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 2014

HIGHLIGHTS

Annual results for the year ended 31 December 2014 compared with the annual results for the year ended 31 December 2013:

- Turnover increased by approximately RMB200.1 million, or approximately 8.1%, to approximately RMB2,658.1 million (2013: RMB2,458.0 million)
- Gross profit margin decreased by approximately 0.7 percentage point to approximately 22.3% (2013: 23.0%)
- Profit for the year attributable to owners of the Company increased by approximately RMB55.5 million, or approximately 17.7%, to approximately RMB369.1 million (2013: RMB313.6 million)
- Net profit margin increased by approximately 1.1 percentage point to approximately 13.9% (2013: 12.8%)
- Earnings per share increased to RMB33.07 cents (2013: RMB30.62 cents)
- Proposed final dividend was HK7 cents per share (2013: HK7 cents per share). Together with the interim dividend of HK7 cents paid, total dividend for the year ended 31 December 2014 was HK14 cents per share (2013: HK14 cents per share)

* *For identification purposes only*

The board ("Board") of directors ("Directors") of Trigiant Group Limited ("Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 together with the comparative figures for the corresponding period in 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Turnover	*4*	**2,658,093**	2,458,000
Cost of goods sold		**(2,065,226)**	(1,893,033)
Gross profit		**592,867**	564,967
Other income	*5*	**14,869**	8,297
Other gains and losses		**1,230**	2,078
Selling and distribution costs		**(52,258)**	(63,764)
Administrative expenses		**(47,224)**	(52,693)
Research and development costs		**(26,709)**	(23,745)
Fair value change of warrants	*15*	**(18,317)**	–
Gain recognised on deemed disposal of an available-for-sale investment		**23,769**	–
Finance costs	*6*	**(46,538)**	(55,019)
Profit before taxation	*7*	**441,689**	380,121
Taxation	*8*	**(72,620)**	(66,551)
Profit for the year		**369,069**	313,570
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		**369,069**	316,196

	Note	**2014**	2013
		RMB'000	*RMB'000*
Profit for the year attributable to:			
Owners of the Company		**369,069**	313,570
Non-controlling interests		**–**	–
		369,069	313,570
Total comprehensive income attributable to:			
Owners of the Company		**369,069**	316,196
Non-controlling interests		**–**	–
		369,069	316,196
Earnings per share	*10*		
— Basic		**RMB33.07 cents**	RMB30.62 cents
— Diluted		**RMB33.07 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Investment properties		**6,970**	33,800
Property, plant and equipment		**275,346**	189,278
Land use rights		**64,760**	65,401
Intangible asset	*11*	**121,005**	–
Goodwill		**41,773**	–
Available-for-sale investments		**6,375**	20,000
		516,229	308,479
Current assets			
Inventories		**154,925**	122,845
Trade and other receivables	*12*	**2,431,234**	1,633,082
Pledged bank deposits		**354,343**	131,739
Bank balances and cash		**487,714**	438,247
		3,428,216	2,325,913
Current liabilities			
Trade and other payables	*13*	**366,185**	273,169
Amount due to a related party	*14*	**39,739**	–
Bank borrowings — due within one year		**1,372,722**	735,828
Tax payables		**33,780**	16,461
		1,812,426	1,025,458
Net current assets		**1,615,790**	1,300,455
Total assets less current liabilities		**2,132,019**	1,608,934
Non-current liabilities			
Government grants		**1,413**	1,752
Bank borrowings — due after one year		**–**	80,000
Deferred taxation		**48,658**	22,938
Warrants	*15*	**19,926**	–
		69,997	104,690
Net assets		**2,062,022**	1,504,244
Capital and reserves			
Share capital		**10,629**	9,051
Reserves		**1,945,659**	1,495,193
Equity attributable to owners of the Company		**1,956,288**	1,504,244
Non-controlling interests		**105,734**	–
Total equity		**2,062,022**	1,504,244

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 ("Stock Exchange").

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, flame-retardant flexible cable series, optical fibre 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")

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new interpretation (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – Int 21	Levies

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

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.

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[3]
Amendments to HKAS 27	Equity method in separate financial statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[4]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[4] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

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 on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for the investment properties and warrants that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the following accounting policies which are adopted by the Group during the current year as they have become applicable to the Group.

Basis of consolidation

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment properties

If there is a transfer from investment property carried at fair value to owner-occupied property evidenced by the commencement of owner occupation, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Financial instruments

Financial liabilities and equity instruments

Warrants

Warrants that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument are accounted as derivatives. The warrants are initially recognised at fair value and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

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 ("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
- Optical fibre cable series and related products
- 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.

During the year, the Group acquired a new business which engages in the manufacture and sales of optical fibre cable and related products (details as set out in note 16).

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, fair value change of warrants, gain recognised on deemed disposal of an available-for-sale investment, 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 2014

	RF coaxial cable series *RMB'000*	**Flame-retardant flexible cable series** *RMB'000*	**New-type electronic components** *RMB'000*	**Other accessories** *RMB'000*	**Optical fibre cable series and related products** *RMB'000*	**Total** *RMB'000*
Turnover	**1,827,426**	**559,941**	**108,398**	**162,328**	**–**	**2,658,093**
Cost of goods sold	**(1,394,879)**	**(444,488)**	**(75,190)**	**(150,669)**	**–**	**(2,065,226)**
Segment result	**432,547**	**115,453**	**33,208**	**11,659**	**–**	**592,867**

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*
Turnover	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

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

	2014	2013
	RMB'000	*RMB'000*
Reportable segment results	**592,867**	564,967
Unallocated income and expenses		
— Other income	**14,869**	8,297
— Other gains and losses	**1,230**	2,078
— Selling and distribution costs	**(52,258)**	(63,764)
— Administrative expenses	**(47,224)**	(52,693)
— Research and development costs	**(26,709)**	(23,745)
— Fair value change of warrants	**(18,317)**	–
— Gain recognised on deemed disposal of an available-for-sale investment	**23,769**	–
— Finance costs	**(46,538)**	(55,019)
Profit before taxation	**441,689**	380,121
Taxation	**(72,620)**	(66,551)
Profit for the year	**369,069**	313,570

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 ("PRC") and substantially all of its non-current assets are also located in the PRC (the place of domicile).

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total turnover of the Group are as follows:

	2014	2013
	RMB'000	*RMB'000*
Customer A	**1,126,485**	1,454,012
Customer B	**1,017,711**	723,980
Customer C	**341,143**	N/A[1]

[1] The corresponding revenue in 2013 for Customer C did not contribute over 10% of the total sales of the Group.

The three customers purchased goods from all segments except from the optical fibre cable series and related products segment during the year ended 31 December 2014 and 2013.

5. OTHER INCOME

	2014	2013
	RMB'000	*RMB'000*
Government grants (note)	**3,366**	2,246
Interest income	**9,740**	3,939
Rental income	**1,519**	1,387
Others	**244**	725
	14,869	8,297

Note: As at 31 December 2014, included in government grants is approximately RMB3,027,000 (2013: RMB1,906,000) 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 amount of approximately RMB339,000 (2013: RMB340,000), they are government subsidies received for the acquisition of property, plant and equipment.

6. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**46,538**	55,019

7. PROFIT BEFORE TAXATION

	2014	2013
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**2,476**	2,227
Other staff costs:		
Salaries and other benefits	**44,808**	44,460
Retirement benefit scheme contributions	**4,075**	3,370
Share-based payment	**5,391**	-
Total staff costs	**56,750**	50,057
Auditor's remuneration	**1,693**	1,472
Cost of inventories recognised as expenses	**2,065,226**	1,893,033
Depreciation of property, plant and equipment	**21,017**	17,565
Operating lease payment in respect of warehouses and office premises	**1,247**	1,345
Operating lease rentals in respect of land use rights	**1,723**	1,731
and after crediting:		
Exchange gain (include in other gains)	**330**	278
Gain on disposal of property, plant and equipment	**66**	80
Gain on fair value changes on investment properties (include in other gains)	**900**	1,800
Gross rental income from investment properties (net of nil direct operating expenses)	**1,519**	1,387

8. TAXATION

	2014	2013
	RMB'000	*RMB'000*
The charge (credit) comprises:		
PRC Enterprise Income Tax	**77,152**	65,708
Deferred taxation	**(4,532)**	843
Taxation for the year	**72,620**	66,551

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. 江蘇俊知技術有限公司 ("Trigiant Technology"), the principal subsidiary of the Company, was endorsed as an Advanced Technology Enterprise on 21 May 2012 and 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.

9. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2013 final — HK7 cents (2012: HK5 cents) per share	**61,987**	39,830
2014 interim — HK7 cents (2013: HK7 cents) per share	**60,947**	56,053
	122,934	95,883

Subsequent to the end of the reporting period, a final dividend of HK7 cents per share in respect of the year ended 31 December 2014 (2013: HK7 cents per share) has been proposed by the Directors. Such final dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE

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

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic and diluted earnings per share	**369,069**	313,570
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,116,095,890**	1,023,945,205

The computation of diluted earnings per share does not assume the exercise of the Company's share options and warrants because the exercise price of those share options and warrants were higher than the average market price of the Company's share during the year ended 31 December 2014.

No diluted earnings per share for the year ended 31 December 2013 is presented as there were no dilutive potential ordinary shares outstanding.

11. INTANGIBLE ASSET

	2014	2013
	RMB'000	*RMB'000*
Acquired on acquisition of subsidiaries and balance at 31 December 2014	**121,005**	-

The intangible asset represents customer relationship acquired by the Group as part of a business combination during the year and has finite useful life and is amortised on a straight line basis over 10 years.

12. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**2,400,312**	1,592,501
Bills receivables	**13,514**	28,096
	2,413,826	1,620,597
Current portion of land use rights	**1,723**	1,696
Interest receivables	**5,208**	876
Other receivables	**6,158**	3,082
Prepaid expenses	**1,273**	1,173
Staff advances	**3,046**	5,658
	2,431,234	1,633,082

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:

	2014	2013
	RMB'000	*RMB'000*
Age		
0–90 days	**900,991**	644,508
91–180 days	**616,164**	691,201
181–365 days	**888,833**	271,620
Over 365 days	**7,838**	13,268
	2,413,826	1,620,597

13. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**112,782**	112,897
Bills payables	**190,000**	120,000
	302,782	232,897
Accrued expenses	**17,600**	11,354
Deposits from suppliers	**10,824**	8,340
Other payables	**6,113**	5,144
Other tax payables	**9,923**	3,074
Payable for acquisition of property, plant and equipment	**4,075**	648
Payroll and welfare payables	**14,868**	11,712
	366,185	273,169

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:

	2014	2013
	RMB'000	*RMB'000*
Age		
0–90 days	**180,266**	219,288
91–180 days	**119,094**	11,242
181–365 days	**3,419**	–
Over 365 days	**3**	2,367
	302,782	232,897

14. AMOUNT DUE TO A RELATED PARTY

The balance represents an amount due to Mr. Zhu Xujun, a director of a subsidiary of the Company. The amount is non-trade in nature and represents advance from Mr. Zhu Xujun for the purpose of daily operation of that subsidiary. The amount is unsecured, non-interest bearing and repayable on demand.

15. WARRANTS

	Number of underlying shares upon exercise of Warrants	**Exercise price** *HK$*
Issued during the year and balance at 31 December 2014	200,000,000	3.15
Exercisable at 31 December 2014	200,000,000	3.15

On 10 April 2014, the Company issued unlisted warrants ("Warrant(s)") at an issue price of HK$0.01 per unit of Warrant (approximately RMB0.008 each) entitling the holders thereof to subscribe in cash for up to an aggregate amount of HK$630,000,000 for new shares ("Warrant Shares") of the Company upon the exercise of the subscription rights attached to the Warrants at a subscription price of HK$3.15 per Warrant Share (subject to adjustments) at any time for the period commencing from the date of issue of the Warrants (i.e. 10 April 2014) and ending on the third anniversary thereof (or if that is not a business day, the first business day immediately following such date (both days inclusive)). Based on the initial subscription price of HK$3.15 per Warrant Share, upon the exercise of the subscription rights attached to the Warrants in full, 200,000,000 Warrant Shares will be issued.

At 31 December 2014, the fair value of the Warrants outstanding was HK$25,259,000 (approximately RMB19,926,000). A fair value change of RMB18,317,000 is recognised in the current year and the amount has been charged to profit or loss. None of the Warrants have been exercised during the current year. Issuance expense of HK$300,000 (approximately RMB238,000) representing the placing agent fee was charged to profit or loss.

16. ACQUISITION OF SUBSIDIARIES

On 30 December 2014, the Group acquired 60% of the issued share capital of Jiang Mei Limited. The acquisition has been accounted for using the acquisition method. Jiang Mei Limited and its subsidiaries are principally engaged in manufacture and sales of optical fibre cable series and related products (including cable series and electronic components for communication uses). Details of the acquisition are set out in the Company's announcement dated 12 December 2014.

At the date of completion of the acquisition, 200,000,000 ordinary shares of the Company with par value of HK$0.01 each were issued as consideration for the acquisition. The fair value of the consideration for acquisition is approximately RMB200,373,000 (equivalent to HK$254,000,000) and the amount of goodwill arising as a result of the acquisition was approximately RMB41,773,000. The fair value of each ordinary share of the Company of HK$1.27 is determined using the quoted closing price of the Company's share at the date of completion of the acquisition.

	RMB'000
Consideration	
Consideration transferred, satisfied by issue of shares	200,373

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	36,743
Intangible asset	121,005
Inventories	40,962
Trade receivables	178,379
Amount due from Trigiant Technology	44,736
Other receivables	3,843
Bank balances and cash	110,398
Trade payables	(50,914)
Other payables	(13,058)
Amount due to a related party	(39,739)
Bank borrowings	(100,000)
Deferred taxation	(30,252)
	302,103

Goodwill arising on acquisition:

Consideration transferred	200,373
Fair value of equity interest in an available-for-sale investment held before the business combination	37,769
Plus: Non-controlling interests	105,734
Less: Fair value of identifiable net assets acquired	(302,103)
Goodwill arising on acquisition	41,773

The non-controlling interests recognised at the acquisition date was measured with reference to the non-controlling interests's proportionate share of the recognised amounts of the acquiree's identifiable net assets and amounted to approximately RMB105,734,000.

Goodwill arose in the acquisition of Jiang Mei Limited principally because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Jiang Mei Limited and its subsidiaries. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

	RMB'000
Cash inflow on acquisition of Jiang Mei Limited:	
Bank balances and cash acquired	110,398

Had the acquisition been completed on 1 January 2014, the Group's total revenue for the year would have been RMB3,223,215,000 and profit for the year would have been RMB405,757,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

Following the granting of TD-LTE operation permit for 4G network to the three major telecommunications operators in the PRC, namely China Mobile Communications Corporation* (中國移動通信集團公司) ("China Mobile"), China United Network Communications Corporation Limited* (中國聯合網絡通信有限公司) ("China Unicom") and China Telecommunications Corporation* (中國電信集團公司) ("China Telecom") by the Ministry of Industry and Information Technology ("MIIT") of the PRC in December 2013, the PRC has ushered in the commercial application of 4G network. The high transmission speed of 4G network has swiftly altered people's consumption habits and revolutionised the traditional industry. Driven by 4G network, O2O electronic business, net TV and big data application proliferated in 2014, which had boosted the rapid development of mobile internet. The increase of mobile internet traffic further fuelled the demand for the establishment and upgrade of mobile communication infrastructure. The Group's core products, RF coaxial cable series and flame-retardant flexible cable series, are indispensable components for base stations and indoor signal coverage system of mobile communications network. As such, the turnover of RF coaxial cable series and flame-retardant flexible cable series of the Group in 2014 maintained a stable growth attributable to higher demands brought by the continuous development of mobile communication network.

New business development

In order to diversify its product base, the Group completed the acquisition of 60.0% of the issued share capital of Jiang Mei Limited on 30 December 2014. Jiang Mei Limited held 87.5% equity interest in Jiangsu Trigiant Optic-Electric Telecommunication Co., Ltd. (江蘇俊知光電通信有限公司) ("Trigiant Optic-Electric"). After the acquisition, the Group's effective interest in Trigiant Optic-Electric increased by 52.5% from 12.5% to 65.0%. Thereafter, Trigiant Optic-Electric became a non-wholly owned subsidiary of the Company. Trigiant Optic-Electric is mainly engaged in manufacturing and sale of optical fibre cable series and related products. Its major customers are the three major telecommunications operators in the PRC. Since the completion of such acquisition only took place on 30 December 2014, the results of Trigiant Optic-Electric was not reflected on the results of the Group for 2014. However, it is expected that enormous business opportunities will be opened up for the Group. The business of the Group has also expanded from mobile communications to long-distance communications.

Results analysis

During the year under review, the Group continued its growing trend. Turnover increased by approximately 8.1% from approximately RMB2,458.0 million in 2013 to approximately RMB2,658.1 million in 2014. Gross profit increased by approximately 4.9% from approximately RMB565.0 million in 2013 to approximately RMB592.9 million in 2014. The Group adopts the cost plus pricing model where selling price of its main products, RF coaxial cable series and flame-retardant flexible cable series, will be adjusted accordingly when copper price fluctuates. As such, the stability of gross profit margin can be ensured. Due to change in sale mix, gross profit margin decreased by approximately 0.7 percentage point from approximately 23.0% in 2013 to approximately 22.3% in 2014.

The results of the Company in 2014 included two non-cash flow items. First of all, the Company issued Warrants measured at fair value in April 2014 resulting in a change in fair value of approximately RMB18.3 million. Secondly, the available-for-sale investment, namely 12.5% equity interest in Trigiant Optic-Electric, was deemed to be disposed of upon the acquisition of Trigiant Optic-Electric, which resulted in a gain of approximately RMB23.8 million. In addition, the Group implemented measures in 2014 to curb costs and expenses, which successfully reduced selling and distribution costs, administrative expenses and finance costs in 2014 by approximately 18.0%, 10.4% and 15.4%, respectively. As a result, profit attributable to owners of the Company increased by approximately 17.7% from approximately RMB313.6 million in 2013 to approximately RMB369.1 million in 2014. Net profit margin increased by approximately 1.1 percentage point from approximately 12.8% in 2013 to approximately 13.9% in 2014.

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), the Group ranked first in term of sales volume of RF coaxial cable series in the PRC for the fifth consecutive year by virtue of high-quality products, excellent after-sales services and sound cooperation with the three major telecommunications operators in the PRC. Sales volume of RF coaxial cable series increased by approximately 15.8% to approximately 147,700 kilometres as compared with the corresponding period last year. Despite the year-on-year decrease in average products selling price due to the year-on-year decrease of approximately 7.9% in average copper price, turnover of this product increased by approximately 1.2% to approximately RMB1,827.4 million, accounting for approximately 68.7% of total turnover of the Group while gross profit margin remained stable at approximately 23.7%. Turnover of flame-retardant flexible cable series, another core product of the Group, increased by approximately 11.8% to approximately RMB559.9 million as compared with the corresponding period last year, accounting for approximately 21.1% of total turnover of the Group. Gross profit margin of flame-retardant flexible cable series decreased slightly by approximately 0.6 percentage point to approximately 20.6% in 2014.

Breakdown of turnover by products

Year ended 31 December	**2014** *RMB'000*	2013 *RMB'000*	Change *RMB'000*	Change Percentage
RF coaxial cable series	**1,827,426**	1,805,847	+21,579	+1.2%
Flame-retardant flexible cable series	**559,941**	500,956	+58,985	+11.8%
New-type electronic components	**108,398**	73,112	+35,286	+48.3%
Other accessories	**162,328**	78,085	+84,243	+107.9%
Total	**2,658,093**	2,458,000	+200,093	+8.1%

Major customers and sales network

The Group maintained satisfactory cooperation with the three major telecommunications operators in the PRC by providing excellent products as well as comprehensive and efficient after-sales services. During the year under review, sales to China Mobile, China Unicom and China Telecom accounted for approximately 42.4%, 38.3% and 12.8% of the Group's overall turnover, respectively. Among those major customers, the sales proportion of China Unicom and China Telecom increased substantially as a result of their respective construction for the TD-LTE/LTE FDD hybrid network trial. The Group continued its business relationships with 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. In addition, the Group also began to establish business relationships with certain provincial subsidiaries of China Communications Facilities Services Corporation Limited ("Tower Company"), which was jointly established by the above three major telecommunications operators in the PRC.

Apart from strengthening its development in the PRC domestic market, the Group also actively explored overseas markets. The Group has been actively participating in telecommunications exhibitions, technological exchanges and tendering for local telecommunications equipment projects to expand its overseas markets. During the year under review, the Group took part in the telecommunications exhibitions in India, Germany, Singapore, Brazil, Dubai, South Africa and Russia in order to increase the Group's product recognition overseas. Through exchanges with its peers from different countries, the Group laid the foundation for further business development. The Group had expanded its overseas markets in 2014 to include the Middle East such as United Arab of Emirates and Southeast Asia region as well as its existing market coverage in Russia, Brazil and India, and continued to record satisfactory growth in overseas sales.

Production base and capacity

The production base of the Group is located in Yixing City, Jiangsu Province, the PRC, occupying an area of approximately 240,000 square metres. As at 31 December 2014, the annual production capacity of the Group's RF coaxial cable series and optical fibre cable series were 200,000 kilometres and 7,000,000 fibre kilometres, respectively. To capture the future opportunities arising from telecommunications network, the Group intends to increase its production capacity of optical fibre cable series by approximately 40% in 2015 to be funded by internal source of funding with a view to making considerable contribution to the Group in 2015. The Group will also closely monitor the demand for its products and expand its RF coaxial cable series production capacity to cope with the needs for 4G network construction.

Patents, awards and recognition

As at 31 December 2014, the Group had obtained 44 patents and developed 62 new products in the PRC. 32 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 technical know-how. During the year, the Group received various awards and honours which included the following:

- 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), Trigiant Technology, 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 five consecutive years from 2010 to 2014;

- recognised as Outstanding Enterprise of Jiangsu Province by the Government of Jiangsu Province, the PRC; and

- received the "Best Delivery Support Award" (最佳交付支援獎) from ZTE Corporation in December 2014.

Prospects and future plans

In 2014, the 4G network landscape in the PRC has been dominated by China Mobile with its major focus in TD-LTE network development. Nonetheless, MIIT granted the operation permit for LTE FDD network to China Unicom and China Telecom on 27 February 2015. From this point, China Unicom and China Telecom are expected to be catching up with China Mobile in full swing with the expansion of 4G networking. Together with the announcement of China Mobile for its continuous expansion in 4G network in 2015, the Group expects that the demands for its core products will continue.

The three major telecommunications operators in the PRC established the Tower Company in 2014 to standardise the coordination of the construction of base stations and minimise overlapping infrastructure including communication towers. However, even if the three major telecommunications operators can share communication towers in the future, different RF coaxial cable systems is still needed for the transmission of their respective 2G, 3G and 4G signals since they have different standards and frequencies for 2G, 3G and 4G networks. The application of RF coaxial cable for indoor signal coverage system will also drive the demand for RF coaxial cable series of the Group. During the year under review, the Group became the provider of certain provincial subsidiaries of Tower Company. In the future, while strengthening the business relationships with the three major telecommunications operators in the PRC, the Group will also actively establish business relationships with the provincial subsidiaries of Tower Company. With its leading position in the communications industry, good reputation and quality products, the Group believes that it will further consolidate its leadership position in the industry. As for overseas markets, the Group is in the process of active negotiations with telecommunications equipment distributors in countries in the Middle East and Southeast Asia, aiming to increase its contributions in overseas markets and step onto the global market.

Apart from consolidating its existing business, the Group has also actively identified opportunities in the mobile communications and communications equipment industries for diversifying product portfolio and expanding market share in the communications equipment industrial chain. As such, the Group completed the acquisition of additional 52.5% effective interest in Trigiant Optic-Electric, which has become a subsidiary of the Company since the Group's acquisition, by the end of 2014 to enhance the Group's product portfolio as the principal products of Trigiant Optic-Electric are optical fibre cable series and related products. Optical fibre cables and RF coaxial cables make an integral part for telecommunications networks. RF coaxial cable is the essential component to transmit mobile communications signal in the last mile of a mobile communications network. Optical fibre cable is used for long haul transmission after the conversion of mobile communications signal into optical signals, and also serves as an indispensable component in broadband network and telecommunications transmission. The acquisition of optical fibre cable business is expected to bring in another stream of revenue to the Group and will also allow the Group to become a one-stop telecommunications equipment provider.

According to the "Broadband China 2015 Project" (《寬帶中國2015專項行動》)by the MIIT, optical fibre network will be connected directly to households. Furthermore, more public funds will be allocated to support optical fibre development in the central and western PRC, accelerating the expansion of 4G networking and integrating the three networks. As a result, strong demand for optical fibre cable in communications is expected in the near future.

FINANCIAL PERFORMANCE REVIEW

Turnover

Total turnover of the Group increased by approximately RMB200.1 million, or approximately 8.1%, from approximately RMB2,458.0 million in 2013 to approximately RMB2,658.1 million in 2014. Such increase was attributable to the increase in turnover of RF coaxial cable series and flame-retardant flexible cable series, new-type electronic components and other accessories by approximately RMB21.6 million, RMB59.0 million, RMB35.3 million and RMB84.2 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 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 68.7% of the Group's total turnover in 2014. The turnover of flame-retardant flexible cable series continued to record growth and therefore accounted for approximately 21.1% of the Group's total turnover in 2014. The growth in sales of other accessories is attributable to the significant increase in resell of optical fibre cable series purchased from Trigiant Optic-Electric by Trigiant Technology. Overall sales to the three major PRC telecommunications operators increased by approximately RMB174.3 million from approximately RMB2,311.0 million in 2013 to approximately RMB2,485.3 million in 2014.

Cost of goods sold

Cost of goods sold increased by approximately RMB172.2 million, or approximately 9.1%, from approximately RMB1,893.0 million in 2013 to approximately RMB2,065.2 million in 2014. Cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 97.9% and 97.2% of the total cost of goods sold in 2014 and 2013, respectively. The increase in cost of goods sold was in line with the increase in turnover in 2014.

Gross profit and gross profit margin

Gross profit increased by approximately RMB27.9 million, or approximately 4.9%, from approximately RMB565.0 million in 2013 to approximately RMB592.9 million in 2014. Such increase was mainly attributable to the increase in turnover of the RF coaxial cable series and flame-retardant flexible cable series. Overall gross profit margin decreased by approximately 0.7 percentage point from approximately 23.0% in 2013 to approximately 22.3% in 2014 mainly as a result of higher sales proportion of lower gross profit margin products.

Other income

Other income increased by approximately RMB6.6 million, or approximately 79.2%, from approximately RMB8.3 million in 2013 to approximately RMB14.9 million in 2014. Such increase was primarily due to the increase in interest income by approximately RMB5.8 million.

Other gains

Other gains decreased by approximately RMB0.9 million, or approximately 40.8%, from approximately RMB2.1 million in 2013 to approximately RMB1.2 million in 2014. Such decrease was primarily due to decrease in gain on fair value changes on investment properties by approximately RMB0.9 million.

Selling and distribution costs

Selling and distribution costs decreased by approximately RMB11.5 million, or approximately 18.0%, from approximately RMB63.8 million in 2013 to approximately RMB52.3 million in 2014. Such decrease was mainly due to decreased marketing and entertainment expense for better cost control by approximately RMB13.3 million, partly set-off by increase in share-based payment of approximately RMB1.8 million for share options granted to the employees of the Group in 2014.

Administrative expenses

Administrative expenses decreased by approximately RMB5.5 million, or approximately 10.4%, from approximately RMB52.7 million in 2013 to approximately RMB47.2 million in 2014. Such decrease was primarily as a result of decrease in entertainment expenses of approximately RMB5.8 million, partly set-off by increase in share-based payment of approximately RMB1.3 million for share options granted to the Directors and employees of the Group in 2014.

Research and development costs

Research and development costs increased by approximately RMB3.0 million, or approximately 12.5%, from approximately RMB23.7 million in 2013 to approximately RMB26.7 million in 2014. 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 mobile network development.

Fair value change of Warrants

The Company issued the Warrants in April 2014 and re-measures the Warrants at fair value at the end of each reporting period with the change in fair value recorded in the profit or loss. As such, such fair value change was not related to the Group's operating results. These Warrants are recognised in the consolidated statement of financial position at their fair values measured by binomial model. The change in fair value of the Warrants amounted to approximately RMB18.3 million is therefore recognised in the consolidated statement of profit or loss and other comprehensive income.

Gain recognised on deemed disposal of available-for-sale investment

In December 2014, the Group acquired 60% of the issued share capital of Jiang Mei Limited, which held 87.5% interest in the optical fibre cables manufacturer, Trigiant Optic-Electric. The remaining 12.5% interest of Trigiant Optic-Electric was owned by the Group and was accounted for as available-for-sale investment. After the acquisition, the Group's effective interest in Trigiant Optic-Electric increased from 12.5% to 65.0% such that Trigiant Optic-Electric became a non-wholly owned subsidiary of the Company and the previously held interest, which was classified as available-for-sale investment, was deemed to be disposed of resulting in a gain of approximately RMB23.8 million.

Finance costs

Finance costs decreased by approximately RMB8.5 million, or approximately 15.4%, from approximately RMB55.0 million in 2013 to approximately RMB46.5 million in 2014. Such decrease was mainly attributable to the decrease in the average interest rate as the Group obtained more bank borrowings denominated in United States dollars and Hong Kong dollars which have lower interest rates.

Taxation

Taxation charge increased by approximately RMB6.0 million, or 9.1%, from approximately RMB66.6 million in 2013 to approximately RMB72.6 million in 2014. The Group's PRC Enterprise Income Tax is attributable to Trigiant Technology, which enjoyed a reduced PRC Enterprise Income Tax rate of 15% in 2014 due to its Advanced Technology Enterprise status. The increase in taxation charge in 2014 is primarily attributable to the increase in taxation charge of Trigiant Technology as a result of increased taxable profit.

Profit for the year

Profit for the year for the year ended 31 December 2014 included two non-cash items which were the fair value change of the Warrants amounting to approximately RMB18.3 million and gain recognised on deemed disposal of an available-for-sale investment amounting to approximately RMB23.8 million, the net gain of the above non-cash items of approximately RMB5.5 million does not have significant impact to the overall profit for the year.

As a combined result of the foregoing, the profit for the year increased by approximately RMB55.5 million, or approximately 17.7%, from approximately RMB313.6 million in 2013 to approximately RMB369.1 million in 2014. The net profit margin increased by 1.1 percentage point from approximately 12.8% in 2013 to approximately 13.9% in 2014.

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 summarises the cash flows for the two years ended 31 December 2014 and 2013:

	2014	2013
	RMB'000	*RMB'000*
Net cash (used in) from operating activities	**(93,269)**	10,349
Net cash (used in) from investing activities	**(147,401)**	(34,544)
Net cash from (used in) financing activities	**290,137**	(18,263)

As at 31 December 2014, the Group had bank balances and cash and pledged bank deposits of approximately RMB842.1 million and the majority of which were denominated in RMB. As at 31 December 2014, the Group had total bank borrowings of approximately RMB1,372.7 million which were repayable within one year. As at 31 December 2014, approximately RMB458.0 million of the total bank borrowings were fixed rate borrowings and approximately RMB914.7 million were variable rate borrowings. As at 31 December 2014, bank borrowings of approximately RMB843.0 million were denominated in RMB, approximately RMB51.3 million were denominated in Hong Kong dollars and approximately RMB478.4 million were denominated in United States dollars.

In 2014, the majority of the Group's transactions were denominated in RMB except for the bank borrowings denominated in United States dollars and Hong Kong dollars and 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 order to broaden the shareholder base and capital base of the Company, the Company issued the Warrants in April 2014 at an issue price of HK$0.01 per unit of Warrant (equivalent to approximately RMB0.008 each) entitling the holders thereof to subscribe in cash for up to an aggregate amount of HK$630,000,000 for Warrant Shares upon the exercise of the subscription rights attached to the Warrants at a subscription price of HK$3.15 per Warrant Share (subject to adjustments) at any time for the period commencing from the date of issue of the Warrants and ending on the third anniversary thereof. The Company intends to use the proceeds, if any, from the exercise of the subscription rights attached to the Warrant for repayment of debts and general working capital. The net proceeds of approximately HK$1.7 million (equivalent to approximately RMB1.6 million) were utilised as general working capital of the Group. None of the Warrants were exercised as at 31 December 2014.

On 30 December 2014, the Company issued 200,000,000 ordinary shares as consideration for the acquisition of 60% of the issued share capital of Jiang Mei Limited, which held 87.5% interest in Trigiant Optic-Electric. The quoted closing price of the Company's shares on 30 December 2014 was HK$1.27.

Gearing ratio

Gearing ratio of the Group, calculated as total bank borrowings net of pledged bank deposits and bank balances and cash divided over total equity, increased from approximately 16.3% as at 31 December 2013 to approximately 25.7% as at 31 December 2014. Such increase was primarily due to the increase in total bank borrowings net of pledged bank deposits and bank balances and cash by approximately RMB284.9 million from approximately RMB245.8 million as at 31 December 2013 to approximately RMB530.7 million as at 31 December 2014 while total equity increased by approximately RMB557.8 million from approximately RMB1,504.2 million as at 31 December 2013 to approximately RMB2,062.0 million as at 31 December 2014. Increase in total equity as at 31 December 2014 was mainly attributable to (i) profit for the year of approximately RMB369.1 million; (ii) issue of shares of the Company for approximately RMB200.4 million relating to the acquisition of Jiang Mei Limited in December 2014; (iii) non-controlling interests arise from acquisition of subsidiaries of approximately RMB105.7 million and (iv) payment of the 2013 final dividend of approximately RMB62.0 million and the 2014 interim dividend of approximately RMB60.9 million.

Pledge of assets

As at 31 December 2014, the following assets were pledged to certain banks to secure certain credit facilities granted to the Group.

	2014	2013
	RMB'000	*RMB'000*
Land use rights	**11,854**	12,177
Bank deposits	**354,343**	131,739
Total	**366,197**	143,916

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2014.

Employee information

As at 31 December 2014, the Group had approximately 900 (2013: 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. Moreover, the Company adopted a share option scheme in May 2014 which allows the Directors to grant share options to, among other persons, Directors and employees of the Group in order to retain elite personnel to stay with the Group and to provide incentives for their contribution to the Group. For the year ended 31 December 2014, the Group granted an aggregate of 74,400,000 share options to certain Directors and employees of the Group.

The Group also 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.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

Other than the acquisition of Jiang Mei Limited which took place on 30 December 2014, the Group had no other material acquisition or disposal of subsidiaries or associated companies during the year ended 31 December 2014. In addition, the Group had no significant investments held during the year ended 31 December 2014.

USE OF NET PROCEEDS

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 ("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 2014, the application of 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 2014, the remaining net proceeds of approximately RMB22.5 million were deposited with certain licensed financial institutions.

In October 2013, the Company completed a placing and top-up subscription arrangement and raised net proceeds of approximately HK$352.4 million (equivalent to approximately RMB279.2 million). As at 31 December 2014, all the related net proceeds were utilised as general working capital of the Group and for repayment of debts.

In April 2014, the Company completed the issuance of the Warrants. The net proceeds from the issuance of the Warrants of approximately HK$1.7 million (equivalent to approximately RMB1.6 million) were utilised as general working capital of the Group.

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 2014 (2013: HK7 cents) to the shareholders whose names appear on the register of members of the Company on 10 July 2015. 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 24 July 2015.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("2015 AGM") is scheduled to be held on 18 May 2015. To ascertain shareholders' entitlement to attend and vote at the 2015 AGM, the register of members of the Company will be closed from Thursday, 14 May 2015 to Monday, 18 May 2015, 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 2015 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 Wednesday, 13 May 2015.

To ascertain the entitlement to the proposed final dividend for the year ended 31 December 2014, the register of members of the Company will be closed from Tuesday, 7 July 2015 to Friday, 10 July 2015, 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 2014, 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, 6 July 2015.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code ("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 2014 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 ("Audit Committee") 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, Professor Jin Xiaofeng, Ms. Jia Lina and Mr. Ng Wai Hung. Mr. Poon Yick Pang Philip is the chairman of the Audit Committee. The annual results of the Group for the year ended 31 December 2014 have been reviewed by the Audit Committee.

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 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers ("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 for the year ended 31 December 2014.

SCOPE OF WORK OF 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 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by 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 Deloitte Touche Tohmatsu on the preliminary announcement.

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 2014 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, 25 March 2015

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*