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TRIGIANT
— 俊知集团 —

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 2013

HIGHLIGHTS

Annual results for the year ended 31 December 2013 compared with the annual results for the year ended 31 December 2012:

- Turnover increased by approximately RMB227.4 million, or approximately 10.2%, to approximately RMB2,458.0 million (2012: RMB2,230.6 million)
- Gross profit margin decreased by approximately 0.4 percentage point to approximately 23.0% (2012: 23.4%)
- Profit for the year attributable to owners of the Company increased by approximately RMB61.3 million, or approximately 24.3%, to approximately RMB313.6 million (2012: RMB252.3 million)
- Net profit margin increased by approximately 1.5 percentage point to approximately 12.8% (2012: 11.3%)
- Earnings per share increased to RMB30.62 cents (2012: RMB26.35 cents)
- Proposed final dividend was HK7 cents per share (2012: HK5 cents per share). Together with the interim dividend of HK7 cents paid, total dividend for the year ended 31 December 2013 was HK14 cents per share (2012: HK10 cents per share)

The board (the "Board") of directors (the "Directors") of Trigiant Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013 together with the comparative figures for the corresponding period in 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Turnover	*4*	**2,458,000**	2,230,555
Cost of goods sold		**(1,893,033)**	(1,708,730)
Gross profit		**564,967**	521,825
Other income	*5*	**8,297**	12,843
Other gains and losses		**2,078**	828
Selling and distribution costs		**(63,764)**	(72,790)
Administrative expenses		**(52,693)**	(52,114)
Research and development costs		**(23,745)**	(14,344)
Other expenses		**–**	(13,275)
Finance costs	*6*	**(55,019)**	(79,918)
Profit before taxation		**380,121**	303,055
Taxation	*7*	**(66,551)**	(50,757)
Profit for the year attributable to owners of the Company	*8*	**313,570**	252,298
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation surplus on properties upon transfer to investment properties		**3,502**	–
Income tax relating to the component of other comprehensive income		**(876)**	–
		2,626	–
Total comprehensive income for the year attributable to owners of the Company		**316,196**	252,298
Earnings per share			
— Basic	*10*	**RMB30.62 cents**	RMB26.35 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Investment properties		**33,800**	18,600
Property, plant and equipment		**189,278**	182,730
Land use rights		**65,401**	69,883
Available-for-sale investments		**20,000**	20,000
		308,479	291,213
Current assets			
Inventories		**122,845**	145,312
Trade and other receivables	*11*	**1,633,082**	1,274,475
Pledged bank deposits		**131,739**	129,782
Bank balances and cash		**438,247**	480,705
		2,325,913	2,030,274
Current liabilities			
Trade and other payables	*12*	**273,169**	311,608
Bank borrowings — due within one year		**735,828**	877,784
Tax payables		**16,461**	14,026
		1,025,458	1,203,418
Net current assets		**1,300,455**	826,856
Total assets less current liabilities		**1,608,934**	1,118,069
Non-current liabilities			
Government grants		**1,752**	2,092
Bank borrowings — due after one year		**80,000**	90,000
Deferred taxation		**22,938**	21,219
		104,690	113,311
Net assets		**1,504,244**	1,004,758
Capital and reserves			
Share capital		**9,051**	8,140
Reserves		**1,495,193**	996,618
Total equity		**1,504,244**	1,004,758

NOTES:

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company of the Company is Trigiant Investments Limited and Abraholme International Limited, respectively, both companies were incorporated in the British Virgin Islands.

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 and telecommunication equipment.

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")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC)-INT 20	Stripping costs in the production phase of a surface mine

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

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory deferral accounts[4]
HK(IFRIC)-INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for the investment properties that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. TURNOVER AND SEGMENT INFORMATION

Turnover represents the fair value of the consideration received and receivable for goods sold during the year, net of discounts and sales related taxes.

The Group's chief operating decision maker has been identified as the executive Directors (the "Executive Directors") who review the business with the following reportable and operating segments by products:

- RF coaxial cable series
- Flame-retardant flexible cable series
- New-type electronic components
- Other accessories (including splitters, couplers and combiners)

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

The segment results represent the gross profits earned by each segment (segment revenue less segment cost of goods sold). Other income, other gains and losses, selling and distribution costs, administrative expenses, research and development costs, 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 is as follows:

For the year ended 31 December 2013

	RF coaxial cable series *RMB'000*	**Flame-retardant flexible cable series** *RMB'000*	**New-type electronic components** *RMB'000*	**Other accessories** *RMB'000*	**Total** *RMB'000*
Revenue	**1,805,847**	**500,956**	**73,112**	**78,085**	**2,458,000**
Cost of goods sold	**(1,377,750)**	**(394,543)**	**(50,756)**	**(69,984)**	**(1,893,033)**
Segment result	**428,097**	**106,413**	**22,356**	**8,101**	**564,967**

For the year ended 31 December 2012

	RF coaxial cable series *RMB'000*	Flame-retardant flexible cable series *RMB'000*	New-type electronic components *RMB'000*	Other accessories *RMB'000*	Total *RMB'000*
Revenue	1,735,077	318,118	97,632	79,728	2,230,555
Cost of goods sold	(1,328,395)	(240,579)	(68,534)	(71,222)	(1,708,730)
Segment result	406,682	77,539	29,098	8,506	521,825

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

	2013 *RMB'000*	2012 *RMB'000*
Reportable segment results	**564,967**	521,825
Unallocated income and expenses		
— Other income	**8,297**	12,843
— Other gains and losses	**2,078**	828
— Selling and distribution costs	**(63,764)**	(72,790)
— Administrative expenses	**(52,693)**	(52,114)
— Research and development costs	**(23,745)**	(14,344)
— Other expenses	**–**	(13,275)
— Finance costs	**(55,019)**	(79,918)
Profit before taxation	**380,121**	303,055
Taxation	**(66,551)**	(50,757)
Profit for the year	**313,570**	252,298

As there is no discrete information in respect of segment assets and liabilities and other information available for the assessment of performance and allocation of resources for different reportable segment and thus, 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 substantially all of its non-current assets are also located in the PRC (the place of domicile).

Information about major customers

For the year ended 31 December 2013, there were two customers which contributed revenue of RMB1,454,012,000 (2012: RMB1,300,029,000) and RMB723,980,000 (2012: RMB744,606,000) respectively, which individually accounted for more than 10% of the total turnover of the Group. The two customers purchased goods from all segments identified as above.

5. OTHER INCOME

	2013	2012
	RMB'000	*RMB'000*
Government grants *(Note)*	**2,246**	3,460
Interest income	**3,939**	7,818
Rental income	**1,387**	725
Others	**725**	840
	8,297	12,843

Note: As at 31 December 2013, included in government grants is RMB1,906,000 (2012: RMB3,121,000) incentive provided by the PRC local authorities to the Group for encouragement of business development in the Yixing region. There were no specific conditions attached to the grants, and the Group recognised the grants upon receipts. In respect of the remaining RMB340,000 (2012: RMB339,000), they are government subsidies received for the acquisition of property, plant and equipment.

6. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**55,019**	79,918

7. TAXATION

	2013	2012
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax	**65,708**	47,937
Deferred taxation	**843**	2,820
Taxation for the year	**66,551**	50,757

The PRC income tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

Pursuant to the relevant laws and regulations, Jiangsu Trigiant Technology Co., Ltd. ("Jiangsu Trigiant"), the principal subsidiary of the Company, 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 which had expired at the end of 2012. Jiangsu Trigiant was endorsed as a High and New Technology Enterprise on 4 March 2009 (renewed on 21 May 2012) and therefore entitled to a preferential tax rate of 15% from 2013 to 2015 pursuant to the Enterprise Income Tax Law ("EIT Law") of the PRC.

According to relevant tax law in the PRC, dividend distributed to foreign investors out of the profit generated from 1 January 2008 onwards shall be subject to withholding tax at 10% and withheld by the PRC entity, pursuant to Articles 3 and 37 of the EIT Law and Article 91 of its Detail Implementation Rules.

No provision for Hong Kong Profits Tax was made in the consolidated financial statements as the Group did not derive assessable profits from Hong Kong for both years.

8. PROFIT FOR THE YEAR

	2013 *RMB'000*	2012 *RMB'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**2,227**	1,906
Other staff costs:		
Salaries and other benefits	**44,460**	42,384
Retirement benefit scheme contributions	**3,370**	4,648
Total staff costs	**50,057**	48,938
Auditor's remuneration	**1,472**	1,215
Cost of inventories recognised as expenses	**1,893,033**	1,708,730
Depreciation of property, plant and equipment	**17,565**	17,245
Expenses in relation to initial public offering of the Company's shares (include in other expenses)	**–**	13,275
Operating lease payment in respect of warehouses and office premises	**1,345**	1,249
Operating lease rentals in respect of land use rights	**1,731**	1,800
and after crediting:		
Exchange gain (include in other gains)	**278**	528
Gain on disposal of property, plant and equipment	**80**	–
Gain on fair value changes on investment properties (include in other gains)	**1,800**	300
Gross rental income from investment properties (net of nil direct operating expenses)	**1,387**	725

9. DIVIDENDS

	2013 *RMB'000*	2012 *RMB'000*
Dividends recognised as distribution during the year:		
2012 final — HK5 cents (2012: nil for 2011) per share	**39,830**	–
2013 interim — HK7 cents (2012: HK5 cents) per share	**56,053**	40,564
	95,883	40,564

Subsequent to the end of the reporting period, a final dividend of HK7 cents in respect of the year ended 31 December 2013 (2012: HK5 cents) per share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2013	2012
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**313,570**	252,298
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,023,945,205**	957,377,049

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2012 has been retrospectively adjusted to reflect the capitalisation issue completed on 19 March 2012.

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

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables		
— Jiangsu Trigiant Opto-electrical Telecommunications Co., Ltd. (“Jiangsu Opto-electrical”)	**14**	1,132
— Others	**1,592,487**	1,250,264
Bills receivables	**28,096**	9,978
	1,620,597	1,261,374
Current portion of land use rights	**1,696**	1,800
Interest receivables	**876**	1,429
Other receivables	**3,082**	4,485
Prepaid expenses	**1,173**	3,458
Staff advances	**5,658**	1,929
	1,633,082	1,274,475

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, or otherwise, delivery date, at the end of the reporting period, which approximated the respective revenue recognition dates:

	2013	2012
	RMB'000	*RMB'000*
Age		
0–90 days	**644,508**	625,489
91–180 days	**691,201**	443,501
181–365 days	**271,620**	179,217
Over 365 days	**13,268**	13,167
	1,620,597	1,261,374

12. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables		
— Jiangsu Opto-electrical	**44,470**	12,186
— Jiangsu Trigiant Sensing Technology Co., Ltd.	**735**	5,672
— Others	**67,692**	74,143
Bills payables	**120,000**	174,000
	232,897	266,001
Accrued expenses	**11,354**	5,051
Deposits from suppliers	**8,340**	9,710
Other payables	**5,144**	5,220
Other tax payables	**3,074**	9,857
Payable for acquisition of land use rights	**–**	5,502
Payable for acquisition of property, plant and equipment	**648**	1,149
Payroll and welfare payables	**11,712**	9,118
	273,169	311,608

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:

	2013	2012
	RMB'000	*RMB'000*
Age		
0–90 days	**219,288**	154,985
91–180 days	**11,242**	96,016
181–365 days	**–**	15,000
Over 365 days	**2,367**	–
	232,897	266,001

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The mobile communication industry bloomed in the PRC in 2013. The diverse and popular mobile device applications have continuously prompted the number of mobile users to grow, in particular, the continued increase in the size of mobile internet users was most impressive. According to the statistics in the 33rd Statistical Report on Internet Development in China published by the China Internet Network Information Center, the number of mobile internet phone users grew by approximately 19.1% on a year-on-year basis to approximately 500 million as at the end of 2013, accounting for approximately 81.0% of overall internet users in the PRC. With the popular application of mobile videos and mobile games, the number of internet users who watched videos online or downloaded videos on mobile phones increased by approximately 83.8% to approximately 247 million as at the end of 2013, while that of mobile online games users increased by approximately 54.5% to approximately 215 million as at the end of 2013. Higher speed and traffic volume on mobile network required for applications such as mobile internet, mobile videos and mobile games have provoked telecommunications operators to step up and speed up the construction and expand the capacity of mobile network infrastructure, thereby fuelling an increased demand for RF coaxial cable and flame-retardant flexible cable.

As a leading mobile communication cable manufacturer in the PRC, the Group recorded sustained growth in its 2013 results. Total turnover increased by approximately 10.2% from approximately RMB2,230.6 million in 2012 to approximately RMB2,458.0 million in 2013. The Group has been adopting a cost-plus-profit pricing model and the overall gross profit margin slightly decreased by approximately 0.4 percentage point from approximately 23.4% in 2012 to approximately 23.0% in 2013. With the decrease in the selling expenses as a result of effective cost control and finance costs as a result of decrease in average bank borrowings and interest rate, profit attributable to owners of the Company increased by approximately 24.3% from approximately RMB252.3 million in 2012 to approximately RMB313.6 million in 2013, while net profit margin increased by approximately 1.5 percentage point from approximately 11.3% in 2012 to approximately 12.8% in 2013.

During the period under review, sales volume of RF coaxial cable series continued to increase by approximately 11.5% from 114,300 km in 2012 to 127,500 km in 2013. Nonetheless, due to the decrease in the average copper prices by approximately 6.8% in 2013, where the decrease was particularly greater in second half of 2013, the average selling price of RF coaxial cable series has thus decreased. As a result, the increase in the sales volume was not fully reflected in the increase of turnover. Turnover of RF coaxial cable series increased by 4.1% from approximately RMB1,735.1 million in 2012 to approximately RMB1,805.8 million in 2013, representing approximately 73.5% of the Group's total turnover, while the gross profit margin remained stable with a slight increase, an increase of approximately 0.3 percentage point to approximately 23.7% in 2013.

Regarding the flame-retardant flexible cable series, despite the decrease in average copper prices, the increase in the sales volume and proportion of sales of high specifications products with a higher unit price drove up the turnover of flame-retardant flexible cable series significantly and the sales of such product series increased by approximately 57.5% from approximately RMB318.1 million in 2012 to approximately RMB501.0 million in 2013, representing approximately 20.4% of the Group's total turnover. During the period under review, since the Group strategically lowered the gross profit margin for certain orders of flame-retardant flexible cable series with an aim to expand its market share, the gross profit margin of flame-retardant flexible cable series therefore decreased by approximately 3.2 percentage points to approximately 21.2% in 2013.

Turnover by products:

Year ended 31 December	2013	2012	Increase/ Decrease
	RMB'000	*RMB'000*	*RMB'000*
RF coaxial cable series	**1,805,847**	1,735,077	70,770
Flame-retardant flexible cable series	**500,956**	318,118	182,838
New-type electronic components	**73,112**	97,632	-24,520
Other accessories	**78,085**	79,728	-1,643
Total	**2,458,000**	2,230,555	227,445

Company Activity

In October 2013, by way of a placing of 115,000,000 existing shares held by Trigiant Investments Limited, the holding company of the Company, at a placing price of HK$3.15 per share and a top-up subscription by Trigiant Investments Limited of the equivalent number of the shares placed, the Company raised approximately HK$362.2 million (RMB287.0 million) and the net proceeds therefrom was approximately HK$352.4 million (RMB279.2 million). The net proceeds were utilised as general working capital of the Group and for repayment of debt.

Major Customers and Sales Network

The Group major customers are the three major telecommunication operators in the PRC namely, 中國移動通信集團公司 ("China Mobile"), 中國聯合網絡通信有限公司 ("China Unicom") and 中國電信集團公司 ("China Telecom"). Leveraging on the outperforming product quality, production capacity and sales services, the Group continued to top in terms of sales volume for four consecutive years from 2010 to 2013, making the Group the largest RF coaxial cable provider for the three major telecommunication operators in the PRC. As to the sales of flame-retardant flexible cable, another key product of the Group, in 2013, the Group once again became a qualified supplier for China Unicom and China Telecom, as well as successfully entering into the centralised tender procedures of China Mobile. Moreover, the Group successfully established new business relationships with additional 5 provincial subsidiaries of the three major telecommunications operators. Our products are currently sold directly to all 31 provincial subsidiaries of China Unicom, 24 out of the 31 provincial subsidiaries of China Mobile and 25 out of the 31 provincial subsidiaries of China Telecom. During the period under review, sales to China Mobile, China Unicom and China Telecom amounted to approximately RMB1,454.0 million, RMB724.0 million and RMB133.0 million, respectively, representing an increase of approximately 11.8 percentage points, decrease of approximately 2.8 percentage points and increase of approximately 82.7 percentage points, respectively, on a year-on-year basis, and accounting for approximately 59.2%, 29.4% and 5.4% of the turnover of the Group, respectively. In the future, the Group will continue to consolidate the business relationships with the three major telecommunications operators, and to aggressively seek opportunities for collaborating with the remaining provincial subsidiaries of the three telecommunications operators, with whom the Group has not yet established business relationships.

While focusing on the PRC domestic business, the Group also intend to the markets overseas. During the period under review, the Group took an active part in the telecommunications exhibitions in Dubai, Brazil, India, Germany, Russia and Singapore, in order to increase the Group's product recognition overseas. Moreover, the Group continued to take active part in tendering for the telecommunications equipment projects in Russia, India and Brazil and other overseas markets with a view to further expanding its sales network.

Manufacturing Base and Production Capacity

The production base of the Group is located in the Yixing City, Jiangsu Province, the PRC, occupying an area of approximately 240,000 square metres. During the period under review, the Group increased the annual production capacity of RF coaxial cable from 180,000 kilometers to 200,000 kilometers to cope with the needs for 4G network construction.

Patents, Awards and Recognition

As at 31 December 2013, the Group had obtained 37 patents and developed 62 new products in the PRC. 24 products of the Group were granted Advanced Technology Product Certificate by the Science and Technology Department of Jiangsu Province, the PRC. In the meantime, the Group is in the process of applying for patents for a number of technology knowhow. During the year, the Group received various awards and honours which included:

- according to the statistics from the Optical Fiber and Electric Cable Sub-association of the China Electronics Components Association (中國電子元件行業協會光電線纜分會), Jiangsu Trigiant, the principal subsidiary of the Group, ranked first in terms of sales volume of RF coaxial cable among the RF coaxial cable manufacturers in the PRC for four consecutive years from 2010 to 2013;

- Jiangsu Trigiant was recognised as an Advanced Technology Enterprise in 2009 and passed a reassessment in 2012. Jiangsu Trigiant is entitled to a preferential income tax rate of 15% from 2013 to 2015;

- Jiangsu Trigiant was rated as a premier supplier by China Unicom, China Telecom and ZTE Corporation, and received the "Best Delivery Support Award 2013" from ZTE Corporation for its outstanding punctual delivery performance;

- the Group was awarded the honorary title of "Innovative Enterprise of the China Communication Industry of the Year 2013" at the "2013 Annual Economic Conference of China Information Technology Industry"; and

- the Group was named "Contribution Enterprise of Year 2013 in China Communications Industry and Technology" at the "2013 China Communications Industry Conference cum Chinese Communications Technology Annual Conference".

Prospects and Future Plans

A new tide of network construction projects occurred in 2013 with the increasing demand for the speed and quality of signal transmissions as a result of the rapid development of the mobile communication industry, compounded with the formal commercialisation of 4G networks following the official issue of the long-awaited 4G/LTE licenses on 4 December 2013.

Due to the high frequency spectrums of 4G networks, more and denser base stations are needed to provide full coverage of the networks. Coupled with the continuous increase in the construction of indoor signal coverage systems, the demand for RF coaxial cable is expected to grow vigorously. To meet the development opportunities of the times, network construction plans of customers and its long-term development goals, the Group will continue to enhance its research and development capabilities and focus on developing new products and upgrading existing products in order to provide a comprehensive range of one-stop services and meeting market demand generated by the commercialisation of 4G networks. The Group will follow the pace of the explosive development of mobile communications in order to remain as a dominant player in the RF coaxial cable industry in the PRC.

The Group also places a focus on the development of overseas markets in future. The Group will continue to take an active part in domestic and overseas telecommunications exhibitions to seek opportunities for collaboration with overseas telecommunications operators and telecommunications equipment distributors. At present, the Group already has plans to take part in the telecommunications exhibitions in Dubai, India, Germany, Russia, Singapore and Brazil. Moreover, the Group also plans to set up offices or marketing outlets overseas to increase its global market share.

Investment in the communications industry is expected to increase as the global economy begins to pick up. The Group plans to continue developing new products, new technologies and new markets for increasing its market share. With respect to the Chinese market, the Group will strengthen the business relationships with the three major customers and reinforce its market position by delivering quality products and services. On overseas market expansion, the Group will attend more telecommunications exhibitions to increase communications with domestic and international customers and industry experts to further enhance our research capability and continuously improve our product quality. Looking ahead, the Group will continue to expand the sales network and step up its marketing efforts to increase the Group's brand awareness, with an aim to become a leading cable provider in the global telecommunications market.

Financial Performance Review

Turnover

Total turnover of the Group increased by approximately RMB227.4 million, or approximately 10.2%, from approximately RMB2,230.6 million in 2012 to approximately RMB2,458.0 million in 2013. Such increase was attributable to the increase in turnover of RF coaxial cable series and flame-retardant flexible cable series, by approximately RMB70.8 million and RMB182.8 million, respectively, net off by the decrease in turnover of new-type electronic components and other accessories by approximately RMB24.5 million and RMB1.7 million, respectively. The increase in the total turnover of the Group was primarily due to the increase in overall sales to the three major PRC telecommunications operators for construction of their networks.

The growth in sales of RF coaxial cable series and flame-retardant flexible cable series was driven by the continued increase in sales volume. Sales of RF coaxial cable series remains the Group's main business and accounted for approximately 73.5% of the Group's total turnover in 2013. The sales of flame-retardant flexible cable series continued to record a substantial growth and therefore accounted for approximately 20.4% of the Group's total turnover in 2013 as compared to approximately 14.3% in 2012. Overall sales to the three major PRC telecommunications operators increased by approximately RMB193.6 million from approximately RMB2,117.4 million in 2012 to approximately RMB2,311.0 million in 2013.

Cost of goods sold

Cost of goods sold increased by approximately RMB184.3 million, or approximately 10.8%, from approximately RMB1,708.7 million in 2012 to approximately RMB1,893.0 million in 2013. Cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 97.2% and 96.4% of the total cost of goods sold in 2013 and 2012, respectively. The increase in cost of goods sold was in line with the increase in sales in 2013.

Gross profit and gross profit margin

Gross profit increased by approximately RMB43.2 million, or approximately 8.3%, from approximately RMB521.8 million in 2012 to approximately RMB565.0 million in 2013. Such increase was mainly attributable to the increase in sales of the RF coaxial cable series and flame-retardant flexible cable series. Overall gross profit margin decreased by approximately 0.4 percentage point from approximately 23.4% in 2012 to approximately 23.0% in 2013 mainly as a result of lower gross profit margin for certain orders of flame-retardant flexible cable series.

Other income

Other income decreased by approximately RMB4.5 million, or approximately 35.4%, from approximately RMB12.8 million in 2012 to approximately RMB8.3 million in 2013. Such decrease was primarily due to the decrease in interest income by approximately RMB3.9 million and government grant by approximately RMB1.2 million net off by an increase in rental income by approximately RMB0.7 million.

Other gains

Other gains increased by approximately RMB1.3 million, or approximately 151.0%, from approximately RMB0.8 million in 2012 to approximately RMB2.1 million in 2013. Such increase was primarily due to increase in gain on fair value changes on investment properties by approximately RMB1.5 million net off by a decrease in exchange gain by approximately RMB0.3 million.

Selling and distribution costs

Selling and distribution costs decreased by approximately RMB9.0 million, or approximately 12.4%, from approximately RMB72.8 million in 2012 to approximately RMB63.8 million in 2013. Such decrease was mainly due to decreased travelling expense, marketing and entertainment expense by approximately RMB10.3 million as a result of better cost control.

Administrative expenses

Administrative expenses increased by approximately RMB0.6 million, or approximately 1.1%, from approximately RMB52.1 million in 2012 to approximately RMB52.7 million in 2013. Such increase was a result of increase in travelling expenses, head count and related salaries and professional fees after the listing of the Company's shares on the Stock Exchange since March 2012 by approximately RMB4.1 million net off by a decrease in entertainment expenses by approximately RMB4.1million.

Research and development costs

Research and development costs increased by approximately RM9.4 million, or approximately 65.5%, from approximately RMB14.3 million in 2012 to approximately RMB23.7 million in 2013. Such increase was attributable to additional research and development costs incurred in order to broaden the varieties of the Group's product portfolio and the development and improvement of the products to tailor for the 4G network development.

Other expenses

Other expenses decreased by approximately RMB13.3 million, or 100.0%, from approximately RMB13.3 million in 2012 to nil in 2013. Other expenses in 2012 represent expenses incurred in relation to the initial public offering of the Company's shares which was completed in March 2012 and no such expense was incurred in 2013.

Finance costs

Finance costs decreased by approximately RMB24.9 million, or approximately 31.2%, from approximately RMB79.9 million in 2012 to approximately RMB55.0 million in 2013. Such decrease was mainly attributable to the decrease in the average interest rate and average bank borrowings.

Taxation

Taxation charge increased by approximately RMB15.8 million, or 31.1%, from approximately RMB50.8 million in 2012 to approximately RMB66.6 million in 2013. The Group's PRC Enterprise Income Tax arises from Jiangsu Trigiant, which enjoy a reduced PRC Enterprise Income Tax rate of 15% in 2013 due to its High and New Technology Enterprise status. In 2012, Jiangsu Trigiant enjoyed a 50% reduction on the PRC Enterprise Income Tax such that its PRC Enterprise Income Tax rate is 12.5% and such reduction expired at the end of 2012.

The increase in taxation charge in 2013 is primarily attributable to the i) increase in taxation charge of Jiangsu Trigiant as a result of increased taxable profit; and ii) increase of Jiangsu Trigiant's PRC Enterprise Income Tax rate from 12.5% to 15%.

Profit for the year

As a combined result of the foregoing, the profit after tax of the Group increased by approximately RMB61.3 million, or approximately 24.3%, from approximately RMB252.3 million in 2012 to approximately RMB313.6 million in 2013. The net profit margin increased from approximately 11.3% in 2012 to approximately 12.8% in 2013.

Liquidity, financial resources and capital structure

The operation of the Group was generally financed through a combination of 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 summarizes the cash flows for the two years ended 31 December 2013 and 2012:

	2013	2012
	RMB'000	*RMB'000*
Net cash from operating activities	**10,349**	40,720
Net cash (used in) from investing activities	**(34,544)**	94,639
Net cash used in financing activities	**(18,263)**	(38,202)

As at 31 December 2013, the Group had bank balances and cash and pledged bank deposits of approximately RMB570.0 million and the majority of which were denominated in RMB. As at 31 December 2013, the Group had total bank borrowings of approximately RMB815.8 million comprising bank borrowings repayable within one year of approximately RMB735.8 million and bank borrowings repayable more than one years but not more than two years of approximately RMB80.0 million. As at 31 December 2013, approximately RMB305.0 million of the total bank borrowings were fixed rate borrowings and approximately RMB510.8 million were variable rate borrowings. As at 31 December 2013, bank borrowings of approximately RMB575.0 million were denominated in RMB and approximately RMB240.8 million were denominated in United States dollars.

In 2013, 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.

In October 2013, by way of a placing of 115,000,000 existing shares held by Trigiant Investments Limited, the holding company of the Company, at a placing price of HK$3.15 per share and a top-up subscription by Trigiant Investments Limited of the equivalent number of the shares placed, the Company raised approximately HK$362.2 million (RMB287.0 million) and the net proceeds therefrom was approximately HK$352.4 million (RMB279.2 million). The net proceeds were utilised as general working capital of the Group and for repayment of debt.

Gearing Ratio

Gearing ratio of the Group, calculated as total bank borrowings net of pledged bank deposits and bank balances and cash divided by total equity, decreased significantly from approximately 35.6% as at 31 December 2012 to approximately 16.3% as at 31 December 2013. Such decrease was primarily due to the significant increase in total equity by approximately RMB499.4 million from approximately RMB1,004.8 million as at 31 December 2012 to approximately RMB1,504.2 million as at 31 December 2013 and the decrease in total bank borrowings net of pledged bank deposits and bank balances and cash by approximately RMB111.5 million from approximately RMB357.3 million as at 31 December 2012 to approximately RMB245.8 million as at 31 December 2013. Increase in total equity as at 31 December 2013 was mainly attributable to (i) profit for the year of approximately RMB313.6 million; (ii) issue of shares of the Company for approximately RMB279.2 million pursuant to the placing and top-up subscription of the Company's shares completed in October 2013; and (iii) payment of the 2012 final dividend of approximately RMB39.8 million and the 2013 interim dividend of approximately RMB56.1 million.

Pledge of Assets

As at 31 December 2013, the following assets were pledged to certain banks to secure certain credit facilities granted to the Group.

	2013	2012
	RMB'000	*RMB'000*
Building	**–**	38,309
Machinery	**–**	20,693
Land use rights	**12,177**	34,521
Bank deposits	**131,739**	129,782
Total	**143,916**	223,305

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2013.

Employee Information

As at 31 December 2013, the Group had approximately 700 (2012: 700) 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 comprise internal courses run by the management of the Group and external courses provided by professional trainers and range from technical training for production staff to financial and administrative trainings for management staff.

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 its shares on the Stock Exchange (the "IPO"). The net proceeds after deducting the issuing expenses arising from the IPO amounted to approximately HK$185 million (equivalent to approximately RMB150 million).

Up to 31 December 2013, the application of the net proceeds from the IPO was summarised as follows:

- approximately RMB45.0 million has been utilised for the expansion of the sales and distribution network of the Group;
- approximately RMB22.5 million has been utilised for the expansion of the production capacity and advancement of production facilities;
- approximately RMB15.0 million has been utilised for the expansion of research and development of new products and upgrading existing product functions and related technologies;
- approximately RMB30.0 million has been utilised for the repayment of bank borrowings; and
- approximately RMB15.0 million has been utilised for general working capital.

As at 31 December 2013, the remaining net proceeds of approximately RMB22.5 million were deposited with certain licensed financial institutions.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK7 cents per share for the year ended 31 December 2013 (2012: HK5 cents) to the shareholders whose names appear on the register of members of the Company on 13 June 2014. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company, the final dividend is expected to be payable on or about 27 June 2014.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "2014 AGM") is scheduled to be held on 27 May 2014. To ascertain shareholders' entitlement to attend and vote at the 2014 AGM, the register of members of the Company will be closed from Friday, 23 May 2014 to Tuesday, 27 May 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the 2014 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m on Thursday, 22 May 2014.

To ascertain the entitlement to the proposed final dividend for the year ended 31 December 2013, the register of members of the Company will be closed from Tuesday, 10 June 2014 to Friday, 13 June 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed final dividend for the year ended 31 December 2013, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 9 June 2014.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its code of corporate governance.

The Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code during the year ended 31 December 2013 and the Directors will use their best endeavours to procure the Company to comply with such code and make disclosure of deviation from such code in accordance with the Listing Rules.

AUDIT COMMITTEE

An audit committee of the Board has been established with written terms of reference to, among other matters, review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises all the independent non-executive Directors, namely Mr. Poon Yick Pang Philip, Ms. Jia Lina, Mr. Ng Wai Hung and Professor Jin Xiaofeng. Mr. Poon Yick Pang Philip is the chairman of the audit committee. The annual results of the Group for the year ended 31 December 2013 have been reviewed by the audit committee of the Board.

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 for the year ended 31 December 2013.

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 of the Company, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2013.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in the preliminary announcement have been agreed by the Group's auditor, Messr. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messr. 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 Messr. Deloitte Touche Tohmatsu on the preliminary announcement.

EVENT AFTER THE PERIOD UNDER REVIEW

Subsequent to the end of period under review, the Group has the following event:

Reference is made to the circular of the Company dated 13 March 2014. On 12 February 2014, the Company and an independent placing agent entered into a placing agreement, pursuant to which the Company has appointed the placing agent as its agent to place, on a best efforts basis, warrants ("Warrants") to be issued by the Company at an issue price of HK$0.01 per unit of Warrant each entitling the holder thereof to subscribe in cash for up to an aggregate amount of HK$630,000,000 for new shares of the Company upon the exercise of the subscription rights ("Subscription Rights") attaching to the Warrants ("Warrant Shares") at an initial subscription price ("Subscription Price") of HK$3.15 per share (subject to adjustments). Based on the initial Subscription Price of HK$3.15 per Warrant Share, a maximum of 200,000,000 Warrant Shares will be allotted and issued by the Company upon full exercise of the Subscription Rights. Assuming all the Warrant Shares are issued at the initial Subscription Price of HK$3.15 per share, the maximum number of the Warrant Shares represents approximately 17.94% of the existing issued capital of the Company and approximately 15.21% of the issued capital as enlarged by the allotment and issue of the Warrant Shares (assuming that there will not be any change in the issued share capital of the Company before the exercise of the Subscription Rights). The Warrant Shares will be issued under a specific mandate to be granted by the shareholders of the Company to be sought at an extraordinary general meeting of the Company convened to be held on 28 March 2014.

Assuming that the maximum exercise money of HK$630,000,000 of the Warrants are placed with the placees, the gross proceeds and the net proceeds derived from the issue of the Warrants are estimated to be HK$2.0 million and approximately HK$1.5 million, respectively, and such net proceeds are intended to be used by the Company as general working capital of the Group. The Company will receive an additional amount of HK$630,000,000 upon exercise in full of the Subscription Rights at the initial Subscription Price (assuming that the maximum aggregate amount of the Warrants has been issued by the Company). The Company intended to use such proceeds as to approximately HK$500 million for repayment of debts and as to approximately HK$130 million as general working capital of the Group.

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 2013 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 respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board
Trigiant Group Limited
Qian Lirong
Chairman

Hong Kong, 27 March 2014

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*