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 2015

HIGHLIGHTS

Annual results for the year ended 31 December 2015 compared with the annual results for the year ended 31 December 2014:

- Turnover increased by approximately RMB255.3 million, or approximately 9.6%, to approximately RMB2,913.4 million (2014: RMB2,658.1 million)
- Gross profit margin remained at approximately 22.3%
- Profit for the year attributable to owners of the Company decreased by approximately RMB93.8 million, or approximately 25.4%, to approximately RMB275.3 million (2014: RMB369.1 million)
- Net profit margin decreased by approximately 4.5 percentage points to approximately 9.4% (2014: 13.9%)
- Earnings per share decreased to RMB19.45 cents (2014: RMB33.07 cents)
- Proposed final dividend was HK3.5 cents per share (2014: HK7 cents per share). Together with the interim dividend of HK7 cents paid, total dividend for the year ended 31 December 2015 was HK10.5 cents per share (2014: 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 2015 together with the comparative figures for the corresponding period in 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Turnover	*4*	**2,913,379**	2,658,093
Cost of goods sold		**(2,263,320)**	(2,065,226)
Gross profit		**650,059**	592,867
Other income	*5*	**22,440**	14,869
Other gains and losses	*6*	**(91,671)**	1,230
Selling and distribution costs		**(61,849)**	(52,258)
Administrative expenses		**(52,837)**	(47,224)
Research and development costs		**(47,049)**	(26,709)
Fair value change of warrants		**13,149**	(18,317)
Gain recognised on deemed disposal of an available-for-sale investment		**–**	23,769
Finance costs	*7*	**(73,293)**	(46,538)
Profit before taxation	*8*	**358,949**	441,689
Taxation	*9*	**(57,183)**	(72,620)
Profit and total comprehensive income for the year		**301,766**	369,069
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**275,253**	369,069
Non-controlling interests		**26,513**	–
		301,766	369,069
Earnings per share	*11*		
— Basic		**RMB19.45 cents**	RMB33.07 cents
— Diluted		**RMB19.45 cents**	RMB33.07 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Investment properties		**6,900**	6,970
Property, plant and equipment		**283,211**	275,346
Land use rights		**75,842**	64,760
Intangible asset		**108,904**	121,005
Goodwill		**41,773**	41,773
Available-for-sale investments		**6,375**	6,375
		523,005	516,229
Current assets			
Inventories		**95,686**	154,925
Trade and other receivables	*12*	**3,055,860**	2,431,234
Pledged bank deposits		**541,428**	354,343
Bank balances and cash		**233,825**	487,714
		3,926,799	3,428,216
Current liabilities			
Trade and other payables	*13*	**418,106**	366,185
Amount due to a related party		**–**	39,739
Bank borrowings — due within one year		**1,302,315**	1,372,722
Tax payables		**39,444**	33,780
		1,759,865	1,812,426
Net current assets		**2,166,934**	1,615,790
Total assets less current liabilities		**2,689,939**	2,132,019
Non-current liabilities			
Government grants		**1,073**	1,413
Deferred taxation		**30,184**	48,658
Warrants		**7,617**	19,926
		38,874	69,997
Net assets		**2,651,065**	2,062,022
Capital and reserves			
Share capital		**12,651**	10,629
Reserves		**2,506,167**	1,945,659
Equity attributable to owners of the Company		**2,518,818**	1,956,288
Non-controlling interests		**132,247**	105,734
Total equity		**2,651,065**	2,062,022

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 sale of feeder cable (formerly known as Radio Frequency (RF) coaxial cable) series, flame-retardant flexible cable series, optical fibre cable series and related products for mobile communications 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 HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

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 these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application 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 (Chapter 622 of the Laws of Hong Kong) ("CO").

The provisions of the CO which became effective on 3 March 2014 regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Companies Ordinance or Listing Rules but not under the CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

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 of the Company (the "Executive Directors") who review the business with the following reportable and operating segments by products:

- Feeder cable series
- Optical fibre cable series and related products
- 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.

On 30 December 2014, the Group acquired a new business which is engaged in the manufacture and sale of optical fibre cable series and related products.

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 2015

	Feeder cable series *RMB'000*	**Optical fibre cable series and related products** *RMB'000*	**Flame-retardant flexible cable series** *RMB'000*	**New-type electronic components** *RMB'000*	**Other accessories** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Total** *RMB'000*
Turnover							
— External sales	**1,529,449**	**765,280**	**493,756**	**98,522**	**26,372**	**–**	**2,913,379**
— Inter-segment sales	**–**	**311,643**	**385**	**–**	**–**	**(312,028)**	**–**
	1,529,449	**1,076,923**	**494,141**	**98,522**	**26,372**	**(312,028)**	**2,913,379**
Cost of goods sold	**(1,171,572)**	**(912,219)**	**(397,040)**	**(71,810)**	**(22,707)**	**312,028**	**(2,263,320)**
Segment result	**357,877**	**164,704**	**97,101**	**26,712**	**3,665**	**–**	**650,059**

For the year ended 31 December 2014

	Feeder 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

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

	2015	2014
	RMB'000	*RMB'000*
Reportable segment results	**650,059**	592,867
Unallocated income and expenses		
— Other income	**22,440**	14,869
— Other gains and losses	**(91,671)**	1,230
— Selling and distribution costs	**(61,849)**	(52,258)
— Administrative expenses	**(52,837)**	(47,224)
— Research and development costs	**(47,049)**	(26,709)
— Fair value change of warrants	**13,149**	(18,317)
— Gain recognised on deemed disposal of an available-for-sale investment	**–**	23,769
— Finance costs	**(73,293)**	(46,538)
Profit before taxation	**358,949**	441,689
Taxation	**(57,183)**	(72,620)
Profit for the year	**301,766**	369,069

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:

	2015	2014
	RMB'000	*RMB'000*
Customer A	**1,117,981**	1,126,485
Customer B	**822,806**	1,017,711
Customer C	**608,419**	341,143

The three customers purchased goods from all segments during the year ended 31 December 2015 while during the year ended 31 December 2014, the three customers purchased goods from all segments except from the optical fibre cable series and related products segment.

5. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Government grants *(note)*	**4,243**	3,366
Interest income	**16,504**	9,740
Rental income	**400**	1,519
Others	**1,293**	244
	22,440	14,869

Note: As at 31 December 2015, included in government grants is approximately RMB3,903,000 (2014: RMB3,027,000) 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 RMB340,000 (2014: RMB339,000), they are government subsidies received for the acquisition of property, plant and equipment.

6. OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Allowance for bad and doubtful debts	**(62,719)**	–
Exchange (loss) gain	**(28,882)**	330
(Loss) gain on fair value changes on investment properties	**(70)**	900
	(91,671)	1,230

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on bank loans	**73,293**	46,538

8. PROFIT BEFORE TAXATION

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**2,761**	2,476
Other staff costs:		
Salaries and other benefits	**47,051**	44,808
Retirement benefit scheme contributions	**4,640**	4,075
Share-based payment	**6,470**	5,391
Total staff costs	**60,922**	56,750
Auditor's remuneration	**1,789**	1,693
Amortisation of intangible asset	**12,101**	–
Cost of inventories recognised as expenses	**2,263,320**	2,065,226
Depreciation of property, plant and equipment	**27,835**	21,017
Operating lease payment in respect of warehouses and office premises	**1,330**	1,247
Operating lease rentals in respect of land use rights	**1,873**	1,723
and after crediting:		
Gain on disposal of property, plant and equipment	**33**	66
Gross rental income from investment properties (net of nil direct operating expenses)	**400**	1,519

9. TAXATION

	2015	2014
	RMB'000	*RMB'000*
The charge (credit) comprises:		
PRC Enterprise Income Tax	**75,657**	77,152
Deferred taxation	**(18,474)**	(4,532)
Taxation for the year	**57,183**	72,620

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, the principal subsidiaries of the Company in the PRC were endorsed as an Advanced Technology Enterprise and entitled to a preferential tax rate of 15% pursuant to the Enterprise Income Tax Law ("EIT Law") of the PRC.

According to the 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.

10. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2014 final — HK7 cents (2013: HK7 cents) per share	**72,051**	61,987
2015 interim — HK7 cents (2014: HK7 cents) per share	**91,261**	60,947
	163,312	122,934

Subsequent to the end of the reporting period, a final dividend of HK3.5 cents per share in respect of the year ended 31 December 2015 (2014: 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.

11. EARNINGS PER SHARE

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

	2015	2014
	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	**275,253**	369,069
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,415,362,378**	1,116,095,890

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 both years.

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables, net	**3,015,106**	2,400,312
Bills receivables	**12,388**	13,514
	3,027,494	2,413,826
Current portion of land use rights	**2,120**	1,723
Interest receivables	**7,738**	5,208
Other receivables	**12,132**	6,158
Prepaid expenses	**4,254**	1,273
Staff advances	**2,122**	3,046
	3,055,860	2,431,234

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 bills 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:

	2015	2014
	RMB'000	*RMB'000*
Age		
0 – 90 days	**831,608**	900,991
91 – 180 days	**748,358**	616,164
181 – 365 days	**1,239,015**	888,833
Over 365 days	**208,513**	7,838
	3,027,494	2,413,826

13. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**132,704**	112,782
Bills payables	**223,922**	190,000
	356,626	302,782
Accrued expenses	**9,695**	17,600
Deposits from suppliers	**11,860**	10,824
Other payables	**10,003**	6,113
Other tax payables	**12,770**	9,923
Payable for acquisition of property, plant and equipment	**65**	4,075
Payroll and welfare payables	**17,087**	14,868
	418,106	366,185

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

	2015	2014
	RMB'000	*RMB'000*
Age		
0 – 90 days	**138,489**	180,266
91 – 180 days	**216,993**	119,094
181 – 365 days	**1,144**	3,419
Over 365 days	**–**	3
	356,626	302,782

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In 2015, the 4G network gradually improved, spurring a rapid growth in the mobile network traffic. According to the Statistical Report on 2015 Telecommunication Operation issued by the Ministry of Industry and Information Technology of the People's Republic of China (the "PRC" or "China"), 4G mobile phone users grew by approximately 290 million in 2015 to a total of approximately 390 million, representing a penetration rate of approximately 29.6% amongst mobile phone users. In addition, 4G base stations grew by approximately 920,000 to a total of approximately 1.77 million. The enhanced internet speed of the 4G network brought tremendous changes to the mobile communications field. With the improved internet speed, mobile phone users have increased their demands from simply communications and texting to multimedia applications in the recent years. The growing popularity of mobile gaming, photo and video sharing, internet-based movies and TV shows, and many other multimedia applications require extremely high standards for speed and network coverage density, which in return boosted the demands for feeder cables (formerly known as Radio Frequency (RF) coaxial cables) and flame-retardant flexible cables as both are required by mobile communications for transmission purposes.

Amid changes and upgrades of the mobile communications network, "Broadband China" is also advancing forward in full swing. In 2015, the newly-built optical cable length amounted to approximately 4.41 million kilometres, representing a year-on-year increase of approximately 21.6% to a total length of approximately 24.87 million kilometres. The number of internet-based access portals had a net growth by approximately 73.2 million to approximately 470 million, representing a year-on-year increase of approximately 18.3%. Amongst which, the optical fibre access (FTTH/0) grew by approximately 110 million to approximately 270 million. As a result, the Group's optical fibre cable product business in 2015 progressed significantly, becoming the major momentum for its business growth.

Results Analysis

For the year ended 31 December 2015 (the "Year"), the optical fibre cable business of Jiangsu Trigiant Optic-Electric Communication Co., Ltd. (江蘇俊知光電通信有限公司) ("Trigiant Optic-Electric"), an optical cable company acquired by the Group at the end of 2014, contributed a turnover of approximately RMB765.3 million, and was a growth driver for the Group's business. Meanwhile, the average copper price during the Year had a year-on-year decrease, which in return resulted in a drop in the turnover and average selling prices of the Group's two major products, namely, feeder cables and flame-retardant flexible cables. As such, the Group's turnover only increased by approximately 9.6% from approximately RMB2,658.1 million in 2014 to approximately RMB2,913.4 million in 2015, while the gross profit grew by approximately 9.6% from approximately RMB592.9 million in 2014 to approximately RMB650.1 million in 2015. The overall gross profit margin remained at approximately 22.3% during the two years ended 31 December 2015.

During the Year, the Group continued to implement cost control plans. At the same time, to enhance the Group's funding base, the Group had increased its bank borrowings during the Year. As a result, the finance costs of the Group climbed by approximately 57.5% from approximately RMB46.5 million in 2014 to approximately RMB 73.3 million in 2015. In addition, since certain foreign currency borrowings of the bank borrowings were affected by the Renminbi exchange fluctuations, the Group recorded a foreign exchange loss of approximately RMB28.9 million during the Year. During the Year, there was an extension of the payment period of certain customers on certain trade receivables which were overdue, the Group therefore recognised an allowance for bad and doubtful debts of approximately RMB62.7 million to trade receivables and hence offset the profit contribution made by the optical fibre cable business to the Group. With the abovementioned factors taken into consideration, profits attributable to owners of the Company decreased from approximately RMB369.1 million in 2014 to approximately RMB275.3 million in 2015 and the basic earnings per share decreased from approximately RMB33.07 cents in 2014 to approximately RMB19.45 cents in 2015.

Breakdown of Turnover by products

Year ended 31 December	**2015**	2014	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	Percentage
Feeder cable series	**1,529,449**	1,827,426	-297,977	-16.3%
Optical fibre cable series and related products	**765,280**	–	+765,280	N/A
Flame-retardant flexible cable series	**493,756**	559,941	-66,185	-11.8%
New-type electronic components	**98,522**	108,398	–9,876	–9.1%
Other accessories	**26,372**	162,328	–135,956	–83.8%
Total	**2,913,379**	2,658,093	+255,286	+9.6%

Feeder cable series — approximately 52.5% of the total turnover

Due to the considerable demands arising from the 3G network expansion and the growing 4G network coverage, sales volume of feeder cable series increased by approximately 2.2% from approximately 147,700 kilometres in 2014 to approximately 151,000 kilometres in 2015. However, since a decrease of approximately 16.9% in the copper price during the Year led to a year-on-year decrease in the average selling price, the turnover of the feeder cable series decreased by 16.3% year-on-year to approximately RMB1,529.4 million, which accounted for approximately 52.5% of the total turnover of the Group. As a costs plus pricing model was adopted for the feeder cable series products, the gross profit margin of feeder cable series continued to remain at approximately 23.4% in 2015 despite a declining copper price. In comparison with a gross profit margin of approximately 23.6% in 2014, a slight decrease of approximately 0.2 percentage points in 2015 was reported.

The annual production capacity of feeder cable series was 200,000 kilometres. By closely monitoring the market demands, the Group will adjust its production capacity of feeder cable series to accommodate the capacity expansion and construction of mobile communication networks.

Optical fibre cable series and related products — approximately 26.3% of the total turnover

In 2015, China witnessed a fast growth in the optical fibre cable coverage. By capitalising on the opportunities in the market development, the Group significantly boosted the annual production capacity of optical fibre cable products by approximately 57.1% to 11 million fibre kilometres. With its optimal quality and services, the Group was the seventh bidding candidate of the ordinary optical fibre cable section of China Mobile Communications Corporation* (中國移動通信集團公司) ("China Mobile") in its central tender of optical fibre and cable products from 2015 to 2016, and thus the ranking and market share of the Group continued to ascend. In addition to the growing market share, this product series also secured several customers' additional projects during the Year, thus becoming the Group's second main product. In 2015, the turnover of optical fibre cable series and related products amounted to approximately RMB765.3 million, with a gross profit margin of approximately 21.5%.

Flame-retardant flexible cable series — approximately 16.9% of the total turnover

As construction of base stations continued to increase, another main product of the Group, the flame-retardant flexible cable series, also benefited from a stable growth in its sales volume. As the declining copper price caused a downward adjustment to the average selling price, the turnover of the flame-retardant flexible cable series decreased to approximately RMB493.8 million, representing a year-on-year decrease of approximately 11.8%. In 2015, the gross profit margin of the flame-retardant flexible cable series was approximately 19.7%, representing a decrease of approximately 0.9 percentage points as compared to approximately 20.6% in 2014. The decrease in the gross profit margin was mainly caused by more aggressive pricing strategies.

Other accessories — approximately 0.9% of the total turnover

In 2015, the turnover of other accessories of the Group decreased by approximately 83.8% to approximately RMB26.4 million. In 2014, sales of other accessories included the Group's resales of optical fibre cable products purchased from Trigiant Optic-Electric by the Group, but as Trigiant Optic-Electric became a subsidiary of the Company at the end of 2014, such resales were eliminated in the consolidated financial statements in 2015. Therefore, the turnover of other accessories during the Year declined.

Major Customers and Sales Network

In 2015, the Group maintained sound cooperation with the three major telecommunications operators in the PRC leveraging on its excellent product quality, comprehensive and efficient after-sales services, and good proven track record. During the Year, the Group maintained business relationships with all 31 provincial subsidiaries of China United Network Communications Corporation Limited* (中國聯合網絡通信有限公司) ("China Unicom"), 25 out of the 31 provincial subsidiaries of China Mobile and 25 out of the 31 provincial subsidiaries of China Telecommunications Corporation* (中國電信集團公司) ("China

Telecom"). Turnover derived from China Mobile, China Unicom and China Telecom accounted for approximately 38.4%, 28.2% and 20.9% of the Group's overall turnover, respectively. In addition to the close cooperation with the three major telecommunication operators in the PRC, the Group also continued to deepen its business relationship with China Tower Corporation Limited (中國鐵塔股份有限公司) ("China Tower"). As at 31 December 2015, the Group was a supplier to 21 provincial subsidiaries of China Tower.

Patents, awards and recognition

As at 31 December 2015, the Group had obtained 72 patents and developed 70 new products in the PRC. 41 products of the Group were granted Advanced Technology Product Certificate by the Science and Technology Department of Jiangsu Province. 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), Jiangsu Trigiant Technology Co., Ltd. ("Trigiant Technology"), a major subsidiary of the Group, ranked first in terms of sales volume of feeder cables among the feeder cable manufacturers in the PRC for six consecutive years from 2010 to 2015;

- Trigiant Technology and Trigiant Optic-Electric, the major subsidiaries of the Group, passed their review in 2015, and were entitled to the preferential tax rate of 15% from 2016 to 2018;

- Trigiant Technology ranked 14th in the 28th Session of Top 100 PRC Electronic Component Enterprises 2015 (中國電子元件百強); and

- according to the 9th China Telecommunication Rankings (中國通信產業榜) in 2015, Trigiant Technology and Trigiant Optic-Electric were rated as China Wireless Telecommunication Leading Enterprise (中國無線通信領軍企業) and Customer Satisfaction Enterprise in China Telecommunication Industry (中國通信產業用戶滿意企業), respectively.

Prospects and future plans

Looking forward to 2016, amongst the mobile phone users in the PRC, 2G network users are expected to continue to switch to subscribe for 3G network or even 4G network services, therefore driving the fast development of the mobile network. In addition to a year-on-year growth of approximately 109.9% in 2015, mobile internet traffic is expected to increase further in 2016. As a result, mobile communication network in the PRC is in urgent need of capacity construction and expansion. The three major telecommunication operators in the PRC have vigorously commenced their network development to capture the market shares, resulting in constant demands for feeder cables and flame-retardant flexible cables.

On the other hand, the booming development in computer/information technology applications during the new era, including cloud computing, Internet of Things, smart transportation, and smart cities, provides great drive to the upgrade of internet infrastructure. According to the

"Guidelines on the Facilitation of High-Speed Broadband Network with Lower Costs and Higher Speed" issued by the General Office of the State Council of the PRC, it is estimated that investments in the network construction in 2015 will exceed RMB430 billion. It is expected that investments in the network construction will continue to rise in 2016, amongst which investments in the 4G network and the optical fibre network will take the dominant role.

The promising market prospect has laid a foundation for the long-term development of the Group. In 2016, the Group will continue to expand its market shares through its well-accepted products and strategies of vigorous market expansion. By deepening business cooperation with three major telecommunication operators in the PRC and China Tower through enhanced product performance, well-developed aftersales services, and development of new products, the Group anticipates that it can capture excellent development opportunities arising from the facilitated grid network development for its feeder cable and flame-retardant flexible cable businesses.

The outstanding performance of our optical fibre business in 2015 has substantiated the market recognition of such product series. To further capture market opportunities, the Group will further improve its annual production capacity by approximately 36.4% from 11 million fibre kilometres to 15 million fibre kilometres in 2016. Meanwhile, the Group will also proactively improve its quality and services for optical fibre products, which will lay a solid foundation for the long-term development of this business.

While consolidating the current market in the PRC, the Group will vigorously explore overseas markets to diversify its product portfolio and elevate its position in the industry chain of telecommunication equipment. Over years of commitments, the Group has marketed its products in many countries. In 2015, the Group has collaborated with local partners in the Southeast Asia and the Middle East to develop the telecommunication equipment market. In addition, the Group will vigorously participate in telecommunication product exhibitions in India, Spain, Russia, Singapore, United Arab Emirates, and South Africa. By virtue of such strategies, the Group wishes to further raise its reputation for its brand in the international market, thereby steadily expanding into the global market.

FINANCIAL PERFORMANCE REVIEW

Turnover

Total turnover of the Group increased by approximately RMB255.3 million, or approximately 9.6%, from approximately RMB2,658.1 million in 2014 to approximately RMB2,913.4 million in 2015. Turnover of optical fibre cable series and related products amounted to approximately RMB765.3 million in 2015 whereas no such sales were recorded in 2014. The increase in turnover contributed by the sale of optical fibre cable series and related products was offset by the decrease in turnover of feeder cable series, flame-retardant flexible cable series, and other accessories of approximately RMB298.0 million, RMB66.2 million and RMB136.0 million, respectively. Decrease in turnover of feeder cable series and flame-retardant flexible cable series is primarily driven by the decrease in average copper price in 2015. Sales of other accessories in 2014 included resale of optic fibre cable series purchased from Trigiant Optic-Electric by Trigiant Technology and such resale was eliminated on consolidation in 2015 resulting in the decrease in turnover during the Year.

Overall sales to the three major telecommunications operators in the PRC increased by approximately RMB63.9 million from approximately RMB2,485.3 million in 2014 to approximately RMB2,549.2 million in 2015.

Cost of goods sold

Cost of goods sold increased by approximately RMB198.1 million, or approximately 9.6%, from approximately RMB2,065.2 million in 2014 to approximately RMB2,263.3 million in 2015. Cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 96.4% and 97.9% of the total cost of goods sold in 2015 and 2014, respectively. The increase in cost of goods sold was in line with the increase in turnover in 2015.

Gross profit and gross profit margin

Gross profit increased by approximately RMB57.2 million, or approximately 9.6%, from approximately RMB592.9 million in 2014 to approximately RMB650.1 million in 2015. Such increase was mainly attributable to the increase in turnover of the optical fibre cable series and related procuts. Overall gross profit margin remained at approximately 22.3%.

Other income

Other income increased by approximately RMB7.5 million, or approximately 50.9%, from approximately RMB14.9 million in 2014 to approximately RMB22.4 million in 2015. Such increase was primarily due to the increase in interest income by approximately RMB6.8 million.

Other gains and losses

Other gains of approximately RMB1.2 million was recognised in 2014 while other losses of approximately RMB91.7 million was recognised in 2015. Such change in 2015 was primarily due to (i) allowance for bad and doubtful debts of approximately RMB62.7 million made to trade receivables due to extension of the payment period of customers; (ii) exchange losses of approximately RMB28.9 million recognised due to the Renminbi exchange fluctuations in foreign currency borrowings amongst bank borrowings and; (iii) loss on fair value changes on investment properties of approximately RMB0.1 million.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB9.6 million, or approximately 18.4%, from approximately RMB52.3 million in 2014 to approximately RMB61.9 million in 2015. Such increase was mainly due to selling and distribution costs of the optical fibre cable business which was acquired by the Group at the end of 2014 and recognition of share based payment expense relating to share options granted in June 2014 partially offset by the decreased marketing and entertainment costs as a result of the continued cost curb program.

Administrative expenses

Administrative expenses increased by approximately RMB5.6 million, or approximately 11.9%, from approximately RMB47.2 million in 2014 to approximately RMB52.8 million in 2015. Such increase was primarily as a result of administrative expenses in respect of the optical fibre cable business which was acquired by the Group at the end of 2014 and recognition of share based payment expense relating to share options granted in June 2014.

Research and development costs

Research and development costs increased by approximately RMB20.3 million, or approximately 76.2%, from approximately RMB26.7 million in 2014 to approximately RMB47.0 million in 2015. Such increase was attributable to research and development costs of the optical fibre cable business which was acquired by the Group at the end of 2014.

Fair value change of warrants

The Company issued 200,000,000 warrants ("Warrants") in April 2014 and re-measures the Warrants at fair value at each statement of financial position date 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 using binomial model. A gain on change in fair value of the Warrants of approximately RMB13.1 million was recognised in 2015 whereas a loss on change in fair value of the Warrants of approximately RMB18.3 million was recognised in 2014.

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

On 30 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 available-for-sale investment was deemed disposed of resulting in a gain of approximately RMB23.8 million in 2014.

Finance costs

Finance costs increased by approximately RMB26.8 million, or approximately 57.5%, from approximately RMB46.5 million in 2014 to approximately RMB73.3 million in 2015. Such increase was mainly attributable to the increase in average bank borrowing in 2015.

Taxation

Taxation charge decreased by approximately RMB15.4 million, or approximately 21.2%, from approximately RMB72.6 million in 2014 to approximately RMB57.2 million in 2015. The Group's Enterprise Income Tax arises from its principle subsidiaries in the PRC, which enjoy a reduced Enterprise Income Tax rate of 15% as they are qualified as a High and New Technology Enterprise. The decrease in taxation charge in 2015 is primarily attributable to decrease in taxable profit of Trigiant Technology and offset by the additional taxable profit of Trigiant Optic-Electric.

Profit for the year

As a combined result of the foregoing and profit attributable to non-controlling interests, the profit for the year attributable to owners of the Company decreased by approximately RMB93.8 million, or approximately 25.4%, from approximately RMB369.1 million in 2014 to approximately RMB275.3 million in 2015. The net profit margin decreased by 4.5 percentage points from approximately 13.9% in 2014 to approximately 9.4% in 2015.

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 2015 and 2014:

	2015	2014
	RMB'000	*RMB'000*
Net cash used in operating activities	**(116,374)**	(93,269)
Net cash used in investing activities	**(221,080)**	(147,401)
Net cash from financing activities	**83,565**	290,137

As at 31 December 2015, the Group had bank balances and cash and pledged bank deposits of approximately RMB775.3 million and the majority of which were denominated in RMB. As at 31 December 2015, the Group had total bank borrowings of approximately RMB1,302.3 million which were repayable within one year. As at 31 December 2015, approximately RMB376.9 million of the total bank borrowings were fixed rate borrowings and approximately RMB925.4 million were variable rate borrowings. As at 31 December 2015, bank borrowings of approximately RMB886.0 million were denominated in RMB, approximately RMB134.0 million were denominated in Hong Kong dollars, approximately RMB35.5 million were denominated in Euro and approximately RMB246.8 million were denominated in United States dollars.

In 2015, the majority of the Group's transactions were denominated in RMB except for the bank borrowings denominated in United States dollars, Euro 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.

Issue of Shares

On 6 June 2015, the Company and Eternal Asia (HK) Limited ("Subscriber") entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 261,000,000 subscription shares ("Subscription Shares") at the subscription price of HK$2.27 per Subscription Share. The Subscriber is a wholly-owned subsidiary of 深圳市怡亞通供應鏈股份有限公司 (Eternal Asia Supply Chain Management Ltd.*) ("Eternal Asia"). Eternal Asia is a joint stock company established in the PRC with limited liability whose shares are listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange.

Subsequently on 14 July 2015, the Group issued an aggregate of 261,000,000 Subscription Shares to the Subscriber and received net proceeds of approximately HK$562.0 million. The quoted closing price of the Company's shares on 14 July 2015 was HK$1.98. The net price to the Company of each Subscription Share was HK$2.16. The net proceeds received had been fully utilised for the Group's general working capital and repayment of bank borrowings.

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, decreased from approximately 25.7% as at 31 December 2014 to approximately 19.9% as at 31 December 2015. Such decrease was primarily due to the increase in total equity of approximately RMB589.1 million from approximately RMB2,062.0 million as at 31 December 2014 to approximately RMB2,651.1 million as at 31 December 2015. Increase in total equity as at 31 December 2015 was mainly attributable to (i) profit for the year of approximately RMB275.3 million; (ii) issue of shares of the Company for approximately RMB457.7 million; and (iii) payment of the 2014 final dividend of approximately RMB72.1 million and the 2015 interim dividend of approximately RMB91.3 million.

Pledge of Assets

As at 31 December 2015, the following assets were pledged to certain banks to secure certain credit facilities granted to the Group.

	2015	2014
	RMB'000	*RMB'000*
Land use rights	**–**	11,854
Bank deposits	**541,428**	354,343
Total	**541,428**	366,197

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2015.

Employee Information

As at 31 December 2015, the Group had approximately 1,000 (2014: 900) 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 Company 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.

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

During the year ended 31 December 2015, the Group had no material acquisition or disposal of subsidiaries or associated companies. In addition, the Group had no significant investments held during the year ended 31 December 2015.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK3.5 cents per share for the year ended 31 December 2015 (2014: HK7 cents) to the shareholders whose names appear on the register of members of the Company on 8 July 2016. 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 29 July 2016.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("2016 AGM") is scheduled to be held on 23 May 2016. To ascertain the shareholders' entitlements to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Thursday, 19 May 2016 to Monday, 23 May 2016, 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 2016 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office 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, 18 May 2016.

To ascertain the entitlement to the proposed final dividend for the year ended 31 December 2015, the register of members of the Company will be closed from Tuesday, 5 July 2016 to Friday, 8 July 2016, 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 2015, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office 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, 4 July 2016.

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.

Code provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Qian Lirong, the chairman of the Board, is also an executive Director, the Company has therefore deviated from this code provision.

Save for the deviation stated above, 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 2015 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 and risk management systems of the Group. The Audit Committee comprises all the independent non-executive Directors, namely Mr. Poon Yick Pang Philip, Professor Jin Xiaofeng, Mr. Ng Wai Hung and Ms. Jia Lina. Mr. Poon Yick Pang Philip is the chairman of the Audit Committee. The annual results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee.

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

During the year ended 31 December 2015, the Company repurchased a total of 12,500,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK$20,429,826.4 for enhancing the net asset value and earnings per share of the Company. All 12,500,000 shares of the Company repurchased were cancelled and details of the repurchases are as follows:

Date of repurchase	No. of ordinary shares repurchased	Price paid per share Highest *(HK$)*	Lowest *(HK$)*	Aggregate consideration *(HK$)*
19 January 2015	4,470,000	1.65	1.63	7,367,904.0
20 January 2015	874,000	1.66	1.65	1,450,015.2
21 January 2015	1,772,000	1.67	1.64	2,938,507.6
22 January 2015	1,692,000	1.70	1.61	2,777,925.6
23 January 2015	840,000	1.66	1.61	1,372,644.0
26 March 2015	352,000	1.80	1.80	633,600.0
1 September 2015	800,000	1.59	1.54	1,243,200.0
2 September 2015	800,000	1.58	1.50	1,238,880.0
4 September 2015	900,000	1.60	1.55	1,407,150.0
	12,500,000			20,429,826.4

Save as disclosed above, 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 2015.

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 2015.

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 2015 as set out in this 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 this 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 2015 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, 14 March 2016

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Qian Lirong and Mr. Jiang Wei; one non-executive Director, namely Mr. Fung Kwan Hung; 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*