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TRIGIANT
— 俊知集团 —

TRIGIANT GROUP LIMITED
俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1300)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

Annual results for the year ended 31 December 2019 compared with the annual results for the year ended 31 December 2018:

- Turnover increased by approximately RMB72.9 million, or approximately 2.1%, to approximately RMB3,542.1 million (2018: RMB3,469.2 million)
- Gross profit margin decreased by approximately 0.3 percentage point to approximately 19.1% (2018: 19.4%)
- Profit for the year attributable to owners of the Company increased by approximately RMB13.5 million, or approximately 3.9%, to approximately RMB359.0 million (2018: RMB345.5 million)
- Net profit margin increased by approximately 0.1 percentage point to approximately 10.1% (2018: 10.0%)
- Earnings per share increased to RMB20.04 cents (2018: RMB19.28 cents)

- Upon the advent of 5G in 2019, in which MIIT (Ministry of Industry and Information Technology) issued 5G licenses, defining a new height for 5G. The Chinese government has listed 5G as "New Infrastructure" (being new digital infrastructure) to promote economic transformation. As the 5G construction unfolds in full swing in 2020, the management expects that the 5G scale construction will last for 3 to 5 years. Owing to delay in the 5G overall planning, equipment selection and testing, and tendering of operators in the second half of 2019, coupled with the impact of the COVID-19 outbreak in the first quarter of 2020, the delivery of orders, business transactions, revenues, receipts and other areas for the industry and the Group experienced a delay. After a short-period of challenges, the epidemic situation stabilised and improved, the progress of the industry, and the order delivery of the Group will become back on track. The Group is currently redoubling its efforts to strategically deploy 5G products while performing forward-looking research of millimeter waves and its related products. Furthermore, the Group will establish the future product position, facilitating the marketing of the products, and laying the foundation for a new growth drivers of the Group

- The Board is optimistic about the development of 5G and increase products enhancement in relation to 5G network technology evolution and business development, the Board does not recommend final dividend for the year (interim dividend for six month ended 30 June 2018: HK2.2 cents per share and final dividend for the year ended 31 December 2018: HK2.3 cents per share)

- Management's assessment of the impact of the COVID-19 to the Group is as follows: on one side, the global epidemic affects the construction progress of telecommunications operators in 5G base stations in the first quarter of year 2020 and the group's production and upstream supply chain are slightly disrupted by the epidemic; on the other hand, we expect that many nations will increase the investment effect in telecommunications and infrastructure development to stimulate economic growth and to reduce economic downward pressure in the second half of year 2020. During the pandemic, the social distancing practiced by the people has increased the demand for telecommunications, therefore it will increase the demand of the Group's products in the long run. At present, the supply chain, production and sales of the Group are as usual, and the management is optimistic about the Group's future

- Following completion of the major telecommunications operators' master plans for 5G construction, China Mobile announced a centralised procurement notice on March 6, 2020, and the tender exceeded the scale of 230,000 base stations. In addition, it was announced during the result announcement meeting of China Mobile that their 5G investment would reach RMB100 billion. On March 12, 2020, China Telecom and China Unicom's centralised procurement reached the scale of 250,000 stations. The Group's business will be driven by the total scale of the Chinese telecommunications operators' 5G Phase 2 construction, as the scale is expected to exceed 480,000 base stations.

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 2019 together with the comparative figures for the corresponding period in 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Turnover	*3*	**3,542,107**	3,469,247
Cost of goods sold		**(2,866,411)**	(2,796,866)
Gross profit		**675,696**	672,381
Other income	*4*	**25,938**	38,030
Impairment losses under expected credit loss model, net of reversal	*5*	**(53,019)**	(59,939)
Other losses	*5*	**(1,873)**	(4,589)
Selling and distribution costs		**(60,945)**	(55,126)
Administrative expenses		**(42,662)**	(47,250)
Research and development costs		**(61,939)**	(58,338)
Finance costs	*6*	**(64,792)**	(73,580)
Profit before taxation	*7*	**416,404**	411,589
Taxation	*8*	**(57,435)**	(66,129)
Profit and total comprehensive income for the year		**358,969**	345,460
Earnings per share	*10*		
— Basic		**RMB20.04 cents**	RMB19.28 cents
— Diluted		**RMB20.04 cents**	RMB19.28 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Notes	2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment		**227,412**	248,702
Right-of-use assets		**70,582**	–
Land use rights		**–**	69,482
Intangible assets		**126,409**	144,223
Goodwill		**156,527**	156,527
Equity instruments at fair value through other comprehensive income		**950**	950
Deferred tax assets		**62,738**	54,786
		644,618	674,670
Current assets			
Inventories		**125,108**	163,377
Trade and other receivables	*11*	**3,977,935**	3,622,932
Other financial assets		**105,000**	175,000
Pledged bank deposits		**213,225**	295,165
Bank balances and cash		**360,119**	491,133
		4,781,387	4,747,607
Current liabilities			
Trade and other payables	*12*	**503,664**	382,174
Bank borrowings — due within one year		**1,297,000**	1,725,206
Lease liabilities		**550**	–
Taxation payable		**32,276**	41,546
		1,833,490	2,148,926
Net current assets		**2,947,897**	2,598,681
Total assets less current liabilities		**3,592,515**	3,273,351
Non-current liabilities			
Lease liabilities		**603**	–
Government grants		**2,382**	2,835
Deferred tax liabilities		**56,203**	60,251
		59,188	63,086
Net assets		**3,533,327**	3,210,265
Capital and reserves			
Share capital		**14,638**	14,638
Reserves		**3,518,689**	3,195,627
Total equity		**3,533,327**	3,210,265

NOTES:

1. GENERAL

Trigiant Group Limited ("Company") is 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 Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in the manufacture and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components and others for mobile communications and telecommunication equipment.

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

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 16	Leases
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

Transition and summary of effects arising from initial application of HKFRS 16

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedient to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts that the group elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application of the HKFRS 16. The weighted average lessee's incremental borrowing rate applied is 4.35%.

	At 1 January 2019
	RMB'000
Operating lease commitments disclosed as at 31 December 2018	172
Less: Recognition exemption — short-term leases	(172)

Leasehold lands reclassified from land use rights of RMB71,602,000.

Upfront payments for leasehold lands in the People's Republic of China ("PRC") were classified as land use rights as at 31 December 2018. Upon application of HKFRS 16 on 1 January 2019, the current and non-current portion of land use rights amounting to RMB2,120,000 and RMB69,482,000 respectively were reclassified to right-of-use assets.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

3. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components and others for mobile communication and telecommunication equipment. All of the Group's revenue is recognised when the control of goods is transferred, being when the goods are delivered to the customer's specific location. A receivable is recognised by the Group when the goods are delivered to the customer's premises as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The customers have neither rights of return nor rights to defer or avoid payment for the goods once they are accepted by the customers upon receipt of goods. The contracts signed with the customers are short-term and fixed price contracts.

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 ("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
- Others (including couplers and combiners)

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

The segment results represent the gross profit earned by each segment (segment revenue less segment cost of goods sold). Other income, impairment losses under expected credit loss ("ECL") model, net of reversal, other losses, selling and distribution costs, administrative expenses, research and development costs, finance costs and taxation are not allocated to each reportable segment. This is the measure reported to the Executive Directors for the purpose of resource allocation and assessment of segment performance.

The information of segment results is as follows:

For the year ended 31 December 2019

	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*	**Others** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Total** *RMB'000*
Turnover							
— External sales	**1,517,933**	**1,014,392**	**817,774**	**191,888**	**120**	**–**	**3,542,107**
— Inter-segment sales*	**–**	**301,069**	**–**	**41,048**	**–**	**(342,117)**	**–**
	1,517,933	**1,315,461**	**817,774**	**232,936**	**120**	**(342,117)**	**3,542,107**
Cost of goods sold	**(1,211,273)**	**(1,124,682)**	**(682,423)**	**(189,979)**	**(171)**	**342,117**	**(2,866,411)**
Segment result	**306,660**	**190,779**	**135,351**	**42,957**	**(51)**	**–**	**675,696**

For the year ended 31 December 2018

	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*	Others *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Turnover							
— External sales	1,725,579	1,041,085	576,326	114,286	11,971	–	3,469,247
— Inter-segment sales*	–	218,438	–	25,724	–	(244,162)	–
	1,725,579	1,259,523	576,326	140,010	11,971	(244,162)	3,469,247
Cost of goods sold	(1,372,222)	(1,066,070)	(479,072)	(112,289)	(11,375)	244,162	(2,796,866)
Segment result	353,357	193,453	97,254	27,721	596	–	672,381

* Inter-segment sales are entered into in accordance with the relevant agreements, if any, governing those transactions, in which the pricing was determined with reference to the cost incurred.

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

	2019 *RMB'000*	2018 *RMB'000*
Reportable segment results	**675,696**	672,381
Unallocated income and expenses		
— Other income	**25,938**	38,030
— Impairment losses under ECL model, net of reversal	**(53,019)**	(59,939)
— Other losses	**(1,873)**	(4,589)
— Selling and distribution costs	**(60,945)**	(55,126)
— Administrative expenses	**(42,662)**	(47,250)
— Research and development costs	**(61,939)**	(58,338)
— Finance costs	**(64,792)**	(73,580)
Profit before taxation	**416,404**	411,589
Taxation	**(57,435)**	(66,129)
Profit for the year	**358,969**	345,460

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 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 is as follows:

	2019	2018
	RMB'000	*RMB'000*
China Mobile Communications Corporation* (中國移動通信集團公司) ("China Mobile")	**1,231,158**	1,182,645
China United Network Communications Limited* (中國聯合網絡通信股份有限公司) ("China Unicom")	**1,159,958**	1,295,094
China Telecommunications Corporation Limited* (中國電信集團有限公司) ("China Telecom")	**832,509**	652,746

The three major customers purchased goods from all segments during both years.

4. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
Government grants *(note)*	**3,078**	5,163
Interest income	**11,487**	22,643
Investment income from other financial assets	**8,022**	3,848
Rental income	**–**	222
Others	**3,351**	6,154
	25,938	38,030

Note: Included in government grants is RMB2,625,000 (2018: RMB4,427,000) 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 RMB453,000 (2018: RMB736,000), they are government subsidies received for the acquisition of property, plant and equipment.

5. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL AND OTHER LOSSES

	2019	2018
	RMB'000	*RMB'000*
Impairment losses under ECL model, net of reversal include the following:		
Impairment losses on trade receivables	**(53,019)**	(59,939)
Other losses include the following:		
Exchange loss	**(1,873)**	(4,589)

6. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Interest on bank borrowings	**64,238**	68,862
Interest on consideration payable in connection with the acquisition of subsidiaries	**489**	4,718
Interest on lease liabilities	**65**	–
	64,792	73,580

7. PROFIT BEFORE TAXATION

	2019	2018
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**2,349**	2,389
Other staff costs:		
Salaries and other benefits	**75,458**	66,258
Retirement benefit schemes contributions	**6,578**	5,610
Share-based payment	**644**	2,050
Total staff costs	**85,029**	76,307
Amortisation of intangible assets	**17,814**	14,479
Amortisation of land use rights	**–**	2,120
Auditor's remuneration	**2,395**	2,027
Cost of inventories recognised as expenses	**2,850,523**	2,780,232
Depreciation of property, plant and equipment	**26,169**	30,613
Depreciation of right-of-use assets	**2,516**	–
Loss on disposal of property, plant and equipment	**1**	3
Operating lease payment in respect of warehouses and office premises	**–**	1,158
Short-term lease payment	**1,120**	–
and after crediting:		
Gross rental income from investment properties (net of negligible direct operating expenses)	**–**	222

8. TAXATION

	2019 *RMB'000*	2018 *RMB'000*
The charge (credit) comprises:		
Current tax:		
PRC Enterprise Income Tax	**69,435**	76,709
Deferred taxation:		
Current tax	**(12,584)**	(14,980)
Withholding tax on undistributed earnings	**584**	4,400
	(12,000)	(10,580)
Taxation for the year	**57,435**	66,129

The PRC Enterprise Income Tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

The following subsidiaries of the Company in the PRC, 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.) ("Trigiant Technology"), 江蘇俊知光電通信有限公司 (Jiangsu Trigiant Optic-Electric Communication Co., Ltd.) ("Trigiant Optic-Electric") and 江蘇俊知傳感技術有限公司 (Jiangsu Trigiant Sensing Technology Co., Ltd.) ("Trigiant Sensing"), were endorsed as High and New Technology Enterprises by relevant authorities in the PRC with last renewal on 24 October 2018 and were entitled to and were charged income tax in the PRC at a reduced income tax rate of 15% till next renewal in 2021.

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 Enterprise Income Tax Law and Article 91 of its Detail Implementation Rules. For investors incorporated in Hong Kong which hold at least 25% of equity interest of those PRC companies, a preferential rate of 5% will be applied under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.

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

9. DIVIDENDS

	2019 *RMB'000*	2018 *RMB'000*
Dividends recognised as distribution during the year:		
2019 interim — Nil (2018: HK2.2 cents) per share	**–**	33,884
2018 final — HK2.3 cents (2017: HK2.1 cents) per share	**36,577**	32,343
	36,577	66,227

The Board does not recommend final dividend for the year (year ended 31 December 2018: HK2.3 cents per share).

10. EARNINGS PER SHARE

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

	2019	2018
	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	**358,969**	345,460

	2019	2018
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share	**1,791,500**	1,791,500

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of the Company's shares in both years.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables, net	**3,929,044**	3,524,099
Current portion of land use rights	**–**	2,120
Interest receivables	**5,125**	7,238
Other receivables *(Note)*	**36,841**	77,687
Deposits paid to suppliers	**1,770**	5,000
Prepaid expenses	**2,745**	4,427
Staff advances	**2,410**	2,361
	3,977,935	3,622,932

Note: At 31 December 2019, other receivables mainly included receivables relating to resale of copper materials of RMB34,943,000 (31 December 2018: RMB75,496,000).

Included in the Group's trade receivables at 31 December 2019 are bills receivables of RMB23,118,000 (31 December 2018: RMB36,733,000).

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 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:

	2019 *RMB'000*	2018 *RMB'000*
Age		
0–90 days	**629,779**	950,915
91–180 days	**781,738**	784,827
181–365 days	**1,495,108**	840,812
Over 365 days	**1,022,419**	947,545
	3,929,044	3,524,099

12. TRADE AND OTHER PAYABLES

	2019 *RMB'000*	2018 *RMB'000*
Trade payables	**450,330**	231,923
Accrued expenses	**13,586**	18,557
Deposits from suppliers	**13,623**	12,639
Other payables	**8,465**	7,428
Consideration payable	**–**	80,000
Other tax payables	**2,469**	13,418
Payable for acquisition of property, plant and equipment	**1,000**	2,128
Payroll and welfare payables	**14,191**	16,081
	503,664	382,174

Included in the Group's trade payables at 31 December 2019 are bills payables of RMB351,538,000 (31 December 2018: RMB154,641,000).

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

	2019 *RMB'000*	2018 *RMB'000*
Age		
0–90 days	**88,760**	173,106
91–180 days	**347,303**	58,790
181–365 days	**14,211**	27
Over 365 days	**56**	–
	450,330	231,923

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

On 6 June 2019, the Ministry of Industry and Information Technology of the PRC ("MIIT") officially issued the first batch of 5G commercial licences to four telecommunications operators, namely, China Mobile, China Unicom and China Telecom and China Broadcasting Network Corporation Ltd* (中國廣播電視網絡有限公司) ("China Broadcasting Network"). Such event marked the beginning of the 5G commercialisation. At the PT Expo China 2019 on 31 October 2019, MIIT launched the 5G commercialisation ceremony with the three major telecommunications operators, China Mobile, China Unicom and China Telecom. Subsequently, the three major telecommunications operators officially announced their 5G packages. On 1 November 2019, 5G commercial packages became available for subscription, embarking the era of 5G commercialisation in China. In 2020, China will anticipate a large-scale 5G construction and commercialisation, an uptake in capital expenditures of the three major telecommunications operators, and a surge in the number of 5G macro and micro base stations, driving the demand for the Group's optical and electrical hybrid cables, flame-retardant flexible cables and other products.

With regard to their respective initial commercialisations, 5G significantly outpaced 4G. The first year of 4G saw no more than 100 terminal applications. In contrast, the first year of 5G witnessed over 200 terminal devices, such as mobile phones, around the world. In 2019, China Mobile officially provided 5G commercial services in 50 cities across the PRC market with more than 50,000 5G base stations built. On 9 September 2019, China Telecom and China Unicom officially announced that they would build a shared 5G network. As of December 2019, both parties have launched more than 27,000 shared base stations. Furthermore, China Broadcasting Network implemented the construction of a test network in 2019, which is expected to scale up the construction in 2020. In general, all of the three major telecommunications operators, China Tower Corporation Limited ("China Tower") and China Broadcasting Network have been proactively promoting the development of 5G. As a supplier of core products for 5G base station construction, the Group has become a key beneficiary in the industry.

The "White Paper on 5G Application Innovation and Development" (《5G應用創新發展白皮書》) proposed ten key 5G applications, namely, ultrahigh-definition videos, virtual reality/augmented reality (VR/AR), unmanned aerial vehicles, industrial interconnection, smart grid, smart medical treatment, connected vehicles, smart education, smart finance, and smart cities. With the era of 5G commercialisation unfolding, the demands for sensors and chips continued to rise. In light of this, the Group forayed into the Internet of Things industry by acquiring Trigiant Sensing in 2018. Seizing industry development opportunities, the Group has proactively carried out research on 5G related products, and established strategic presence in the 5G market of upstream devices and related applications. The Group will usher in a new wave of growth.

During the year ended 31 December 2019 ("Year"), the Group achieved various impressive milestones:

1. In March 2019, Trigiant Technology, an indirect wholly-owned subsidiary of the Company, became a member unit of National Innovation Alliance of IoT and AI for Forestry Application (林業和草原物聯網與人工智能應用科技創新聯盟) which is approved by National Forestry and Grassland Administration (國家林業和草原局) and led by the Research Institute of Forest Resources Information Technique (中國林業科學研究院資源信息研究所) ("Resources Institute"); and entered into a strategic cooperation framework agreement with China Telecom Wuxi Branch (中國電信無錫分公司) with respect to establishing the National Innovation Alliance of IoT and AI* (物聯網與人工智能國家創新聯盟) as a role model of the smart forestry powered by "internet+".

2. During the Year, the Group won the bid awarded by Huawei for the 5G optical and electrical hybrid cables (used in Massive MIMO antennas), and cooperated with Huawei on the research and development, and testing of new coding products on optical and electrical hybrid cables for 5G.

3. In September 2019, according to the announcement by China Tower of the Year 2019 Centralised E-commerce Procurement Project for Power Cable and Feeder Cable Products through the online business platform (www.tower.com.cn), Trigiant Technology was one of the successful bidders. It is estimated that the total amount of the bid of power cable products and feeder cable products awarded to the Group is approximately RMB92,409,000 (excluding tax of approximately RMB81,778,000). As compared with the total direct sales of Trigiant Technology conducted with China Tower in 2018, the total awarded bid amount (excluding tax) represented an increase of 767%, posing a positive impact on the Group's future operating results.

Results analysis

During the Year, the sales remained strong in first three quarters due to wide coverage and deep coverage of national mobile communication which increased the indoor coverage, rail coverage and micro base station investment. Delays in the 5G overall planning, equipment selection and testing, and tendering of operators in the second half of 2019 and, coupled with the impact of the COVID-19 outbreak in the first quarter of 2020, the delivery of orders, business transactions, revenues, receipts and other areas for the industry and the Group experienced a delay. After a short-period of challenges, the epidemic situation stabilised and improved, the progress of the industry, and the order delivery of the Group will become back on track. Overall, the turnover increased by approximately RMB72.9 million to RMB3,542.1 million. The turnover of flame-retardant flexible cables series and new-type electronic components increased by approximately RMB241.4 million and RMB77.6 million respectively, and such turnover increase was partially offset by a decrease in turnover of feeder cable series and optical fibre cable series and other related products of approximately RMB207.6 million and RMB26.7 million respectively. The Group actively adjusted its price to generate greater profits. During the Year, the Group's overall gross profit grew by approximately 0.5% from approximately RMB672.4 million in 2018 to RMB675.7 million in 2019. The overall gross profit margin was approximately 19.1% in 2019, representing a slight decrease of approximately 0.3 percentage point as compared with 2018. The Group's impairment losses on trade receivables decreased by approximately 11.5% that for from approximately RMB59.9 million in 2018 to approximately RMB53.0 million in 2019. As such, the profit attributable to owners of the Company increased by approximately 3.9% from approximately RMB345.5 million in 2018 to approximately RMB359.0 million in 2019. Basic earnings per share increased by approximately RMB0.76 cents from approximately RMB19.28 cents in 2018 to approximately RMB20.04 cents in 2019.

Breakdown of turnover by products

Year ended 31 December	**2019**	2018	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*Percentage*
Feeder cable series	**1,517,933**	1,725,579	(207,646)	–12.0%
Optical fibre cable series and related products	**1,014,392**	1,041,085	(26,693)	–2.6%
Flame-retardant flexible cable series	**817,774**	576,326	241,448	+41.9%
New-type electronic components	**191,888**	114,286	77,602	+67.9%
Others	**120**	11,971	(11,851)	–99.0%
Total	**3,542,107**	3,469,247	72,860	+2.1%

Feeder cable series — approximately 42.9% of the total turnover

Owing to delay in the 5G overall planning, equipment selection and testing, and tendering of operators in the second half of 2019, coupled with the impact of the COVID-19 outbreak in the first quarter of 2020, the delivery of orders, business transactions, revenues, receipts and other areas for the industry and the Company experienced a delay. After a short-period of challenges, the epidemic situation stabilised and improved, the progress of the industry, and the order delivery of the Group will become back on track. The sales volume of the Group's feeder cable series products decreased by approximately 16,000 kilometres to approximately 162,000 kilometres in 2019 as compared to that in last year. Therefore, the turnover of feeder cable series decreased by approximately 12.0% to approximately RMB1,517.9 million in 2019 as compared to that in last year. During the Year, the average price of copper, being the main raw materials for the Group's feeder cable series, decreased by approximately 6.0%. As the Group adopted the cost-plus pricing model for the pricing of its feeder cable series products, the average selling price of the products remained relatively stable due to the relatively stable price fluctuations in raw materials. Meanwhile, the gross profit margin only decreased by approximately 0.3 percentage point to approximately 20.2% as the Group actively adjusted its product mix to generate greater profits.

Optical fibre cable series — approximately 28.6% of the total turnover

The optical fibre cable series products were also affected by the same reasons which have beset the feeder cable series products as above. The turnover of optical fibre cable series products decreased by approximately 2.6% to approximately RMB1,014.4 million in 2019 as compared to that in last year. Sales volume increased by approximately 479,000 fibre kilometres to approximately 10,834,000 fibre kilometres in 2019 as compared to that in last year. The gross profit margin increased by approximately 0.2 percentage point to approximately 18.8%.

Flame-retardant flexible cable series — approximately 23.1% of the total turnover

Flame-retardant flexible cable series, another major product of the Group which is mainly used as an internal connection cable for power systems or mobile cable transmission and distribution systems, recorded a good performance during the Year. In September 2018, the Group had won the bid for the power cable contract for China Mobile Communications for the first time, the turnover of flame-retardant flexible cable series increased by approximately 41.9% to approximately RMB817.8 million as compared to that in last year. The gross profit margin slightly decreased by 0.3 percentage point to approximately 16.6% as compared to that in last year as the Group actively adjusted its price mix to generate greater profits.

Major customer and sales network

Apart from pricing, the three major telecommunications operators in the PRC continued to take other important factors into consideration, including comprehensive strength, delivery capacities, guaranteed service quality, an extensive network coverage in the region when selecting business partners. In addition, developed provinces in the PRC have set higher standards for business partners in terms of their comprehensive quality. The Group has a good track record, diverse product portfolio, excellent product quality and comprehensive and efficient after-sales services and therefore maintains its leading position in terms of comprehensive strength and market share amongst business partners with the three major telecommunications operators in the PRC. The Group also succeeded in obtaining additional share of additional projects on top of its existing market share, fully proving the strength and market leadership of the Group.

As at 31 December 2019, the Group maintained business relationships with all 31 provincial subsidiaries of China Unicom, 29 out of the 31 provincial subsidiaries of China Mobile, 29 out of the 31 provincial subsidiaries of China Telecom and 25 out of the 31 provincial subsidiaries of China Tower.

The turnover derived from China Mobile, China Unicom, and China Telecom accounted for approximately 34.8%, 32.7%, and 23.5% of the Group's turnover during the Year, respectively. Besides having close cooperation with the three major telecommunications operators in the PRC, the Group also maintained a good business relationship with other companies. By closely following the latest movements of its business partners, the Group will timely adjust its business strategy.

Patents, awards and recognition

As at 31 December 2019, the Group had obtained 165 patents and developed 129 new products in the PRC. The Group received various awards and honours including Trigiant Technology ranked 33rd in the 32nd Session of Top 100 PRC Electronic Component Enterprises 2019 (中國電子元件百強企業).

Prospect and future plans

According to the Minister of MIIT, Mr. Miao Wei, at the National Conference on Industry and Information Technology held at the end of 2019, by the end of 2020, all prefecture-level cities in the country will be covered by the 5G network. Following completion of the major telecommunications operators' master plans for 5G construction: on 6 March 2020, China Mobile announced a centralised procurement notice, and the tender exceeded the scale of 230,000 base stations. In addition, it was announced during the result announcement meeting of China Mobile that their 5G investment would reach RMB100 billion. On 12 March 2020, China Telecom and China Unicom's centralised procurement reached the scale of 250,000 stations. The Group's business will be driven by the total scale of the Chinese telecommunications operators' 5G Phase 2 construction, as the scale is expected to exceed 480,000 base stations. On 10 February 2020, the MIIT issued frequency modulation (FM) licenses to China Telecom, China Unicom, and China Broadcasting, permitting these three enterprises to share the 3300-3400MHz frequency band for the 5G indoor coverage nationwide. The issuance of 5G indoor frequency licenses will further promote China's 5G system deployment and commercialisation process. The MIIT stated that it is the first time for China to simultaneously license public mobile communication frequency resources to multiple enterprises for common use, representing an innovative measure to promote the joint construction of shared telecommunications infrastructure. Issuance of the licenses will be conducive to meeting the frequency-use demand of the three major telecommunications operators for the 5G system construction, and will continue to improve the utilisation efficiency and effectiveness of FM, rendering tremendous support to the high-quality 5G development in the PRC.

In the meantime, the introduction by 5G of new technologies, including Massive MIMO antennas, and the ultrahigh-speed signal transmission will lead to a significant uptake in the power usage of base stations. Accordingly, the transmission system specifications are expected to improve, driving the product value to new heights. The Group's products are used in 5G base stations and other core processes, which are expected to become the first wave to benefit from the improvement brought about by 5G commercial scale construction in the transmission systems by volume and price. During the year, the Group developed equipment solutions for various sub-bands of sub6G (the low-mid-band spectrum) for domestic and foreign customers. Driven by the evolving 5G network technology, the Group has spent years of research and strategic deployment in the 5G technology products, and achieved significant breakthroughs in radio frequency connectors, power dividers, and couplers for mid and high-frequency base stations. The Group will cooperate with the three major telecommunications operators, China Tower, China Broadcasting and others on the high-speed construction plans. It is expected that the construction of large-scale 5G base stations will drive a significant uptake in the sales price and volume of 5G base station-related construction products, such as the Group's flame-retardant flexible cables, optical and electrical hybrid cables and radio frequency devices.

Expansion of new customer base

In addition to continuing to deepen the cooperation with the three major telecommunications operators, the Group is also proactively expanding new customers in other areas such as radio and television, rail transit, security, microwave communications and private network communications in China. By capitalising on the core advantages of its products, continuous technical research and development, and outstanding service and after-sales capabilities, the Group is well-positioned to expand the customer base and maintain a long-term cooperative relationship with its major customers and aims to achieve a higher proportion of supply in the cooperation.

Active expansion of the Internet of Things business

According to "Research Report on Internet of Things Industry Market in 2019" published by Forward-Looking Industry Research Institution (前瞻產業研究院), the compound annual growth rate of the Internet of Things from 2019 to 2022 is approximately 9%. It is estimated that the scale of China's Internet of Things industry will exceed RMB2 trillion and the connection scale will reach RMB7 billion by 2020. In recent years, in line with the accelerating integration of the Internet of Things concept into industrial applications, the Group has seized enormous business opportunities by cooperating with Resources Institute and China Telecom Wuxi Branch (中國電信無錫分公司) to establish the National Innovation Alliance of IoT and AI for Forestry Application (林業和草原物聯網與人工智能應用國家創新聯盟) as a role model of the smart forestry powered by "internet+" and "Smart+" in accordance with the policy for development and application of forestry business networks, laying a solid foundation for the Group's diversity development.

Overseas development plan

In 2020, the Group plans to attend specialised communications trade exhibitions held in various regions, such as India, Spain, Russia, Singapore, Dubai, and Mexico. On top of our deepening relationship with our current customer base, the Group will focus on the customer expansion and development in the Southeast Asia, the Middle East, and the Americas. By capitalising on its existing product and technology advantages, the Group plans to increase its market share in overseas markets such as South Korea, the Southeast Asia, Europe, America and the Middle East. 5G construction has become a global undertaking that requires active promotion and development due to the increasing demand for mobile infrastructure. In the future, riding on the momentum of 5G development, the Group will continue to explore overseas development opportunities, further expand its diversified sales channels, and seek growth opportunities. These initiatives aim to generate more profits in appreciation for the continued recognition and support of all shareholdesrs.

Impact of COVID-19 to the Group

Management's assessment of the impact of the COVID-19 to the Group is is as follows: on one side, the global epidemic affects the construction progress of telecommunications operators in 5G base stations in the first quarter of year 2020 and the group's production and upstream supply chain are slightly disrupted by the epidemic; on the other hand, we expect that many nations will increase the investment effect in telecommunications and infrastructure development to stimulate economic growth and to reduce economic downward pressure in the second half of year 2020. During the pandemic, the social distancing practiced by the people has increased the demand for telecommunications, therefore it will increase the demand of the Group's products in the long run. At present, the supply chain, production and sales of the Group are as usual, and the management is optimistic about the Group's future

Summary

Upon the advent of 5G in 2019, in which MIIT issued 5G licenses, defining a new height for 5G. The Chinese government has listed 5G as "New Infrastructure" (being new digital infrastructure) to promote economic transformation. As the 5G construction unfolds in full swing in 2020, the management expects that the 5G scale construction will last for 3 to 5 years. Owing to delay in the 5G overall planning, equipment selection and testing, and tendering of operators in the second half of 2019, coupled with the impact of the COVID-19 outbreak in the first quarter of 2020, the delivery of orders, business transactions, revenues, receipts and other areas for the industry and the Company experienced a delay. After a short-period of challenges, the epidemic situation stabilised and improved, the progress of the industry, and the order delivery of the Group will become back on track. The Group is currently redoubling its efforts to strategically deploy 5G products while performing forward-looking research of millimeter waves and its related products. Furthermore, the Group will establish the future product position, facilitating the marketing of the products, and laying the foundation for a new growth drivers of the Group.

FINANCIAL PERFORMANCE REVIEW

Turnover

Total turnover of the Group increased by approximately RMB72.9 million, or approximately 2.1%, from approximately RMB3,469.2 million in 2018 to approximately RMB3,542.1 million in 2019. The increase in turnover was mainly contributed by the increase in the turnover of flame-retardant flexible cable series products and new type electronic components of approximately RMB241.4 million and RMB77.6 million respectively, and such increase was partially offset by the decrease in turnover of feeder cable series and optical fibre cable series and other related products of approximately RMB 207.6 million and 26.7 million respectively. The increase in turnover of flame-retardant flexible cable series were due to increase in demand in existing customers and due to successful bidding for a bid from a key customer, China Mobile.

Overall sales to the three major telecommunications operators in the PRC increased by approximately RMB93.1 million from approximately RMB3,130.5 million in 2018 to approximately RMB3,223.6 million in 2019.

Cost of goods sold

Cost of goods sold increased by approximately RMB69.5 million, or approximately 2.5%, from approximately RMB2,796.9 million in 2018 to approximately RMB2,866.4 million in 2019. The cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 96.4% and 98.6% of the total cost of goods sold in 2018 and 2019 respectively. The increase in cost of goods sold was in line with the increase in turnover in 2019.

Gross profit and gross profit margin

Gross profit increased by approximately RMB3.3 million, or approximately 0.5%, from approximately RMB672.4 million in 2018 to approximately RMB675.7 million in 2019. The overall gross profit margin was approximately 19.1% in 2019, representing a slight decrease of approximately 0.3 percentage point as compared with 2018 as the Group actively adjusted its price to generate greater profits.

Other income

Other income decreased by approximately RMB38.0 million, or approximately 31.8%, from approximately RMB12.1 million in 2018 to approximately RMB25.9 million in 2019. Such decrease was primarily due to the decrease in interest income from decrease in average bank balance.

Impairment losses

Impairment losses represented impairment losses on trade receivables, which decreased by approximately RMB6.9 million, or approximately 11.5% from a loss of approximately RMB59.9 million in 2018 to a loss of approximately RMB53.0 million in 2019.

Other losses

The Group recorded other losses of approximately RMB1.9 million in 2019 as compared to other losses of approximately RMB4.6 million in 2018, mainly attributable to an exchange loss of approximately RMB4.6 million recorded in 2018 as compared to an exchange loss of approximately RMB1.9 million recorded in 2019.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB5.8 million, or approximately 10.6%, from approximately RMB55.1 million in 2018 to approximately RMB60.9 million in 2019. Such increase was mainly due to the increase in amoristation of intangible assets after the acquisition of all the equity interests of Trigiant Sensing on 31 July 2018.

Administrative expenses

Administrative expenses decreased by approximately RMB4.6 million, or approximately 9.7%, from approximately RMB47.3 million in 2018 to approximately RMB42.7 million in 2019. Such decrease was primarily due to decrease in staff cost and legal and professional expenses.

Research and development costs

Research and development costs increased by approximately RMB3.6 million, or approximately 6.2%, from approximately RMB58.3 million in 2018 to approximately RMB61.9 million in 2019. Such increase was attributable to increase in the number of research on new products.

Finance costs

Finance costs decreased by approximately RMB8.8 million, or approximately 11.9%, from approximately RMB73.6 million in 2018 to approximately RMB64.8 million in 2019. Such decrease was primarily due to decrease in average bank borrowings balances in 2019.

Taxation

Taxation charge decreased by approximately RMB8.7 million, or approximately 13.1%, from approximately RMB66.1 million in 2018 to approximately RMB57.4 million in 2019. The Group's Enterprise Income Tax arises from its principal subsidiaries in the PRC, which enjoy a reduced Enterprise Income Tax rate of 15% as they are qualified as an Advanced Technology Enterprise. The decrease in taxation charge in 2019 was primarily attributable to decrease in taxable profit of the Group.

Profit for the year

The profit for the year attributable to owners of the Company increased by approximately RMB13.5 million, or approximately 3.9%, from approximately RMB345.5 million in 2018 to approximately RMB359.0 million in 2019. The net profit margin increased by 0.1 percentage points from approximately 10.0% in 2018 to approximately 10.1% in 2019.

Liquidity, financial resources and capital structure

During the Year, 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 2018 and 2019:

	2019	2018
	RMB'000	*RMB'000*
Net cash generated from operating activities	**297,947**	42,185
Net cash generated from (used in) investing activities	**96,704**	(117,618)
Net cash (used in) generated from financing activities	**(525,665)**	111,298

As at 31 December 2019, the Group had bank balances and cash and pledged bank deposits of approximately RMB573.3 million and the majority of which were denominated in RMB. As at 31 December 2019, the Group had total bank borrowings of approximately RMB1,297.0 million which were repayable within one year. As at 31 December 2019, approximately RMB992.0 million of the total bank borrowings were variable rate borrowings and approximately RMB305.0 million were fixed rate borrowings. As at 31 December 2019, bank borrowings of approximately RMB1,297.0 million were denominated in RMB.

During the Year, the majority of the Group's transactions were denominated in RMB except for the bank borrowings denominated in 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 instrument but will consider hedging its foreign currency exposure should the need arise.

Gearing ratio

Gearing ratio of the Group, calculated as total bank borrowings net of pledged bank deposits and bank balances and cash divided by total equity, decreased from approximately 29.2% as at 31 December 2018 to approximately 20.5% as at 31 December 2019. Such decrease was primarily due to decrease in bank borrowings balance of approximately RMB428.2 million as at 31 December 2019.

Pledge of assets

As at 31 December 2019, the Group pledged bank deposits of approximately RMB213.2 million (2018: RMB295.2 million) to secure certain credit facilities granted to the Group.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2019.

Employee information

As at 31 December 2019, the Group had a total of 919 full time employees (2018: 961). 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.

INVESTMENT IN INVESTMENT PRODUCTS

The Group held unlisted investment products in an aggregate principal amount of RMB105.0 million ("Investment Products") issued by several banks in the PRC with the anticipated (but not guaranteed) annual rates of return from 3.7% to 4.5% (2018: 4.3% to 5.1%). The investment scope of the Investment Products principally include investments in bank deposits, listed and private debt equities, money market bonds, bond market funds trust plans, asset-backed securities, and other fixed income in asset nature. The Investment Products represented approximately 1.9% of the total assets of the Group as at 31 December 2019.

The purchases of the Investment Products were funded by internal resources of the Group with an intent to maximising the use of its funds with satisfactory return. The Directors believed that such investments can increase the rate of return of its working capital and therefore improve both the investment income and the profits of the Group.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year ended 31 December 2019, the Group had no material acquisition or disposal of subsidiaries or associated companies. Save as disclosed in the section headed "Investment in Investment Products" above, the Group had no significant investments held during the year ended 31 December 2019.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("AGM") is scheduled to be held on 18 May 2020. To ascertain the shareholders' entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 12 May 2020 to Monday, 18 May 2020, 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 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 11 May 2020 (Hong Kong time).

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code ("Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") as its code of corporate governance.

Save for the deviation from code provision A.2.1 of the Corporate Governance Code as described below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Corporate Governance Code during the year ended 31 December 2019 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.

Under the code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. With the appointment of Mr. Qian Lirong as the Group chief executive officer with effect from 31 December 2019 upon the retirement of Mr. Jiang Wei, the roles of the chairman and the chief executive officer of the Group is not separated and are performed by the same individual, Mr. Qian Lirong. Mr. Qian Lirong joined the Group in 2007 and, as executive Director and chairman of the Board, is principally responsible for the overall strategic development of the Group's operation as well as overall management of the Group. The Board believes that vesting both the roles of chairman and chief executive officer in the same person can ensure consistent leadership and enables more effective and efficient overall strategic planning for the Group. In addition, the Board is of the view that the balanced composition of executive and non-executive Directors (including the independent non-executive Directors) on the Board and the various committees of the Board (primarily comprising independent non-executive Directors) in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

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. Chan Fan Shing, Professor Jin Xiaofeng and Mr. Chen Gang. Mr. Chan Fan Shing is the chairman of the Audit Committee. The annual results of the Group for the year ended 31 December 2019 have been reviewed by the Audit Committee.

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

During the year ended 31 December 2019, 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 2019.

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 2019.

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 2019 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 HKICPA 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 2019 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, 23 March 2020

As at the date of this announcement, the Board comprises the following members:

Executive Directors:	Mr. Qian Lirong *(Chairman and Group chief executive officer)* Mr. Qian Chenhui
Non-executive Director:	Mr. Xia Bin
Independent non-executive Directors:	Professor Jin Xiaofeng Mr. Chan Fan Shing Mr. Chen Gang
Alternate Director to Mr. Qian Lirong:	Ms. Qian Liqian