collected on behalf of third parties, such as sales taxes. The revenues are recognized as separate performance obligations that are satisfied by transferring control of the product or service to the customer.

The revenue allocated to individual countries was based on where the customers were located. The allocation of the cost of equipment, the current year investment in new equipment and depreciation expense have been made based on the primary purpose for which the equipment was acquired.

Significant Judgments

The Company's arrangements with its customers include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. A product or service is considered distinct if it is separately identifiable from other deliverables in the arrangement and if a customer can benefit from it on its own or with other resources that are readily available to the customer.

The Company allocates the transaction price to each performance obligation on a relative standalone selling price basis ("SSP"). Determining the SSP for each distinct performance obligation and allocation of consideration from an arrangement to the individual performance obligations and the appropriate timing of revenue recognition are significant judgments with respect to these arrangements. The Company typically establishes the SSP based on observable prices of products or services sold separately in comparable circumstances to similar clients. The Company may estimate SSP by considering internal costs, profit objectives and pricing practices in certain circumstances.

Warranties, discounts and allowances are estimated using historical and recent data trends. The Company includes estimates in the transaction price only to the extent that a significant reversal of revenue is not probable in subsequent periods. The Company's products and services are generally not sold with a right of return, nor has the Company experienced significant returns from or refunds to its customers.

Manufacturing

The Company primarily derives revenue from the sale of both front-end and back-end semiconductor test equipment and related peripherals, maintenance and support of all these products, installation and training services and the sale of spare parts. The Company's revenues are measured based on consideration stipulated in the arrangement with each customer, net of any sales incentives and amounts collected on behalf of third parties, such as sales taxes.

The Company recognizes revenue at a point in time when the Company has satisfied its performance obligation by transferring control of the product to the customer. The Company uses judgment to evaluate whether the control has transferred by considering several indicators, including:

- whether the Company has a present right to payment;
- the customer has legal title;
- the customer has physical possession;
- the customer has significant risk and rewards of ownership; and
- the customer has accepted the product, or whether customer acceptance is considered a formality based on history of acceptance of similar products (for example, when the customer has previously accepted the same equipment, with the same specifications, and when we can objectively demonstrate that the tool meets all the required acceptance criteria, and when the installation of the system is deemed perfunctory).

Not all indicators need to be met for the Company to conclude that control has transferred to the customer. In circumstances in which revenue is recognized prior to the product acceptance, the portion of revenue associated with its performance obligations of product installation and training services are deferred and recognized upon acceptance.

The majority of sales under the Manufacturing segment include a standard 12-month warranty. The Company has concluded that the warranty provided for standard products are assurance type warranties and are not separate performance obligations. Warranty provided for customized products are service warranties and are separate performance obligations. Transaction prices are allocated to this performance obligation using cost plus method. The portion of revenue associated with warranty service is deferred and recognized as revenue over the warranty period, as the customer simultaneously receives and consumes the benefits of warranty services provided by the Company.

Testing

The Company renders testing services to manufacturers and purchasers of semiconductors and other entities who either lack testing capabilities or whose in-house screening facilities are insufficient. The Company primarily derives testing revenue from burn-in services, manpower supply and other associated services. SSP is directly observable from the sales orders. Revenue is allocated to performance obligations satisfied at a point in time depending upon terms of the sales order. Generally, there is no other performance obligation other than what has been stated inside the sales order for each of these sales.

Terms of contract that may indicate potential variable consideration include warranty, late delivery penalty and reimbursement to solve nonconformance issues for rejected products. Based on historical and recent data trends, it is concluded that these terms of the contract do not represent potential variable consideration. The transaction price is not contingent on the occurrence of any future event.

Distribution

The Company distributes complementary products, particularly equipment, industrial products and components by manufacturers mainly from the U.S., Europe, Taiwan and Japan. The Company recognizes revenue from product sales at a point in time when the Company has satisfied its performance obligation by transferring control of the product to the customer. The Company uses judgment to evaluate whether control has transferred by considering several indicators discussed above. The Company recognizes the revenue at a point in time, generally upon shipment or delivery of the products to the customer or distributors, depending upon terms of the sales order.

All intersegment revenue was from the manufacturing segment to the testing and distribution segments. Total intersegment revenue was $232 for the three months ended December 31, 2021, as compared to $375 for the same period in the last fiscal year. Corporate assets mainly consisted of cash and prepaid expenses. Corporate expenses mainly consisted of stock option expenses, salaries, insurance, professional expenses and directors' fees. Corporate expenses are allocated to the four segments. The following segment information table includes segment operating income or loss after including the corporate expenses allocated to the segments, which gets eliminated in the consolidation.

The following segment information is unaudited for the six months ended December 31, 2021 and December 31, 2020:

Business Segment Information:

	Six Months Ended Dec. 31,	Net Revenue	Operating Income / (Loss)	Total Assets	Depr. And Amort.	Capital Expenditures
Manufacturing	2021	$ 7,090	252	14,799	208	95
	2020	$ 6,194	63	11,739	212	154
Testing Services	2021	9,566	1,124	24,546	1,251	699
	2020	6,514	(673)	21,900	1,222	63
Distribution	2021	4,418	531	1,850	2	-
	2020	2,323	244	802	-	-
Real Estate	2021	19	(51)	1,283	41	1
	2020	11	(61)	3,846	35	-
Fabrication	2021	-	-	-	-	-
Services *	2020	-	-	-	-	-
Corporate &	2021	-	230	74	-	-
Unallocated	2020	-	63	76	-	-
Total Company	2021	$ 21,093	1,626	42,552	1,502	795
	2020	$ 15,042	(364)	38,363	1,469	217

The following segment information is unaudited for the three months ended December 31, 2021, and December 31, 2020:

Business Segment Information:

	Three Months Ended Dec. 31,	Net Revenue	Operating Income / (Loss)	Total Assets	Depr. And Amort.	Capital Expenditures
Manufacturing	2021	$ 3,528	(48)	14,799	104	35
	2020	$ 3,569	81	11,739	110	87
Testing Services	2021	4,966	588	24,546	644	322
	2020	3,560	(336)	21,900	636	41
Distribution	2021	2,420	277	1,850	-	-
	2020	1,065	120	802	-	-
Real Estate	2021	8	(28)	1,283	21	-
	2020	7	(34)	3,846	20	-
Fabrication	2021	-	-	-	-	-
Services *	2020	-	-	-	-	-
Corporate &	2021	-	133	74	-	-
Unallocated	2020	-	132	76	-	-
Total Company	2021	$ 10,922	656	42,552	769	357
	2020	$ 8,201	(37)	38,363	766	128

* Fabrication services is a discontinued operation.

16. OTHER INCOME

Other income consisted of the following:

	Three Months Ended		Six Months Ended	
	Dec. 31, 2021 Unaudited	Dec. 31, 2020 Unaudited	Dec. 31, 2021 Unaudited	Dec. 31, 2020 Unaudited
Interest income	$ 16	$ 30	$ 38	$ 70
Other rental income	29	24	58	45
Exchange loss	(38)	(93)	(4)	(137)
Bad debt recovery	102	-	104	-
Dividend income	-	30	-	32
Commission income	200	-	200	-
Government grant	28	106	98	260
Other miscellaneous income	44	46	48	84
Total	**$ 381**	**$ 143**	**$ 542**	**$ 354**

The Company received financial assistance in the form of government grants from the Malaysia and Thailand governments amid the COVID-19 pandemic. The grants amounted to $19 and $61 for the three and six months ended December 31, 2021, respectively.

The Company received financial assistance in the form of government grants from the Singapore and Malaysia governments amid the COVID-19 pandemic.

The grants amounted to $101 and $243 for the three and six months ended December 31, 2020, respectively.

17. INCOME TAX

The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining the provision for income taxes and income tax assets and liabilities, including evaluating uncertainties in the application of accounting principles and complex tax laws. The statute of limitations, in general, is open for years 2014 to 2020 for tax authorities in those jurisdictions to audit or examine income tax returns. The Company is under annual review by the tax authorities of the respective jurisdiction to which the subsidiaries belong.

The Tax Cuts and Jobs Act (the "Tax Act") was enacted in fiscal year 2018, and reduced the U.S. federal corporate tax rate from 35% to 21%, eliminated corporate Alternative Minimum Tax, modified rules for expensing capital investment, and limited the deduction of interest expense for certain companies. The Act is a fundamental change to the taxation of multinational companies, including a shift from a system of worldwide taxation with some deferral elements to a territorial system, current taxation of certain foreign income, a minimum tax on low tax foreign earnings, and new measures to curtail base erosion and promote U.S. production.

Due to the enactment of the Tax Act, the Company is subject to a tax on global intangible low-taxed income ("GILTI"). GILTI is a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. Companies subject to GILTI have the option to account for the GILTI tax as a period cost if and when incurred, or to recognize deferred taxes for temporary differences including outside basis differences expected to reverse as GILTI. The Company has elected to account for GILTI as a period cost. GILTI expense was $23 for the period ended December 31, 2021.

The Company's income tax expense was $153 and $333 for the 3 months and 6 months ended December 31, 2021, respectively as compared to $nil and $7 for the 3 months and 6 months ended December 31, 2020. Our effective tax rate ("ETR") from continuing operations was 15.16% and 0% for the quarters ended December 31, 2021 and December 31, 2020, respectively. The increase in income tax expense and effective tax rate was due to the following:

1. The Singapore operations incurred higher income tax due to higher income generated for the period ended December 31, 2021 compared to same period last fiscal year coupled with tax benefit, which was fully utilized in the last fiscal year.
2. The Thailand and China operations also incurred higher income tax due to higher income generated in period ended December 31, 2021 compared to same period last fiscal year.
3. The Company recognized $23 of GILTI tax expenses for the period ended December 31,2021 respectively due to higher income derived from controlled foreign corporation.

The Company accrues penalties and interest related to unrecognized tax benefits when necessary as a component of penalties and interest expenses, respectively. The Company had no unrecognized tax benefits or related accrued penalties or interest expenses at December 31, 2021.

In assessing the ability to realize the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on these criteria, management believes it is more likely than not the Company will not realize the benefits of the federal, state, and foreign deductible differences. Accordingly, a full valuation allowance has been established.

18. CONTRACT BALANCES

The timing of revenue recognition, billings and collections may result in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities). The Company's payment terms and conditions vary by contract type, although terms generally include a requirement of payment of 70% to 90% of total contract consideration within 30 to 60 days of shipment with the remainder payable within 30 days of acceptance. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined that its contracts generally do not include a significant financing component.

Contract assets were recorded under other receivable while contract liabilities were recorded under accrued expenses in the balance sheet.

The following table is the reconciliation of contract balances.

	Dec. 31, 2021	June 30, 2021
	(Unaudited)	
Trade Accounts Receivable	9,839	8,293
Accounts Payable	3,961	3,702
Contract Assets	292	337
Contract Liabilities	1,178	628

Remaining Performance Obligation

As at December 31, 2021, the Company had $826 of remaining performance obligations, which represents our obligation to deliver products and services, with the remaining of the amount expected to be recognized between three and five years.

As at June 30, 2021, the Company had $924 of remaining performance obligations, which represents our obligation to deliver products and services.

Refer to note 15 "Business Segments" of the Notes to Condensed Consolidated Financial Statements for information related to revenue.

19. EARNINGS PER SHARE

Options to purchase 724,500 shares of Common Stock at exercise prices ranging from $2.53 to $5.98 per share were outstanding as of December 31, 2021. 212,500 stock options were excluded in the computation of diluted EPS for the three months ended December 31, 2021 because they were anti-dilutive.

Options to purchase 623,500 shares of Common Stock at exercise prices ranging from $2.69 to $5.98 per share were outstanding as of December 31, 2020. 188,125 stock options were excluded in the computation of diluted EPS for three months ended December 31, 2020 because they were anti-dilutive.

The following table is a reconciliation of the weighted average shares used in the computation of basic and diluted EPS for the period presented herein:

	Three Months Ended		Six Months Ended	
	Dec. 31, 2021 (Unaudited)	Dec. 31, 2020 (Unaudited)	Dec. 31, 2021 (Unaudited)	Dec. 31, 2020 (Unaudited)
Income attributable to Trio-Tech International common shareholders from continuing operations, net of tax	$ 856	$ 246	$ 1,770	$ 241
Income / (loss) attributable to Trio-Tech International common shareholders from discontinued operations, net of tax	(1)	(11)	2	(14)
Net income attributable to Trio-Tech International Common Shareholders	**$ 855**	**$ 235**	**$ 1,772**	**$ 227**
Weighted average number of common shares outstanding - basic	3,923	3,710	3,923	3,710
Dilutive effect of stock options	319	90	206	83
Number of shares used to compute earnings per share - diluted	**4,242**	**3,800**	**4,129**	**3,793**
Basic earnings per share from continuing operations attributable to Trio-Tech International	$ 0.22	0.06	0.46	0.06
Basic earnings per share from discontinued operations attributable to Trio-Tech International	-	-	-	-
Basic earnings per share from net income attributable to Trio-Tech International	**$ 0.22**	**$ 0.06**	**$ 0.46**	**$ 0.06**
Diluted earnings per share from continuing operations attributable to Trio-Tech International	$ 0.20	0.06	0.43	0.06
Diluted earnings per share from discontinued operations attributable to Trio-Tech International	-	-	-	-
Diluted earnings per share from net income attributable to Trio-Tech International	**$ 0.20**	**$ 0.06**	**$ 0.43**	**$ 0.06**

20. STOCK OPTIONS

On September 24, 2007, the Company's Board of Directors unanimously adopted the 2007 Employee Stock Option Plan (the "2007 Employee Plan") and the 2007 Directors Equity Incentive Plan (the "2007 Directors Plan"), each of which was approved by the shareholders on December 3, 2007. Each of those plans was amended during the term of such plan to increase the number of shares covered thereby. As of the last amendment thereof, the 2007 Employee Plan covered an aggregate of 600,000 shares of the Company's Common Stock and the 2007 Directors Plan covered an aggregate of 500,000 shares of the Company's Common Stock. Each of those plans terminated by its respective terms on September 24, 2017. These two plans were administered by the Board, which also established the terms of the awards.

On September 14, 2017, the Company's Board of Directors unanimously adopted the 2017 Employee Stock Option Plan (the "2017 Employee Plan") and the 2017 Directors Equity Incentive Plan (the "2017 Directors Plan"), each of which was approved by the shareholders on December 4, 2017. Each of these plans is administered by the Board of Directors of the Company.

Assumptions

The fair value for the stock options granted to both employees and directors was estimated using the Black-Scholes option pricing model with the following weighted average assumptions, assuming:

- An expected life varying from 2.50 to 3.25 years, calculated in accordance with the guidance provided in SEC Staff bulletin No. 110 for plain vanilla options using the simplified method, since our equity shares have been publicly traded for only a limited period of time and we did not have sufficient historical exercise data at the grant date of the options;
- A risk-free interest rate varying from 0.11% to 2.35% (2021: 0.14% to 2.35%);
- no expected dividend payments and
- expected volatility of 45.38% to 55.59% (2021: 45.38% to 76.85%).

2017 Employee Stock Option Plan

The Company's 2017 Employee Plan permits the grant of stock options to its employees covering up to an aggregate of 300,000 shares of Common Stock. The Company's board of directors approved an amendment to the 2017 Employee Plan in December, 2021 to increase the shares covered thereby from 300,000 shares to an aggregate of 600,000 shares, which amendment was approved by the Company's shareholders at the annual meeting held in December 2021. Under the 2017 Employee Plan, all options must be granted with an exercise price of not less than fair value as of the grant date and the options granted must be exercisable within a maximum of ten years after the date of grant, or such lesser period of time as is set forth in the stock option agreements. The options may be exercisable (a) immediately as of the effective date of the stock option agreement granting the option, or (b) in accordance with a schedule related to the date of the grant of the option, the date of first employment, or such other date as may be set by the Compensation Committee. Generally, options granted under the 2017 Employee Plan are exercisable within five years after the date of grant, and vest over the period as follows: 25% vesting on the grant date and the remaining balance vesting in equal installments on the next three succeeding anniversaries of the grant date. The share-based compensation will be recognized in terms of the grade method on a straight-line basis for each separately vesting portion of the award. Certain option awards provide for accelerated vesting if there is a change in control (as defined in the 2017 Employee Plan).

During the first two quarters of fiscal year 2022, there were no stock options granted under the 2017 Employee Plan. There were 41,125 stock options exercised during the six-month period ended December 31, 2021. The Company recognized $10 stock-based compensation expenses during the six months ended December 31, 2021.

During the first two quarters of fiscal year 2021, there were stock options granted under the 2017 Employee Plan covering a total of 11,000 shares of Common Stock. There were no stock options exercised during the six-month period ended December 31, 2020. The Company recognized $10 stock-based compensation expenses during the six months ended December 31, 2020.

As of December 31, 2021, there were vested stock options granted under the 2017 Employee Plan covering a total of 130,375 shares of Common Stock. The weighted-average exercise price was $4.79 and the weighted average remaining contractual term was 2.00 years.

As of December 31, 2020, there were vested stock options granted under the 2017 Employee Plan covering a total of 104,750 shares of Common Stock. The weighted-average exercise price was $4.40 and the weighted average remaining contractual term was 2.96 years.

A summary of option activities under the 2017 Employee Plan during the six-months period ended December 31, 2021, is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2021	267,000	$ 4.21	3.22	$ 290
Granted	-	-	-	-
Exercised	(41,125)	2.87	-	-
Forfeited or expired	-	-	-	-
Outstanding at December 31, 2021	225,875	$ 4.46	2.66	$ 2,026
Exercisable at December 31, 2021	130,375	$ 4.79	2.00	$ 1,127

A summary of the status of the Company's non-vested employee stock options during the six months ended December 31, 2021is presented below:

	Options	Weighted Average Grant-Date Fair Value
Non-vested at July 1, 2021	102,250	$ 2.29
Granted	-	-
Vested	(6,750)	-
Forfeited	-	-
Non-vested at December 31, 2021	95,500	$ 4.00

A summary of option activities under the 2017 Employee Plan during the six months period ended December 31, 2020 is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2020	196,000	$ 3.92	3.72	$ 36.00
Granted	11,000	3.73	-	-
Exercised	-	-	-	-
Forfeited or expired	-	-	-	-
Outstanding at December 31, 2020	207,000	$ 3.91	3.31	$ 132.49
Exercisable at December 31, 2020	104,750	$ 4.40	2.96	$ 45.00

A summary of the status of the Company's non-vested employee stock options during the six months ended December 31, 2020, is presented below:

	Options	Weighted Average Grant-Date Fair Value
Non-vested at July 1, 2020	98,000	$ 3.39
Granted	11,000	-
Vested	(6,750)	-
Forfeited	-	-
Non-vested at December 31, 2020	102,250	$ 3.40

2007 Employee Stock Option Plan

The 2007 Employee Plan terminated by its terms on September 24, 2017 and no further options may be granted thereunder. However, the options outstanding thereunder continue to remain outstanding and in effect in accordance with their terms. The 2007 Employee Plan permitted the issuance of options to employees.

As the 2007 Plan has terminated, the Company did not grant any options pursuant to the 2007 Employee Plan during the six months ended December 31, 2021, and December 31, 2020, respectively.

There were no options exercised during the six months ended December 31, 2021 and December 31, 2020. The Company did not recognize any stock-based compensation expenses during the six months ended December 31, 2021, and December 31, 2020.

As of December 31, 2021, there were vested stock options granted under the 2007 Employee Plan covering a total of 37,500 shares of Common Stock. The weighted-average exercise price was $4.14 and the weighted average remaining contractual term was 0.24 years.

As of December 31, 2020, there were vested stock options granted under the 2007 Employee Plan covering a total of 77,500 shares of Common Stock. The weighted-average exercise price was $3.69 and the weighted average remaining contractual term was 0.71 years.

A summary of option activities under the 2007 Employee Plan during the six months ended December 31, 2021, is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2021	37,500	$ 4.14	0.75	$ 34
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	-	-	-	-
Outstanding at December 31, 2021	37,500	$ 4.14	0.24	$ 348
Exercisable at December 31, 2021	37,500	$ 4.14	0.24	$ 348

There were no non-vested employee stock options during the six months ended December 31, 2021.

A summary of option activities under the 2007 Employee Plan during the six months ended December 31, 2020, is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2020	77,500	$ 3.69	1.22	$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	-	-	-	-
Outstanding at December 31, 2020	77,500	$ 3.69	0.71	$ 28.00
Exercisable at December 31, 2020	77,500	$ 3.69	0.71	$ 28.00

There were no non-vested employee stock options during the six months ended December 31, 2020.

2017 Directors Equity Incentive Plan

The 2017 Directors Plan initially covered an aggregate of 300,000 shares of the Company's common stock. The Company's board of directors approved an amendment to the 2017 Directors Plan in September 2020 to increase the shares covered thereby from 300,000 shares to an aggregate of 600,000 shares, which amendment was approved by the Company's shareholders at the annual meeting held in December 2020. The 2017 Directors Plan permits the grant of options to its directors in the form of nonqualified options and restricted stock. The exercise price of the nonqualified options is required to be 100% of the fair value of the underlying shares on the grant date. The options have five-year contractual terms and are exercisable immediately as of the grant date.

During the first two quarters of fiscal year 2022, the Company did not grant any options pursuant to the 2017 Directors Plan. There were no stock options exercised during the six months ended December 31, 2021. The Company did not recognize any stock-based compensation expenses during the six months ended December 31, 2021.

During the first two quarters of fiscal year 2021, the Company did not grant any options pursuant to the 2017 Directors Plan. There were no stock options exercised during the six months ended December 31, 2020. The Company did not recognize any stock-based compensation expenses during the six months ended December 31, 2020.

As all the stock options granted under the 2017 Directors Plan vest immediately on the date of grant, there were no unvested stock options granted under the 2017 Directors Plan as of December 31, 2021, or December 31, 2020.

As of December 31, 2021, there were vested stock options granted under the 2017 Directors Plan covering a total of 320,000 shares of Common Stock. The weighted-average exercise price was $4.27 and the weighted average remaining contractual term was 2.72 years.

As of December 31, 2020, there were vested stock options granted under the 2017 Directors Plan covering a total of 240,000 shares of Common Stock. The weighted-average exercise price was $3.93 and the weighted average remaining contractual term was 3.24 years.

A summary of option activities under the 2017 Directors Plan during the three months ended December 31, 2021, is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2021	320,000	$ 4.27	3.22	$ 340
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	-	-	-	-
Outstanding at December 31, 2021	320,000	4.27	2.97	2,933
Exercisable at December 31, 2021	320,000	4.27	2.97	$ 2,933

A summary of option activities under the 2017 Directors Plan during the six months ended December 31, 2020, is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2020	240,000	$ 3.93	3.75	$ 48.00
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	-	-	-	-
Outstanding at December 31, 2020	240,000	$ 3.93	3.24	$ 168.8
Exercisable at December 31, 2020	240,000	$ 3.93	3.24	$ 168.8

2007 Directors Equity Incentive Plan

The 2007 Directors Plan terminated by its terms on September 24, 2017 and no further options may be granted thereunder. However, the options outstanding thereunder continue to remain outstanding and in effect in accordance with their terms. The 2007 Directors Plan permitted the issuance of options to directors.

As the 2007 Plan has terminated, the Company did not grant any options pursuant to the 2007 Directors Plan during the six months ended December 31, 2021, and December 31, 2020.

There were no stock options exercised during the six months ended December 31, 2021. The Company did not recognize any stock-based compensation expenses during the six months ended December 31, 2021.

50,000 shares of stock options were exercised during the six months ended December 31, 2020. The Company did not recognize any stock-based compensation expenses during the six months ended December 31, 2020.

As of December 31, 2021, there were vested stock options granted under the 2007 Directors Plan covering a total of 50,000 shares of Common Stock. The weighted-average exercise price was $4.14 and the weighted average remaining contractual term was 0.24 years.

As of December 31, 2020, there were vested stock options granted under the 2007 Directors Plan covering a total of 200,000 shares of Common Stock. The weighted-average exercise price was $3.48 and the weighted average remaining contractual term was 0.47 years.

A summary of option activities under the 2007 Directors Plan during the three months ended December 31, 2021, is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2021	50,000	$ 4.14	0.75	$ 45
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	-	-	-	-
Outstanding at December 31, 2021	50,000	$ 4.14	0.24	$ 465
Exercisable at December 31, 2021	50,000	$ 4.14	0.24	$ 465

A summary of option activities under the 2007 Directors Plan during the six months ended December 31, 2020 is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2020	250,000	$ 3.32	0.83	$ 22
Granted	-	-	-	-
Exercised	(50,000)	2.69	-	-
Forfeited or expired	-	-	-	-
Outstanding at December 31, 2020	200,000	$ 3.48	0.47	$ 105
Exercisable at December 31, 2020	200,000	$ 3.48	0.47	$ 105

21. LEASES

Company as Lessor

Operating leases where we are lessor arise from the leasing of the Company's commercial and residential real estate investment property. Initial lease terms generally range from 12 to 60 months. Depreciation expense for assets subject to operating leases is taken into account primarily on the straight-line method over a period of twenty years in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Depreciation expenses relating to the property held as investments in operating leases was $18 for both the 3 months ended December 31, 2021 and December 31, 2020. Depreciation expenses relating to the property held as investments in operating leases amounted to $36 for both 6 months ended December 31, 2021, and December 31, 2020.

Future minimum rental income in China and Thailand to be received from fiscal year 2022 to fiscal year 2023 on noncancelable operating leases is contractually due as follows as of December 31, 2021:

Remainder of fiscal 2022	$ 74
Fiscal 2023	8
	$ 82

Future minimum rental income in China and Thailand to be received from fiscal year 2022 to fiscal year 2023 on noncancelable operating leases is contractually due as follows as of June 30, 2021:

Fiscal 2022	$	145
Fiscal 2023		16
	$	**161**

Sales-type leases under which the Company is the lessor arise from the lease of four units of chiller systems. The Company classifies its lease arrangements at inception of the arrangement. The lease term is 3 years, contains an automatic transfer of title at the end of the lease term and a guarantee of residual value at the end of the lease term. The customer is required to pay for executory cost such as taxes.

Financing receivables, consisting of net investment in sales-type leases and receivables from financed sales of four units of chiller systems are as follows:

Components of Lease Balances		December 31, 2021
Assets		
Gross financial sales receivable	$	55
Unearned finance income		(5)
Financed sales receivable	$	50
Net financed sales receivables due within one year	$	21
Net financed sales receivables due after one year	$	29

As of December 31, 2021, the financed sale receivables had a weighted average effective interest rate of 13.2% and weighted average remaining lease term of 2.5 years.

Company as Lessee

The Company is the lessee under operating leases for corporate offices and research and development facilities with remaining lease terms of one year to three years and finance leases for plant and equipment.

Supplemental balance sheet information related to leases was as follows (in thousands):

	Dec. 31, 2021 (Unaudited)	June 30, 2021
Finance Leases (Plant and Equipment)		
Plant and equipment, at cost	1,825	1,413
Accumulated depreciation	(1,126)	(1,199)
Plant and Equipment, Net	699	214
Current portion of finance leases	163	197
Net of current portion of finance leases	178	253
Total Finance Lease Liabilities	341	450
Operating Leases (Corporate Offices, Research and Development Facilities)		
Operating lease right-of-use assets	2,699	1,876
Current portion of operating leases	845	672
Net of current portion of operating leases	1,857	1,204
Total Operating Lease Liabilities	2,702	1,876

	Three Months Ended		Six Months Ended	
	Dec. 31, 2021 (Unaudited)	Dec. 31, 2020 (Unaudited)	Dec. 31, 2021 (Unaudited)	Dec. 31, 2020 (Unaudited)
Lease Cost				
Finance lease cost:				
Interest on finance lease	$ 5	$ 8	$ 11	$ 20
Amortization of right-of -use assets	62	63	90	125
Total finance lease cost	67	71	101	145
Operating Lease Costs	**$ 231**	**$ 189**	**$ 470**	**$ 375**

Other information related to leases was as follows (in thousands except lease term and discount rate):

	Six months ended Dec. 31, 2021 (Unaudited)	Six months ended Dec. 31, 2020 (Unaudited)
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating cash flows from finance leases	$ 13	$ 19
Operating cash flows from operating leases	470	375
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	-	847
Weighted-Average Remaining Lease Term:		
Finance leases	2.69	3.31
Operating leases	3.57	2.97
Weighted-Average Discount Rate:		
Finance leases	3.50%	3.36%
Operating leases	4.81%	4.72%

As of December 31, 2021, the maturities of the Company's operating and finance lease liabilities are as follow:

	Operating Lease Liabilities	**Finance Lease Liabilities**
Fiscal Year		
Remainder of 2022	516	173
2023	805	114
2024	566	76
2025	565	4
2026	444	-
Thereafter	73	-
Total future minimum lease payments	2,969	367
Less: amount representing interest	(267)	(26)
Present value of net minimum lease payments	2,702	341
Presentation on statement of financial position		
Current	845	163
Noncurrent	1,857	178

As of June 30, 2021, future minimum lease payments under finance leases and noncancelable operating leases were as follows:

	Operating Lease Liabilities	Finance Lease Liabilities
Fiscal Year		
2022	748	218
2023	537	137
2024	313	111
2025	291	22
Thereafter	156	-
Total future minimum lease payments	2,045	488
Less: amount representing interest	(169)	(38)
Present value of net minimum lease payments	1,876	450
Presentation on statement of financial position		
Current	672	197
Noncurrent	1,204	253

22. FAIR VALUE OF FINANCIAL INSTRUMENTS APPROXIMATE CARRYING VALUE

In accordance with ASC Topics 825 and 820, the following presents assets and liabilities measured and carried at fair value and classified by level of fair value measurement hierarchy:

There were no transfers between Levels 1 and 2 during the three months ended December 31, 2021 and 2020.

Term deposits (Level 2) – The carrying amount approximates fair value because of the short maturity of these instruments.

Restricted term deposits (Level 2) – The carrying amount approximates fair value because of the short maturity of these instruments.

Lines of credit (Level 3) – The carrying value of the lines of credit approximates fair value due to the short-term nature of the obligations.

Bank loans payable (Level 3) – The carrying value of the Company's bank loans payable approximates its fair value as the interest rates associated with long-term debt is adjustable in accordance with market situations when the Company borrowed funds with similar terms and remaining maturities.

23. CONCENTRATION OF CUSTOMERS

The Company had two major customer that accounted for the following revenue and trade account receivables:

	For the Period Ended Dec 31, 2021	2020
Revenue		
- Customer A	42.8%	37.1%
- Customer B	15.6%	7.5%
Trade Account Receivables		
- Customer A	40.1%	48.5%
- Customer B	16.7%	7.2%

24. SUBSEQUENT EVENTS

On December 1, 2021, the Company's wholly owned subsidiary Trio-Tech (SIP) Co., Ltd. (:TTSZ") entered into a joint venture agreement (the "Agreement") with Suzhou Anchuang Technology Management LLP ("SATM"), both parties are governed under the laws of the People's Republic of China. The Agreement provides for the establishment of a joint venture for the provision of sub-contract services in the semiconductor and/or other related services in the electronics industry, mainly in Suzhou, China. Subsequent to the quarter ended December 31, 2021, the Company had incorporated Trio-Tech (Jiangsu) Co. Ltd. ("TTJS"), located in Suzhou, China together with SATM. TTSZ owns 51% of TTJS and 49% is owned by SATM. Based on our current visibility, revenue attributable to this joint-venture is not expected to be material this fiscal year, as the joint venture company is in the development stage at this time.

Subsequent to the quarter ended December 31, 2021, the Company had temporarily closed its facility in Tianjin, China in compliance with the Tianjin city government's imposed lockdown measures for mandatory testing of Tianjin city's residents and China's ZERO-COVID policy. The Company then resumed 100% operating capacity in Tianjin, China operation by January 21, 2022. The Company is actively working on production output to catch up with backlog.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Overview

The following should be read in conjunction with the condensed consolidated financial statements and notes in Item I above and with the audited consolidated financial statements and notes, the information under the headings "Risk Factors" and "Management's discussion and analysis of financial condition and results of operations" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

Trio-Tech International ("TTI") was incorporated in 1958 under the laws of the State of California. As used herein, the term "Trio-Tech" or "Company" or "we" or "us" or "Registrant" includes Trio-Tech International and its subsidiaries unless the context otherwise indicates. Our mailing address and executive offices are located at Block 1008 Toa Payoh North, Unit 03-09 Singapore 318996, and our telephone number is (65) 6265 3300.

The Company is a provider of reliability test equipment and services to the semiconductor industry. Our customers rely on us to verify that their semiconductor components meet or exceed the rigorous reliability standards demanded for aerospace, communications and other electronics products.

TTI generated approximately 99.9% of its revenue from its three core business segments in the test and measurement industry, i.e. manufacturing of test equipment, testing services and distribution of test equipment during the three months ended December 31, 2021. The Real Estate segment contributed only 0.1% to the total revenue during the three months ended December 31, 2021.

Manufacturing

TTI develops and manufactures an extensive range of test equipment used in the "front-end" and the "back-end" manufacturing processes of semiconductors. Our equipment includes leak detectors, autoclaves, centrifuges, burn-in systems and boards, HAST testers, temperature-controlled chucks, wet benches and more.

Testing

TTI provides comprehensive electrical, environmental, and burn-in testing services to semiconductor manufacturers in our testing laboratories in Asia and the U.S. Our customers include both manufacturers and end-users of semiconductor and electronic components who look to us when they do not want to establish their own facilities. The independent tests are performed to industry and customer specific standards.

Distribution

In addition to marketing our proprietary products, we distribute complementary products made by manufacturers mainly from the U.S., Europe, Taiwan and Japan. The products include environmental chambers, handlers, interface systems, vibration systems, shaker systems, solderability testers and other semiconductor equipment. Besides equipment, we also distribute a wide range of components such as connectors, sockets, LCD display panels and touch screen panels. Furthermore, our range of products are mainly targeted for industrial products rather than consumer products whereby the life cycle of the industrial products can last from three years to seven years.

Real Estate

Beginning in 2007, TTI has invested in real estate property in Chongqing, China, which has generated investment income from rental revenue, and investment returns from deemed loan receivables, which are classified as other income. The rental income is generated from the rental properties in MaoYe and FuLi in Chongqing, China. In the second quarter of fiscal 2015, the investment in JiaSheng, which was deemed as loans receivable, was transferred to down payment for purchase of investment property in China.

Impact of COVID-19 on our Business

In December 2019, a novel strain of coronavirus ("COVID-19"), was reported to have surfaced in China, resulting in shutdowns of manufacturing and commerce in the months that followed. Since then, the COVID-19 pandemic has spread to multiple countries worldwide and has resulted in authorities implementing numerous measures to try to contain the disease and slow its spread, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. These measures have created significant uncertainty and economic disruption, both short-term and potentially long-term.

Subsequent to the quarter ended December 31, 2021, the Company was required to close its facility in Tianjin, China in compliance with the Tianjin city government's imposed lockdown measures for mandatory testing of Tianjin city's residents and China's ZERO-COVID policy. The Company then resumed 100% operating capacity in Tianjin, China operation by January 21, 2022. The Company is actively working on production output to catch up with backlog.

The health and safety of our employees and our customers are a top priority for us. In an effort to protect our employees, we took and continue to take proactive and aggressive actions, starting with the earliest signs of the outbreak, to adopt social distancing policies at our locations, including working from home and suspending employee travel. Our operations have been classified as part of the global supply chain and essential businesses in many jurisdictions, and employees who are working onsite are required to adhere to strict safety measures, including the use of masks and sanitizer, wellness screenings prior to accessing work sites, staggered break times to prevent congregation, prohibitions on physical contact with coworkers or customers, restrictions on access through only a single point of entry and exit, and utilizing video conferencing. We have also incorporated other rules such as restricting visitors to any of our facilities that remain open and proactively providing employees with hand sanitizer.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for fair presentation have been included. Operating results for the three months ended December 31, 2021, are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2022. Certain accounting matters that generally require consideration of forecasted financial information were assessed regarding impacts from the COVID-19 pandemic as of December 31, 2021, and through the date of filing of this Quarterly Report dated February 14, 2022 using reasonably available information as of those dates. Those accounting matters assessed included, but were not limited to, allowance for doubtful accounts, the carrying value of long-lived tangible assets and the valuation allowances for tax assets. While the assessments resulted in no material impacts to the consolidated financial statements as of and for the quarter ended December 31, 2021, the Company believes the full impact of the pandemic remains uncertain and the Company will continue to assess if ongoing developments related to the pandemic may cause future material impacts to our consolidated financial statements.

As of December 31, 2021, the Company had cash and cash equivalents and short-term deposits totaling $12,523 and an unused line of credit of $5,207. We finance operations primarily through our existing cash balances, cash collected from operations, bank borrowings and capital lease financing. We believe these sources are sufficient to fund our operations for the foreseeable future.

While we have implemented safeguards and procedures to counter the impact of the COVID-19 pandemic, the full extent to which the pandemic has and will directly or indirectly impact us, including our business, financial condition, and result of operations, will depend on future developments that are highly uncertain and cannot be accurately predicted. This may include further mitigation efforts taken to contain the virus or treat its impact and the economic impact on local, regional, national and international markets. We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by the governments or that we determine are in the best interests of our employees, customers, suppliers and stockholders.

Critical Accounting Estimates & Policies

The discussion and analysis of the Company's financial condition presented in this section are based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the U.S. During the preparation of the consolidated financial statements, we are required to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to sales, returns, pricing concessions, bad debts, inventories, investments, fixed assets, intangible assets, income taxes and other contingencies. Due to the COVID-19 pandemic, there has been uncertainty and disruption in the global economy and financial markets. These estimates and assumptions may change as new events occur and additional information is obtained. Actual results may differ from these estimates under different assumptions or conditions.

In response to the SEC's Release No. 33-8040, Cautionary Advice Regarding Disclosure about Critical Accounting Policy, we have identified the most critical accounting policies upon which our financial status depends. We determined that those critical accounting policies are related to the inventory valuation; allowance for doubtful accounts; revenue recognition; impairment of property, plant and equipment; investment properties and income tax. These accounting policies are discussed in the relevant sections in this management's discussion and analysis, including the Recently Issued Accounting Pronouncements discussed below.

Account Receivables and Allowance for Doubtful Accounts

During the normal course of business, we extend unsecured credit to our customers in all segments. Typically, credit terms require payment to be made between 30 to 90 days from the date of the sale. We generally do not require collateral from customers. We maintain our cash accounts at creditworthy financial institutions.

The Company's management considers the following factors when determining the collectibility of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. The Company includes any account balances that are determined to be uncollectible, along with a general reserve, in the overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available to management, the Company believed that its allowance for doubtful accounts was adequate as of December 31, 2021.

Inventory Valuation

Inventories of our manufacturing and distribution segments, consisting principally of raw materials, works in progress, and finished goods, are stated at the lower of cost, using the first-in, first-out ("FIFO") method, or market value. The semiconductor industry is characterized by rapid technological change, short-term customer commitments and swiftly changing demand. Provisions for estimated excess and obsolete inventory are based on regular reviews of inventory quantities on hand and the latest forecasts of product demand and production requirements from our customers. Inventories are written down for not-saleable, excess or obsolete raw materials, works-in-process and finished goods by charging such write-downs to cost of sales. In addition to write-downs based on newly introduced parts, statistics and judgments are used for assessing provisions of the remaining inventory based on salability and obsolescence.

Property, Plant and Equipment & Investment Properties

Property, plant and equipment and investment properties are stated at cost, less accumulated depreciation and amortization. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Amortization of leasehold improvements is provided for over the lease terms or the estimated useful lives of the assets, whichever is shorter, using the straight-line method.

Maintenance, repairs and minor renewals are charged directly to expense as incurred. Additions and improvements to property and equipment are capitalized. When assets are disposed of, the related cost and accumulated depreciation thereon are removed from the accounts and any resulting gain or loss is included in the consolidated statements of operations and comprehensive income or loss.

Foreign Currency Translation and Transactions

The United States dollar ("U.S. dollar") is the functional currency of the U.S. parent company. The Singapore dollar, the national currency of Singapore, is the primary currency of the economic environment in which the operations in Singapore are conducted. We also have business entities in Malaysia, Thailand, China and Indonesia, of which the Malaysian ringgit ("RM"), Thai baht, Chinese renminbi ("RMB") and Indonesian rupiah, are the national currencies. The Company uses the U.S. dollar for financial reporting purposes.

The Company translates assets and liabilities of its subsidiaries outside the U.S. into U.S. dollars using the rate of exchange prevailing at the balance sheet date, and the statement of operations is measured using average rates in effect for the reporting period. Adjustments resulting from the translation of the subsidiaries' financial statements from foreign currencies into U.S. dollars are recorded in shareholders' equity as part of accumulated comprehensive income or loss translation adjustment. Gains or losses resulting from transactions denominated in currencies other than functional currencies of the Company's subsidiaries are reflected in income for the reporting period.

Revenue Recognition

The Company adopted Accounting Standards Update ("ASU") No. 2014-09, ASC Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606"). This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

We apply a five-step approach as defined in ASC Topic 606 in determining the amount and timing of revenue to be recognized: (1) identifying the contract with customer; (2) identifying the performance obligations in the contracts; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when the corresponding performance obligation is satisfied.

Revenue derived from testing services is recognized when testing services are rendered. Revenue generated from sale of products in the manufacturing and distribution segments are recognized when persuasive evidence of an arrangement exists, delivery of the products has occurred, customer acceptance has been obtained (which means the significant risks and rewards of ownership have been transferred to the customer), the price is fixed or determinable and collectibility is reasonably assured. Certain customers can request for installation and training services to be performed for certain products sold in the manufacturing segment. These services are mainly for helping customers with the test runs of the machines sold and are considered a separate performance obligation. Such services can be provided by other entities as well, and these do not significantly modify the product. The Company recognizes the revenue at the point in time when the Company has satisfied its performance obligation.

In the real estate segment: (1) revenue from property development is earned and recognized on the earlier of the dates when the underlying property is sold or upon the maturity of the agreement; if this amount is uncollectible, the agreement empowers the repossession of the property, and (2) rental revenue is recognized on a straight-line basis over the terms of the respective leases. This means that, with respect to a particular lease, actual amounts billed in accordance with the lease during any given period may be higher or lower than the amount of rental revenue recognized for the period. Straight-line rental revenue is commenced when the tenant assumes possession of the leased premises. Accrued straight-line rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with lease agreements.

Investment

The Company (a) evaluates the sufficiency of the total equity at risk, (b) reviews the voting rights and decision-making authority of the equity investment holders as a group, and whether there are any guaranteed returns, protection against losses, or capping of residual returns within the group and (c) establishes whether activities within the venture are on behalf of an investor with disproportionately few voting rights in making this Variable Interest Entity ("VIE") determination. The Company would consolidate a venture that is determined to be a VIE if it was the primary beneficiary. Beginning January 1, 2010, a new accounting standard became effective and changed the method by which the primary beneficiary of a VIE is determined. Through a primarily qualitative approach, the variable interest holder, if any, who has the power to direct the VIE's most significant activities is the primary beneficiary. To the extent that the investment does not qualify as VIE, the Company further assesses the existence of a controlling financial interest under a voting interest model to determine whether the venture should be consolidated.

Equity Method

The Company analyzes its investments in joint ventures to determine if the joint venture should be accounted for using the equity method. Management evaluates both Common Stock and in-substance Common Stock as to whether they give the Company the ability to exercise significant influence over operating and financial policies of the joint venture even though the Company holds less than 50% of the Common Stock and in-substance Common Stock. If so, the net income of the joint venture will be reported as "Equity in earnings of unconsolidated joint ventures, net of tax" in the Company's consolidated statements of operations and comprehensive income or loss.

Cost Method

Investee companies not accounted for under the consolidation or the equity method of accounting are accounted for under the cost method of accounting. Under this method, the Company's share of the earnings or losses of such investee companies is not included in the consolidated balance sheet or consolidated statements of operations and comprehensive income or loss. However, impairment charges are recognized in the consolidated statements of operations and comprehensive income or loss. If circumstances suggest that the value of the investee company has subsequently recovered, such recovery is not recorded.

Long-Lived Assets & Impairment

Our business requires heavy investment in manufacturing facilities and equipment that are technologically advanced but can quickly become significantly underutilized or rendered obsolete by rapid changes in demand. We have recorded intangible assets with finite lives related to our acquisitions.

We evaluate our long-lived assets with finite lives for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Factors considered important that could result in an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for our business, significant negative industry or economic trends, and a significant decline in our stock price for a sustained period of time. Impairment is recognized based on the difference between the fair value of the asset and its carrying value, and fair value is generally measured based on discounted cash flow analysis if there is significant adverse change.

While we have not identified any changes in circumstances requiring further impairment test in fiscal year 2021 other than the circumstances related to the Singapore Theme Resort Project, we will continue to monitor impairment indicators, such as disposition activity, stock price declines or changes in forecasted cash flows in future periods. If the fair value of our reporting unit declines below the carrying value in the future, we may incur additional impairment charges.

During the third quarter of 2020, our operation in China provided impairment loss of $139 for seven pieces of equipment because one of our customers' products came to the end of its product burn-in cycle earlier than expected. The cost of converting the seven pieces of equipment outweighed the benefit of utilizing said equipment. Operations did not foresee any future usage of these assets. There will be no future economic cash inflow generated from these assets. Based on these events, we concluded that it was more likely than not that value-in-use of these assets was less than their carrying value. Full impairment of these assets has been recorded.

During the fourth quarter of fiscal 2021, The Company recorded an impairment charge of $1,580 related to the doubtful recovery of a down payment on shop lots in the Singapore Theme Resort Project in Chongqing, China. The Company elected to take this non-cash impairment charge because of increased uncertainties regarding the project's viability given the developers weakening financial condition as well as uncertainties arising from the negative real estate environment in China, implementation of control measures on real estate lending and its relevant government policies, together with effects of the ongoing pandemic.

Fair Value Measurements

Under the standard ASC Topic 820, Fair Value Measurements and Disclosures ("ASC Topic 820"), fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants in the market in which the reporting entity transacts its business. ASC Topic 820 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, ASC Topic 820 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy.

Income Tax

We account for income taxes using the liability method in accordance with the provisions of ASC Topic 740, Accounting for Income Taxes ("ASC Topic 740"), which requires an entity to recognize deferred tax liabilities and assets. Deferred tax assets and liabilities are recognized for the future tax consequence attributable to the difference between the tax bases of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in future years. Further, the effects of enacted tax laws or rate changes are included as part of deferred tax expenses or benefits in the period that covers the enactment date. Management believed it was more likely than not that the future benefits from these timing differences would not be realized. Accordingly, a full allowance was provided as of December 31, 2021 and 2020.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex global tax regulations. We recognize potential liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes will be due. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

Stock-Based Compensation

We calculate compensation expense related to stock option awards made to employees and directors based on the fair value of stock-based awards on the date of grant. We determine the grant date fair value of our stock option awards using the Black-Scholes option pricing model and for awards without performance condition the related stock-based compensation is recognized over the period in which a participant is required to provide service in exchange for the stock-based award, which is generally four years. We recognize stock-based compensation expense in the consolidated statements of shareholders' equity based on awards ultimately expected to vest. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Determining the fair value of stock-based awards at the grant date requires significant judgment. The determination of the grant date fair value of stock-based awards using the Black-Scholes option pricing model is affected by our estimated common stock fair value as well as other subjective assumptions including the expected term of the awards, the expected volatility over the expected term of the awards, expected dividend yield and risk-free interest rates. The assumptions used in our option-pricing model represent management's best estimates and are as follows:

- Fair Value of Common Stock. We determined the fair value of each share of underlying common stock based on the closing price of our common stock on the date of grant.
- Expected Term. The expected term of employee stock options reflects the period for which we believe the option will remain outstanding based on historical experience and future expectations.
- Expected Volatility. We base expected volatility on our historical information over a similar expected term.

Noncontrolling Interests in Consolidated Financial Statements

We adopted ASC Topic 810, *Consolidation* ("ASC Topic 810"). This guidance establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This guidance requires that noncontrolling interests in subsidiaries be reported in the equity section of the controlling company's balance sheet. It also changes the manner in which the net income of the subsidiary is reported and disclosed in the controlling company's income statement.

Second Quarter Fiscal Year 2022 Highlights

- Total revenue increased by $2,721, or 33.2%, to $10,922 in the second quarter of fiscal year 2022, compared to $8,201 for the same period in fiscal year 2021.
- Manufacturing segment revenue decreased by $41, or 1.1%, to $3,528 for the second quarter of fiscal year 2022, compared to $3,569 for the same period in fiscal year 2021.
- Testing segment revenue increased by $1,406, or 39.5%, to $4,966 for the second quarter of fiscal year 2022, compared to $3,560 for the same period in fiscal year 2021.
- Distribution segment revenue increased by $1,355, or 127.2%, to $2,420 for the second quarter of fiscal year 2022, compared to $1,065 for the same period in fiscal year 2021.
- Real estate segment rental revenue increased from $7 to $8 for the second quarter of fiscal year 2022, compared to the same period in fiscal year 2021.
- The overall gross profit margin increased by 3.7% to 26.5% for the second quarter of fiscal year 2022, from 22.8% for the same period in fiscal year 2021.
- General and administrative expenses increased by $285, or 17.1%, to $1,947 for the second quarter of fiscal year 2022, from $1,662 for the same period in fiscal year 2021.
- Selling expenses increased by $34, or 27.9%, to $156 for the second quarter of fiscal year 2022, from $122 for the same period in fiscal year 2021.
- Other income increased by $238, or 166.4% to $381 in the second quarter of fiscal year 2022, compared to $143 in the same period in fiscal year 2021.
- Income from operations was $656 for the second quarter of fiscal year 2022, an increase of $693 as compared to loss from operation of $37 for the same period in fiscal year 2021.
- Income tax expenses was $153 in the second quarter of fiscal year 2022, an increase of $153 as compared to an income tax expense of $nil in the same period in fiscal year 2021.
- During the second quarter of fiscal year 2022, income from continuing operations before noncontrolling interest, net of tax was $856, as compared to income from continuing operations before noncontrolling interest of $72 for the same period in fiscal year 2021.
- Net income attributable to noncontrolling interest for the second quarter of fiscal year 2022 was $1, an improvement of $185 as compared to net loss attributable to noncontrolling interest of $184 in the same period in fiscal year 2021.
- Basic earnings per share for the second quarter of fiscal year 2022 were $0.22, as compared to earnings per share of $0.06 for the same period in fiscal year 2021.
- Dilutive earnings per share for the second quarter of fiscal year 2022 were $0.20, as compared to earnings per share of 0.06 for the same period in fiscal year 2021.
- Total assets increased by $4,246 to $42,552 as of December 31, 2021, compared to $38,306 as of June 30, 2021.
- Total liabilities increased by $2,479 to $14,732 as of December 31, 2021, compared to $12,253 as of June 30, 2021.

Results of Operations and Business Outlook

The following table sets forth our revenue components for both three months and six months ended December 31, 2021 and 2020, respectively.

Revenue Components	Three Months Ended		Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Manufacturing	32.3%	43.5%	33.6%	41.2%
Testing Services	45.4	43.4	45.4	43.3
Distribution	22.2	13.0	20.9	15.4
Real Estate	0.1	0.1	0.1	0.1
Total	100.0%	100.0%	100.0%	100.0%

Revenue for the three and six months ended December 31, 2021 was $10,922 and $21,093, respectively, an increase of $2,721 and $6,051, respectively, when compared to the revenue for the same period of the prior fiscal year. As a percentage, revenue increased by 33.2% and 40.2% for the three and six months ended December 31, 2021, respectively, when compared to revenue for the same period of the prior year.

For the three and six months ended December 31, 2021, the $2,721 and $6,051 increase in overall revenue was primarily due to

- an increase in the testing segment in the Singapore, China, Malaysia and Thailand operation; and
- an increase in the distribution segment in the Singapore operation.

These decreases were partially offset by:

- a decrease in the manufacturing segment in the U.S. and Singapore operations.

Total revenue into and within China, the Southeast Asia regions and other countries (except revenue into and within the United States) increased by $2,827 (or 36.1%), to $10,654 and by $6,091 (or 42.8%) to $20,326 for the three and six months ended December 31, 2021, respectively, as compared with $7,827 and $14,235, respectively, for the same period of last fiscal year.

Total revenue into and within the U.S. was $268 and $767 for the three and six months ended December 31, 2021, respectively, a decrease of $106 and $40 from $374 and $807 for the same periods of the prior year, respectively.

Revenue within our four current segments for the three and six months ended December 31, 2021 is discussed below.

Manufacturing Segment

Revenue in the manufacturing segment was 32.3% and 33.6% as a percentage of total revenue for the three and six months ended December 31, 2021, respectively, a decrease of 11.2% and 7.6% of total revenue, respectively, when compared to the same periods of the last fiscal year. The absolute amount of revenue decreased by $41 to $3,528 from $3,569 and increased by $896 to $7,090 from $6,194 for the three and six months ended December 31, 2021, respectively, compared to the same periods of the last fiscal year.

Revenue in the manufacturing segment from one customer accounted for 44.8% and 42.4% of our total revenue in the manufacturing segment for the three months ended December 31, 2021 and 2020, respectively, and 38.6% and 29.7% of our total revenue in the manufacturing segment for the six months ended December 31, 2021, and 2020, respectively.

The future revenue in our manufacturing segment will be affected by this one customer's purchase and capital expenditure plans if the customer base cannot be increased.

Testing Services Segment

The testing segment's revenue was 45.4% for the three months ended December 31, 2021, representing an increase of 2%, compared to 43.4% for the same periods of the last fiscal year. Revenue in the testing segment was 45.4% as a percentage of total revenue for the six months ended December 31, 2021, an increase of 2.1% compared to the same period of the last fiscal year. The absolute amount of revenue increased by $1,406 to $4,966 from $3,560 and increased by $3,052 to $9,566 from $6,514 for the three and six months ended December 31, 2021, respectively, as compared to the same periods of the last fiscal year.

The revenue in the testing segment from the one customer noted above accounted for 63.0% and 61.1% of our revenue in the testing segment for the three months ended December 31, 2021 and 2020, respectively, and 63.3% and 58.8% of our total revenue in the testing segment for the six months ended December 31, 2021 and 2020, respectively. The future revenue in the testing segment will be affected by the demands of this customer if the customer base cannot be increased. Demand for testing services varies from country to country, depending on any changes taking place in the market and our customers' forecasts. As it is challenging to forecast fluctuations in the market accurately, management believes it is necessary to maintain testing facilities in close proximity to the customers in order to make it convenient for them to send us their newly manufactured parts for testing and to enable us to maintain a share of the market.

Distribution Segment

Revenue in the distribution segment was 22.2% and 20.9% as a percentage of total revenue for the three and six months ended December 31, 2021, respectively, an increase of 9.2% and 5.5%, respectively, compared to the same periods of the last fiscal year. The absolute amount of revenue increased by $1,355 to $2,420 from $1,065 and increased by $2,095 to $4,418 from $2,323 for the three and six months ended December 31, 2021, respectively, compared to the same periods of the last fiscal year.

Demand for the distribution segment varies depending on the demand for our customers' products, the changes taking place in the market, and our customers' forecasts. Hence it is difficult to forecast fluctuations in the market accurately.

Real Estate Segment

The real estate segment accounted for 0.1% of total revenue for both the three and six months ended December 31, 2021, respectively. The absolute amount of revenue increased by $1 to $8 from $7 and increased by $8 to $19 from $11 for the three and six months ended December 31, 2021, respectively, compared to the same periods of the last fiscal year.

Uncertainties and Remedies

There are several influencing factors which create uncertainties when forecasting performance, such as the constantly changing nature of technology, specific requirements from the customer, decline in demand for certain types of burn-in devices or equipment, decline in demand for testing services and fabrication services, and other similar factors. One factor that influences uncertainty is the highly competitive nature of the semiconductor industry. Another is that some customers are unable to provide a forecast of the products required in the upcoming weeks; hence it is difficult to plan for the resources needed to meet these customers' requirements due to short lead time and last-minute order confirmation. This will normally result in a lower margin for these products as it is more expensive to purchase materials in a short time frame. However, the Company has taken certain actions and formulated certain plans to deal with and to help mitigate these unpredictable factors. For example, in order to meet manufacturing customers' demands upon short notice, the Company maintains higher inventories but continues to work closely with its customers to avoid stockpiling. We believe that we have improved customer service from staff through our efforts to keep our staff up to date on the newest technology and stressing the importance of understanding and meeting the stringent requirements of our customers. Finally, the Company is exploring new markets and products, looking for new customers, and upgrading and improving burn-in technology while at the same time searching for improved testing methods for higher technology chips.

We are in the process of implementing an ERP System as part of a multi-year plan to integrate and upgrade our systems and processes. The implementation of this ERP system was scheduled to occur in phases over a few years. The operational and financial systems in our Singapore, Malaysia and China operations were transitioned to the new system in fiscal 2018, fiscal 2019 and fiscal 2021, respectively.

The Company's consolidation process was scheduled to be substantially automated using the new system in fiscal 2022. However, after extensive testing, we have decided to discontinue the effort of using the new system for consolidation process since the consolidation module of the system does not meet our requirements. This decision does not have any impact on the existing internal controls over financial reporting in the consolidation process.

The Company's primary exposure to movements in foreign currency exchange rates relates to non-U.S. dollar-denominated sales and operating expenses in its subsidiaries. Strengthening of the U.S. dollar relative to foreign currencies adversely affects the U.S. dollar value of the Company's foreign currency-denominated sales and earnings, and generally leads the Company to raise international pricing, potentially reducing demand for the Company's products. Margins on sales of the Company's products in foreign countries and on sales of products that include components obtained from foreign suppliers could be materially adversely affected by foreign currency exchange rate fluctuations. In some circumstances, for competitive or other reasons, the Company may decide not to raise local prices to fully offset the dollar's strengthening, or at all, which would adversely affect the U.S. dollar value of the Company's foreign currency-denominated sales and earnings. Conversely, a strengthening of foreign currencies relative to the U.S. dollar, while generally beneficial to the Company's foreign currency denominated sales and earnings, could cause the Company to reduce international pricing, thereby limiting the benefit. Additionally, strengthening of foreign currencies may also increase the Company's cost of product components denominated in those currencies, thus adversely affecting gross margins.

In December 2019, COVID-19 was reported to have surfaced in China, resulting in shutdowns of manufacturing and commerce in the months that followed. Since then, the COVID-19 pandemic has spread to multiple countries worldwide and has resulted in authorities implementing numerous measures to try to contain the disease and slow its spread, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. These measures have created significant uncertainty and economic disruption, both short-term and potentially long-term.

The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interest of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus and our ability to perform critical functions could be harmed.

The degree to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including but not limited to the duration and spread of the pandemic, its severity, the action to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, we may experience material adverse impacts on our business as a result of the global economic impact and any recession that has occurred or may occur in the future. There are no comparable recent events that provide guidance as to the effect the spread of COVID-19 as a global pandemic may have, and, as a result, the ultimate impact of the pandemic on our operations and financial results is highly uncertain and subject to change.

There are legal and operational risks associated with having operations in China. These risks could result in a material change in our operations and/or the value of our common stock or could limit or hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. Recently, the Peoples Republic of China ("PRC") government initiated a series of regulatory actions and statements to regulate business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement.

The Company and its subsidiaries do not have any variable interest entities based in China. Our business primarily consists of semiconductor testing and burn-in services for the automotive industry, avionics, defense sectors, and others. Our businesses are not impacted by anti-monopoly policies, variable interest entities policies, or data security policies, nor are our businesses subject to extraordinary oversight from the Chinese government. As of the date of this prospectus, these new laws and guidelines have not impacted the Company's ability to conduct its business, accept foreign investments, or list on a U.S. or other foreign exchange; however, there are uncertainties in the interpretation and enforcement of these new laws and guidelines, which could materially and adversely impact our business and financial outlook.

Comparison of the Three Months Ended December 31, 2021, and December 31, 2020

The following table sets forth certain consolidated statements of income data as a percentage of revenue for the three months ended December 31, 2021 and 2020 respectively:

	Three Months Ended December 31,	
	2021	2020
Revenue	**100.0%**	**100.0%**
Cost of sales	73.5	77.2
Gross Margin	**26.5%**	**22.8%**
Operating expenses		
General and administrative	17.8%	20.3%
Selling	1.4	1.5
Research and development	1.2	1.5
Total operating expenses	20.4	23.3
Loss from Operations	**6.1%**	**(0.5)%**

Overall Gross Margin

Overall gross margin as a percentage of revenue increased by 3.7% to 26.5% for the three months ended December 31, 2021, from 22.8% for the same period of the last fiscal year.

Gross profit margin as a percentage of revenue in the manufacturing segment decreased by 3.9% to 18.5% for the three months ended December 31, 2021, as compared to 22.4% for the same period in the last fiscal year. In absolute dollar amounts, gross profits in the manufacturing segment decreased by $145 to $654 for the three months ended December 31, 2021, from $799 for the same period in the last fiscal year. The decrease in gross profit margin was primarily due to a lower proportion of higher profit margin products sales for the three months ended December 31, 2021.

Gross profit margin as a percentage of revenue in the testing segment increased by 13.0% to 37.8% for the three months ended December 31, 2021, compared to 24.8% in the same period of the last fiscal year. Significant portions of our cost of goods sold are fixed in the testing segment. Thus, as the demand for services and factory utilization increases, the fixed costs are spread over the increased output, which increases the gross profit margin. In absolute dollar amounts, gross profit in the testing segment increased by $995 to $1,877 for the three months ended December 31, 2021 from $882 for the same period of the last fiscal year.

Gross profit margin of the distribution segment is not only affected by the market price of the products we distribute, but also the mix of products we distribute, which frequently changes as a result of fluctuations in market demand. Gross profit margin as a percentage of revenue in the distribution segment decreased by 4.0% to 15.3% for the three months ended December 31, 2021, from 19.2% in the same period of the last fiscal year. The decrease in gross margin as a percentage of revenue was due to the decrease in sales of high-profit margin products in our Singapore operation compared to the same period of last fiscal year, although there was an increase in the distribution revenue. In absolute dollar amounts, gross profit in the distribution segment for the three months ended December 31, 2021, was $370, indicating an increase of $166, compared to $204 in the same period of the last fiscal year.

In absolute dollar amounts, for the three months ended December 31, 2021, gross loss in the real estate segment was $11, as compared to $15 for the same period of last fiscal year.

Operating Expenses

Operating expenses for the three months ended December 31, 2021 and 2020 were as follows:

	Three Months Ended December 31,			
(Unaudited)		2021		2020
General and administrative	$	1,947	$	1,662
Selling		156		122
Research and development		131		123
Total	**$**	**2,234**	**$**	**1,907**

General and administrative expenses increased by $285, or 17.1%, from $1,662 to $1,947 for the three months ended December 31, 2021, compared to the same period of last fiscal year. The increase in general and administrative expenses was mainly attributable to the higher payroll expenses in the Singapore operations and higher staff benefit expenses in China.

Selling expenses increased by $34, or 27.9%, from $122 to $156 for the three months ended December 31, 2021, compared to the same period of the last fiscal year. The increase in selling expenses was primarily attributable to an increase in payroll-related expenses in Thailand operation.

Income from Operations

Income from operations was $656 for the three months ended December 31, 2021, an improvement of $693, compared to $37 loss from operations for the same period of last fiscal year. The result was mainly due to the increase in gross profit margin, offset with the increase in operating expenses, as previously discussed.

Interest Expense

Interest expense for the three months ended December 31, 2021 and 2020 were as follows:

	Three Months Ended December 31,			
(Unaudited)		2021		2020
Interest expenses	**$**	**28**	**$**	**34**

Interest expense was $28 for the three months ended December 31, 2021, a decrease of $6, or 17.6%, compared to $34 for the three months ended December 31, 2020. As of December 31, 2021, the Company had an unused line of credit of $5,207 as compared to $6,187 at December 31, 2020.

Other Income

Other income for the three months ended December 31, 2021 and 2020 were as follows:

	Three Months Ended December 31,			
(Unaudited)		2021		2020
Interest income	$	16		30
Other rental income		29		24
Exchange loss		(38)		(93)
Dividend income		-		30
Government grant		28		106
Commission income		200		-
Bad debts recovery		102		-
Other miscellaneous income		44		46
Total	**$**	**381**	**$**	**143**

Other income increased by $238 from $143 to $381 for the three months ended December 31, 2021 compared to the same period in the last fiscal year. The increase was primarily due to the Company receiving a one-time commission income amounting to $200, and bad debts recovery amounting to $102. The increase was partially offset by a decrease of $98 in government grants.

In the three months ended December 31, 2020, the Company received the government grants aggregating $106 from the local government in the Singapore and Malaysia operations, of which $101 reflects financial assistance to mitigate the negative impact on the businesses amid the pandemic.

Income Tax Expenses

The Company's income tax expense was $153 and $nil for the three months ended December 31, 2021, and December 31, 2020, respectively. The increase of $153 was primarily due to the increase in taxable income.

Noncontrolling Interest

As of December 31, 2021, we held a 55% interest in Trio-Tech (Malaysia) Sdn. Bhd., Trio-Tech (Kuala Lumpur) Sdn. Bhd., SHI International Pte. Ltd., and PT. SHI Indonesia. We also held a 76% interest in Prestal Enterprise Sdn. Bhd. The share of net income from the subsidiaries by the noncontrolling interest for the three months ended December 31, 2021 was $1, a change of $185 compared to the share of net loss from the subsidiaries by the noncontrolling interest of $184 for the same period of the previous fiscal year. The increase in the net income of the noncontrolling interest in the subsidiaries was attributable to the increase in net income generated by the Malaysia operation.

Net Income Attributable to Trio-Tech International Common Shareholders

Net income attributable to Trio-Tech International common shareholders for the three months ended December 31, 2021, was $855, a change of $620, compared to a net income of $235 for the same period last fiscal year.

Earnings per Share

Basic earnings per share from continuing operations were $0.22 for the three months ended December 31, 2021, compared to $0.06 for the same period in the last fiscal year. Basic earnings per share from discontinued operations were $nil for both the three months ended December 31, 2021 and 2020.

Diluted earnings per share from continuing operations were $0.20 for the three months ended December 31, 2021, as compared to $0.06 for the same period in the last fiscal year. Diluted earnings per share from discontinued operations were $nil for both the three months ended December 31, 2021 and 2020**.**

Segment Information

The revenue, gross margin and income or loss from operations for each segment during the second quarter of fiscal year 2022 and fiscal year 2021 are presented below. As the revenue and gross margin for each segment have been discussed in the previous section, only the comparison of income or loss from operations is discussed below.

Manufacturing Segment

The revenue, gross margin and income / (loss) from operations for the manufacturing segment for the three months ended December 31, 2021 and 2020 were as follows

	Three Months Ended December 31,	
(Unaudited)	2021	2020
Revenue	$ 3,528	$ 3,569
Gross margin	18.5%	22.4%
(Loss) / Income from operations	$ (48)	$ 81

Loss from operations from the manufacturing segment was $47 compared to income from operations of $81 in the same period of the last fiscal year, primarily due to a decrease in gross margin of $145, offset with a decrease in operating expenses of $17. Operating expenses for the manufacturing segment were $701 and $718 for the three months ended December 31, 2021 and 2020, respectively. The decrease in operating expenses was mainly due to a decrease of $40 in general and administrative expenses, offset with an increase of $3 in selling expenses and $20 in corporate overhead expenses. The decrease in general and administrative expenses was mainly attributable to a decrease in payroll-related expenses in the Singapore operations.

Testing Segment

The revenue, gross margin and loss from operations for the testing segment for the three months ended December 31, 2021 and 2020 were as follows:

	Three Months Ended December 31,	
(Unaudited)	2021	2020
Revenue	$ 4,966	$ 3,560
Gross margin	37.8%	24.8%
Income / (Loss) from operations	$ 588	$ (336)

Income from operations in the testing segment for the three months ended December 31, 2021, was $588, an improvement of $924 from loss from operations of $336 in the same period of the last fiscal year. The improvement was mainly attributable to an increase of $995 in gross profit, as discussed earlier, and an increase of $72 in operating expenses. Operating expenses were $1,290 and $1,218 for the three months ended December 31, 2021 and 2020, respectively. The increase of $72 in operating expenses was mainly due to an increase of $21 in selling expenses, an increase of $163 in general and administrative expenses, and an increase of $7 in research and development expenses. The increases were partially offset by a decrease of $119 in corporate overhead expenses.

The increase in general and administrative expenses was mainly due to higher payroll related expenses in the Singapore operation and higher staff benefit expenses in China operation. The decrease in corporate overhead expenses was due to a change in the corporate overhead allocation compared to the same period in the last fiscal year. Corporate charges are allocated on a pre-determined fixed charge basis.

Distribution Segment

The revenue, gross margin and income from operations for the distribution segment for the three months ended December 31, 2021 and 2020 were as follows:

	Three Months Ended December 31,	
(Unaudited)	2021	2020
Revenue	$ 2,420	$ 1,065
Gross margin	15.3%	19.2%
Income from operations	$ 277	$ 120

Income from operations was $277 for the three months ended December 31, 2021, compared to $120 for the same period of last fiscal year. The increase of $157 was mainly due to an increase of $165 in the gross margin, as discussed earlier, offset by an increase in operating expenses. Operating expenses were $92 and $84 for the three months ended December 31, 2021 and 2020, respectively.

Real Estate Segment

The revenue, gross margin and loss from operations for the real estate segment for the three months ended December 31, 2021 and 2020 were as follows:

	Three Months Ended December 31,	
(Unaudited)	2021	2020
Revenue	$ 8	$ 7
Gross margin	(137.5)%	(214.3)%
Loss from operations	$ (28)	$ (34)

Loss from operations in the real estate segment for the three months ended December 31, 2021 was $28 compared to $34 for the same period of last fiscal year. Operating expenses were $17 and $19 for the three months ended December 31, 2021 and 2020, respectively.

Corporate

The income from operations for Corporate for the three months ended December 31, 2021 and 2020 was as follows:

	Three Months Ended December 31,	
(Unaudited)	2021	2020
Income from operations	$ (133)	$ 132

Corporate operating income was $133 for the three months ended December 31, 2021, comparable to $132 in the same period of last fiscal year.

Comparison of the Six Months Ended December 31, 2021, and December 31, 2020

The following table sets forth certain consolidated statements of income data as a percentage of revenue for the six months ended December 31, 2021 and 2020, respectively:

	Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Revenue	**100.0%**	**100.0%**
Cost of sales	71.2	77.5
Gross Margin	**28.8%**	**22.5%**
Operating expenses:		
General and administrative	18.6%	22.1%
Selling	1.4	1.5
Research and development	1.0	1.3
Gain on disposal of plant and equipment	-	-
Total operating expenses	21.0%	24.9%
Income / (Loss) from Operations	**7.8%**	**(2.4)%**

Overall Gross Margin

Overall gross margin as a percentage of revenue increased by 6.3% to 28.8% for the six months ended December 31, 2021, compared to 22.5% in the same period of last fiscal year. In terms of absolute dollar amounts, gross profits increased by $2,681 to $6,069 for the six months ended December 31, 2021, from $3,388 for the same period of the last fiscal year.

Gross profit margin as a percentage of revenue in the manufacturing segment increased by 1.1% to 25.1% for the six months ended December 31, 2021, from 24.0% in the same period of the last fiscal year. In absolute dollar amounts, gross profit increased by $295 to $1,782 for the six months ended December 31, 2021 compared to $1,487 for the same period in the last fiscal year. The gross margin increase was primarily due to an increase in manufacturing revenue in the first quarter of fiscal 2022 compared to the same period of the prior fiscal year.

Gross profit margin as a percentage of revenue in the testing segment increased by 14.4% to 37.6% for the six months ended December 31, 2021, from 23.2% in the same period of the last fiscal year. The increase in gross profit margin was mainly due to an increase in orders across the Group, coupled with the price adjustments. As the demand for services and factory utilization increase, the fixed costs are spread over the increased output, which increases the gross profit margin. In terms of absolute dollar amounts, gross profit in the testing segment increased by $2,080 to $3,594 for the six months ended December 31, 2021, from $1,514 for the same period of the last fiscal year.

Gross profit margin as a percentage of revenue in the distribution segment decreased by 1.8% to 16.1% for the six months ended December 31, 2021, from 17.9% in the same period of the last fiscal year. The decrease in gross margin as a percentage of revenue was due to the decrease in sales of high-profit margin products in our Singapore operation compared to the same period of last fiscal year, although there was an increase in the distribution revenue. In terms of absolute dollar amounts, gross profit in the distribution segment for the six months ended December 31, 2021, was $712, an increase of $297 compared to $415 in the same period of the last fiscal year. The gross profit margin of the distribution segment was affected not only by the market price of our products but also by our product mix, which frequently changes due to fluctuations in market demand**.**

Gross loss margin as a percentage of revenue in the real estate segment decreased by 154.5% to 100.00% for the six months ended December 31, 2021, from 254.5% in the same period of the last fiscal year. In terms of absolute dollar amounts, gross loss decreased by $9 to $19 for the six months ended December 31, 2021, compared to gross loss

Operating Expenses

Operating expenses for the six months ended December 31, 2021 and 2020 were as follows:

	Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
(Unaudited)		
General and administrative	$ 3,927	$ 3,322
Selling	303	233
Research and development	213	198
Gain on disposal of plant and equipment	-	(1)
Total	$ 4,443	$ 3,752

General and administrative expenses increased by $605, or 18.2%, from $3,322 to $3,927 for the six months ended December 31, 2021, compared to the same period of the last fiscal year. The increase in general and administrative expenses was primarily due to the higher payroll-related expenses in the Singapore and U.S. operations and an increase in staff-related expenses in the China operation.

Selling expenses increased by $70, or 30.0%, for the six months ended December 31, 2021, from $233 to $303 compared to the same period of the last fiscal year. The increase in selling expenses was primarily attributable to an increase in commission expenses in the manufacturing segment of Singapore operation as a result of an increase in commissionable revenue. In addition, there was also an increase in payroll expenses in the Thailand operation.

Income / (Loss) from Operations

Income from operations was $1,626 for the six months ended December 31, 2021, compared to loss from operations of $364 for the same period of the last fiscal year. The increase was mainly due to the increase in gross profit margin, offset with an increase in operating expenses, as discussed earlier.

Interest Expense

Interest expense for the six months ended December 31, 2021 and 2020 were as follows:

	Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
(Unaudited)		
Interest expense	$ 56	$ 71

Interest expense decreased by $15 to $56 from $71 for the six months ended December 31, 2021, compared to the same period of the last fiscal year. The decrease was mainly due to lower bank-loan principal in the Malaysia operation. Additionally, the bank loans payables decreased by $375 to $1,831 for the six months ended December 31, 2021, compared to $2,206 as of June 30, 2021.

Other Income

Other income for the six months ended December 31, 2021 and 2020 was as follows:

	Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
(Unaudited)		
Interest income	$ 38	$ 70
Other rental income	58	45
Exchange loss	(4)	(137)
Bad debt recovery	104	-
Dividend Income	-	32
Government grant	98	260
Commission income	200	-
Other miscellaneous income	48	84
Total	**$ 542**	**$ 354**

Other income for the six months ended December 31, 2021 was $542, an increase of $188 compared to $354 for the same period of last fiscal year. The increase in other income was mainly due to the Company receiving a one-time commission income amounting to $200, and bad debts recovery amounting to $104. The increase was partially offset by a decrease of $162 in government grants.

In the six months ended December 31, 2020, the Company received government grants aggregating of $260 from the local governments in the Singapore and Malaysia operations, of which $243 reflects financial assistance to mitigate the negative impact on the businesses amid the pandemic.

Income Tax Expenses

Income tax expenses for the six months ended December 31, 2021 was $333, an increase of $326 compared to tax benefit of $7 for the same period last fiscal year. The increase in income tax expense was primarily due to increase in the taxable income across the Group in the six months ended December 31, 2021.

Noncontrolling Interest

As of December 31, 2021, we held a 55% interest in Trio-Tech Malaysia, Trio-Tech (Kuala Lumpur) Sdn. Bhd., SHI International Pte. Ltd. and PTSHI Indonesia, and a 76% interest in Prestal Enterprise Sdn. Bhd. The net income attributable to the noncontrolling interest in these subsidiaries for the six months ended December 31, 2021, was $12, a change of $354, compared to a net loss of $342 for the same period of last fiscal year. The improvement was attributable to the increase in net income by the Malaysia operation in the six months ended December 31, 2021.

Net Income Attributable to Trio-Tech International Common Shareholders

Net income was $1,772 for the six months ended December 31, 2021, an increase of $1,545 compared to a net income of $227 for the same period in the last fiscal year. The increase was mainly due to the increase in revenue and gross margin. However, the increase was partially offset with an increase in operating expenses, as discussed earlier.

Earnings per Share

Basic earnings per share from continuing operations was $0.46 for the six months ended December 31, 2021, compared to $0.06 for the same period in the last fiscal year. Basic earnings per share from discontinued operations were nil for both the six months ended December 31, 2021 and 2020.

Diluted earnings per share from continuing operations was $0.43 for the six months ended December 31, 2021, compared to $0.06 for the same period in the last fiscal year. Diluted earnings per share from discontinued operations were nil for both the six months ended December 31, 2021 and 2020.

Segment Information

The revenue, gross profit margin, and income or loss from operations in each segment for the six months ended December 31, 2021 and 2020, respectively, are presented below. As the segment revenue and gross margin for each segment have been discussed in the previous section, only the comparison of income / (loss) from operations is discussed below.

Manufacturing Segment

The revenue, gross margin and income from operations for the manufacturing segment for the six months ended December 31, 2021 and 2020 were as follows:

	Six Months Ended	
(Unaudited)	Dec. 31, 2021	Dec. 31, 2020
Revenue	$ 7,090	$ 6,194
Gross margin	25.1%	24.0%
Income from operations	$ 252	$ 63

Income from operations from the manufacturing segment was $253 for the six months ended December 31, 2021, an increase of $190 as compared to $63 in the same period of the last fiscal year due to an increase in gross margin. The increase in gross margin was partially offset with an increase in operating expenses. The manufacturing segment's operating expenses were $1,529 and $1,424 for the six months ended December 31, 2021 and 2020, respectively. The increase in operating expenses of $105 was mainly due to an increase in general and administrative expenses by $42, an increase in selling expenses by $25, and an increase in corporate overhead by $32 compared to the same period of last fiscal year. The increase in general and administrative expenses was mainly attributable to an increase in payroll-related expenses in the Singapore operations. The increase in selling expenses was primarily attributable to an increase in commission expenses in the manufacturing segment of Singapore operation as a result of an increase in commissionable revenue.

Testing Segment

The revenue, gross margin and loss from operations for the testing segment for the six months ended December 31, 2021 and 2020 were as follows:

	Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
(Unaudited)		
Revenue	$ 9,566	$ 6,514
Gross margin	37.6%	23.2%
Income / (Loss) from operations	$ 1,124	$ (673)

Income from operations in the testing segment for the six months ended December 31, 2021, was $1,123, an improvement of $1,796 compared to loss from operation $673 in the same period of the last fiscal year due to an increase in gross margin and testing volume. The increase in gross margin was partially offset with an increase in operating expenses by $284. Operating expenses were $2,471 and $2,187 for the six months ended December 31, 2021 and 2020, respectively. The higher operating expenses were mainly attributed to an increase in general and administrative expenses and selling expenses by $289 and $30, respectively. The increase offset with a decrease in corporate overheads by $45.

The increase in general and administrative expenses was mainly due to higher payroll related expenses in the Singapore operation and higher staff benefit expenses in China operations. The decrease in corporate overhead expenses was due to a change in the corporate overhead allocation compared to the same period last fiscal year. Corporate charges are allocated on a predetermined fixed charge basis.

Distribution Segment

The revenue, gross margin and income from operations for the distribution segment for the six months ended December 31, 2021 and 2020 were as follows:

	Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
(Unaudited)		
Revenue	$ 4,418	$ 2,323
Gross margin	16.1%	17.9%
Income from operations	$ 531	$ 244

Income from operations in the distribution segment for the six months ended December 31, 2021 was $531, an increase of $287 compared to $244 in the same period of the last fiscal year. The increase in operating income was primarily due to an increase in gross margin by $296, which was partially offset with a decrease in operating expenses of $9. Operating expenses were $180 and $171 for the six months ended December 31, 2021 and 2020, respectively.

Real Estate Segment

The revenue, gross loss margin and loss from operations for the real estate segment for the six months ended December 31, 2021 and 2020 were as follows:

	Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
(Unaudited)		
Revenue	$ 19	$ 11
Gross loss margin	111.1%	254.5%
Loss from operations	$ (51)	$ (61)

Loss from operations in the real estate segment for the six months ended December 31, 2021 was $52, a decrease of $9 compared to $61 for the same period of the last fiscal year. The decrease in operating loss was mainly due to a decrease in gross loss margin, as discussed earlier. Operating expenses were $32 and $33 for the six months ended December 31, 2021 and 2020, respectively.

Corporate

The (loss) / income from operations for corporate for the six months ended December 31, 2021 and 2020 were as follows:

	Six Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
(Unaudited)		
Loss / Income from operations	$ (230)	$ 63

The deterioration of $293 was mainly due to a change in the corporate overhead allocation as compared to the same period last fiscal year. Corporate charges are allocated on a predetermined fixed charge basis.

Financial Condition

During the six months ended December 31, 2021 total assets increased by $4,246 to $42,552 compared to $38,306 as of June 30, 2021. The increase in total assets was primarily due to an increase in cash and cash equivalents, trade account receivables, other receivables, inventories, prepaid expenses and other current assets, deferred tax assets and operating lease right-of-use. This was partially offset by a decrease in short-term deposits, investment properties, other assets, property, plant and equipment, restricted term deposits and financed sales receivable.

Cash and cash equivalents were $7,526 as at December 31, 2021, reflecting an increase of $1,690 from $5,836 as at June 30, 2021, primarily due to the withdrawal of the short-term deposit for the six months ended December 31, 2021.

Short-term deposits were $4,997 as at December 31, 2021, reflecting a decrease of $1,654 from $6,651 as at June 30, 2021. The decrease was primarily due to withdrawal of the short-term deposit for the six months ended December 31, 2021 and reflected in the cash and cash equivalents.

As at December 31, 2021, the trade accounts receivable balance increased by $1,546 to $9,839, from $8,293 as at June 30, 2021, primarily due to an increase in revenue in the Singapore, China, and Thailand operations. This increase was partially offset by the decrease in the U.S. operations. The number of days' sales outstanding in accounts receivables for the Group was 77 and 79 days at the end of the second quarter of the fiscal year 2022 and the end of the last fiscal year, respectively.

As at December 31, 2021, other receivables were $2,387, reflecting an increase of $1,725 from $662 as at June 30, 2021. The increase was primarily due to an increase in advance payments made to suppliers in the Singapore operation.

Inventories as at December 31, 2021, were $2,572, an increase of $492, compared to $2,080 as at June 30, 2021. The increase in inventories was in line with an increase in orders by customers in the manufacturing segment of the Singapore operations, which resulted in an increase in the work-in-progress.

Prepaid expenses were $511 as at December 31, 2021 compared to $418 as at June 30, 2021. The increase of $93 was primarily due to the advance payment made for the new factory's utilities deposit in the China operation.

Investment properties' net in China was $653 as at December 31, 2021 and $681 as at June 30, 2021. The decrease was primarily due to the foreign currency exchange movement between June 30, 2021 and December 31, 2021. The increase was partially offset by the depreciation charged for the period.

Property, plant and equipment decreased by $264 from $9,531 as at June 30, 2021, to $9,267 as at December 31, 2021, mainly due to depreciation charged for the period and the foreign currency exchange movement between June 30, 2021 and December 31, 2021. The decrease was partially offset by the new acquisition of property, plant and equipment in the Singapore, Malaysia, Thailand and China operations.

Restricted term deposits remained consistent at $1,735 as at December 31, 2021 as compared to $1,741 as at June 30, 2021. This was primarily due to the foreign currency exchange movement between June 30, 2021 and December 31, 2021.

Other assets decreased by $115 to $147 as at December 31, 2021 compared to $262 as at June 30, 2021. This was mainly due to the reclassification of down payments made for the purchase of equipment in the Malaysia operation.

Lines of credit increased by $405 to $477 as at December 31, 2021 as compared to $72 as at June 30, 2021. This was due to the utilization of the bank facilities in the Singapore operation.

Accounts payable increased by $259 to $3,961 as at December 31, 2021 as compared to $3,702 as at June 30, 2021. This was due to an increase in sales, which led to more materials purchased to meet customer requirements in the Singapore operation.

Accrued expenses increased by $1,381 to $4,744 as at December 31, 2021, as compared to $3,363 as at June 30, 2021. The increase in accrued expenses was mainly due to an increase in the accrued purchases in the Singapore operation and accrued payroll costs in the Singapore and China operations.

Bank loans payable decreased by $229 to $1,831 as at December 31, 2021, as compared to $2,060 as at June 30, 2021. This was due to the repayments made in the Malaysia operation.

Finance leases decreased by $109 to $341 as at December 31, 2021, as compared to $450 as at June 30, 2021. This was due to the repayments made in the Singapore and Malaysia operations.

Operating lease right-of-use assets and the corresponding lease liability increased by $823 to $2,699 as of December 31, 2021, as compared to $1,876 as at June 30, 2021. This was due to the new lease agreement entered in the China operation. The increase was partially offset with the repayment made and the operating lease expenses charged for the period.

Liquidity Comparison

Net cash provided by operating activities increased by $522 to an inflow of $837 for the six months ended December 31, 2021, from an inflow of $315 for the same period of the last fiscal year. The increase in net cash inflow provided by operating activities was primarily due to an increase in net income by $1,899 and an increase in cash inflow of $638 from accounts payable and accrued expenses. These increases were partially offset by an increase in cash inflow from other receivables amounting to $2,053.

Net cash used in investing activities increased by $948 to an inflow of $842 for the six months ended December 31, 2021, from an outflow of $106 for the same period of the last fiscal year. The increase in cash inflow was primarily due to an increase in withdrawal of unrestricted deposit amounting to $1,437 and a decrease in cash outflow of $89 from investment in unrestricted term deposit. These increases were partially offset by an increase in cash outflow of $578 from capital expenditure.

Net cash provided by financing activities for the six months ended December 31, 2021, was $73, representing an increase of $430, as compared to cash outflow of $357 during the six months ended December 31, 2020. The increase in cash inflow was mainly attributable to an increase in cash inflow by $942 from the lines of credit proceeds. This increase was partially offset by an increase in cash outflow of $372 from the payments on lines of credit and a decrease in cash inflow of $205 from the bank loans proceeds.

The Company has filed the S3 registration statement on December 3, 2021. We may raise capital of US$10,000,000 of any combination of securities (common stock, warrants, debt securities or units) for expansion of the Company's testing capacity and working capital purposes if necessary.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was carried out by the Company's Chief Executive Officer and Chief Financial Officer of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of December 31, 2021, the end of the period covered by this Form 10-Q. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective at a reasonable level.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the fiscal quarter ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Enterprise Resource Planning (ERP) Implementation

We are in the process of implementing an ERP System as part of a multi-year plan to integrate and upgrade our systems and processes. The implementation of this ERP system was scheduled to occur in phases over a few years. The operational and financial systems in our Singapore, Malaysia and China operations were transitioned to the new system in fiscal 2018, fiscal 2019 and fiscal 2021, respectively.

The Company's consolidation process was scheduled to be substantially automated using the new system in fiscal 2022. However, after extensive testing, we have decided to discontinue the effort of using the new system for consolidation process since the consolidation module of the system does not meet our requirements. This decision does not have any impact on the existing internal controls over financial reporting in the consolidation process.

TRIO-TECH INTERNATIONAL
PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 1A. Risk Factors

Not applicable

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Malaysia and Singapore regulations prohibit the payment of dividends if the Company does not have sufficient retained earnings and tax credit. In addition, the payment of dividends can only be made after making deductions for income tax pursuant to the regulations. Furthermore, the cash movements from the Company's 55% owned Malaysian subsidiary to overseas are restricted and must be authorized by the Central Bank of Malaysia. California law also prohibits the payment of dividends if the Company does not have sufficient retained earnings or cannot meet certain asset to liability ratios.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

10.1	Joint Venture Agreement between Trio-Tech SIP) Co., Ltd and Suzhou Anchuang Technology Management LLP dated December 1, 2021
31.1	Rule 13a-14(a) Certification of Principal Executive Officer of Registrant
31.2	Rule 13a-14(a) Certification of Principal Financial Officer of Registrant
32	Section 1350 Certification
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document and included in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRIO-TECH INTERNATIONAL

By: /s/ Victor H.M. Ting
VICTOR H.M. TING
Vice President and Chief Financial Officer
(Principal Financial Officer)
Dated: February 14, 2022

BETWEEN

TRIO-TECH (SIP) CO. LTD.

AND

SUZHOU ANCHUANG TECHNOLOGY MANAGEMENT LLP

JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT (the ''Agreement'') is made the __1st _ day of _December 2021_ **BETWEEN** (Trio-Tech (SIP) Co. Ltd.) (Unified Social Credit Code: 91320594752020936D) having its registered office at No.5 Xing Han Street Block A #04-15/16, Suzhou Industrial Park, China 215021 (hereinafter called "(**Party A**)") AND (Suzhou Anchuang Technology Management LLP.) (Unified Social Credit Code: 91320594MA26Q8PA0E) having its registered office at Keying Road 2# Sino-Sin Shentai Dasha 515#__ (hereinafter called "(**Party B**)").

本合资协议("本协议")系由裕达科技(苏州工业园区)有限公司(统一社会信用代码:91320594752020936D)，一家注册于中国苏州工业园区星汉街5号A#04-15/16(邮编215021)的外商独资新加坡企业(以下简称甲方)，和苏州安创技术管理合伙企业(有限合伙)(统一社会信用代码:91320594MA26Q8PA0E)，一家注册于中国苏州工业园区科营路2号中新生态大厦515室的有限合伙企业(以下简称乙方)，于2021 年12月 1日签订。

BACKGROUND:
背景:

A. Both parties wish to enter into an association of mutual benefit and agree to set up a joint venture enterprise.
双方本着互利合作的精神，共同设立一家合资企业。

B. This Agreement sets out the terms and conditions governing this association.
本协议按上述原则设定以下相关条款与条件。

WHEREAS鉴于:

(a) **Trio-Tech Jiangsu Co. Ltd**., a company incorporated in Suzhou, China and having its registered address at Room 102, Zone B, Building 3, 99 West Suhong Road, Suzhou Industrial Park, China 215021 (hereinafter referred to as "(JV Co.)") will be established.
裕达科技(江苏)有限公司(以下简称 "合资企业")，将作为本次设立的合资企业名称，并在中国苏州工业园区苏虹西路99号第3幢B区102室, 邮编 215021。

(b) Trio-Tech (Suzhou) Co. Ltd will hold shareholding of 51% and Suzhou Anchuang Technology Management LLP will hold 49% of **Trio-Tech Jiangsu Co. Ltd**..
甲方将持有合资企业51%的股份，乙方将持有合资公司49%的股份。

(c) Party A and B (hereinafter called "the Parties") are desirous that a joint venture be undertaken for carrying on in Suzhou, China the business of *providing sub-contract services in the semiconductor and/or other related services in the electronics industry* and are entering into this agreement to bind themselves.
甲方和乙方(以下简称" 缔约方")希望在中国苏州合资经营 在电子行业提供半导体和/或其他相关服务的分包服务，并订立本协议，以资共同遵守。

(d) The duration of this Venture (the ''Term'') will begin on Dec-15th,2021. This agreement shall be of indefinite term or period subject to termination by the parties hereto by mutual consent or by any of the parties hereto being wound up.
本次合资的期限("期限")将从2021年12月15号开始。除非双方同意，或被任何一方终止，合资协议的期限为无固定期限，长期有效。

NOW THEREFORE in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:-
现经各方协商，一致同意如下：

The parties hereby agree that in the event of any conflict between the joint-venture agreement and Articles of Association of Trio-Tech Jiangsu Co. Ltd. the Articles of Association shall prevail and if there is no provision in the articles of association, the terms of this agreement shall prevail.
双方在此商定，如果本协议和合资企业公司章程之间有任何冲突，应以公司章程为准。公司章程没有规定的，以本协议条款为准。

1. Business Management业务管理

1.1 Party A will direct and manage Trio-Tech Jiangsu Co. Ltd

甲方将负责合资企业的经营管理。

1.2 Trio-Tech Jiangsu Co. Ltd. shall pay to an annual Management Fee amounting to 6% of Trio-Tech Jiangsu Co. Ltd.'s annual revenue; of which 3% will be paid to Party A and 3% will be paid to Party B. The Management Fee will be reviewed on an annual basis and capped at a maximum of 10% of Trio-Tech Jiangsu Co. Ltd.'s annual revenue, subject to assessment of Trio-Tech Jiangsu Co. Ltd.'s financial performance.
合资企业将按年营收的6%支付管理费，其中3%将支付给甲方，3%将支付给乙方。管理费最高不超过合资企业年营收的10%，并将视合资企业财务状况，每年审核一次。

1.3 In view of the fact that Trio-Tech (Suzhou) Co. Ltd had purchased the assets required for the business on behalf of Trio-Tech Jiangsu Co. Ltd, both parties agree that Trio-Tech (Suzhou) Co. Ltd may use these purchased assets as all or part of their capital contribution in Trio-Tech Jiangsu Co. Ltd at Net Book Value, and all taxes that may arise during the transfer of the related assets will be borne by Trio-Tech Jiangsu Co. Ltd.
鉴于甲方已经为合资企业代为购买了相关业务需要的资产，双方同意甲方可以以该部分资产以账面净值作为合资企业出资的全部或部分，相关资产转移过程中可能产生的税费由合资企业承担。

2. Sale and Transfer of Shares股份的出售与转让

2.1 In the event that any of the parties hereto wishes to transfer its shares, it shall give notice in writing to the other shareholders stating the number of shares which it desires to transfer. Such shares shall first be offered to the other parties in proportion to their shareholdings in Trio-Tech Jiangsu Co. Ltd.. Such shares shall be offered at a specified price (as hereinafter defined) and if such offers shall not have been accepted within sixty (60) days, such offer shall be deemed to have been refused and such shares may be sold at a price not less than the specified price to any other party acceptable to the parties hereto.
本协议任何一方希望转让其股份的，应当书面通知其他股东，说明其希望转让的股份数量。此等股份应按合资企业原持股比例优先向其他各股东方发出要约。该要约应按指定价格（依下文定义）发出，如原股东未在六十（60）日内接受该要约的，视为该要约已被拒绝，则该等股份可以以不低于指定价格的条件出售给各方均可接受的任何其他方。
2.2 The specified price at which a party shall offer its shares for sale shall be calculated at ten (10) times Price Earnings (PE) or Trio-Tech Jiangsu Co. Ltd.'s Net Worth; whichever is higher, at the period of sale.
一方出售股份的指定价格，按出售时期所对应的市盈率（PE）或合资公司净资产的10倍计算，以较高者为准。

2.3 Where the shares are sold to a purchaser who is not a party to this agreement it shall be a condition precedent to such sale that such purchaser shall agree in writing to be bound by the terms of this agreement as if he were an original party.
如将股份出售给不是本协议缔约方的买方的，作为出售的一个先决条件，该买方须书面同意受本协议条款的约束，就如同其是原缔约方一样。

2.4 The foregoing clauses shall apply to disposal by a party of all or part of its shares.
上述条款适用于一方处置其全部或部分股份。

2.5 None of the parties hereto including all other transferees of shares in Trio-Tech Jiangsu Co. Ltd. shall pledge mortgage or encumber its shares in Trio-Tech Jiangsu Co. Ltd. without the consent in writing of the other shareholders.
未经其他股东书面同意，任何一方及其股份的受让方不得质押、抵押其持有的合资公司的股份或在其持有的股份上添加权利负担。

3. <u>Board of Directors董事会</u>

3.1 The Board shall consist of SIX (6) Directors.
董事会由六名董事组成。

3.2 The SIX (6) Directors of the Board shall be nominated by Party A as to three (3) of them, one of which, will be appointed Chairman of the Board and Party B as to the other three (3).
董事会的六名董事中，三名董事由甲方提名，其中一名为董事会主席/董事长，另外三名董事由乙方提名。

3.3 A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. Directors can take part in a Board meeting or Board committee meeting via physical attendance or by way of a:-
符合法定人数的董事会议，出席董事应具备一切行使董事权利及自由裁量权的能力，董事可以通过实际出席或以下列方式参加：

(i) video conference of conference telephone or similar equipment designed to allow everybody to take part throughout the meeting; or
电话视频会议或类似设备的视频会议，以旨在让每个人都能参加整个会议：或

(ii) series of video conferences or telephone calls from the Chairman of the meeting.
一系列的视频会议或董事长电话召开的会议。

Taking part in this way will be treated as being present at the meeting and will be counted in a quorum. A meeting which takes place by a series of video conferences or telephone calls from the Chairman will be treated as taking place where the largest group of the participants is or, if there is no such group, where the Chairman is.
以上述方式参加会议将被视为出席会议，并计入法定人数。通过一系列的视频会议或董事长电话召开的会议将被视为在最多的与会者群体所在地召开，如果没有此类群体，则视为在董事长所在地召开。

3.4 A resolution in writing signed by a majority (more than 1/2 of the total number of Directors) of the Directors for the time being, shall be as valid and effectual as if it had been passed by a meeting of Directors duly convened and held.
由大多数（即全体董事人数的1/2以上）董事书面签署的决议，其效力应与正式召开和举行的董事会议通过的一样有效。

3.5 In the event of a deadlock situation; 3 votes vs 3 votes, the Chairman of the Board will have an additional voting right.
如出现3：3的投票情况时，董事长将拥有额外的特别表决权，以避免董事会僵局出现。

4. Survival of Rights, Duties and Obligations 权利、义务与责任

Termination of this agreement for any cause shall not release any party from any liability which at the time of termination has already accrued to the other parties hereto, or which may thereafter accrue in respect of any act or omission prior to such termination.
因任何原因终止本协议，不得免除任何一方在终止时已给本协议的其他缔约方造成的任何责任，或因终止本协议前的任何作为或不作为可能造成的责任。

5. Invalidity 无效

The validity or unenforceability of any term or provision of this agreement shall not effect the validity or enforceability of the remaining terms and provisions which shall remain in full force and effect unless such invalidity or enforceability dies substantially nullify the underlying intent of, or where the invalid or unenforceable provisions comprise an integral part of or are otherwise inseparable from the remainder of this agreement. Any ensuing gap shall be filled by a provision consistent with the purpose and intention if this agreement.
本协议任何条款或条款的有效性或不可执行性，不得影响剩余条款的有效性或和条款的可执行性，除非此类无效或不可执行性条款显著丧失协议根本目的，或无效或无法执行的条款包含一个整体构成部分的组成部分或与本协议其余部分不可分割。任何因此类缺失由此产生的补充条款，须符合本协议的宗旨及目的。

6. Non-waiver 非豁免

No failure or delay on the part of any party hereto in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right or power preclude any other or further exercise thereof or the exercise of any other right or power herein.
任何一方在行使任何权力或权利时的失误或拖延行使，不得作为弃权处理；任何单一或部分权利或权力的行使，也不得排除任何其他权利或权力的进一步行使。

7. Amendments 修改

Addendum modifications or alterations to this Agreement shall be valid and binding only when expressed in writing and executed with the same formality as this Agreement.
本协议的补遗修订或更改均须以书面方式进行，并采用与本协议相同的程序签署生效后方具有约束力。

8. Heading 标题

The headings to paragraphs of this agreement are to facilitate reference only and do not form a part of this agreement and shall not in any way effect the interpretation hereof.
本协议各段的标题仅提供参考便利，不构成本协议的一部分，不得以任何方式影响本协议的解释。

9. Confidentiality保密

BOTH PARTIES acknowledge that the information and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose nor disseminate any relevant confidential information to any third parties, except for the information that: (a) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (b) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.
甲乙双方谨此确认，本协议的信息和条款以及双方就本协议的准备和履行交换的任何口头或书面信息均被视为机密信息。各方应对所有此类保密信息保密，未经另一方书面同意，不得向任何第三方披露或传播任何相关保密信息，以下信息除外：(a)根据适用法律或法规、任何证券交易所的规则或法院或其他政府机构的命令，有义务进行披露；或(b)要求任何一方向其股东、投资者、法律顾问或财务顾问披露本协议项下拟进行的交易，前提是该等股东、投资者、法律顾问或财务顾问应遵守与本节规定类似的保密义务。任何一方雇用的员工或机构披露任何保密信息应视为该方披露该保密信息，该方应承担违反本协议的责任。本节应在本协议因任何原因终止后继续有效。

10. Force Majeure不可抗力

The terms and conditions of this agreement shall be suspended if either party is caused to suspend fulfillment of this obligation by Act of God, civil commissions, riots, legal moratorium, war, revolution, action by Government and/or any other circumstance(s) beyond the control of either parties, preventing the execution and/or obligations stated in this Agreement, and shall remain suspended until such circumstance(s) shall have ceased.
如果任何一方因天灾、民众骚乱、暴乱、法律禁令、战争、革命、政府行动和/或任何其他超出任何一方控制范围的情况而导致不能履行本协议的条款和条件，应暂停履行，直至此类情况停止。

11. Assignment 转让

This agreement and all rights and obligations hereunder are personal as to the parties hereto and none of the parties hereto shall assign or attempt to assign any such rights or obligations to any outside party without the prior written consent of the other parties hereto such consent not to be unreasonably withheld. Each and every assignee shall be require by the party hereto who is the assignor to execute this agreement or other appropriate instrument so that such a party shall be bound by the provisions hereof as if such party had been a party to this agreement throughout.
本协议及本协议的所有权利和义务均属于本协议当事人的个人权利，未经本协议其他各方事先书面同意，不得转让或试图将任何此类权利或义务转让给任何外部当事人。每一方均应要求受让人履行本协议或其他适当的文书，以便该受让方接受本协议规定的约束，就好像该受让方自始至终都是本协议的缔约方一样。

12. Agreement Not To Constitute a Partnership本协议不构成合伙关系

None of the provisions of this agreement shall be deemed to constitute a partnership between the parties hereto and neither party shall have any authority to bind nor shall be deemed to be the agent of the other in any way.
本协议的任何条款均不得被视为构成本协议双方之间的合伙关系，任何一方均无权以任何方式绑定对方，也不得被视为对方的代理人。

13. Costs费用承担

Each party shall bear their respective legal fees and other incidental costs, stamp duties on the agreement, share transfers in the preparation execution stamping of this agreement and the share transfers herein provided. The legal costs of and incidental to the preparation of the application and obtaining of the approval from local government authorities shall be borne by Trio-Tech Jiangsu Co. Ltd..
双方应各自承担因履行本协议，以及本协议项下股份转让而产生的法律费用和其他附带费用、印花税等。申请并获得地方政府主管部门批准的相关法律费用由合资公司承担。

14. Arbitration 仲裁

If any dispute arises between both parties during the subsistence of this Agreement or thereafter, in connection with the validity, interpretation, implementation or alleged breach of any provision of this Agreement, including the question as to whether the termination of this Agreement by one Party hereto has been legitimate ("Dispute"), the disputing Party hereto shall endeavour to settle such Dispute amicably. Parties have agreed that the Chinese and English version of the Agreement shall be used during such Dispute settlement. The attempt to bring about an amicable settlement shall be considered to have failed if not resolved within sixty (60) days from the date of notice of the Dispute. Upon such failure of settlement, Parties may then only bring the issue of Dispute before the China International Economic and Trade Arbitration Commission (CIETAC) in Shanghai in accordance with its rules and regulations (the "CIETAC Rules") as at present in force except as otherwise provided in this Section. The arbitration tribunal shall be comprised by three (3) arbitrators. Each Party shall nominate one arbitrator within thirty (30) days after the date of the notice of arbitration sent by one Party to the other Party, for confirmation by the competent authority under the CIETAC Rules (the "Appointing Authority"). Both arbitrators shall agree on the third arbitrator within thirty (30) days. Should either Party fail to appoint an arbitrator or should the two arbitrators fail, within the above time-limit, to reach agreement on the third arbitrator, such arbitrator shall be appointed by the Appointing Authority. If there are two or more respondents, any nomination of an arbitrator by or on behalf of such respondents must be by joint agreement between them. If such respondents fail within the time-limit fixed by the Appointing Authority to agree on such joint nomination, the proceedings against each of them must be separated. Any arbitrator appointed to resolve a Dispute shall be fluent in both the English and Chinese languages. All proceedings and documentation with respect to the arbitration of any Dispute shall be conducted in the Chinese language. Each Party shall cooperate with the other Party in making full disclosure of and providing complete access to all information and documents requested by the other Party in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on such Party. The costs of arbitration shall be borne by the losing Party, unless otherwise determined by the arbitration award. When any dispute occurs and when any dispute is under arbitration, except for the matters under dispute, the Parties shall continue to fulfil their respective obligations and shall be entitled to exercise their right under this Agreement. The award of the arbitration tribunal shall be final and binding upon the disputing parties, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award. Any party to the dispute shall be entitled to seek preliminary injunctive relief to the extent possible from any court of competent jurisdiction.

如果双方在本协议存续期间或之后，就本协议的有效性、解释、实施或涉嫌违反本协议任何条款发生任何争议，包括一方终止本协议是否合法的问题（"争议"），争议方应努力友好解决该争议。双方同意，在此类争议解决过程中应使用本协议的中文及英文版本。如果未能在争议通知之日起六十（60）天内解决，则认为友好解决的尝试失败。如果未能解决，除本节另有规定外，双方当事人只能将争议问题提交上海中国国际经济贸易仲裁委员会（CIETAC），根据现行有效的中国国际经济贸易仲裁委员会（CIETAC）规则和条例（"CIETAC规则"），在上海中国国际经济贸易仲裁委员会（CIETAC）进行仲裁。仲裁庭应由三（3）名仲裁员组成。各方应在一方向另一方发出仲裁通知之日起三十（30）天内指定一名仲裁员，由主管机构根据CIETAC规则（"指定机构"）确认。两名仲裁员应在三十（30）天内就第三名仲裁员达成一致意见。如果任何一方未能指定一名仲裁员，或者如果两名仲裁员未能在上述期限内就第三名仲裁员达成协议，则该仲裁员应由指定机构指定。如果有两个或两个以上的答辩人，则由该等答辩人或其代表提名的仲裁员必须由他们共同商定。如果这些答辩人未能在指定机构规定的时限内就这种联合提名达成协议，则对他们每个人的仲裁必须分开进行。任何被任命解决争议的仲裁员应能流利地使用中英文。与任何争议仲裁有关的所有程序和文件应以中文进行。各方应与另一方合作，充分披露并提供对另一方要求的与此类仲裁程序有关的所有信息和文件的完整访问权，但须承担对该方具有约束力的任何保密义务。除非仲裁裁决另有规定，仲裁费用应由败诉方承担。当发生任何争议且争议正在仲裁时，除争议事项外，双方应继续履行各自的义务，并有权行使其在本协议下的权利。仲裁庭的裁决应为终局裁决，对争议双方具有约束力，胜诉方可向有管辖权的法院申请执行该裁决。争议的任何一方均有权在可能的范围内从任何有管辖权的法院寻求初步的禁令救济。

15. Governing Law政府法律法规

This Agreement is governed by the laws of the People's Republic of China in every particular including formation and interpretation and shall be deemed to have been made in China.
本协议在各方面均受中华人民共和国法律管辖，包括协议的订立和解释，并应视为在中国订立。

16. Notices 通知

All notices required or permitted to be given hereunder shall be in writing and may be dispatched by registered air mail or inland mail as the case may be with postage prepaid, or by electronic means of any party hereto, addressed to the party hereto to which notice is being given at the address of such party first above written. Where the notice is given by electronic means, service of the notice is treated as effected properly by sending or supplying it to an address specified for the purpose by the Member generally or specifically. Any party hereto may change its address for the purpose of this Clause by a notice given to the other parties hereto in the manner set forth above. Any notice dispatched in conformity with this Clause shall be deemed to have been given thirty (30) days after the mailing thereof.
此处要求或允许发出的所有通知均应以书面形式发送，本协议任何一方可通过挂号空邮或邮资已付的内陆邮件，或通过电子方式，向本协议文首载明的联系地址发出通知。如果通知是以电子方式发出的，则将通知发送或提供至缔约方通用或特定的地址，将视为已经正确履行了通知的送达，并被视为该通知已生效。任何一方均可以上述方式向本条款的其他当事方发出通知，更改其地址。依照本条款发出的任何通知，应视为在邮寄后三十(30)天送达。

17. Good Faith 诚信

The parties hereto and each of them bind themselves to take all necessary actions directly or indirectly to implement the provisions of this agreement in all respects in accordance with the spirit and the intent upon which the parties hereto undertake the business herein contemplated and each of the parties undertakes and agrees to exercise its voting rights for the time being which lie within its power to ensure that Trio-Tech Jiangsu Co. Ltd. performs and observes all the provisions of this agreement.
各方及其每一方均应采取一切必要行动，直接或间接地贯彻本协议的条款，并根据本协议设定的宗旨和目的开展相关业务，双方承诺并同意行使其表决权，以确保合资企业执行并遵守本协议的所有条款。

18. Matters Not Specifically Provided 未尽事宜

Any matters which are not specifically provided for in this agreement shall be settled by mutual agreement of the parties hereto based on the spirit of mutual understanding and co-operation and at all times the parties hereto each covenant to act in good faith.
本协议未尽事宜，双方均应本着相互理解与合作的精神，经各方相互同意后，依诚信行事。

19. Assigns, Successors-in-title Bound 指派、继任者约束

This agreement is expressed to be binding on the heirs, personal representatives, assigns, and successors-in-title of the respective parties hereto.
本协议对本协议的继承人、个人代表、指派人和继任者均具有约束力。

IN WITNESS WHEREOF the parties have caused this agreement to be executed by their duly authorised representatives as at the date first set forth above.
各方谨此确认，本协议经各方授权代表签章后，于文首载明的日期开始生效。

The Company Stamp of Party A)
was hereunto)
affixed in the)
presence of :-)
DIRECTORS 容兆辉, 陈学民, 林慧宝

LEGAL REPRESENTATIVE
林慧宝

The Company Stamp of Party B)
was hereunto)
affixed in the)
presence of :-)
DIRECTORS 刘小慧，徐芳红，苏荣

LEGAL REPRESENTATIVE

Exhibit 31.1

CERTIFICATIONS

I, S. W. Yong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trio-Tech International, a California corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 14, 2022

/s/ S. W. Yong
S. W. Yong, Chief Executive Officer
and President (Principal Executive Officer)

Exhibit 31.2

I, Victor H.M. Ting, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trio-Tech International, a California corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 14, 2022

/s/ Victor H.M. Ting
Victor H.M. Ting, Chief Financial Officer
and Vice President (Principal Financial Officer)

SECTION 1350 CERTIFICATION

Each of the undersigned, S.W. Yong, President and Chief Executive Officer of Trio-Tech International, a California corporation (the “Company”), and Victor H.M. Ting, Vice President and Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge (1) the quarterly report on Form 10-Q of the Company for the three months ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ S. W. Yong
Name: S. W. Yong
Title: President and Chief Executive Officer
Dated: February 14, 2022

/s/ Victor H.M. Ting
Name: Victor H.M. Ting
Title: Vice President and Chief Financial Officer
Dated: February 14, 2022

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.