TRIGIANT GROUP LIMITED
俊知集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1300)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

HIGHLIGHTS

- Turnover increased by approximately RMB417.7 million, or approximately 29.7%, to approximately RMB1,822.7 million (2010: RMB1,405.0 million).

- Gross profit margin increased by approximately 1.3% to approximately 21.8% (2010: 20.5%).

- Profit for the year attributable to owners of the Company increased by approximately RMB55.7 million, or approximately 36.8%, to approximately RMB206.8 million (2010: RMB151.1 million).

- Net profit margin increased to approximately 11.3% (2010: 10.8%).

The board (the "Board") of directors (the "Directors") of Trigiant Group Limited (the "Company") is pleased to announce its audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011 together with the comparative figures for the corresponding period in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	2011 RMB'000	2010 RMB'000
Turnover	3	**1,822,747**	1,405,039
Cost of goods sold		**(1,425,436)**	(1,116,350)
Gross profit		**397,311**	288,689
Other gains and losses	4	**14,073**	12,109
Selling and distribution costs		**(47,999)**	(37,089)
Administrative expenses		**(46,371)**	(42,381)
Other expenses		**(12,867)**	(2,605)
Finance costs	5	**(57,440)**	(39,386)
Profit before taxation		**246,707**	179,337
Taxation	7	**(39,922)**	(28,225)
Profit for the year attributable to the owners of the Company	6	**206,785**	151,112
Other comprehensive income			
Revaluation surplus on properties upon transfer to investment properties		**–**	830
Income tax relating to the component of other comprehensive income		**–**	(208)
Total comprehensive income for the year attributable to owners of the Company		**206,785**	151,734
Earnings per share based on ordinary shares in issue – Basic	8(a)	**RMB20.68**	RMB15.11
Earnings per share based on ordinary shares in issue and after capitalisation issue – Basic	8(b)	**RMB25.85 cents**	RMB18.89 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011

	NOTES	2011 RMB'000	2010 RMB'000
Non-current assets			
Investment properties		**18,300**	17,900
Property, plant and equipment		**181,970**	190,977
Land use rights		**71,683**	73,392
Available-for-sale investments		**20,000**	20,000
		291,953	302,269
Current assets			
Inventories		**111,751**	59,980
Trade and other receivables	9	**1,168,881**	780,308
Land use rights		**1,800**	1,891
Pledged bank deposits		**242,401**	89,620
Bank balances and cash		**383,548**	338,916
		1,908,381	1,270,715
Current liabilities			
Trade and other payables	10	**490,956**	297,414
Amount due to a director		**14,680**	2,797
Amounts due to shareholders		**–**	198,070
Bank borrowings – due within one year		**940,300**	680,000
Tax payables		**10,037**	8,657
		1,455,973	1,186,938
Net current assets		**452,408**	83,777
Total assets less current liabilities		**744,361**	386,046
Non-current liabilities			
Government grants		**2,431**	2,770
Payable for acquisition of land use rights		**–**	5,502
Bank borrowings – due after one year		**110,000**	150,000
Deferred taxation		**18,399**	12,937
		130,830	171,209
Net assets		**613,531**	214,837
Capital and reserves			
Share capital		**82**	7
Reserves		**613,449**	214,830
Total equity		**613,531**	214,837

NOTES

1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 December 2010 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Room 1801, 18/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

The principal activity of the Company is to act as an investment holding company. The Group is mainly engaged in the manufacture and sales of Radio Frequency ("RF") coaxial cable series and related products for mobile telecommunications.

Pursuant to the group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 23 August 2011. Details of the Reorganisation are set in Appendix V to the Company's prospectus dated 6 March 2012 (the "Prospectus"). The Company's shares have been listed on the Stock Exchange since 19 March 2012 (the "Listing Date").

The consolidated financial statements of the Group for each of the two years ended 31 December 2010 and 2011 have been prepared on the basis as if the current Group structure had been in existence since 1 January 2010.

The consolidated financial statements are presented in Renminbi ("RMB") which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants issued the following new and revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, Amendments and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs") which are effective for the Group's accounting period beginning on 1 January 2011.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HKAS 32	Classification of rights issues
Amendments to HK(IFRIC) – INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

The application of the new and revised HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Transfers of financial assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax – Recovery of underlying assets[4]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

3. TURNOVER AND SEGMENT INFORMATION

The Group's chief operating decision maker has been identified as the executive directors of the Company who reviews the business with the following reportable segments by products:

- RF coaxial cable series
- New-type electronic components
- Others (mainly represented by other accessories)

The above segments have been identified on the basis of internal management reports prepared and regularly reviewed by the executive directors of the Company when making decisions about allocating resources and assessing performance of the Group.

Turnover represents the fair value of the consideration received and receivable for goods sold during the year.

The segment results represent the gross profits earned by each segment (segment revenue less segment cost of goods sold). Other gains and losses, selling and distribution costs, administrative expenses, other expenses, finance costs and taxation are not allocated to each reportable segment. This is the measure reported to the executive directors for the purpose of resource allocation and assessment of segment performance.

The information of segment results are as follows:

For the year ended 31 December 2011

	RF coaxial cable series *RMB'000*	**New-type electronic components** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Revenue	**1,667,077**	**87,715**	**67,955**	**1,822,747**
Cost of goods sold	**(1,288,988)**	**(70,373)**	**(66,075)**	**(1,425,436)**
Segment result	**378,089**	**17,342**	**1,880**	**397,311**

For the year ended 31 December 2010

	RF coaxial cable series *RMB'000*	New-type electronic components *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue	1,298,998	73,138	32,903	1,405,039
Cost of goods sold	(1,040,403)	(48,692)	(27,255)	(1,116,350)
Segment result	258,595	24,446	5,648	288,689

The reportable segment results are reconciled to profit after taxation of the Group as follows:

	2011 *RMB'000*	2010 *RMB'000*
Reportable segment results	**397,311**	288,689
Unallocated income and expenses		
– Other gains and losses	**14,073**	12,109
– Selling and distribution costs	**(47,999)**	(37,089)
– Administrative expenses	**(46,371)**	(42,381)
– Other expenses	**(12,867)**	(2,605)
– Finance costs	**(57,440)**	(39,386)
Profit before taxation	**246,707**	179,337
Taxation	**(39,922)**	(28,225)
Profit for the year	**206,785**	151,112

As no discrete information in respect of segment assets and liabilities and other information is for the assessment of performance and allocation of resources for different reportable segment and thus, other than reportable segment revenue and results as disclosed above, no analysis of segment assets and liabilities is presented.

Substantially all of the Group's turnover is derived from the People's Republic of China (the "PRC") and its non-current assets are also substantially located in the PRC (the place of domicile).

Information about major customers

For the year ended 31 December 2011, there were two customers which contributed revenues of RMB1,120,382,000 and RMB563,274,000 respectively, which individually accounted for more than 10% of the total turnover of the Group.

For the year ended 31 December 2010, there were two customers which contributed revenues of RMB1,010,588,000 and RMB294,068,000, respectively, which individually accounted for more than 10% of the total turnover of the Group.

4. OTHER GAINS AND LOSSES

	2011	2010
	RMB'000	*RMB'000*
Gain on fair value changes on investment properties	**400**	400
Government grants	**1,194**	1,640
Exchange gain	**6,161**	6,829
Interest income	**5,231**	2,394
Rental income	**725**	604
Others	**362**	242
	14,073	12,109

5. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**57,440**	37,706
Less: Amount capitalised	**–**	(3,422)
	57,440	34,284
Interest on financing arrangement	**–**	5,102
	57,440	39,386

Borrowing costs capitalised during the year ended 31 December 2010 (2011: nil) were related to specific borrowings on qualifying assets.

The Group has ceased to enter into certain financing arrangement after April 2010 and all the related bills were settled before the end of October 2010.

6. PROFIT FOR THE YEAR

	2011	2010
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Total staff costs	**39,143**	25,742
Cost of inventories recognised as expenses	**1,425,436**	1,116,350
Depreciation of property, plant and equipment	**16,949**	14,820
Operating lease payment in respect of property	**802**	530
Operating lease rentals in respect of land use rights	**1,800**	1,891
Expenses in relation to initial public offering of the Company's shares (include in other expenses)	**12,867**	2,605
and after crediting:		
Gross rental income from investment properties (net of nil direct operating expenses)	**725**	604

7. TAXATION

	2011	2010
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax ("EIT")	**34,460**	25,002
Deferred taxation	**5,462**	3,223
Taxation for the year	**39,922**	28,225

PRC Enterprise Income Tax represents the income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.) ("Jiangsu Trigiant"), the principal operating subsidiary of the Group, in accordance with the relevant laws and regulations in the PRC.

Pursuant to the relevant laws and regulations, Jiangsu Trigiant was entitled to exemption from Foreign Enterprise Income Tax ("FEIT") for the first two years commencing from its first profit-making year in 2008, followed by a 50% reduction on the FEIT for the following three years ("Tax Holiday").

On 16 March 2007, the Enterprise Income Tax Law was passed at the Fifth session of the Tenth National People's Congress of the PRC, the income tax rate for both domestic and foreign-investment enterprise would be unified at 25% effective from 1 January 2008 (Order of the President [2007] No. 63). Jiangsu Trigiant which was entitled to Tax Holiday would continue to enjoy such treatment until the exemption and reduction period expired, at the end of 2012.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not have assessable profits in Hong Kong for both years.

8. EARNINGS PER SHARE

(a) The calculation of the basic earnings per share for the year is based on the following data and on the assumption that the Reorganisation has been effective on 1 January 2010:

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**206,785**	151,112
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**10,000,000**	10,000,000

(b) The calculation of the basic earnings per share based on ordinary shares in issue and after capitalisation issue is based on the following data and on the assumption that the Reorganisation has been effective on 1 January 2010 and adjusted for retrospectively the capitalisation issue as disclosed in "Statutory and General Information" in Appendix V to the Prospectus in connection with the listing of the Company's shares:

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**206,785**	151,112
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000,000**	800,000,000

No dilutive earnings per share is presented as there were no dilutive potential ordinary shares during both years.

9. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables		
– 江蘇俊知光電通信有限公司 (Jiangsu Trigiant Opto-electrical Telecommunication Co., Ltd) ("Jiangsu Opto-electrical")	**2,087**	–
– Others	**1,152,009**	759,937
Bills receivables	**1,281**	15,625
	1,155,377	775,562
Prepaid expenses	**3,296**	1,085
Interest receivables	**2,019**	89
Staff advances	**6,951**	1,952
Other receivables	**1,238**	1,620
	1,168,881	780,308

The Group normally allows a credit period ranging from 180 to 360 days to its customers.

The following is an aged analysis of the trade and bill receivables presented based on the invoice date at the end of the reporting period:

	2011	2010
	RMB'000	*RMB'000*
Age		
0 – 90 days	**798,185**	626,522
91 – 180 days	**260,765**	129,595
181 – 365 days	**93,932**	19,445
Over 365 days	**2,495**	–
	1,155,377	775,562

10. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables		
– Jiangsu Opto-electrical	**5,765**	–
– 江蘇俊知傳感技術有限公司 (Jiangsu Trigiant Sensing Technology Co., Ltd) ("Jiangsu Sensing")	**36**	–
– others	**120,958**	54,260
Bills payables	**322,551**	180,000
	449,310	234,260
Payroll and welfare payables	**7,557**	6,654
Other tax payables	**3,187**	4,781
Deposits from suppliers	**7,903**	6,830
Amounts due to Jiangsu Opto-electrical and Jiangsu Sensing	**–**	18,000
Payables for acquisition of property, plant and equipment	**1,532**	1,713
Payable for acquisition of land use rights	**13,502**	16,000
Accrued expenses	**2,072**	2,249
Other payables	**5,893**	6,927
	490,956	297,414

The Group normally receives credit terms ranging from 30 to 90 days from its suppliers. The following is an aged analysis of trade and bill payables presented based on the invoice date at the end of the reporting period:

	2011	2010
	RMB'000	*RMB'000*
Age		
0 – 90 days	**280,253**	104,218
91 – 180 days	**169,057**	130,042
	449,310	234,260

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the leading PRC manufacturers engaged in research, development and sales of RF coaxial cables series, new-type electronic components and other related accessories for use in mobile communications and telecommunications equipment. According to the notices issued by China Electronics Components Association ("CECA"), Optical Fiber and Electric Cable Sub-association (中國電子元件行業協會光電線纜分會), one of the 14 sub-associations of CECA, in February 2012, which covered all major RF cables manufacturers in the PRC, Jiangsu Trigiant ranked first in terms of sales volume for RF cables among all RF cables manufacturers in the PRC in 2011.

In 2011, sales of the RF coaxial cables series, the principal products of the Group, amounted to approximately RMB1,667.1 million (representing approximately 91.5% of its total turnover) and its sales volume reached approximately 114,000 km. The products of the Group are mainly used in the transmission systems of telecommunications operators and service providers and major equipment manufacturers in the PRC. In particular, the products can be applied in different mobile network systems, highways, railways, tunnels, underground facilities and high-rise buildings.

The Group derived its sales principally from the PRC in 2011. The expertise of the management of the Group, coupled with its extensive sales and distribution network covering 31 provinces and municipalities in the PRC which can timely and efficiently market its products to customers and at the same time provide after-sales services, has helped the Group gain business through tenders awarded by the three major PRC telecommunications operators, namely 中國聯合網絡通信有限公司("China Unicom"), 中國移動通信集團公司("China Mobile") and 中國電信集團公司("China Telecom"). In 2011, sales to China Mobile, China Unicom and China Telecom amounted to approximately RMB1,120.4 million, RMB563.3 million and RMB31.7 million respectively, which accounted for approximately 61.5%, 30.9% and 1.7% respectively of the Group's total turnover for that year. Sales to these major customers accounted for approximately 94.1% of the Group's total turnover in 2011.

Currently, the Group sell its products to 28 out of 31 provincial branches of China Unicom, 22 out of 31 provincial subsidiaries of China Mobile and 22 out of 31 provincial subsidiaries of China Telecom.

In 2011, the Group also sold its products to well-known telecommunication equipment manufacturers, including 深圳市中興康訊電子有限公司, a subsidiary of 中興通訊股份有限公司, and Huawei Technologies Co., Ltd.

The Group has strong research and development capabilities, as evidenced by the varieties of RF coaxial cables series, new-type electronic components and other related accessories the Group has developed since its establishment. The Group has obtained 22 patents in the PRC and is in the process of applying for an additional 15 patents in the PRC. Out of the products developed by the Group, 14 have been awarded with the Advanced Technology Product Certificate (高新技術產品認定證書) by the Science and Technology Department of Jiangsu Province (江蘇省科學技術廳).

In 2011, total turnover of the Group and profit for the year attributable to the owners of the Company increased to approximately RMB1,822.7 million and RMB206.8 million respectively, representing the year-on-year growth of approximately 29.7% and 36.8% respectively.

Use of Net Proceeds from the Company's Initial Public Offering

On 19 March 2012, the Company issued 200,000,000 new shares of nominal value of HK$0.01 each in connection with the listing of the Company's shares on the Stock Exchange. The Company will apply the net proceeds, after deducting related expenses, from such new issue in the manner as set out in the Prospectus. As at the date of this announcement, such net proceeds have not yet been utilised.

Prospects

In view of the recovery and improvement of the international economy as well as the sustainable and fast development of the PRC domestic economy, the telecommunications industry of the PRC has embraced this as an opportunity to develop its network infrastructure. With the implementation of the "integration of three networks" and the Twelfth Five-Year Plan, the PRC telecommunications industry will reap the benefits of these developments in the future.

The main development goals of the PRC telecommunications industry in the Twelfth Five-Year Plan, among others, include the comprehensive popularization of the 3G network and optical fibre access, comprehensive promotion of "integration of three networks" and the promotion of information technology. At the end of the "Twelfth Five-Year" period, the number of 3G users in the PRC is expected to reach approximately 700 million while the number of users with fixed broadband access will reach approximately 250 million. The access to broadband by urban families, community centres, schools, medical health institutions, libraries and other public institutions will be basically realized. Broadband access will also be made available to rural families for basic network surfing. The varieties of information applications will be further enriched, and the number and scale of service platforms will increase substantially.

In light of the integration of three networks, promotions of double-direction staged access of broadcasting television and telecommunications services are taken as the focus, and thus the upgrading and improvement of the network, broadcasting television network and the internet are being pushed forward. The purpose of the integration of three networks is to gradually transform conventional information services to combined, multi-media and integrated information services. This includes the establishment of new types of operation of broadband and mobile internet, the innovation of network value-added services, and the development of digital content and network finance.

Given the Twelfth Five-Year Plan, there is a great potential in the development of mobile communications network infrastructures and the radio-frequency cable and flexible cable industry, which can in turn be expected to bring sustainable demand for RF coaxial cables.

Future Plans

In view of the promising prospect of the telecommunication industry in the PRC, the business objectives of the Group are to expand its production capacity, broaden its product range and maintain its leading position in the RF coaxial cables industry in the PRC.

Amongst the business strategies of the Group, the Group intends to continue and expand its business with the three major telecommunications operators in the PRC by attracting new business from such provincial subsidiaries or branches of China Unicom, China Mobile and China Telecom which the Group has yet to develop. The Group intends to diversify its product range in order to capture additional business opportunities by taking advantage of the PRC government policies to integrate the three existing networks. The Group also intends to strengthen its overseas sales network in developing countries such as India, Russia and Brazil.

In particular, the Group intends to expand its current annual production capacity for its RF coaxial cables series from approximately 150,000 km to approximately 180,000 km for the year ending 31 December 2013, depending on the industry condition and customers' demand for its products in the future, and increase its sales and marketing staff from 50 for the year ending 31 December 2012 to 80 for the year ending 31 December 2013.

Financial Performance Review

Turnover

The total turnover of the Group increased by approximately RMB417.7 million, or approximately 29.7%, from approximately RMB1,405.0 million in 2010 to approximately RMB1,822.7 million in 2011. Such increase was attributable to the increase in turnover from sales of RF coaxial cables series, new-type electronic components and other related accessories by approximately RMB368.1 million, RMB14.6 million and RMB35.0 million respectively. Sales of RF coaxial cables series accounted for approximately 91.5% of the Group's total turnover in 2011. The increase in sales of RF coaxial cables series, new-type electronic components and other related accessories was primarily due to the increase in overall sales to the three major PRC telecommunications operators. Overall sales to the three major PRC telecommunications operators increased by approximately RMB372.5 million from approximately RMB1,342.9 million in 2010 to approximately RMB1,715.4 million in 2011. In particular, demand for the RF coaxial cables series of the Group from China Mobile increased significantly as a result of increased investment in construction of outdoor 3G base stations by China Mobile in 2011.

Cost of goods sold

Cost of goods sold increased by approximately RMB309.1 million, or approximately 27.7%, from approximately RMB1,116.3 million in 2010 to approximately RMB1,425.4 million in 2011. Cost of materials consumed accounted for approximately 96% of the total cost of goods sold in 2011. The increase in cost of goods sold was primarily due to an increase in the cost of materials consumed by approximately RMB288.5 million, or approximately 26.7% in 2011 compared to 2010. Such increase was in line with the increase in the turnover of the Group in 2011.

Gross profit and gross profit margin

Gross profit increased by approximately RMB108.6 million, or approximately 37.6%, from approximately RMB288.7 million in 2010 to approximately RMB397.3 million in 2011. Such increase was mainly attributable to the increase in sales of the RF coaxial cables series of the Group. Overall gross profit margin increased by approximately 1.3% from approximately 20.5% in 2010 to approximately 21.8% in 2011. Such increase was primarily attributable to the increase in gross profit margin of the RF coaxial cables series of the Group resulting mainly from (i) the further increase in economies of scale and (ii) the continuous enhancement of production efficiency in 2011.

Other gains and losses

Other gains and losses increased by approximately RMB2.0 million, or approximately 16.2%, from approximately RMB12.1 million in 2010 to approximately RMB14.1 million in 2011. Such increase was primarily due to the increase in interest income by approximately RMB2.8 million, partly offset by the decrease in exchange gain on revaluation of amounts due to shareholders denominated in United States Dollars by approximately RMB0.7 million.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB10.9 million, or approximately 29.4%, from approximately RMB37.1 million in 2010 to approximately RMB48.0 million in 2011. Such increase was mainly due to (i) the increase in transportation costs by approximately RMB7.7 million resulting from the increase in the turnover of the Group; and (ii) the increase in entertainment expenses by approximately RMB1.8 million for sales and marketing purposes.

Administrative expenses

Administrative expenses increased by approximately RMB4.0 million, or approximately 9.4%, from approximately RMB42.4 million in 2010 to approximately RMB46.4 million in 2011. Such increase was principally attributable to the increase in salaries for management and administration personnel by approximately RMB3.6 million resulting mainly from salary increment and bonus paid for certain staff.

Other expenses

Other expenses increased by approximately RMB10.3 million, or approximately 393.9%, from approximately RMB2.6 million in 2010 to approximately RMB12.9 million in 2011. Such increase was attributable to additional expenses incurred in relation to initial public offering of the Company's shares.

Finance costs

Finance costs increased by approximately RMB18.0 million, or approximately 45.6%, from approximately RMB39.4 million in 2010 to approximately RMB57.4 million in 2011. Such increase was mainly attributable to the reasons that (i) short-term bank borrowings increased by RMB260.3 million for additional working capital amid the business expansion of the Group and that (ii) the People's Bank of China ("PBOC") base interest rate raised by more than 10% in 2011.

Taxation

Taxation charged for both 2011 and 2010 mainly represent EIT of Jiangsu Trigiant calculated at 12.5% on its taxable income in accordance with the relevant PRC laws and regulations. The taxation charge of the Group increased in 2011 as compared to that in 2010 mainly because taxable income of Jiangsu Trigiant increased.

Profit for the year

As a combined result of the foregoing, the profit after tax of the Group increased by approximately RMB55.7 million, or approximately 36.8%, from approximately RMB151.1 million in 2010 to approximately RMB206.8 million in 2011. Accordingly, net profit margin increased from approximately 10.8% in 2010 to approximately 11.3% in 2011.

Liquidity, Financial Resources and Capital Structure

The operation of the Group was generally financed through a combination of shareholder's equity, internally generated cash flows and bank borrowings. In the long term, the operation of the Group will be funded by internally generated cash flow and, if necessary, additional equity financing and bank borrowings.

The following table summarises the cash flows for the two years ended 31 December 2010 and 2011:

	2011 ***RMB'000***	2010 *RMB'000*
Net cash from operating activities	**52,486**	167,130
Net cash used in investing activities	**(165,603)**	(76,811)
Net cash from financing activities	**157,749**	137,565

As at 31 December 2011, the Group had bank balances and cash of approximately RMB383.5 million and the majority of which were denominated in RMB. As at 31 December 2011, the Group had total bank borrowings of approximately RMB1,050.3 million comprising bank borrowings repayable within one year of approximately RMB940.3 million and bank borrowings repayable more than two years but not more than five years of approximately RMB110.0 million. As at 31 December 2011, approximately RMB475.3 million of the total bank borrowings were fixed rate borrowings which carried interests ranging from 4.84% to 8.03% per annum and approximately RMB575.0 million were variable rate borrowings which carried interests ranging from 90% of PBOC rate to 110% of PBOC rate. As at 31 December 2011, all bank borrowings were denominated in RMB.

In 2011, the majority of the Group's transactions were denominated in RMB and, accordingly, the Group did not enter into any financial instrument for hedging foreign currency exposure. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

Gearing Ratio

Gearing ratio of the Group decreased significantly from approximately 186.9% as at 31 December 2010 to approximately 69.2% as at 31 December 2011. Such decrease was primarily due to significant increase in total equity by approximately RMB398.7 million from approximately RMB214.8 million as at 31 December 2010 to approximately RMB613.5 million as at 31 December 2011, even though total bank borrowings net of pledged bank deposits and bank balances and cash increased by approximately RMB22.9 million from approximately RMB401.5 million as at 31 December 2010 to approximately RMB424.4 million as at 31 December 2011. Increase in total equity as at 31 December 2011 was mainly attributable to the increase in profit for 2011 of approximately RMB206.8 million and the waiver of shareholders' loan of approximately RMB191.9 million credited to reserve during 2011. Gearing ratio is calculated by dividing total bank borrowings net of pledged bank deposits and bank balances and cash over total equity.

Pledge of Assets

As at 31 December 2011, the Group pledged certain of its buildings, machinery and land use rights with aggregate carrying value of approximately RMB40.3 million, RMB23.9 million and RMB35.4 million, respectively, to certain banks to secure certain credit facilities granted to the Group.

As at 31 December 2011, the Group also pledged bank deposits of approximately RMB242.4 million to certain banks to secure certain credit facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2011.

Employee Information

As at 31 December 2011, the Group had 648 employees. In order to enhance the morale and productivity of employees, employees are remunerated based on their performance, experience and prevailing industry practices. Compensation policies and packages of management staff and functional heads are being reviewed on a yearly basis. In addition to basic salary, performance-related salary may also be awarded to employees based on internal performance evaluation. The Group invests in continuing education and training programmes for management staff and other employees with a view to upgrading their skills and knowledge. These training courses include internal courses run by the management of the Group and external courses provided by professional trainers. They range from technical training for production staff to financial and administrative trainings for management staff.

CORPORATE GOVERNANCE

Since the Listing Date and up to the date of this announcement, the Company has fully complied with the applicable code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

AUDIT COMMITTEE

An audit committee was established by the Company on 23 August 2011. The audit committee has adopted written terms of reference in compliance with the Code on Corporate Governance Practices or, as the case may be, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and approve the Group's financial reporting process and internal control system. Members of the audit committee are Mr. Poon Yick Pang Philip, Ms. Jia Lina, Mr. Ng Wai Hung and Professor Jin Xiaofeng, all being independent non-executive Directors. Mr. Poon Yick Pang Philip is the chairman of the audit committee. The 2011 annual results have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2011 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities since the Listing Date.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code since the Listing Date.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.trigiant.com.hk). The annual report for the year ended 31 December 2011 of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the same websites in due course.

On behalf of the Board
Trigiant Group Limited
Qian Lirong
Chairman

Hong Kong, 30 March 2012

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Qian Lirong and Mr. Jiang Wei; and four independent non-executive Directors, namely Professor Jin Xiaofeng, Mr. Poon Yick Pang Philip, Mr. Ng Wai Hung and Ms. Jia Lina.

* *For identification purpose only*