



TRIGIANT GROUP LIMITED

俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1300



50

ANNUAL REPORT

2023

* For identification purposes only

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Qian Lirong (*Chairman and Group chief executive officer*)
Qian Chenhui

NON-EXECUTIVE DIRECTOR

Zhang Dongjie

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Jin Xiaofeng
Zhao Huanqi
Hoi Sao Leng

AUDIT COMMITTEE

Hoi Sao Leng (*Chairman*)
Professor Jin Xiaofeng
Zhao Huanqi

REMUNERATION COMMITTEE

Professor Jin Xiaofeng (*Chairman*)
Qian Chenhui
Hoi Sao Leng

NOMINATION COMMITTEE

Professor Jin Xiaofeng (*Chairman*)
Zhao Huanqi
Hoi Sao Leng

CORPORATE GOVERNANCE COMMITTEE

Qian Chenhui (*Chairman*)
Zhao Huanqi
Hoi Sao Leng

COMPANY SECRETARY

Lee Yiu Wai William

AUTHORISED REPRESENTATIVES

Qian Lirong
Lee Yiu Wai William
Hoi Sao Leng (*alternate to Qian Lirong*)

REGISTERED OFFICE

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COMPANY WEBSITE

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HKEX STOCK CODE

1300

INVESTOR RELATIONS

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DLK Advisory Limited (*as the Company's investor relations consultant*)

Email: ir@dlkadvisory.com

CORPORATE INFORMATION

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISER

LCH Lawyers LLP *(as to Hong Kong laws)*

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Agricultural Bank of China
Bank of China
China Construction Bank
Bank of Communication
China Citic Bank
Bank of JiangSu
HSBC
OCBC Bank
Postal Savings Bank of China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
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P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

* For identification purpose only

CORPORATE PROFILE



Trigiant Group Limited and its subsidiaries (collectively the “Group”) is one of the leading manufacturers in the People’s Republic of China (“PRC” or “China”) engaged in research, development and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components and other accessories for mobile communications and telecommunications transmission.

The Group is established based on the solid foundation of its expertise in manufacturing and sales of feeder cable series. Since its inception, the Group has dedicated its effort to broaden its market segments and customer base within the telecommunication industry. In 2010, the Group introduced its new product series — flame-retardant flexible cable series, which was well received by its customers. In 2014, the Group extended its businesses in the telecommunication industry to manufacturing and sales of optical fibre cable business by acquiring 65% effective interest in a fast-growing optical fibre cable manufacturer, namely Jiangsu Trigiant Optic-Electric Communication Co., Ltd*, and the Group acquired its remaining interest in 2017. In 2018, the Group seized the opportunity in the booming sensing business and acquired 87.5% effective interest in Jiangsu Trigiant Sensing Technology Co., Ltd* (“Trigiant Sensing”), which together with the 12.5% effective interest already owned by the Group, Trigiant Sensing became a wholly-owned subsidiary of the Group.

The Group’s trademark “俊知技術 TRIGIANT  ” is well established in the industry and has been named “China Famous Trademark” (中國馳名商標) by the Trademark Office of the State Administration for Industry and Commerce of the PRC.

Key customers of the Group includes the three major telecommunications operators, namely China Mobile Communications Corporation* (中國移動通信集團公司) (“China Mobile”), China United Network Communications Limited* (中國聯合網絡通信有限公司) (“China Unicom”) and China Telecommunications Corporation* (中國電信集團公司) (“China Telecom”), as well as China Tower Corporation Limited* (中國鐵塔股份有限公司) (“China Tower”) and major telecommunications equipment manufacturers, including ZTE Kangxun Telecom Company Limited* (深圳市中興康訊電子有限公司), a subsidiary of ZTE Corporation, and Huawei Technologies Co., Ltd.

CORPORATE PROFILE

SUMMARY OF MAJOR PRODUCTS



FEEDER CABLE SERIES

(a) Feeder cables

Feeder cables are mainly for transmitting and receiving radio signals and are also essential components for telecommunications transmission equipment.

(b) Leaky cables

Leaky cables are mainly used for wireless mobile communications, wireless remote control and wireless alarm systems. They can transmit radio frequency signals as well as send and receive antenna data for areas of weak signal coverage such as subways, tunnels, underground passage and interior of buildings.



OPTICAL FIBRE CABLE SERIES AND RELATED PRODUCTS

Optical fibre cables are mainly used for long haul telecommunication transmission in fixed and wireless telecommunications networks.



FLAME-RETARDANT FLEXIBLE CABLE SERIES

Flame-retardant flexible cables are widely used as internal connection cables for power systems or mobile cable transmission and distribution systems and are especially suitable for communications switch systems requiring uninterrupted power.



NEW-TYPE ELECTRONIC COMPONENTS

New-type electronic components include sensing products, optical splitters, jumper for connection of wireless antennas with feeder cables and various communications equipment, connectors for connection of radio frequency circuits to radio equipment and electronic devices and antenna lightning arresters installed between a high-frequency device and a feeder cable.



OTHER ACCESSORIES

Other accessories include couplers, combiners, feeder wall plates, adjustable stands, waterproof clay, insulating tape, cable ties and feeder hoisting grips.

CHAIRMAN'S STATEMENT



MR. QIAN LIRONG

(Chairman and Group Chief Executive Officer)

Dear valued shareholders,

On behalf of the board ("Board") of directors ("Directors") of Trigiant Group Limited and its subsidiaries (collectively, the "Group"), I present the annual report of the Group for the year ended 31 December 2023 (the "Year").

2023 witnessed the fourth anniversary of the commercialisation of 5G network in China, and it was also a year for 5G to further empower a large number of industries. At present, China has built the world's largest and technologically advanced 5G network infrastructure, covering major cities and villages across the country. As of December 2023, China has built and opened 3.377 million base stations and had 805 million 5G mobile phone users, with the share of 5G network access traffic reaching 47%. The new generation of information technology represented by 5G is accelerating its integration into various fields and segments of the economy and society, and is being further promoted in medical care, industry, power and other industries. The China Academy of Information and Communications Technology (CAICT) estimates that 5G will directly drive a gross economic output of RMB1.86 trillion in 2023, a 29% increase from 2022. In line with the development trend of the 5G industry, the Group grasps the trend of 5G technology development and focuses on the technology research and development ("R&D") investment of 5G related products. Especially in the mmWave field, the Group is actively developing it to meet the market demand and maintain its competitive edge.

CHAIRMAN'S STATEMENT

5G mmWave industry is booming, promoting large-scale applications

The advantages of mmWave such as high bandwidth and large system capacity are key technologies to maximise 5G performance. In the expansion stage of 5G application, mmWave can help to promote the development of industrial Internet of Things ("IoT"), intelligent manufacturing, cloud computing and other industries, accelerating the 5G technology to enter the next stage. In addition, in order to achieve the optimal experience of 5G, the combination of mid-band + mmWave + low-band is the optimal mode. 2023 marked the ending of the "Sailing" Action Plan of 5G Application (2021–2023), which proposed relevant planning on mmWave, including timely releasing the 5G mmWave frequency planning, exploring the implementation of the tendering system for 5G mmWave frequency license, accelerating the R&D and industrialisation of lightweight 5G chip modules and mmWave devices. Such policies promoted the development of mmWave. During the Year, the Group developed and produced a series of new mmWave products in response to customers' needs. The products developed include a series of mmWave products such as 1–40 GHz broad bandwidth low-noise amplifiers, 75–110 GHz detectors, 92–96 GHz transceiver modules, and other low-noise amplifiers and switches, which received positive feedback from the market and customers in the industry, and won a batch of new orders. Meanwhile, we are actively developing new customers, through the promotion and publicity of industry exhibitions both at home and abroad, to show our mmWave products to customers, and win orders from domestic and overseas cooperative customers.

Increasing 5G application scenarios to effectively support the demand for fibre optic cables

The accelerated construction of communication infrastructure and the expanding deployment of communication networks such as 5G and gigabit optical network have led to a continuous rise in data traffic, and increased the demand for optical fibre cable products. Currently, Southeast Asia, South Asia, the Middle East, South America and Africa are experiencing a boom in demand for fibre optic cables. During the Year, the Group actively participated in tenders for optical fibre cables from domestic customers and maintained growth in orders from overseas customers. After the completion of 5G base stations on a certain scale, the demand for 5G small cells will be unleashed to fill the range of scenarios that cannot be covered by 5G base stations. The further development of applications in industries such as smart manufacturing, smart factory and remote medical care requires greater 5G indoor network capacity and more accurate latency, driving 5G small cells to enter a rapid growth stage. The Group's photoelectric composite cable developed based on the new antenna technology and networking technology of 5G can solve the coverage problem for 5G small cells, which has been continuously supported to industry leading customers in batches.

Steady development of IoT business

In 2023, China continued to promote business development in the construction of new IoT infrastructure. Eight ministries and commissions jointly issued the Three-Year Action Plan for the Construction of New IoT Infrastructure (2021–2023) (《物聯網新型基礎設施建設三年行動計劃(2021–2023年)》), aiming to initially complete the construction of new IoT infrastructure in major cities in China by the end of 2023. According to the data released by the International Data Corporation ("IDC"), China's IoT connections have exceeded 6.6 billion in 2023, with a compound growth rate of approximately 16.4% in the next five years, and will maintain rapid development. Under the guidance of policies and active promotion of the industry, China has built the world's largest mobile IoT, and the IoT connections in 2023 has achieved the goal of the three-year action plan. The national innovation alliance for IoT and AI applications in forestry and grassland that the Group has joined is currently developing steadily. We will continue to promote the development of our IoT business and identify suitable investment opportunities.

CHAIRMAN'S STATEMENT

Outlook

The development of 5G has entered a new stage of application scale, and the Ministry of Industry and Information Technology (MIIT) announced at the 5G Development Conference in 2023 that it would formally start the “sailing city” action of 5G application, which would promote the application of 5G in various key sectors and accelerate the application of 5G from point-like demonstration to scale development. 5G-A (5G-Advanced, i.e. 5.5G) is the next stage of 5G development, and the industry is making every effort to promote the commercialisation of 5G-A technology. Compared to 5G, 5G-A is expected to deliver a 10-fold increase in downlink and uplink transmission rates while ensuring the millisecond latency, and explore new directions for the development of 6G. As a transitional stage between 5G and 6G, 5G-A is a communication technology planned for 2025 to 2030 which enhances and expands the 5G application scenarios. In response to the demand for 5G-A network evolution, operators are conducting tests and deployments while looking forward to the development of 6G. Equipment suppliers such as Huawei and Ericsson are developing and manufacturing 5G-A equipment, and plan to launch commercial equipment in 2024. It is expected that the next two years will be a peak demand period of 5G-A applications. Currently, the MIIT has indicated that it will comprehensively promote the R&D of 6G technology, and the Group is actively promoting the R&D of 6G products and making arrangements in advance to welcome the arrival of the 6G era. We will continue to invest resources and strengthen technological innovation to ensure that we stay ahead of the competition in the future and provide our customers with more advanced solutions.

The gradual implementation of 5G construction, data centres, virtual reality and other applications will continue to drive the market demand for optical fibre cable. According to the data from the Prospective Industry Research Institute, it is estimated that the market size of China's fibre optic cables will reach RMB589.5 billion in 2026, accelerating at a compound annual growth rate of 9% from 2021 to 2026. The Group will actively participate in tenders related to optical fibre cables in an effort to expand its market share, while expanding overseas markets to maintain continuous growth in orders from overseas customers. In addition, the Group continues to make repeated calculations and refinements in product technology and is persistently committed to the R&D and innovation to launch more new products. At present, a number of products are under research and development, such as the technology of layer stranded cables for ultra-high-speed and long-distance transmission, the technology of fine-diameter and high-density cables for the industrial Internet, the optical and electrical hybrid cable assemblies for 5G base stations, and the R&D of 1*64 bare-fibre optical splitters in the digital economy. Through in-depth insights into the market trend and close attention to customers' needs, the Group will continuously optimise its products to maintain its competitive advantage.

MIIT optimised and adjusted the frequency use plan of microwave communication systems in early 2023 to further meet the needs of high-capacity information transmission scenarios, such as 5G base stations, by adding the frequency use plan of mmWave frequency bands (E-band, 71–76GHz/81–86GHz) and large bandwidth microwave communication systems, reserving spectrum resources for 5G, industrial Internet and future 6G. The first E-band (mmWave band) microwave radio license throughout the country was issued in March 2023, and mmWave is expected to enter the stage of practical application. The Group will seize the development opportunities in the industry and continue to do the R&D and technological pipelines of 5G and mmWave related products, so as to launch featured mmWave products through continuous R&D. At the same time, we continue to develop more diversified products and strive to enhance our technological competitiveness to meet the changing needs of our customers.

CHAIRMAN'S STATEMENT

5G small cells can address the coverage blind spots of macro base stations. Data from the iiMedia Research shows that the global small cell market will reach a compound growth rate of 18% from 2020 to 2026, with a cumulative total of 49 million small cell RF points deployed globally in 2026, of which the cumulative number of small cells deployed in China and Southeast Asia will account for 36% of the global total. In recent years, the 5G small base station market size has maintained rapid growth and has a broad prospect. The Group has continued to deploy small base station transmission solutions, integrated internal resources and followed up on relevant tenders in a timely manner. In addition to maintaining close cooperation with the three major telecommunications operators, the Group will actively participate in the tenders of China Broadnet, China Tower and other industry leaders, and identify domestic and overseas cooperative customers, so as to take full advantage of the opportunities brought by 5G and expand the Group's business footprint. In addition, the Group will continue with its efforts to promote the development in overseas markets such as Singapore and Russia, pay return visits to overseas customers to follow up on business development, and maintain long-term and stable relationships with our customers to ensure that the Group maintains its leading position in the highly competitive market.

On behalf of the Board, I would like to express my sincere gratitude to our partners, customers and shareholders for their support, and in particular to the management team and all staff for their contribution. The Group will endeavour to reward shareholders and the society with even higher performance.

Qian Lirong

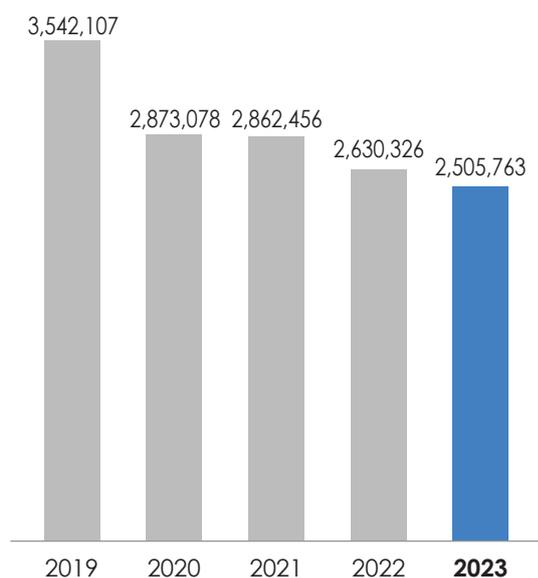
Chairman

Hong Kong, 26 March 2024

FINANCIAL HIGHLIGHTS

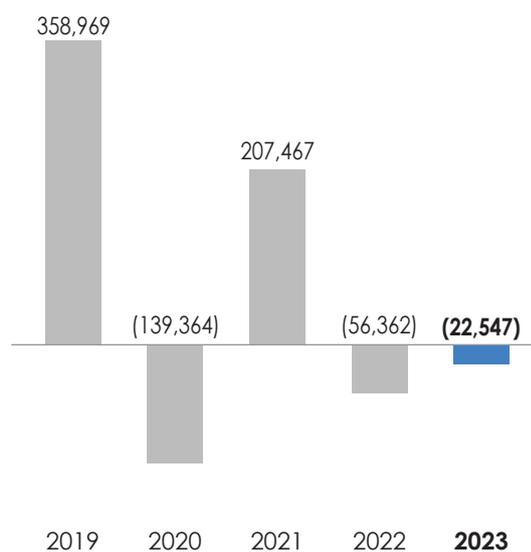
TURNOVER

(RMB'000)



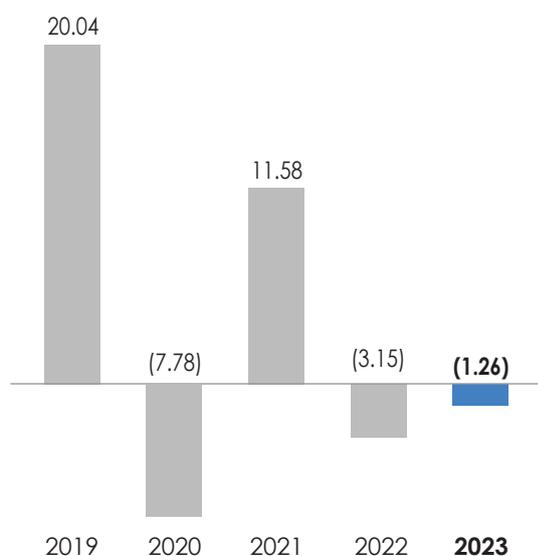
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RMB'000)



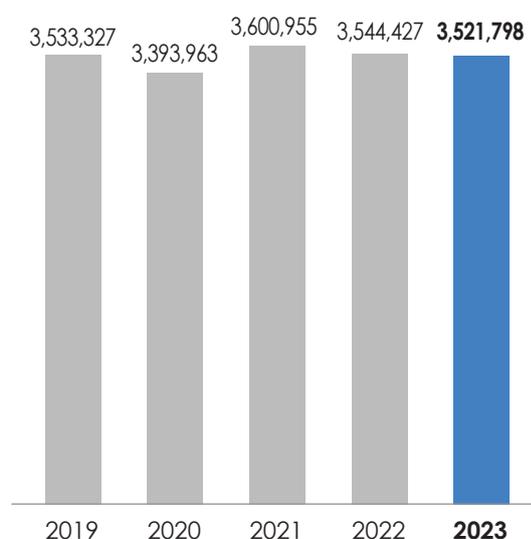
EARNINGS/(LOSS) PER SHARE

(RMB cents)



TOTAL EQUITY

(RMB'000)



FINANCIAL HIGHLIGHTS

Results performance for the year ended 31 December	2023	2022
Total revenue (RMB'000)	2,505,763	2,630,326
Revenue of feeder cable series (RMB'000)	1,200,305	1,242,813
Revenue of flame-retardant flexible cable series (RMB'000)	970,347	1,029,254
Revenue of optical fibre cable series and related products (RMB'000)	201,769	208,813
Gross profit (RMB'000)	316,521	352,290
Gross profit margin	12.6%	13.4%
Loss for the year (RMB'000)	(22,547)	(56,362)
Net loss margin	(0.9%)	(2.1%)
Basic loss per share	RMB(1.26) cents	RMB(3.15) cents
Diluted loss per share	N/A	N/A

Liquidity and gearing ratios	2023	2022
Inventories turnover day (Note 1)	29 days	33 days
Trade and bills receivables turnover day (Note 2)	640 days	599 days
Trade and bills payables turnover day (Note 3)	7 days	46 days
Current ratio	2.6	2.6
Gearing ratio (Note 4)	27.4%	27.0%

Operating cash flow and capital expenditure for the year ended 31 December	2023	2022
Net cash from operating activities (RMB'000)	668,322	190,677
Capital expenditure (RMB'000)	1,445	5,830

Notes:

1. Calculation was based on the average of the inventory balance at the beginning and the end of the relevant year divided by cost of goods sold for the year and then multiplied by 365 days.
2. Calculation was based on the average of the trade and bills receivables balance, excluding value-added tax, at the beginning and the end of the relevant year divided by turnover for the year and then multiplied by 365 days.
3. Calculation was based on the average of the trade and bills payables balance, excluding value-added tax, at the beginning and the end of the relevant year divided by costs of goods sold for the year and then multiplied by 365 days.
4. Calculation was based on total bank borrowings net of pledged bank deposits and bank balances and cash at the end of the relevant year over total equity at the end of the relevant year.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2023, the global economy was facing multiple challenges. The interest rate hike policies of major central banks in Europe and the United States have intensified global financial risks, while trade frictions and shrinking overseas market demand have also put pressure on the domestic economy. However, with the end of the strict anti-pandemic policies in the PRC in early 2023, the economy and society had fully resumed normal operations, marking an overall firm step towards recovery. In response to the current complex and changeable macroeconomic situation, the government also introduced a series of economic stimulus measures during the Year, aiming at expanding domestic demand and stimulating overall economic growth.

2023 marked the fourth year of the official issuance of 5G commercial licenses, and also had been a critical period for 5G scale development. Under the circumstances of greater downward pressure on the economy, digitalisation and informatisation have helped promote the high-quality growth of the national economy. China made continuous efforts to vigorously strengthen the construction of telecommunication infrastructure such as networks and accelerate the construction of new infrastructure, including 5G, gigabit optical network and the Internet of Things ("IoT"). As a result, the penetration rate of gigabit network and 5G network continued to improve. According to the Global System for Mobile Communications Association ("GSMA"), it is expected that China, the world's largest 5G market, will become the world's first market with 1 billion 5G connections by 2025 and 1.6 billion 5G connections by 2030. By the end of December 2023, China had built and opened 3.377 million 5G base stations, constantly enriching 5G network applications, and had 805 million 5G mobile phone users, with the share of 5G network access traffic reaching 47%. Domestic telecommunications operators expedited the construction of 5G base stations during the Year and unveiled multiple tenders in relation to 5G network infrastructure. These operators include the three major ones whose sales account for approximately 90% of the Group's sales, and China Tower Corporation Limited ("China Tower"). The Group, as one of the leading manufacturers of accessories for mobile communications and telecommunications transmission in China, is expected to benefit from the booming development of the industry.

It was showed in the Ericsson Mobility Report that the number of new 5G subscribers worldwide would reach 610 million in 2023, with global 5G subscription uptake topping 1.6 billion, and it was predicted that by the end of 2023, 5G subscriptions would account for nearly one-fifth of worldwide mobile subscriptions, with China being a market featuring the largest number of new 5G subscribers in the world. Data from the Ministry of Industry and Information Technology ("MIIT") showed that 5G applications have been integrated into 71 major categories of the national economy, and accelerated the expansion and deepening of key sectors such as industry, medical care, education and transportation, with a cumulative number of application cases exceeding 94,000. With the continuous development of AR/VR, cloud gaming, high-definition video and other businesses with extremely high requirements for transmission and latency, the deployment of 5G networks in China has entered a stage of refinement, and is gradually moving from outdoors to indoors. In terms of strengthening the 5G indoor coverage, 5G small cells featuring low cost, high performance and easy deployment will be one of the key focuses. The Forward Industry Research Institute predicted that the volume of 5G small cells to be built in China from 2022 to 2025 will be 0.6 million, 1.5 million, 2.0 million and 1.9 million, respectively, with a corresponding market scale of RMB39 billion, RMB97.5 billion, RMB130 billion and RMB123.5 billion, respectively. The future deployment of 5G base stations will gradually move to the optimisation and improvement stage, shifting from large-scale macro base stations to small cells, highlighting the rapid development trend of 5G and indicating its great potential in the future. The telecommunications operators' purchases of 5G small cells are expected to grow in scale, benefiting both upstream and downstream of the industry chain. Currently, the three major telecommunications operators are increasing their investment in the computing network, of which small cells will become an important part, playing a key role in the future strategies of the operators. The Group is actively deploying small cell transmission solutions and following up on the relevant tenders in time to keep up with the booming development of small cells.

MANAGEMENT DISCUSSION AND ANALYSIS

5G mmWave communication has significant advantages in terms of bandwidth, latency and high-rate transmission, enabling it to meet the demand of communication systems in the future for capacity, rate and differentiated applications. With rich spectrum resources, 5G mmWave is regarded as the future development direction of mobile communication technology, which will help promote the development of industrial IoT, remote medical care, smart industry and other industries. The current 5G network deployment uses sub-6GHz, i.e. electromagnetic waves with frequencies below 6GHz, and mmWave is the key technology for maximising 5G performance. In terms of policy, the 14th Five-Year Plan for Information Communication Development (《「十四五」資訊通信行業發展規劃》) issued by the MIIT pointed out that the scale deployment of 5G standalone network will be accelerated, a 5G network system for the coordinated development of multiple bands will be gradually constructed and the construction of 5G mmWave networks will be timely carried out. During the Year, the Group actively participated in mmWave industry exhibitions both at home and abroad and developed a series of mmWave products in response to customers' needs. The products developed include 92–96 GHz frequency mixer, 75–110 GHz sextupler, and 92–96 GHz transceiver module, which were recognised by customers in the industry. The Group will continue to expand its domestic and overseas markets and strengthen its mmWave product portfolio to further seize the huge development opportunities in the mmWave market.

Under the drive of new infrastructure construction, the digital economy and the communications market will have an even broader prospect of development. In June 2023, the MIIT released a new version of the PRC Radio Frequency Classification Regulations, which was the first time in the world that the 6GHz band was allocated for 5G/6G systems, further promoting the widespread application of 5G. The 6GHz band is the only high-quality resource with large bandwidth in the middle bands. With the advantages of both extensive coverage and large capacity, it is very suitable for the deployment of 5G systems or future 6G systems. At the same time, it can also make full use of the advantages of the existing mid-band 5G industries worldwide. The new regulations will help stabilise the development expectations of the 5G/6G industry, promote global and regional 5G/6G spectrum division in a consistent manner, and provide the necessary mid-band resources for the development of 5G/6G, so as to promote the innovative development of mobile communication technology and industry. China is comprehensively promoting the research and development (“R&D”) of 6G to establish a beachhead in the frontier fields such as next-generation Internet. The MIIT is strengthening the development of the 5G integrated application standard system and continuing to promote the evolution of technologies such as 5G-A and 5G lightweight and the R&D of products. Meanwhile, it is expediting the research of 6G technology by carrying out technical trials and strengthening technological pipelines. The Group has always paid close attention to the development progress of the industry, and has been actively conducting pre-studies on 6G products, so as to make a thorough preparation for the arrival of 6G.

During the Year, the Group actively participated and won the bids in multiple tenders. For instance, it won the bids for China Mobile's centralised procurement project of communications power cables from 2023 to 2025 (two-year period), China Mobile's centralised procurement project of feeder cables and feeder cable connectors from 2023 to 2024 (two-year period), China Telecom's centralised procurement project of feeder cables and accessories in 2023 and China Tower's centralised procurement project of power cables (copper cables) for the year of 2023, laying a solid foundation for its future business development.

MANAGEMENT DISCUSSION AND ANALYSIS

Results analysis

For the year 2023 the Group maintained a steady operation. In particular, the operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net^(Note) amounted to approximately RMB194,600,000 (2022: RMB241,300,000).

Note: Our operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net was calculated based on the profit for the year before (1) taxation, (2) finance cost and (3) impairment losses/reversal of impairment losses under expected credit loss model, net.

Operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net is not a standard measure under HKFRS. Operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net is one of financial indicators that measure a company's ability to repay and assume debts. The Board believes that such data is a useful supplement to cash flow data as a measure of our performance and our ability to cover finance cost and taxation. The figure may not be comparable to similarly titled measures presented by other companies.

Overall, the turnover decreased by approximately RMB124.5 million to RMB2,505.8 million. The turnover of flame-retardant flexible cable series, feeder cable series and new-type electronic components decreased by approximately RMB58.9 million, RMB42.5 million and RMB20.6 million respectively. The Group's overall gross profit decreased by approximately 10.2% from approximately RMB352.3 million in 2022 to RMB316.5 million in 2023. The overall gross profit margin was approximately 12.6% in 2023, representing a decrease of approximately 0.8 percentage points as compared with 2022, mainly as a result of a decrease in revenue but the Group had certain fixed costs in production.

During the Year, the average price of copper, being the main raw materials for the flame-retardant flexible cable series and feeder cable series, increased by approximately 1.1%. However, as the Group adopted the cost plus pricing model for the pricing of its main products, it can still operate steadily even under the fluctuation of commodity prices.

Impairment losses under expected credit loss model, net of reversal or provision, on trade receivables, decreased by approximately RMB38.4 million, or approximately 18.8% from a loss of approximately RMB203.9 million in 2022 to a loss of approximately RMB165.6 million in 2023. The Group's loss for the year decreased by approximately RMB33.8 million or approximately 60.0%, from approximately RMB56.4 million in 2022 to approximately RMB22.5 million mainly due to the decrease in impairment losses under expected credit loss model, net of reversal or provision, on trade receivables. Loss per share decreased to RMB1.26 cents (2022: RMB3.15 cents).

Breakdown of turnover by products

Year ended 31 December	2023 RMB'000	2022 RMB'000	Change RMB'000	Change Percentage
Feeder cable series	1,200,305	1,242,813	(42,508)	-3.4%
Flame-retardant flexible cable series	970,347	1,029,254	(58,907)	-5.7%
Optical fibre cable series and related products	201,769	208,813	(7,044)	-3.4%
New-type electronic components	126,882	147,513	(20,631)	-14.0%
Others	6,460	1,933	4,527	+234.2%
Total	2,505,763	2,630,326	(124,563)	-4.7%

MANAGEMENT DISCUSSION AND ANALYSIS

Feeder cable series — approximately 47.9% of the total turnover

The turnover of feeder cable series decreased by approximately 3.4% year on year to approximately RMB1,200.3 million for the Year. The sales volume of the Group's feeder cable series products decreased by approximately 3,800 kilometres to approximately 99,400 kilometres year on year. The gross profit margin decreased by approximately 1.4 percentage points to approximately 13.2% as compared to that of last year, as a result of a decrease in revenue but the Group had certain fixed costs in production.

Flame-retardant flexible cable series — approximately 38.7% of the total turnover

Flame-retardant flexible cable series, a major product of the Group, are mainly used as an internal connection cable for power systems or mobile cable transmission and distribution systems. The turnover of flame-retardant flexible cable series decreased by approximately 5.7% year on year to approximately RMB970.3 million for the Year. The gross profit margin decreased by approximately 0.7 percentage points to approximately 10.8% as compared to that of last year, as result of a decrease in revenue but the Group had certain fixed costs in production.

Optical fibre cable series and related products — approximately 8.1% of the total turnover

The turnover of optical fibre cable series products decreased by approximately 3.4% year on year to approximately RMB201.8 million. Sales volume of optical fibre cable increased by approximately 268,000 fibre kilometres year on year to approximately 2,943,000 fibre kilometres. The gross profit margin increased by approximately 1.3 percentage points to approximately 14.6% as a result of change in sales mix.

Major customers 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 variation order projects on top of its existing market share, fully proving the strength and market leadership of the Group.

As at 31 December 2023, 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 30 out of the 31 provincial subsidiaries of China Tower.

The turnover derived from China Mobile, China Unicom, and China Telecom accounted for approximately 43.3%, 33.2%, and 12.2% 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 customers. By closely following the latest movements of its business partners, the Group will timely adjust its business strategy.

MANAGEMENT DISCUSSION AND ANALYSIS

Marketing strategy

Leveraging on finance cost advantages to actively support the development of China's telecommunications industry; focusing on expansion of telecommunications business through scientific research capability and winning customer trust with quality

Since the inception of the Group, approximately 90% or more of its annual sales have been made to the three major telecommunications operators in the PRC and (the subsequently established) China Tower. From the 3G and 4G eras to the official kick-off of the era of 5G commercialisation in China, the Group, as a supplier of base station and communication network construction products including feeder cable, optical and electrical hybrid cables and flame-retardant flexible cables, has been benefiting from China's rapid development of the telecommunications industry and is one of the key beneficiary enterprises in the industry. In view of the Group's low financing costs with its years of credibility and its understanding that China's telecommunications operators require substantial capital for network construction in the course of their rapid network construction, to promote the efficiency and effectiveness of telecommunications infrastructure construction as well as to provide strong support to the high-quality development of China's telecommunications industry, as part of its marketing strategies, the Group has granted additional credit to the key customers of the Group, being China's three major telecommunications operators and China Tower, in line with the high growth of their network construction, so as to gain market share and maintain a long-term sound cooperative relationship with them. Since the establishment of the Company and up to date, as part of its marketing strategies, the Group generally grants its customers a credit period ranging from 180 days to 360 days, leading to the Group's relatively longer period of turnover days of accounts receivables. In recent years, the turnover days for trade and bills receivables is above one year. Meanwhile, the proportion of trade receivables in the total assets of the Group is relatively high as a result of the said marketing strategy for supporting the network investment of China's three major telecommunications operators and China Tower. With an emphasis on scientific research and development in the telecommunications industry, the Group makes significant annual investment in research and development, and focuses on the sales of telecommunications equipment to improve the competitiveness of the Group. In terms of overseas sales, the Group strives to win the trust of customers with quality, and is highly cautious in handling accounts receivable from overseas customers. It is expected that the Group will maintain the relevant policies in the 5G era, while expanding sales channels of the Group and seeking growth opportunities for business development.

Patents, awards and recognition

As at 31 December 2023, the Group had obtained 220 patents, comprising 77 invention patents and 143 utility model patents in the PRC.

- according to the statistics from the Optical Fiber and Electric Cable Sub-association of the China Electronic Components Association (中國電子元件行業協會光電線纜分會), Trigiant Technology ranked first in terms of sales volume of feeder cable among the feeder cable manufacturers in the PRC for several consecutive years since 2010;
- Trigiant Technology was awarded the National Enterprise Technology Center and the Jiangsu Outstanding Contribution Manufacturer Award;
- Trigiant Optic-Electric was awarded as Jiangsu Enterprise Technology Center; and
- Trigiant Technology and Trigiant Optic-Electric have been rated AAA (Integrated Credit) by China's Lianhe Credit Information Service Co., Ltd, Jiangsu Branch in September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects and Future Plans

In 2024, the risk of economic recession remains. According to the forecast of the World Bank, the global economic growth will fall from 2.6% in 2023 to 2.4% in 2024. The medium-term prospects of many developing economies have become bleak amid slowing growth in most major economies, sluggish global trade and the tightest financial conditions in decades. Although the internal and external environments challenging the industrial economy are still severe and complex, China possesses the advantages of a complete industrial system, a large market scale and perfect information infrastructure. Especially after the National Conference on the Promotion of New Industrialisation was held, a strong impetus from all parties in support of the industrial development has been gathered, and thus the trend of long-term economic upturn remains unchanged.

The value of 5G is increasing, and all industries are actively embracing 5G. The upgrade of personal digital applications and the digital transformation in various vertical industries have put forward higher requirements for the development of 5G. As 5G will continue to maintain rapid development, there is still a demand for large-scale deployment of 5G base stations. According to the GSMA's Mobile Economy China 2023, 5G is expected to overtake 4G to become the dominant mobile technology in China by 2024. Meanwhile, China will be the first market with 1 billion 5G connections by 2025. The Group, as a core product supplier for the construction of 5G base stations, will continue to benefit from the in-depth development of 5G. The Group has actively invested in the innovation and R&D of related products, including optical-electrical hybrid cable components for 5G base stations and NEX10 connectors with broad bandwidth and low insertion loss for 5G communications. Such innovation and R&D will help promote the further development of 5G technology and assist the Group's long term business deployment.

In 2021, the Third Generation Partnership Project (3GPP) officially confirmed 5G-Advanced (5G-A) as the official name for the next stage of 5G evolution. 5.5G is regarded as a bridge between 5G and 6G. In June 2023, Huawei announced that it would launch a complete set of commercial 5.5G network equipment in 2024, marking the beginning of the 5.5G era for the industry. In addition, China is working hard to explore potential key technologies for 6G and promote the R&D of 6G technology. The Group has always paid close attention to the development progress of the industry, and has been actively conducting pre-studies on 6G products, and is committed to realising full bandwidth coverage of its products, so as to make a good preparation for the arrival of 6G.

Accelerating the R&D of products to seize the opportunities from mmWave development

At present, the mmWave technology has been fully applied in military fields such as radar detection and satellite remote sensing, as well as in civilian fields such as vehicle and spaceborne telemetry and 5G. The explosive growth of the mmWave industry chain will continue. With the advent of the 5.5G era, it is predicted that the critical bottlenecks in mmWave technology will be broken through. In addition, baseband manufacturers have already released commercial 5G mmWave chips, making mmWave commercially available. In its report on Socioeconomic Benefits of 5G Service Provided in mmWave Bands, the GSMA predicted that the contribution of 5G mmWave spectrum to global GDP will grow between 2020 and 2034, and is expected to contribute US\$565 billion to global GDP. The Group has been actively promoting the R&D of products ranging from 75 to 110 GHz by combining its technological strengths with market demand. Currently, we have the R&D and testing capabilities for the full frequency band of 75–110 GHz, and we plan to increase our investment in the R&D and production of various products in the DC-50 GHz frequency range. At the same time, the Group has also strengthened its R&D of 5G mmWave Q-band point-to-point communication product technology to better serve its existing customers and attract new customer base. China's first E-band (mmWave band) microwave radio license was issued in March 2023, following the addition of mmWave bands by the MIIT. With the inclusion of mmWave bands in the use planning for the first time, it is expected that the mmWave technology will be rapidly applied and promoted. In terms of market

MANAGEMENT DISCUSSION AND ANALYSIS

development, the Group will actively participate in various exhibitions in the industry to enhance its visibility. At the same time, we will continue to expand our business territory and customise products for our customers. We expect that the mmWave business will make a more significant contribution to the Group's revenue in the next two years.

With diversified business presence, the IoT business is pushing forward steadily

The world is facing an urgent need for digital transformation, in which the IoT is regarded as one of the key technologies for the development of digital economy, and its industrial demand is showing a rapid growth trend. The Three-Year Action Plan for the Construction of New IoT Infrastructure (2021–2023) (《物聯網新型基礎設施建設三年行動計劃(2021–2023年)》) released by the government has brought strong support for the development of the IoT technology industry. The International Data Corporation (IDC) forecasts that China's spending on IoT will reach US\$300 billion by 2027, ranking first in the world and accounting for approximately a quarter of the world's total IoT investment. The national innovation alliance for IoT and AI applications in forestry and grassland that the Group has joined is working in an orderly manner, and we are continuing to identify suitable investment opportunities for the deployment of the IoT business. In addition, the three major telecommunications operators have already started to enter the metaverse, and the development of metaverse would drive the coordinated development of the upstream and downstream of the communications sector. The MIIT also indicated that it will accelerate the standard formulation of the metaverse field. The Group has been paying attention to the development of the related industries and is constantly exploring investment opportunities.

Identifying new sources of customers and establish presence in overseas markets

China has become one of the countries in the world actively promoting 5G development and is expected to become the world's largest 5G market by 2025. Since the official commercialisation of 5G by China Broadnet in September 2022, through the joint construction and sharing with China Mobile, more than 600,000 700MHz 5G base stations have been built, making it the world's largest full 700MHz 5G network, and the 5G subscriptions have exceeded 20 million, demonstrating its proactive deployment in the 5G market. The Group actively participated in China Broadnet's tenders in various provinces and steadily promoted the cooperation with China Broadnet. Meanwhile, the Group continued to maintain long-term partnerships with the three major telecommunications operators, China Tower, ZTE, Huawei and other partners, and closely follow up the relevant tender opportunities. In addition, the Group has deepened its cooperation with universities and colleges, to seek different cooperation opportunities from various angles. In terms of overseas market development, the Group plans to attend exhibitions and visit customers in various Asian countries to promote customised products with high profit margins and strong demand from customers and mmWave series products, so as to further consolidate the Group's market share and cultivate a wider and more diversified customer base, thereby realising the long-term and stable development goals.

Financial performance review

Turnover

Total turnover of the Group decreased by approximately RMB124.5 million, or approximately 4.7%, from approximately RMB2,630.3 million in 2022 to approximately RMB2,505.8 million in 2023. The decrease in turnover was contributed by the decrease in the turnover of flame-retardant flexible cable series, feeder cable series and new-type electronic components of approximately RMB58.9 million, RMB42.5 million and RMB20.6 million respectively, further particulars of which are set out in the section headed "Management discussion and analysis — Breakdown of turnover by products" above.

Overall sales to the three major telecommunications operators in the PRC decreased by approximately RMB66.4 million from approximately RMB2,288.1 million in 2022 to approximately RMB2,221.7 million in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of goods sold

Cost of goods sold decreased by approximately RMB88.8 million, or approximately 3.9%, from approximately RMB2,278.0 million in 2022 to approximately RMB2,189.2 million in 2023. The cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 93.1% and 94.8% of the total cost of goods sold in 2022 and 2023 respectively.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB35.8 million, or approximately 10.2%, from approximately RMB352.3 million in 2022 to approximately RMB316.5 million in 2023. The overall gross profit margin was approximately 12.6% in 2023, representing a decrease of approximately 0.8 percentage points as compared with 2022. The decrease in overall gross profit margin is mainly a result of a decrease in revenue but the Group had certain fixed cost in production.

Other income

Other income increased by approximately RMB9.5 million, or approximately 49.8%, from approximately RMB19.1 million in 2022 to approximately RMB28.6 million in 2023. Such increase was primarily due to VAT credits concessions recorded in 2023.

Impairment losses

The aging of trade receivable increased but with a decreasing rate, therefore, impairment losses under expected credit loss model, net of reversal or provision, on trade receivables, decreased by approximately RMB38.3 million, or approximately 18.8% from a loss of approximately RMB203.9 million in 2022 to a loss of approximately RMB165.6 million in 2023.

Other gain and loss

The Group recorded other gain of approximately RMB0.5 million in 2023 as compared to other gain of approximately RMB2.9 million in 2022, mainly attributable to an exchange gain of approximately RMB0.5 million recorded in 2023 as compared to an exchange gain of approximately RMB2.9 million recorded in 2022.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB5.9 million, or approximately 11.7%, from approximately RMB50.1 million in 2022 to approximately RMB56.0 million in 2023, mainly due to the increase in promotion expenses.

Administrative expenses

Administrative expenses increased by approximately RMB6.2 million, or approximately 16.2%, from approximately RMB38.7 million in 2022 to approximately RMB44.9 million in 2023. Such increase was primarily due to the increase in various expenses including legal and professional fee, office expenses, repair and maintenance and entertainment expenses.

Research and development costs

Research and development costs increased by approximately RMB5.8 million, or approximately 13.2%, from approximately RMB44.2 million in 2022 to approximately RMB50.0 million in 2023, primarily due to the increase in research expenses in communication-related technologies.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs decreased by approximately RMB7.2 million, or approximately 11.6%, from approximately RMB61.7 million in 2022 to approximately RMB54.5 million in 2023. Such decrease was primarily due to decrease in bank borrowings rate in 2023.

Taxation

The Group recorded a taxation credit of approximately RMB2.9 million for the Year, as compared to taxation charge of RMB32.0 million for 2022. The decrease in taxation charge in 2023 was also contributed by the absence of the one-off withholding tax charged for the reorganisation incurred in 2022.

Loss for the year

As a combined result of the foregoing, the Group's loss for the year decreased by approximately RMB33.8 million or approximately 60.0%, from approximately RMB56.4 million in 2022 to approximately RMB22.5 million in 2023. The net loss margin decreased by 1.2 percentage points from approximately 2.1% in 2022 to approximately 0.9% in 2023.

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 2023:

	2023 RMB'000	2022 RMB'000
Net cash from operating activities	668,322	190,677
Net cash from investing activities	16,726	3,802
Net cash used in financing activities	(672,414)	(117,027)

As at 31 December 2023, the Group had bank balances and cash and pledged bank deposits of approximately RMB730.1 million and the majority of which were denominated in RMB. As at 31 December 2023, the Group had total borrowings of approximately RMB1,694.4 million which included bank borrowings of RMB1,203.0 million and borrowings under bills payables financing arrangements of RMB496.1 million, which are repayable within one year. As at 31 December 2023, RMB673.0 million of the total bank borrowings were fixed rate borrowings, approximately RMB530.0 million were variable rate borrowings and approximately RMB496.1 million were variable rate discounted bills payables classified as borrowings. As at 31 December 2023, bank borrowings of approximately RMB1,203.0 million were denominated in RMB.

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During the Year, the majority of the Group's transactions were denominated in RMB 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, increased from approximately 27.0% as at 31 December 2022 to approximately 27.4% as at 31 December 2023. Such increase was primarily resulted from the impact of decrease in pledged bank deposits.

Pledge of assets

As at 31 December 2023, the Group pledged bank deposits of approximately RMB180.7 million (2022: RMB191.6 million) to secure certain credit facilities granted to the Group, those credit facilities include letter of credit and bills factoring.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2023.

Employee information

As at 31 December 2023, the Group had a total of 721 full time employees (2022: 748). 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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year ended 31 December 2023, the Group had no material acquisition or disposal of subsidiaries or associated companies. The Group had no significant investments held during the year ended 31 December 2023.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

MR. QIAN LIRONG

Executive Director, Chairman and Group Chief Executive Officer

Mr. Qian Lirong, aged 59, is an executive Director, the chairman of the Board and Group Chief Executive Officer and a substantial shareholder of the Company. Mr. Qian is principally responsible for the overall strategic development of the Group's operation as well as overall management of the Group. Mr. Qian joined Trigiante Technology in November 2007. Mr. Qian is also the chairman and general manager of Trigiante Technology and a director of certain subsidiaries of the Company. Mr. Qian is an uncle of Mr. Qian Chenhui, an executive Director.

Mr. Qian has over 30 years of experience in the information and telecommunications industry, and has been involved in various divisions in the manufacturing of information and telecommunications products and components including technology development and management. Between November 2004 and January 2007, Mr. Qian was a director and an executive chairman of Hengxin Technology Ltd. (stock code: 1085), a company incorporated in Singapore whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Between November 2004 and February 2007, he acted as the chief executive officer of Hengxin Technology Ltd. Between June 2003 and January 2007, Mr. Qian held various positions (including chairman and general manager) in Jiangsu Hengxin Technology Co., Ltd. (江蘇亨鑫科技有限公司), a wholly-owned subsidiary of Hengxin Technology Ltd. Between December 1996 and June 2003, Mr. Qian was general manager of Jiangsu Hengtong Cable Co., Ltd. (江蘇亨通線纜有限公司). Prior to that, Mr. Qian was an assistant to the manager in Wujiang Qidu Town Industrial Co., Ltd. (吳江市七都鎮工業公司) from September to November 1996. Between December 1988 and September 1996, Mr. Qian worked in Suzhou Wujiang Special Cable Factory (蘇州市吳江特種電纜廠), which was mainly engaged in the manufacture and sale of indoor communications and data cables. During that period, he held various positions including deputy director of the factory.

Mr. Qian has been awarded numerous awards in the past, including but not limited to, Jiangsu Science and Technology Entrepreneur (江蘇省科技企業家) in 2018, Outstanding Entrepreneur Leadership Award (傑出企業家領馭獎) and Wuxi Top 100 Entrepreneurs (無錫市百名錫商人物) in 2017, Outstanding People in the Fibre Optic Communication Industry in China (中國光纖通信業界優秀人物) and The Third Jiangsu "Top 100 Stars of Honesty" (第三屆江蘇省「百名誠信之星」) in 2016, Most Influential Entrepreneurs in Chinese Telecommunication Optical Industry (中國通信光電纜最具影響力企業家) in 2015, Outstanding Leader of PRC Information Industry of the Year (中國信息產業年度領袖人物) in 2012, Chinese Outstanding Entrepreneur (Private Enterprises) (中國優秀民營企業家) in 2010, Economic People of PRC Information Industry of the Year (中國信息產業年度經濟人物) in 2008, Outstanding People of PRC Information Industry of the Year (中國信息產業年度新銳人物) in 2007, Outstanding Technological Entrepreneur (Private Enterprise) (中國優秀民營科技企業家) by the China Private Enterprise Technology Association (中國民營科技實業家協會) in 2004, Outstanding Worker in High and New Technology Industrialisation (高新技術產業化「先進工作者」) by the Ministry of Science and Technology of Jiangsu Province (江蘇省科學技術廳) in 2003 and an exemplary worker of Jiangsu Province. Mr. Qian is a senior member of China Institute of Communications, Vice President of the Jiangsu Foreign Investment Enterprise Association (江蘇省外商投資企業協會), a member of the fifth, seventh and eighth Communications Cable Committee (通信線路委員會) of China Institute of Communications, Vice President of Jiangsu Provincial Information Association (江蘇省信息化協會), Vice President of Jiangsu Association of Industrial Economic (江蘇省工業經濟聯合會), Vice President of Jiangsu Enterprises Confederation (江蘇省企業聯合會), Vice President of Jiangsu Province Enterprises Directors Association (江蘇省企業家協會), Vice President of Jiangsu Enterprise Information Association (江蘇省企業信息化協會), Vice President of Yixing Federation of Industry and Commerce (宜興市工商聯), Vice President of Yixing General Chamber of Commerce (宜興市總商會),

DIRECTORS AND SENIOR MANAGEMENT PROFILE

the representative of the Wuxi Municipal People's Congress of the Communist Party of China for several terms, as well as the member of The Chinese People's Political Consultative Conference of Yixing City Committee and the representative of the Yixing Municipal People's Congress for several terms. Mr. Qian is a director of many education institutions, including Changshu Institute of Technology (formerly known as Changshu Machinery and Industrial Employees' University (常熟市機械工業職工大學)) and Yixing Middle School Jiangsu Province, as well as the chairman of the editorial board of Year Book of China Fibre Optic Communication.

Mr. Qian graduated from Changshu Institute of Technology in 1987 and completed the No. 3 Industrial and Regional Culture and Economic Management Postgraduate Course offered by Shanghai Social Science Institute (Arts Research Centre) (上海社會科學院文學研究所的第三產業暨區域文化經濟管理碩士研究生班) in 2004. In 2012, he also obtained a bachelor degree from China University of Petroleum, Beijing. Mr. Qian is a senior engineer, senior economist, and a visiting professor of Changshu Institute of Technology.

MR. QIAN CHENHUI

Executive Director

Mr. Qian Chenhui, aged 38, is an executive Director. Mr. Qian Chenhui joined the Group in March 2011 and has been serving as the general manager of the Investment Securities Department of Trigiant Technology since January 2017 and has been promoted as the group vice general manager of the Company since March 2019. Mr. Qian Chenhui has served as the chairman and general manager of Jiangsu Trigiant Sensing Technology Co., Ltd. (江蘇俊知傳感技術有限公司), a subsidiary of the Company, since June 2019. Mr. Qian Chenhui read Engineering Science at Brasenose College, University of Oxford from October 2006 and obtained a Master degree with Honour in Engineering Science from University of Oxford in June 2011. Mr. Qian Chenhui was an alternate director to Mr. Qian Lirong, an executive Director, from 13 September 2016 to 31 December 2019. Mr. Qi Lirong is an uncle of Mr. Qian Chenhui.

MR. ZHANG DONGJIE

Non-Executive Director

Mr. Zhang Dongjie (former name: Zhang Donghui), aged 50, is currently a deputy general manager of Shenzhen Eternal Asia Supply Chain Management Ltd.* (深圳市怡亞通供應鏈股份有限公司) ("Eternal Asia"), a joint stock company established in the People's Republic of China with limited liability whose shares are listed on the Shenzhen Stock Exchange (stock code: 002183) and the holding company of Eternal Asia (HK) Limited, which owns approximately 16.35% of the issued share capital of the Company as at the date of this report. Mr. Zhang has extensive financial and management experience in corporations and enterprises and previously worked in various PRC companies and Hong Kong listed company. Prior to joining Eternal Asia in January 2020, from September 2013 to February 2020, Mr. Zhang was a director of Shenzhen Leaguer Co., Ltd.* (深圳市力合科創股份有限公司) (formerly known as Shenzhen Beauty Star Co., Ltd.* (深圳市通產麗星股份有限公司)), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002243). Mr. Zhang is a non-executive director of VSTEC Holdings Limited (stock code: 856) since January 2023, a company whose shares are listed on the Main Board of the Stock Exchange. Mr. Zhang obtained a professional qualification as senior accountant in the People's Republic of China in January 2005 and obtained a degree of master of economics from Xiamen University in June 2005.

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PROFESSOR JIN XIAOFENG

Independent Non-Executive Director

Professor Jin Xiaofeng, aged 55, is an independent non-executive Director. Professor Jin is currently the professor of the Faculty of Information Science and Electrical Engineering, Zhejiang University (浙江大學). From September 2013 to August 2019, Professor Jin was an independent director of Zhongli Sci-Tech Group Co., Ltd (中利科技集團股份有限公司), a company with shares listed on the Shenzhen Stock Exchange. In February 2007, he was appointed as a doctoral supervisor in the Zhejiang University. Between January 2004 and February 2006, Professor Jin worked in Hengtong Group Technology Center (亨通集團技術中心). In July 2005, Professor Jin was appointed as a member of the first Technical Committee of the Optical Transmission Engineering and Technology Center of Jiangsu Province (江蘇省光電傳輸工程技術研究中心第一屆技術委員會). During the period from October 2000 to 2003, Professor Jin worked in Oplink Communications Inc., LightMatix Inc. and Agiltron Inc in the U.S.

Professor Jin obtained a bachelor's degree from the Department of Photoelectronics of Huazhong University of Science and Technology (華中科技大學) in July 1990. Professor Jin obtained a master's degree from China Ship Research & Development Academy (中國艦船研究院) in May 1993 and his Doctor degree in engineering from Zhejiang University in September 1996. From December 1996 to April 2000, Professor Jin was engaged in teaching and research work in the Faculty of Information Science and Electrical Engineering at Zhejiang University. He was appointed as an Associate Professor of Zhejiang University in December 1999 and was appointed as a professor in December 2006.

MR. ZHAO HUANQI

Independent Non-executive Director

Mr. Zhao Huanqi, aged 52, was appointed as an independent non-executive Director on 28 March 2023. Mr. Zhao has extensive experience in the auditing, accounting and financial industry. Mr. Zhao is currently a managing partner of Beijing Da Hua International Certified Public Accountants* (北京大華國際會計師事務所) since December 2023 and prior to that, since April 2020, Mr. Zhao was a partner of Da Hua Certified Public Accountants LLP* (大華會計師事務所(特殊普通合夥)). Mr. Zhao has been a partner in an international accounting firm and has worked in company and accounting firm. From October 2014 to January 2021, Mr. Zhao served as an independent director at Suzhou Yangtze New Materials Co., Ltd.* (蘇州揚子江新型材料股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002652). From March 2017 to February 2021, he served as an independent director at Boya Bio-pharmaceutical Group Co., Ltd* (博雅生物製藥集團股份有限公司) (now known as China Resources Boya Biopharmaceutical Group Co., Ltd* (華潤博雅生物製藥集團股份有限公司)), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 300294). From December 2018 to December 2021, he served as an independent director at Jiangsu Baichuan High-Tech New Materials Co., Ltd* (江蘇百川高科新材料股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002455).

Mr. Zhao graduated from the faculty of auditing majoring in auditing at Nanjing Audit Institute* (南京審計學院) (now known as Nanjing Audit University (南京審計大學)) in July 1993, and obtained a degree of master of professional accountancy from The Chinese University of Hong Kong in December 2008. Mr. Zhao obtained the professional qualifications in the People's Republic of China as a certified public accountant in October 1998, an intermediate accountant in May 1999, a certified tax agent in September 2000, and a certified public valuer in May 2002.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

MS. HOI SAO LENG

Independent Non-executive Director

Ms. Hoi Sao Leng, aged 39, was appointed as an independent non-executive Director on 1 March 2024. She has extensive experience in accounting and corporate finance and has served in finance management positions in companies listed in Hong Kong for more than 13 years. She is currently a senior manager of Finance Department of Urban Renewal Authority since October 2023. From September 2006 to January 2010, Ms. Hoi worked in PricewaterhouseCoopers Ltd., where her last position was senior associate. From March 2010 to August 2015, Ms. Hoi was employed by Sino-Ocean Land (Hong Kong) Limited (stock code: 3377), a company whose shares are listed on the Main Board of the Stock Exchange, where her last position was senior finance manager. From August 2015 to April 2019, Ms. Hoi was employed by Country Garden Holdings Company Limited (stock code: 2007), a company whose shares are listed on the Main Board of the Stock Exchange, where her last position was director of the Corporate Finance Department. From April 2019 to March 2023, Ms. Hoi was employed by Midea Real Estate Holding Limited (stock code: 3990), a company whose shares are listed on the Main Board of the Stock Exchange, where her last position was deputy general manager of the Finance and Treasury Centre.

Ms. Hoi obtained a degree of Bachelor of Business Administration in Accounting and Finance from The University of Hong Kong in December 2006. She obtained the professional qualification of certified public accountant of the Hong Kong Institute of Certified Public Accountants in January 2010.

MR. LEE YIU WAI WILLIAM

Chief Financial Officer and Company Secretary

Mr. Lee Yiu Wai William, is the Chief Financial Officer and Company Secretary of the Company. Mr. Lee is primarily responsible for company secretarial, corporate finance, finance reporting and investor relations management affairs of the Group. Mr. Lee has over 16 years of experience in corporate finance, accounting and auditing. He was a senior manager of PricewaterhouseCoopers before joining the Group in 2017.

Mr. Lee obtained a degree of Bachelor of Business Administration in Accounting and Finance from The University of Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and a chartered professional accountant member of the Chartered Professional Accountants of British Columbia, Canada. Mr. Lee is an associate of The Chartered Governance Institute and an associate of The Hong Kong Chartered Governance Institute.

CORPORATE GOVERNANCE REPORT

The board ("Board") of directors ("Directors") of the Company is pleased to present this Corporate Governance Report for the year ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders of the Company ("Shareholders"). In this regard, a corporate governance committee of the Board has been established with primary responsibility for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

The Company has adopted the code provisions set out in the Corporate Governance Code ("CG Code") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of the Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") as its code of corporate governance.

The Board considers that save for the deviation from code provision C.2.1 of the CG Code as described in the section headed "Chairman and chief executive officer" of this report, 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 2023 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct for Directors in their dealings in Company's securities. Having made specific enquiry with all Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2023.

BOARD OF DIRECTORS

(I) Board composition

The Board currently comprises a combination of two executive Directors, one non-executive Director and three independent non-executive Directors. Save that Mr. Qian Lirong is an uncle of each of Mr. Qian Chenhui, there is no relationship (including financial, business, family or other material relevant relationships) among other members of the Board.

During the year ended 31 December 2023 and up to the date of this report, the Board consisted of the following members:

Executive Directors

Mr. Qian Lirong (*Chairman and Group chief executive officer*)
Mr. Qian Chenhui

Non-executive Director

Mr. Zhang Dongjie (appointed on 9 January 2023)
Mr. Xia Bin (resigned on 9 January 2023)

Independent Non-executive Directors

Professor Jin Xiaofeng
Mr. Chan Fan Shing (resigned on 1 January 2024)
Mr. Chen Gang (resigned on 7 February 2023)
Mr. Zhao Huanqi (appointed on 28 March 2023)
Ms. Hoi Sao Leng (appointed on 1 March 2024)

CORPORATE GOVERNANCE REPORT

(II) Board meetings

During the year ended 31 December 2023, six board meetings were held. Prior notices convening the board meetings were despatched to the Directors setting out the matters to be discussed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved. The company secretary is responsible for keeping minutes for the board meetings.

(III) Responsibilities of the Board and management

The executive Directors, with the assistance from the senior management, form the core management team of the Company. The executive Directors have the overall responsibility for formulating the business strategies and development plan of the Company and its subsidiaries (collectively the "Group") and the senior management personnel are responsible for supervising and executing the plans of the Group.

The Board is also responsible for evaluating and determining the nature and significance of identified risks and determines how these risks can be properly alleviated so as to achieve the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. In addition, the Board, with the assistance from audit committee, oversees management in the design, implementation and monitoring of the risk management and internal control systems.

(IV) Independence of independent non-executive Directors

In compliance with Rule 3.10 (1), 3.10 (2) and 3.10A of the Listing Rules, the Company has appointed at least three independent non-executive Directors during the year ended 31 December 2023. The Board considers that all independent non-executive Directors have appropriate and sufficient diversity, industry or finance experience and qualifications to carry out their duties so as to protect the interests of the Shareholders. One of the independent non-executive Directors, Mr. Chan Fan Shing, has extensive experience in auditing, accounting and financial management. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the CPA Australia.

Following the resignation of Mr. Chan Fan Shing as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee with effect from 1 January 2024, the Company had failed to comply with the relevant requirements under the abovementioned Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules until the appointment of Ms. Hoi Sao Leng as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee on 1 March 2024 within the prescribed time period in Rules 3.11, 3.23 and 3.27 of the Listing Rules. Ms. Hoi Sao Leng has extensive experience in accounting and corporate finance. She obtained the professional qualification of certified public accountant of the Hong Kong Institute of Certified Public Accountants.

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Board as well as the nomination committee of the Board are committed to assessing the independence of the Directors annually with regards to all relevant factors relating to independent non-executive Directors including: (i) the diversity, industry or finance experience, qualifications, character and integrity to carry out their roles; (ii) the contribution to the Company's strategy and policies through independent, constructive and informed comments; (iii) the commitment to devote sufficient time and attention to the Company's affairs; (iv) the chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors; and (v) no financial, business or family or other material relationships with other members of the Board or substantial Shareholders or circumstances which would interfere with the exercise of their independent judgment.

CORPORATE GOVERNANCE REPORT

The Company has also received an annual written confirmation from each of the independent non-executive Directors in respect of their independence. The Board and the nomination committee have assessed their independence and consider that all independent non-executive Directors are independent.

(V) Continuous professional development

During the year ended 31 December 2023, all Directors, namely, Mr. Qian Lirong, Mr. Qian Chenhui, Mr. Zhang Dongjie (appointed on 9 January 2023) Mr. Xia Bin (resigned on 9 January 2023), Professor Jin Xiaofeng, Mr. Chan Fan Shing (resigned on 1 January 2024), Mr. Chen Gang (resigned on 7 February 2023) and Mr. Zhao Huanqi (appointed on 28 March 2023), had participated in continuous professional development and updated and refreshed their knowledge and skills through various means including but not limited to attending management briefings, trainings, seminars, giving speech or attending other professional development like reading articles, researches, journals and legal and regulatory updates provided by the Company. In addition, all Directors have been given guideline materials regarding duties and responsibility of being a director, relevant laws, regulations and rules applicable to directors of listed companies. The Company has received confirmation from all Directors in respect of their training records for the year ended 31 December 2023.

(VI) Insurance on Director's and officers' liabilities

The Company has arranged for liability insurance cover to indemnify the Directors and the senior management of the Company during the year ended 31 December 2023.

(VII) Subsequent appointment

Ms. Hoi Sao Leng was appointed on 1 March 2024 as an independent non-executive Director and in relation to her appointment she had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 26 February 2024, and she has confirmed she understood her obligations as a director of a listed issuer.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision C.2.1 of the CG 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.

CORPORATE GOVERNANCE REPORT

TERMS OF NON-EXECUTIVE DIRECTORS

Mr. Zhang Dongjie, non-executive Director, was appointed for a term of three years commencing from 9 January 2023.

Professor Jin Xiaofeng, independent non-executive Director, was appointed for a term of three years commencing from 23 August 2023. Ms. Hoi Sao Leng, independent non-executive Director, was appointed for a term of three years commencing from 1 March 2024. Mr. Zhao Huanqi, independent non-executive Director, was appointed for a term of three years commencing from 28 March 2023.

Each of the above appointments is subject to the rotation and retirement provisions in the articles of association of the Company.

BOARD COMMITTEES

Audit committee

The audit committee has adopted written terms of reference in compliance with the code provisions set out in the CG Code. The primary duties of the audit committee are to review and approve the Group's risk management, financial reporting process and internal control system. Members of the audit committee are Ms. Hoi Sao Leng, Professor Jin Xiaofeng and Mr. Zhao Huanqi, all being independent non-executive Directors. Ms. Hoi Sao Leng is the chairman of the audit committee.

During the year ended 31 December 2023, the audit committee has held five meetings, at which the members of audit committee principally reviewed and discussed with the external auditor of the Company about the Group's annual results and audited consolidated financial statements for the year ended 31 December 2022, the interim review scope and process for the Group's results for the six months ended 30 June 2023, the interim results for the six months ended 30 June 2023 and audit scope and process for the Group's annual results for the year ended 31 December 2023 and discussed with the management about the effectiveness of the risk management and assessment, financial reporting process and internal control system, respectively.

Following the resignation of Mr. Chan Fan Shing as an independent non-executive Director and the chairman of the Audit Committee, the Audit Committee consisted of only two members, until the appointment of Ms. Hoi Sao Leng as an independent non-executive Director and the chairman of the Audit Committee on 1 March 2024 in compliance with the relevant requirements under Rule 3.21 of the Listing Rules and within the prescribed time period in Rule 3.23 of the Listing Rules.

Remuneration committee

The remuneration committee has adopted written terms of reference in compliance with the code provisions set out in the CG Code. The primary duties of the remuneration committee are to review and make recommendations to the Board on terms of remuneration packages, bonuses and other compensation payable to Directors and senior management of the Group with reference to the market data. The remuneration committee shall also ensure that no Director or any of his/her associate is involved in deciding his/her own remuneration. Members of the remuneration committee comprise two independent non-executive Directors, namely Ms. Hoi Sao Leng and Professor Jin Xiaofeng, and one executive Director, namely Mr. Qian Chenhui. Professor Jin Xiaofeng is the chairman of the remuneration committee.

During the year ended 31 December 2023, the remuneration committee has held four meetings, at which the members of remuneration committee principally reviewed and made recommendations on the remuneration agreement, structure and policy for the Directors and senior management. The remuneration committee made recommendation based on performance of the Directors and senior management.

CORPORATE GOVERNANCE REPORT

Nomination committee

The nomination committee has adopted written terms of reference in compliance with the code provisions set out in the CG Code. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of Directors and the succession of the management of the Board. The members of the nomination committee are Professor Jin Xiaofeng, Mr. Zhao Huanqi and Ms. Hoi Sao Leng, all being independent non-executive Directors. Professor Jin Xiaofeng is the chairman of the nomination committee.

The Board has adopted a board diversity policy to set out the approach to achieve diversity on the Board. According to the Board diversity policy, the Board takes into account various elements of diversity including but not limited to age, gender, cultural and educational background, skills, professional knowledge and industry experience in determining the appointment and reappointment of the Directors and proposed candidates. All Directors appointments are based on meritocracy and due regard is given to the Board's diversity to ensure the Company can obtain the benefits of such diversity. The nomination committee is responsible for the monitoring and review of the policy. During the year ended 31 December 2023, the nomination committee was satisfied with the diversity of the existing Board composition and did not, for the time being, set up any measurable objective regarding board diversity.

During the year ended 31 December 2023, the nomination committee has held three meetings, at which the members of nomination committee principally reviewed and recommended the diversity, structure, size and composition of the Board, the effectiveness of the diversity practices under the board diversity policy of the Company, reviewed the nomination of directors policy and assessed the independence of the independent non-executive Directors.

Corporate governance committee

The corporate governance committee has adopted written terms of reference in compliance with the code provisions set out in the CG Code. The primary duties of the corporate governance committee are to make recommendations to the Board on the development and to review of the policies and practices on corporate governance, compliance with legal and regulatory requirements and corporate governance disclosure. Members of the corporate governance committee comprise one executive Director, namely Mr. Qian Chenhui, and two independent non-executive Directors, namely Mr. Zhao Huanqi and Ms. Hoi Sao Leng. Mr. Qian Chenhui is the chairman of the corporate governance committee.

During the year ended 31 December 2023, the corporate governance committee has held one meeting, at which the members of the corporate governance committee principally reviewed the policies and practices on the corporate governance adopted by the Company and made recommendation on the necessary revision in response to the changes in the relevant rules and regulations.

NOMINATION POLICY

A director nomination policy ("Nomination Policy") has been adopted by the Board with effect from 1 January 2020 for the purpose of enhancing transparency and accountability of the nomination process of Directors and enabling the Company to ensure the Board has a balance of skills and experience and diversity of perspectives appropriate to the requirements of the Company's business.

CORPORATE GOVERNANCE REPORT

Under the Nomination Policy, the nomination committee of the Board is responsible for selecting suitable candidates and giving recommendations to the Board on appointment of Directors. The selection criteria for assessing the suitability of a proposed candidate which shall be taken as reference by the nomination committee includes: (i) integrity and reputation; (ii) accomplishment and experience; (iii) commitment in respect of available time and relevant interest; (iv) diversity of the Board, including but not limited to gender, age, professional experience, cultural and educational background, skills and knowledge; (v) not being prohibited by law from being a Director; and (vi) any other factors as the nomination committee may deem fit to consider in the best interests of the Company and its Shareholders. These above selection criteria are not exhaustive and conclusive and the nomination committee has the discretion to nominate any person as it considers appropriate.

Under the Nomination Policy, upon obtaining the required information from the candidate, the nomination committee shall convene a meeting to discuss and consider the recommendation of the candidate to the Board for appointment as a Director. The nomination committee shall review whether the candidate is qualified to be appointed, elected or re-elected into the Board under the relevant Listing Rules and the policies of the Company. In particular, the nomination committee shall consider the potential contribution a Candidate can bring to the Board in terms of qualification, skills, experience, independence and gender diversity.

For procedures for Shareholders' nomination of any proposed candidate for election as a Director, please refer to the section headed "Shareholder rights and investor relations" of this report.

GENDER DIVERSITY

Board level

During the year ended 31 December 2023, the Board consists of six Directors, who are all male members. The Board has been taking initiatives to identify suitable candidates with a view to appointing at least one female Director by 31 December 2024.

To achieving gender diversity on the Board, the Board has (i) set a target to have at least one female Director by 31 December 2024, and (ii) placed emphasis on hiring practices to ensure that qualified female candidates are given equal consideration alongside male counterparts. With the appointment of Ms. Hoi Sao Leng as an independent non-executive Director on 1 March 2024 and as at the date of this report, female Director(s) comprise approximately 16.67% of the members of the Board and the Board is satisfied that the right direction to achieve an adequate level of gender diversity has been recognised in respect of the Board. It is worth noting that achieving gender diversity is an ongoing process, and the Company will ensure, by placing emphasis on gender diversity in the succession planning process, to have a diverse pipeline of candidates ready to step into leadership positions when vacancies arise.

Workforce level

The details of the workforce composition are disclosed in the section headed "Environmental, Social and Governance Report" of this annual report.

The Group is committed to employing the appropriate staff for a suitable position regardless of the gender as its recruitment strategy. The Group has various departments which are led by different male and female staff, and in order to enhance efficiency, the Company has not set a measurable objective for achieving gender diversity at workforce level. The Company is committed to providing equal opportunities to its staff in respect of recruitment, salary, training and promotion. The Group will continue to recruit its employees based on a meritocratic approach and ensure that by adopting a fair, just and open recruitment process, and developing relevant policies to eliminate discrimination in the recruitment process to ensure there is no discrimination regardless of race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and nationality.

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE RECORDS AT MEETINGS

The attendance records of each Director at various meetings held during the year ended 31 December 2023 are set out below:

	Board Meeting	Audit committee meeting	Remuneration committee meeting	Nomination committee meeting	Corporate governance committee meeting	General Annual meeting	Extra-ordinary General Meeting & Court Meeting
Executive Directors							
Mr. Qian Lirong (<i>Chairman and Group chief executive officer</i>)	6/6	N/A	N/A	N/A	N/A	1/1	0/1
Mr. Qian Chenhui	6/6	N/A	4/4	N/A	1/1	1/1	1/1
Non-executive Directors							
Mr. Zhang Dongjie (appointed on 9 January 2023)	6/6	N/A	N/A	N/A	N/A	1/1	1/1
Mr. Xia Bin (resigned on 9 January 2023)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors							
Professor Jin Xiaofeng	6/6	5/5	4/4	3/3	N/A	1/1	1/1
Mr. Chan Fan Shing (resigned on 1 January 2024)	5/6	4/5	4/4	3/3	1/1	1/1	1/1
Mr. Zhao Huanqi (appointed on 28 March 2023)	4/4	4/4	N/A	1/1	1/1	1/1	1/1
Mr. Chen Gang (resigned on 7 February 2023)	1/1	N/A	N/A	1/1	N/A	N/A	N/A

AUDITOR'S REMUNERATION

For the year ended 31 December 2023, the total fees paid/payable in respect of audit and non-audit services provided to the Group by Deloitte Touche Tohmatsu are set out below:

	RMB'000
Audit service	
Audit of the annual consolidated financial statements	1,709
Non-audit services	
Review of the interim consolidated financial statements	400
Internal control review	183
Tax services	43

CORPORATE GOVERNANCE REPORT

Directors' and auditor's responsibilities on the financial statements

The Directors acknowledge that it is their responsibility to prepare the accounts of the Group and other disclosures required under the Listing Rules and the management will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

A statement by the Company's external auditor, Deloitte Touche Tohmatsu, about their reporting responsibilities is included in the Independent Auditor's Report in this annual report.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The business units and management identified the business risk through day to day operation. The Group's major risks and the measures to mitigate such risks are set out in the section headed "Directors' Report — Principal risks and uncertainties facing the Group" of this annual report.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system and risk management. The Board carried out a review on the implemented system and procedures, covering internal control, financial, operational and legal compliance controls and risk management functions and considered that they are effective and adequate. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The internal control system has been designed to safeguard the assets of the Group, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations. The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business.

The Group currently does not have an internal audit function. Nonetheless, the Company has engaged a consulting firm to conduct an annual review of the effectiveness of the internal control system of the Group including making recommendations to enhance the overall internal control system for the year ended 31 December 2023. The internal control review report has been approved by the audit committee and the Board. Based on the internal control review report and its own assessment, the Board considered that the Company's internal control system is adequate and effective and no internal audit function is considered necessary in consideration of the Group's current operation size and organisation structure. The Board has also assessed the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget, as well as those relating to the Company's environmental, social and governance performance and reporting, and considered that they are effective and adequate.

Management of the Group, with support of the audit committee, is responsible for performing ongoing monitoring of identified risks, designing measures to alleviate risks and resolve any material internal control defects and monitoring the implementation and effectiveness of the same, and performing regular risk management process. The Board and audit committee performed annual review and assessment of the risks identified and risk management process based on the report from the management of the Group during the year ended 31 December 2022 and considered the risk management process is adequate and effective.

CORPORATE GOVERNANCE REPORT

Three-Tier Risk Management Approach

The Group has adopted a three-tier risk management approach to identify, assess, mitigate and handle risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defence, establishes rules, provides continuous support and oversees the internal control system. It ensures that risks are within the acceptable range and that the first line of defence is effective. As the final line of defence, the audit committee of the Board, with the professional advices and opinions from the external professional consulting firm by whom internal audit work of the Group was conducted on annual basis, ensures that the first and second lines of defence are effective through constant inspection and monitoring.

Whistleblowing Policy

The Company has adopted a whistleblowing policy (“Whistleblowing Policy”) on 28 March 2022 which is available on the website of the Company. The purpose of the Whistleblowing Policy is to establish a mechanism to enable staff and other members of the Group to voice concerns in a responsible and effective manner so as to promote the highest standards of openness, probity and accountability, and encourage the reporting of misconduct, unlawful and unethical behaviour. The Board has reviewed the implementation of the Whistleblowing Policy and considered that it has been effectively implemented during the year ended 31 December 2023.

Anti-corruption Policy

The Company has adopted an anti-corruption policy (“Anti-corruption Policy”) on 28 March 2022 which is available on the website of the Company. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group’s personnel and business partners must follow to combat corruption and demonstrates the Group’s commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its operations. The Anti-corruption Policy is subject to review by the Board and the management as and when appropriate to ensure its continued effectiveness.

DISCLOSURE OF INSIDE INFORMATION

The Group has established systems and procedures for disseminating inside information as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) so as to ensure inside information is promptly identified and escalated. Directors and management of the Group received relevant trainings to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made with the assistance of the company secretary and, when necessary, external lawyer.

The procedures and internal controls for the handling and dissemination of inside information include the following:

- the Group conducts its affairs with reference to the disclosure requirement under the Listing Rules as well as the guidance of Securities and Futures Commission of Hong Kong;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements, circulars and its website;

CORPORATE GOVERNANCE REPORT

- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has regularly reminded the Directors, officers and employees of the Group about the compliance with the securities dealing restrictions as set out in the Model Code and the notification of the relevant blackout periods applicable to the publication of the interim and full-year results of the Company respectively.

COMPANY SECRETARY

During the year ended 31 December 2023, the company secretary of the Company was an employee of the Company and the Company did not engage an external service provider as its company secretary. The company secretary took no less than 15 hours of the relevant professional training during the year ended 31 December 2023.

DIVIDEND POLICY

The Board has adopted a dividend policy (“Dividend Policy”) in compliance with code provision F.1.1 of the CG Code with effect from 1 January 2020. Declaration and payment of dividends by the Company is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the articles of association of the Company.

Under the Dividend Policy, the Company can declare interim dividends or special dividends from time to time in addition to the final dividends. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the financial condition of the Group, the prevailing economic climate, the Group’s earnings and cash flow, the Group’s expected capital requirements, the statutory fund reserve requirements, the accumulated profits and distributable reserves of the Company and each of the members of the Group, and any other factors that the Board deems appropriate.

The Dividend Policy will continue to be reviewed and updated from time to time by the Board and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that any dividend will be proposed or declared in any given period.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

Pursuant to article 58 of the Company’s articles of association (a copy of which can be downloaded from the “Corporate Governance” sub-section under the “Investor Relations” section in the Company’s website), any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The written requisition must state the objects of the meeting, and must be signed by the relevant Shareholder(s) and deposited to the company secretary at the Company’s principal place of business, which is presently situated at Room 1801, 18/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

CORPORATE GOVERNANCE REPORT

In order to provide Shareholders with information about the Company and enable them to engage actively with the Company and exercise their rights as Shareholders in an informed manner, the Company has adopted a shareholders communication policy, a copy of which is available on the Company's website. Pursuant to the shareholders communication policy, the Company has established various channels for communication with the Shareholders including corporate communication, provision of corporate information and periodic announcements and holding of general meetings and branch share registrar services, and the Board will review the policy on a regular basis to ensure its implementation and continued effectiveness. The Board has reviewed the shareholders' communication policy and considered that it has been effectively implemented during the year.

Any Shareholder enquiry may be directed to the Board through the Company's investor relations department or the company secretary. Investor relations contact information and details of the company secretary of the Company are provided under the "Corporate Information" section in this annual report and in the "Investor Relations" section in the Company's website. The contact address of company secretary is the Company's principal place of business as stated above.

There are no provisions allowing Shareholders to put forward proposals at the general meeting under the Company's articles of association or under the Companies Act of the Cayman Islands. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

The Company has established a procedure for the Shareholders to appoint a person for election as a Director at a general meeting (either an annual general meeting or extraordinary general meeting) of the Company. Details of the procedures for nominating a director are set out in the "Procedures for Nomination of Directors of Trigiant Group Limited", a copy of which can be downloaded from the "Information for Shareholders" sub-section under the "Investor Relations" section in the Company's website.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2023, there was no change in the Company's constitutional documents. The amended and restated memorandum and articles of association of the Company adopted by a special resolution passed by the Shareholders on 23 May 2022 is available on the websites of the Company and the Stock Exchange.

On behalf of the Board

Qian Lirong
Chairman

Hong Kong, 26 March 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

The Environmental, Social and Governance Report (“ESG Report”) of Trigiant Group Limited (“Company”) illustrates the Environmental, Social and Governance (“ESG”) initiatives, plans and performance of the Company and its subsidiaries (collectively the “Group” or “we”). The Group adheres to the management policies of sustainable ESG development and is committed to handling the Group’s ESG affairs effectively and responsibly.

Corporate Philosophy

The Group is one of the leading manufacturers in the People’s Republic of China (“PRC” or “China”) engaged in research, development and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components (including sensing products) and other accessories for mobile communications and telecommunications transmission. The Group always practises its core value of “Talent Pool, Knowledge Power, Harmony and Prosperity” (「集俊以知·和諧共榮」) and has evolved into a high-tech powerhouse with numerous patents and high-tech products through constant innovation.

The Group’s production base is located at the Industrial Park for Environmental Protection Science & Technology, Yixing City, Jiangsu Province, the PRC. The Group’s products are mainly used for mobile communications and long-distance transmission systems required by telecommunications operators and major equipment manufacturers. Mobile communication products can be applied in highways, railways, tunnels, underground facilities, high-rise buildings, etc., optical fibre cable products are mainly applied to telecommunication operators’ main communication networks, and sensing products are mainly applied in the Internet of Things.

The Group highly emphasises product quality, we have been strictly inspecting and improving all the processes from raw materials to semi-finished and finished products to ensure that products are aligned with industry and national standards, and contribute to China’s communications industry.

Board Statement — ESG Governance Structure

While striving to create value for its shareholders, the Group also strives to fulfil its corporate social responsibilities. We are committed to incorporating ESG considerations into our decision-making process. To achieve this goal, we have developed a core governance structure to ensure that ESG remains aligned with our strategic growth and advocate for the integration of ESG into our business operations. Our ESG governance structure is divided into two parts, the Board of Directors (the “Board”) and the ESG Taskforce.

The Board retains ultimate oversight over the Group’s ESG issues, including its ESG approaches, strategies and policies. In order to better manage the Group’s performance in these aspects and identify potential risks, the Board, with the assistance of the ESG Taskforce, regularly conducts materiality assessments to assess and prioritise material ESG-related issues, taking into account the views of different stakeholders.

The ESG Taskforce comprises core members from different departments and facilitates the Board’s oversight of ESG issues. The ESG Taskforce is responsible for collecting and analysing ESG data, monitoring and evaluating the Group’s ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. The ESG Taskforce arranges regular meetings to evaluate the effectiveness of current policies and procedures, and formulate appropriate solutions to improve the efficiency. The ESG Taskforce reports regularly to the Board, assists in assessing and identifying the Group’s ESG risks and opportunities, evaluates the implementation and effectiveness of the internal control mechanism, and reviews the progress of established goals and targets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

Stakeholders' participation is an integral part of the Group's continuous improvement in sustainable development performance, therefore, we value all stakeholders' views (including but not limited to shareholders and investors, customers, suppliers, employees, government and regulatory bodies, peers and industry chambers of commerce and communities, non-governmental organisations and media). To fully understand, respond and address the core concerns of different stakeholders, we have been closely communicating with different stakeholders. The Group invited the stakeholders below by questionnaire to understand their expectations of the Group and we actively brought their expectations into our operations:

Types of Stakeholder	Communication Channels	Expectations*
Shareholders/Investors	<ul style="list-style-type: none"> Annual general meeting Annual report and interim report Announcements and circulars Investor conferences 	<ul style="list-style-type: none"> Information disclosure and transparency Protect shareholders' rights and treat shareholders fairly
Customers	<ul style="list-style-type: none"> Customer satisfaction surveys Customer service centre Account managers 	<ul style="list-style-type: none"> Safe and high-quality products Stable cooperation relationship Integrity Business ethics
Suppliers	<ul style="list-style-type: none"> Supplier management conferences and activities On-site supplier auditing and management system 	<ul style="list-style-type: none"> Long-term cooperation relationship Honest cooperation, fairness and openness Information resource sharing Supply quality Reduce business risks
Employees	<ul style="list-style-type: none"> Employee surveys Employee communication channels (e.g. suggestion forms and boxes) Regular management communication and performance appraisals Staff newsletters and broadcasts Intranet 	<ul style="list-style-type: none"> Protection of employees' rights and interests Comfortable working environment Career development opportunities and self-realisation Occupational health and safety
Governments/ Regulators	<ul style="list-style-type: none"> Regular meetings Regular performance reports Written replies to public consultations On-site inspection 	<ul style="list-style-type: none"> Comply with laws and regulations Pay taxes, operate according to law, accept government supervision and evaluation Participate in the formulation of industry standards Promote economic development and employment
Peers and industry chambers of commerce	<ul style="list-style-type: none"> Industry conferences and lectures Industry chambers of commerce conferences 	<ul style="list-style-type: none"> Experience sharing Fair competition Collaboration
Communities, Non-governmental Organisations and Media	<ul style="list-style-type: none"> Community investment plan ESG Report 	<ul style="list-style-type: none"> Community participation Social responsibility Provide employment opportunities

* Stakeholders in all categories may not necessarily respond directly to the questionnaire. The Group collects market data through experts to understand their expectations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING SCOPE

The ESG Report covers the overall ESG issues and relevant information of the Group from 1 January 2023 to 31 December 2023 (“Year”).

The information disclosed in the ESG Report is limited to the three major subsidiaries of the Group located at the headquarters in the Industrial Park for Environmental Protection Science & Technology, Yixing City, Jiangsu Province, the PRC, namely Jiangsu Trigiant Technology Co., Ltd., Jiangsu Trigiant Optic-Electric Communication Co., Ltd. and Jiangsu Trigiant Sensing Technology Co., Ltd. and the office of the Group’s principal place of business in Hong Kong except when otherwise indicated. These three companies are responsible for production and sales, and their volume of sales equals the revenue of the Group.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix C2 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

REPORTING PRINCIPLES

Materiality:

The ESG Report shall disclose the process and criteria for identifying ESG issues that have a significant impact on the Group’s business and stakeholders’ decisions and assessments. Stakeholder engagement required to be disclosed in the ESG Report shall contain the category of stakeholders and the result of stakeholder engagement.

Quantitative:

The ESG Report shall include the reporting criteria, methods, assumptions of the ESG matters and/or calculation tools used to report the emission of air and greenhouse gas and energy consumption. Key Performance indicators (KPIs) shall be disclosed in the form of quantitative information.

Consistency:

The Company shall disclose any changes in methods or KPIs applied in the ESG report. Any changes in material factors shall be mentioned to ensure that all disclosed information is comparable.

Balance:

The Company shall fairly prepare the ESG Report and state in facts the positive and negative impact of the Group’s business on the environment and society. This is to ensure that stakeholders can be provided with accurate information to make an appropriate assessment of the Group’s performance.

FORWARD-LOOKING STATEMENT

This is a forward-looking statement that includes current views and assumptions used by the management to assess and identify risks and opportunities brought by material ESG issues for the Group’s performance, and such risks and opportunities may result in certain exposures and uncertainties leading to the material difference between the actual result and the expected one.

CONFIRMATION AND APPROVAL

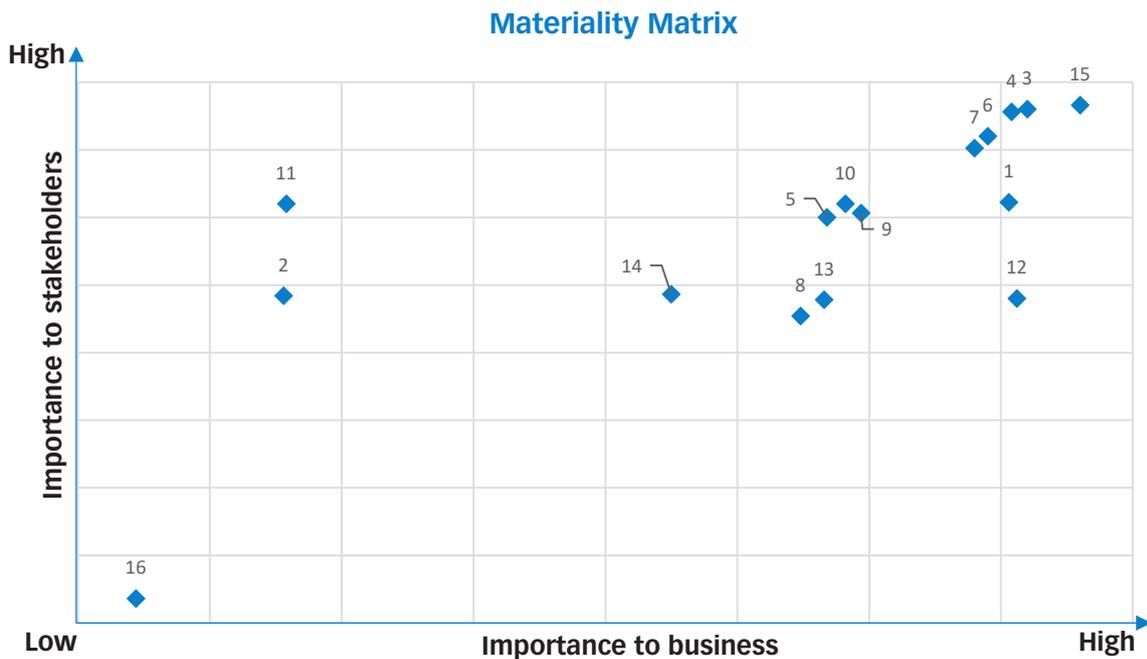
The information in the ESG Report is sourced from official documents and the Group’s statistics. This ESG Report is reviewed and approved by the Board of Directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The Group values stakeholders’ opinions, and identifies and determines material topics included in the ESG Report through feedback from relevant stakeholders. The Group’s management and staff in major functions are involved in the preparation of the ESG Report, so as to assist the Group in reviewing its operations and identifying the relevant ESG issues, and assess the materiality of those relevant issues to our business and stakeholders. The Group has compiled a survey with open-ended questions in accordance with the identified material ESG issues, and invited various stakeholders to assess the materiality of these issues by enabling them to provide their feedback on the ESG issues of the Group.

The following chart illustrates the materiality matrix compiled by the Group based on the feedback as to the materiality assessment for the Year:



- | | |
|---|---|
| 1. Emissions Management | 9. Labour Standards |
| 2. Use of Resources | 10. Safe Production Management Mechanism |
| 3. Environment and Natural Resources Management | 11. Supply Chain Management |
| 4. Climate Change | 12. Product Responsibility |
| 5. Use of Green Packaging Materials | 13. Research and Development |
| 6. Employment Regulations | 14. Intellectual Property Rights Protection |
| 7. Employee Health and Safety | 15. Anti-corruption |
| 8. Career Development and Training | 16. Community Investment |

During the Year, the Group confirmed that appropriate and effective management policies and internal control systems for ESG issues are in place and confirmed the information disclosed in the ESG Report meets the ESG Reporting Guide.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENT

A1. Emissions

Since the production process may affect the environment, we focus on strengthening environmental protection measures to comply with relevant local laws and regulations and implement environmental policies. Through continuous enhancement of measures and promoting clean production to reduce the emission of pollutants, the Group commits itself to fulfilling the responsibility for ecological and environmental protection during its pursuit of economic benefits. The Group also continues to focus on regulating the Group's environmental management by establishing an environmental management system for the Group's subsidiaries, which complies with the GB/T24001-2016/ISO14001: 2015 Environmental Management System certification.

During the Year, the Group was not aware of any material non-compliance with laws and regulations related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, that would have a significant impact on the Group including but not limited to "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Control of Water Pollution", "Law of the People's Republic of China on the Prevention and Control of Atmosphere Pollution" and "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste" and Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong).

The supervisors of the Group will strictly supervise the implementation of the above measures, comply with the relevant environmental protection policies, and ensure that all operational processes meet the relevant laws and regulations. Supervisors at all levels will continue their supervision and submit reports to the management with proposed suggestions. If there is an emergency affecting the environment during the production process, supervisors at all levels may immediately implement the response plans to prevent further effects and report to the management in a timely manner in order to coordinate the work.

In addition, the Group was awarded with the "Yixing Green Enterprise" and "Yixing Ecological Civilisation Demonstration Unit", fully reflecting our commitment to environmental protection.

Exhaust Gas Emissions

Exhaust gas emissions generated from business operations of the Group mainly include nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM), the major sources of which are vehicle exhaust gas and the level of relevant gas emissions generated by the Group during production is not material. To reduce the exhaust gas emissions from the abovementioned source, the Group has formulated related policies and implemented various reduction measures.

The following table summarises the exhaust gas emissions of the Group:

Exhaust Gas Category	2023	2022
	Total Emissions (in kilogram)	Total Emissions (in kilogram)
Nitrogen oxides (NO _x)	12.66	12.03
Sulphur oxides (SO _x)	0.28	0.33
Particulate Matter (PM)	0.93	0.89

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have adopted the following measures to reduce exhaust gas emissions generated from emission of vehicles:

- Switch off the engine whenever the vehicle is idling;
- Use unleaded fuel and low sulphur content fuel in accordance with laws and regulations;
- Phase out substandard vehicles in accordance with national emission policies and standards;
- Plan routes in advance to optimise fuel consumption;
- Provide maintenance services to vehicles on a regular basis to ensure engine performance and efficient use of fuels; and
- Optimise operational procedures to increase the loading rate and reduce the idling rate of vehicles.

We have implemented the following measures to reduce industrial exhaust gas emissions:

- Enhance facilities management and maintain treatment facilities on a regular basis to keep the facilities in normal operation;
- Prioritise the adoption of clean production techniques with energy efficiency and reduce exhaust gas emissions; and
- Review the safety and environmental performances of production equipment on a regular basis, and select advanced production machinery and equipment.

By adopting the abovementioned measures, the Group's concentration of industrial exhaust gas emissions met the emission limits as required by the National Occupational Health Standards of the People's Republic of China during the Year.

Greenhouse Gas Emissions

The Group's Greenhouse Gas ("GHG") emissions are generated from refrigerants, diesel for mobile machinery, gasoline for transportation and natural gas for cooking (Scope 1), purchased electricity (Scope 2), and business travels and paper disposal (Scope 3).

The GHG emissions of the Group were as follows:

Indicator ¹	2023 CO ₂ e (calculated by tonnes)	2022 CO ₂ e (calculated by tonnes)
Direct GHG emissions (Scope 1)	553.82	723.34
Indirect GHG emissions (Scope 2)	5,468.18	7,427.41
Other indirect GHG emissions (Scope 3) ²	158.57	63.24
Total GHG emissions (Scopes 1, 2 and 3)	6,180.56	8,213.99

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During the Year, the average GHG emissions intensity by producing a thousand kilometres of feeder cable and cable with a thousand kilometres of optical fibre was approximately 29.78 tonnes of CO₂e and 0.17 tonnes of CO₂e respectively.³

Notes:

1. Greenhouse gas emission data are presented in terms of CO₂ equivalent, with reference to, including but not limited to, the reporting requirements of the "GHG Protocol A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, 2006 IPCC Guidelines for National Greenhouse Gas Carbon Emission Reference Coefficients and Calculation Methods and Formulas issued by the Carbon Emission Trading, and the latest published Baseline Emission Factors for Regional Power Grids in China, "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and "Global Warming Potential Values" from the Intergovernmental Panel on Climate Change Fifth Assessment Report.
2. The carbon emission of business travel is calculated by the International Civil Aviation Organization Carbon Emissions Calculator ("ICAO Carbon Emissions Calculator") issued by the International Civil Aviation Organization ("ICAO").
3. Management makes an assumption to calculate the average environmental damage per unit of major production volume. The environmental damages were apportioned to each major product based on revenue. Optical fibre cable has a wide range of product series, for example, a kilometre of an optical fibre cable with 16 fibres represents a cable with 16,000 kilometres of optical fibre.

To minimise the GHG emissions, the Group has proactively implemented the following measures:

- Actively adopting environmental conservation and water-saving measures, which are referred in the sections headed "Energy Consumption" and "Water Consumption" of Aspect A2 of the ESG Report;
- Actively adopting paper-saving measures, which are referred to in the section headed "Waste Disposal" of this Aspect;
- Actively promoting the greenery of production plants, which is referred in the section headed "Plant Afforestation" of Aspect A3 of the ESG Report;
- Reducing the emission of vehicles, which are referred to in the section "Exhaust Gas Emissions" of this Aspect; and
- Business trips are minimised and are replaced by video conferences, online meetings and other electronic communications.

The Group has set a target that the average intensity of the average GHG emissions by producing a thousand kilometres of feeder cable and cable with a thousand kilometres optical fibre in 2025 decreased as compared to the year ended 31 December 2022, and it is expected that it will achieve this target by continuously reviewing the above waste-reduction measures.

Wastewater Discharge

The water consumed by the Group equalled the wastewater discharge during the Year. The information of sewage discharge shall be described under the section headed "Water Consumption" in Aspect A2.

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To reduce the impacts of domestic wastewater discharge on the environment, we appointed third-party testing organisations to monitor the water quality at the discharge outlet to ensure the discharged domestic sewage of our production plant is in compliance with the requirements of the “Wastewater Quality Standards for Discharge to Municipal Sewers”(CJ343-2010).

In addition, we have implemented a rainwater-sewage separation system at our production plant and taken measures to recycle and reuse rainwater and cooling water, so as to reduce wastewater discharge effectively.

Waste Disposal

The Group will also generate hazardous and non-hazardous wastes over its course of operation and production. To reduce the impact of waste on the environment, the Group has continued to implement various measures with respect to waste management and emission reduction in strict compliance with laws and regulations, including the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” and the “Standard for Pollution Control on Hazardous Waste Storage”.

Hazardous Waste

The hazardous waste generated from the Group’s business operations mainly includes waste mineral oil, and waste activated carbon. The emissions of hazardous waste of the Group and its intensity were as follows:

Year	Total waste emissions (kilogram)	Intensity (kilogram/1,000 km feeder cable) ³	Intensity (kilogram/cable with 1,000 km optical fibre) ³
2023	503	2.42	0.01
2022	721	3.30*	0.02*

Note:

* This data has been restated due to the updated calculation model

To effectively identify and dispose of hazardous wastes, all departments have specified certain areas for the sorting, separating and storing of such wastes; hazardous wastes are centralised and collected by the material department after reaching a certain amount. The time, name, format and amount of wastes transferred are recorded in detail in our waste recycling record. Designated staff would be arranged to be responsible for the collection of solid waste, maintenance of the storage areas and the prevention of spillage of hazardous wastes inside the plant. Hazardous wastes are collected and stored in warehouses for dangerous and hazardous goods, and the Group entrusts companies with relevant hazardous waste disposal qualifications to manage on a regular basis. We enter into regular contracts with these qualified waste collectors according to the requirements of the local environmental department and report these engagements to the department every year.

The Group centralises and labels hazardous wastes for classification in accordance with local laws and regulations, and stores them in designated locations. The departments that produce hazardous wastes put them into special boxes in production workshops, warehouses, and office areas. The employees of the Group arrange to deliver them to qualified third-party collectors for disposal. Based on the business nature, the Group did not generate a significant amount of hazardous waste during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Non-hazardous Waste

Non-hazardous waste generated from our business operations was mainly domestic waste and paper. The non-hazardous waste emissions of the Group and their intensity were as follows:

Year	Total waste emissions (kilogram)	Intensity (kg/1,000 km feeder cable) ³	Intensity (kg/cable with 1,000 km optical fibre) ³
2023	48,900.00	235.65	1.34
2022	54,052.60	247.48*	1.60*

The Group strives to reduce and recycle waste, through the adoption of different measures during daily operations. The Group has developed a number of measures to properly control the generation of waste at source, including but not limited to:

- Conducting regular staff environmental education and promotion, and encouraging reusing and recycling;
- Appointing the Yixing Environmental and Sanitation Management Office to collect various types of domestic waste for disposal at designated treatment facilities;
- Standardising the collection of scraps generated from production processes such as copper scraps and passing them to relevant companies for recycling and processing into raw materials, achieving waste recycling;
- Sorting, recycling and reusing waste generated by each department and factory according to the relevant waste management system of the Group in order to reduce demand for disposal; and

The Group has set a target for the average intensity of non-hazardous waste emissions by producing a thousand kilometres of feeder cable and cable with a thousand kilometres optical fibre in 2025 to decrease as compared to the year ended 31 December 2022, and it is expected that it will achieve this target by continuously reviewing the above waste-reduction measures.

The Group has implemented the following measures to minimise consumption of paper during its operations:

- Employees are required to use double-sided copying or printing;
- Dissemination of documents, general business notices, and data transmissions through the online system is encouraged to minimise copying of documents;
- Waste paper generated from the operation of the Group will be centrally collected and recycled by the administrative department and offices, while the use of paper is under regular supervision; and
- Posters are attached on show windows, and electronic pamphlets about the Group are delivered to relevant personnel and customers, rather than delivering paper pamphlets for publicity and promotion purposes, so as to reduce paper waste.

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A2. Use of Resources

The Group incorporates resource efficiency and eco-friendly measures into the Group's operations, and is committed to optimising the use of resources in all of its business and production operations.

The entire operations involve consumption of fuel, electricity, and water. We are committed to improving the efficient use of resources so as to reduce our carbon footprint. We closely monitor and evaluate the amounts of electricity and water consumed by collecting monthly consumption data. We carry out investigations immediately for any abnormal or excessive consumption to find out the reason and look for rectification measures. We are committed to continuously reducing energy consumption and improving energy efficiency across our facilities in the future.

Energy Consumption

To reduce energy consumption and exhaust emissions, and improve the sustainability of productions and operations, the Group continues to implement management rules and regulations with respect to energy conservation and emission reduction.

We evaluate the energy consumption of equipment before purchase, and avoid the use of equipment with low energy efficiency. We monitor the energy consumption of equipment after installation and commissioning operation, and request suppliers to adjust the equipment if the requirements of energy consumption are not satisfied; unsatisfying equipment will be returned as well. Furthermore, we renovate the equipment with large energy consumption, low efficiency, obsolescence and backwardness used at our plant for energy-saving purposes, such as installing a variable frequency controller to replace the fixed frequency controller at our production plant, as well as reducing electricity consumption. We have also formulated the operating procedures for production facilities, as well as regular maintenance policies, so that all environmental facilities operate in good conditions during the production process and energy will be conserved.

In addition to selecting and managing equipment, the Group formulated conservation management requirements for daily energy and resource consumption by our employees during production processes. For example:

- Electrical facilities at the production sites such as fans should be turned off if not in use;
- The lighting systems at our production plant are replaced from traditional light bulbs with LED lights or low- power bulbs;
- All department heads have to regulate the use of lighting power in the office area by ensuring all lights and air-conditioners are turned off after all employees leave the office;
- Computers have to be turned off if they are not in use for a long time; and
- Street lighting in the production plant shall be set based on seasonal changes.

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The Group has set a target for the average intensity of total energy consumption by producing a thousand kilometres of feeder cable and cable with a thousand kilometres optical fibre in 2025 to decrease as compared to the year ended 31 December 2022, and it is expected that it will achieve this target by continuously reviewing the above cost-saving measures. The consumption of electricity and other energy by the Group was as follows:

Types of Energy Consumption	2023 Consumption (kWh)	2022 Consumption (kWh)
Direct energy	767,238.82	830,976.21
Natural gas	161,129.64	171,902.28
Diesel oil	423,858.06	444,184.25
Gasoline	182,251.12	214,889.68
Indirect energy		
Electricity	9,588,251.00	9,377,141.00
Total energy consumption	10,355,489.82	10,208,117.21
Total energy consumption intensity (kWh/1,000 km feeder cable)³	49,904.10	46,737.14*
Total energy consumption intensity (kWh/cable with 1,000 km optical fibre)³	283.33	302.95*

Water Consumption

Water is a crucial resource that permeates various aspects of sustainable development. A well-functioning water cycle is vital for the integrity of both human society and the natural environment. Maintaining a healthy water cycle is therefore essential for preserving human society and the natural environment. Apart from the measures taken to manage sewage as described in the section "Wastewater Discharge" in Aspect A1 of the ESG Report, we encourage all employees to take the initiative to conserve water and develop this into a good habit so that water consumption during office hours can be reduced. As the water consumption of the Hong Kong office is included in the management fee, the total water consumption below does not include the water consumption of the Hong Kong office. The Group has been strengthening its water-saving initiatives by promoting and posting water-saving slogans, and guiding employees to use water reasonably. In addition, our employees are required to turn off the faucets when water is not in use, and report the leakage of faucets or water pipelines to the relevant department.

The Group's total water consumption during the Year was 52,422 m³ (2022: 56,266.54 m³) and the average water consumption by producing a thousand kilometres of feeder cable and cable with a thousand of optical fibre was approximately 252.63 m³ (2022: 257.61* m³) and 1.43 m³ (2022: 1.67* m³) respectively. The Group has set a target for the average intensity of total energy consumption by producing a thousand kilometres of feeder cable and cable with a thousand kilometres of optical fibre in 2025 to decrease as compared to the year ended 31 December 2022, and it is expected that it will achieve this target by continuously reviewing the above cost-saving measures.

During the Year, there was no issue in sourcing water due to the geographical location of the Group's operation and business nature.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Use of Packaging Materials

The packaging materials used by the Group during the Year included wood and cartons. The total amount of wood used was 3,128 m³ (2022: 2,934.76 m³) and a total of 275,199 cartons (2022: 406,672 cartons) were used. Due to the variety of products, it is unable to calculate the amount of packaging material used per unit product.

A3. The Environment and Natural Resources

The Group pursues the best practice with the environment and focuses on minimising its impact on the environment and natural resources from its business operation. In addition to complying with environmental related regulations to appropriately protect the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operational activities and is committed to achieving environmental sustainability.

During daily operation, the Group's major resource consumption is copper, while its major energy consumption comprises electricity, gasoline, diesel and natural gas. Please refer to the two sections headed "Non-hazardous Waste" and "Use of Resources" in Aspects A1 and A2 of the ESG Report for the relevant environmental measures.

Plant Afforestation

We are committed to creating an eco-friendly working environment and actively promoting the greening of our factory premises. Through measures like afforestation and establishing green belts and gardens, we enhance the ecological aesthetics of our factories, promote ecological balance, and achieve a harmonious coexistence of economic benefits and environmental protection.

The green area, wetland area and landscape lake area of our production site were approximately 72,212 m², 19,000 m², and 5,000 m², respectively, and the total area at our production site was 240,708 m² during the Year. In addition, approximately 3,667 trees (2022: 3,667 trees) and approximately 20,000 shrubs of all kinds are grown within our production plant premises.

A4. Climate Change

Public awareness of climate change is increasing and climate change is one of the most frequently discussed topics internationally. The Group recognises the importance of identifying and mitigating significant climate-related issues, pays close attention to the potential impact of climate change on the Group's business and operations, and emphasises its efforts on managing the potential climate-related risks which may impact the Group's business activities. According to the reporting framework developed by the Taskforce on Climate-Related Financial Disclosures, climate-related risks are divided into physical and transition risks. The Group has established a risk management policy to identify and mitigate climate-related risks.

Physical Risks

The increased frequency and severity of extreme weather events, such as typhoons, storms, heavy rains and extreme cold or heat, will pose immediate and long-term physical risks to the Group's business. These events could threaten the personal safety of our employees and damage the power grid or communication infrastructure, resulting in reduced capacity and productivity, or exposing the Group to the risk of non-performance and delayed performance, which will have a direct negative impact on the Group's revenue.

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To minimise potential risks and hazards, the Group has taken countermeasures, including flexible work arrangements and precautionary measures in severe or extreme weather conditions. We will explore contingency plans to further avoid damage to our facilities due to extreme weather events, in a bid to improve business stability.

Transition Risks

In line with the global vision of carbon neutrality, the Group expects changes in regulations, technologies and market patterns as a result of climate change, including the tightening of national policies and listing rules and the derivatives of environment-related taxes. Stricter environmental laws and regulations may expose companies to higher claims and litigation risks, which may require additional compliance costs and impact the Group's reputation.

In response to policy and legal risks as well as reputational risks, the Group continuously monitors any changes in laws or regulations and global trends in climate change to avoid increased costs, fines for non-compliance or reputational risks due to slow responses. In addition, the Group has been taking comprehensive measures to protect the environment, including measures aimed at reducing greenhouse gas emissions and setting targets to gradually reduce our energy consumption and greenhouse gas emissions in the future.

B. SOCIAL

B1. Employment

People Oriented

Employees are the largest and most valuable asset and the core competitive advantage of the Group. At the same time, they provide the Group with the driving force for continuous innovation. The Group adheres to a people-oriented approach, respects and safeguards the legitimate interests of every employee, standardises labour employment management, and protects employees' occupational health and safety. The Group also enhances democratic management, protects the vital interests of employees, and fully respects and focuses on their enthusiasm, initiative and creativity in order to jointly build a harmonious labour relationship.

During the Year, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China" and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong). The Group has established relevant personnel management policies to protect the welfare of employees and to enable employees to actively integrate personal pursuits into the long-term development of the Group.

As at 31 December 2023, the Group had a total of 721 employees (2022: 748 employees), all of them were full time employees.

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The information of our employees was as follows:

By Gender

	Number as at 31 December 2023	2023 Percentage	Number as at 31 December 2022	2022 Percentage
Male	517	71.7%	527	70.5%
Female	204	28.3%	221	29.6%
	721	100.0%	748	100.0%

By Age

	Number as at 31 December 2023	2023 Percentage	Number as at 31 December 2022	2022 Percentage
Aged 25 or below	88	12.2%	104	13.9%
Aged 26 to 35	295	40.9%	328	43.9%
Aged 36 to 45	225	31.2%	203	27.1%
Aged above 46	113	15.7%	113	15.1%
	721	100.0%	748	100.0%

By Educational Level

	Number as at 31 December 2023	2023 Percentage	Number as at 31 December 2022	2022 Percentage
Undergraduate or above	147	20.4%	137	18.3%
College	167	23.2%	131	17.5%
Technical junior high	96	13.3%	105	14.0%
Senior high (vocational school)	54	7.5%	102	13.6%
Junior high or below	257	35.6%	273	36.5%
	721	100.0%	748	100.0%

By Geographical Region

	Number as at 31 December 2023	2023 Percentage	Number as at 31 December 2022	2022 Percentage
Mainland China	719	99.7%	746	99.7%
Hong Kong	2	0.3%	2	0.3%
	721	100.0%	748	100.0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Remuneration and Benefits

The Group has established a fair, reasonable, and competitive remuneration system for salary payments to employees based on the principle of fairness, competition, incentives, reasonableness, and legality. The remuneration of the employees of the Group comprises basic salary, discretionary bonus and retirement benefit. In addition, the Group conducts annual assessments in accordance with changes in macroeconomic factors, industry and regional remuneration standards, changes in the Group's development strategy, and the overall efficiency of the Group, and makes corresponding adjustments to employees' remuneration.

In accordance with the law, the Group legally pays "five social insurance and one housing fund" for its employees in Mainland China, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund, to ensure that employees are covered by social insurance.

The Group sincerely safeguards the legitimate interests of labour in accordance with the requirements of the "Labour Law of the People's Republic of China" and other national and local laws and regulations, respects the rights of employees to rest and leave, and regulates their working hours and their rights for various types of rest and holidays. The Group implements the standard working hour system in which employees work no more than 8 hours a day and implements three shifts in the production unit. In addition to statutory holidays, employees are also entitled to unpaid leave, shift leave, examination leave, injury leave, sick leave, maternity leave, nursing leave, breastfeeding leave, marriage leave, and bereavement leave. We pay overtime compensation for working hours beyond the statutory working time according to Regulations on Paid Annual Leave for Employees and implement paid annual leave system for employees. In addition, the Group's female employees may be granted with special care, and enjoy paid maternity leave for 128 days per year. Female employees may apply for breastfeeding leave once a week upon the expiry of their maternity leave. Female employees whose babies are less than one year old may also leave for breastfeeding during each shift.

Recruitment, Promotion and Dismissal

The Group actively hires talents from different regions and different cultural backgrounds and qualifications to join the Group so as to form a diverse workforce and enhance its overall competitiveness. For vacancies, the Group prioritises internal recommendation. Employees can attain job transfer and promotion through the in-house competition system, preference will be given when he or she meets the requirements (such as professional level, work performance, attitude and experience, etc.) of the vacancies. To recruit talents externally, we adhere to the principle of fair appointment and meritocracy.

To enhance morale and work enthusiasm, the Group continues to offer incentives and job promotions to encourage and inspire our employees to have personal development, which will also create benefits for the Group. The Group evaluates our employees based on various aspects, including virtue, cooperation, obedience to leadership, enterprising spirit, professional knowledge, work efficiency, learning ability and work quality, and determines employees' salary based on the "Employee Ranking Assessment Table" to incentivise our employees. In addition, we have also developed an internal "Assessment Scoring Table" to conduct monthly assessment and grant bonuses according to the assessment results. In order to optimise the allocation of human resources within the Group and to provide more opportunities and platforms for employees' career development so as to meet the Group's needs of sustainable development, the Group has established a succession planning and arranged tailor-made trainings and leadership position trainings for key training targets.

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The following table sets forth the annual average quarterly employee turnover rate of the Group for this year.

By Gender

Employee turnover rate	2023	2022
Male	12.5%	15.6%
Female	8.6%	13.6%

By Age Group

Employee turnover rate	2023	2022
Aged 25 or below	38.5%	40.5%
Aged 26 to 35	8.2%	9.4%
Aged 36 to 45	5.1%	7.7%
Aged 46 or above	4.2%	12.0%

By Geographical Region

Employee turnover rate	2023	2022
Mainland China	11.4%	15.0%
Hong Kong	0.0%	0.0%

Equal Opportunity

The Group strictly complies with national and local government regulations by adopting a fair, just and open recruitment process, and developing relevant policies to eliminate discrimination in the recruitment process to ensure no discrimination regardless of race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and nationality, thus allowing them to enjoy fair treatment in every aspect including recruitment, salary, training and promotion, and to attract professionals with diverse backgrounds to join the Group.

Communication with Employees

The Group also values the importance of two-way communication with employees. The Group has set up a labour union to facilitate internal communications, so that we can quickly understand and resolve our employees' issues at work whenever they arise. The management has set up a mailbox and e-mail to the general manager to broaden the channels of exchanges, so that they can learn about our employees' views by different means and continue to improve the working environment for them.

Work-life Balance

The Group also values the balance between work and life of employees, and their sense of belonging at work. Therefore, we have organised literary contests, basketball teams, football teams and dance teams, tug of war and chess competitions to enrich their lives, as well as further enhance their sense of happiness and belonging.

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B2. Health and Safety

Caring for the health and safety of our employees is our top priority. We are committed to providing a safe working environment and actively implementing occupational health and safety management measures. Through training to enhance safety awareness and making improvements in safety facilities, we prevent accidents and occupational diseases, ensuring the physical and mental well-being of our employees. Our goal is to create a safe and sustainable working environment for our employees. The existing occupational health and safety management systems of the three major subsidiaries of the Group have all complied with GB/T 28001-2011/OHSAS 18001:2007 management system certification, which demonstrates that the Group attaches great importance to the health and safety of its employees and is committed to creating a healthy, safe and comfortable working environment for employees.

During the Year, the Company was not aware of any serious violations of relevant health and safety laws and regulations that caused material impact on the Group, including but not limited to "Labour Law of the People's Republic of China", "Production Safety Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases", "Fire Protection Law of the People's Republic of China" and "The Occupational Safety and Health Ordinance"(Cap. 57 of the Laws of Hong Kong).

Safe Production Management Mechanism

The Group identifies and evaluates the potential hazards affecting the health and safety of employees and customers in the Group's operation, products and services, prioritises the level of risk, and implements effective control and management, which provides the basis for establishing target indicators and preventing hazards. In response to identified potential hazards, the Group provides trainings and drills to improve the ability of all staff to respond to emergencies in production and other experimental processes. As a result, all staff facing emergency conditions or accidents can quickly and effectively take emergency measures to reduce the impact of various types of dangers, such as personal injuries, property damages and adverse effects on the environment.

Indicators of Occupational Health and Safety		2023	2022	2021
	Unit	Total number	Total number	Total number
Numbers of work-related death	person	0	0	0
Numbers of work-related injuries	person	4	12	4
Numbers of working days lost due to work-related injuries	day	102	243	54

For employees who suffer from work-related injuries, we provide relevant treatment and subsidies to them according to the Regulations on Work-Related Injury Insurances of the People's Republic of China and relevant laws and regulations. The above data only included the records of employees' injuries and casualties. In 2021, a fatal accident occurred to an employee of a contractor at the Group's factory. The contractor has provided statutory compensation. The Group has also provided additional gratuity to the family and has strengthened the safety management of our factory.

During the Year, there were no confirmed non-compliance incidents or grievances in relation to health and safety of the employees that have a significant impact on us.

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The Group adopts the following measures for safety production to ensure the safety and health of employees during the production:

- Operate the specialised machines and equipment by the licensed specialist operator;
- Employees must comply with all safety and sanitation regulations and wear protective supplies as required and report to their superiors in case of unusual circumstances during the operation;
- Provide physical examinations to employees whenever necessary to ensure that their physical conditions meet position requirements; and
- Provide job safety trainings for employees when their position changes due to different skills required in each post, so as to ensure that they have enough safety knowledge upon reassignments.

Storage of Chemicals

The Group attaches great importance to the storage and use of chemicals, and we continue to implement management systems for storage and collection of chemicals to protect the safety of our employees. We strictly comply with relevant regulations. Hazardous goods must be stored in a separate warehouse and managed by designated personnel. To prevent accidents, employees are prohibited from using fire in warehouses storing hazardous goods, lamps and electrical appliances have to be explosion-proof, and hazard labels should be posted in noticeable places of the warehouse as a warning to our employees. The fire exits of warehouses shall remain unblocked at all times and the fire-fighting equipment shall be in good condition so that our employees can take emergency measures in time if an accident occurs. By carrying out proper storage facilities, labeling, and classification management, we effectively reduce potential risks. We also conduct regular safety inspections and provide training to ensure the safety of our employees and foster environmental protection.

B3. Development and Training

The Group focuses on the construction of internal management system of training and development diversity. Through induction training, on-the-job training and job-transfer training, etc., the Group satisfies the different needs of job duties at all levels. The Group enhances its sustainable development, and enhances employees' personal growth and development at the same time.

Training Management

The Group has established training-related policies to regulate the training management of employees. The management will regularly review the effectiveness of different training plans to help improve the efficiency of the Group's training system. The Group also encourages employees to participate in external trainings on their own; and subsidises employees to obtain professional qualifications related to the Group's business at the same time. Moreover, we also established a corporate training file as a basis for management to review the effectiveness of training plans.

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To improve employees' knowledge, skills and corporate competitiveness, the Group formulates a training program each year based on the business development needs of the Group and the training needs of various departments. The training courses cover induction training, on-the-job training, job-transfer training and special job training for our employees. The content of our training includes a code of conduct, business profile, safety education, environmental protection, product knowledge, on-site management systems, professional ethics and skills training. The Group bears the training fees which include training or tuition fees, fees for books and materials, data fees, travel expenses, registration fees, technical fees and other expenses. Assessments will be conducted on our employees upon completion of the training to understand the training results and constantly improve our training system.

The Group has adopted a mentorship programme for our trainees, enabling such trainees to master the work or production skills and related safety knowledge within an agreed period of time. On-the-job training is provided after the trainees have taken up their positions to continuously improve their knowledge, skills and management standards as well as their knowledge about operating conditions and safety requirements of the Group. During the Year, the participation rate of our training was 100%.

By Gender

	2023 Number of trained employees	2023 %	2022 Number of trained employees	2022 %
Male	517	71.7%	527	70.5%
Female	204	28.3%	221	29.6%

By Employee Category

	2023 Number of trained employees	2023 %	2022 Number of trained employees	2022 %
Chief executive	14	1.9%	14	1.9%
Technicians	90	12.5%	94	12.6%
Administrative staff	119	16.5%	73	9.8%
Production staff	397	55.1%	442	59.1%
Sales staff	51	7.1%	81	10.8%
Logistical staff	50	6.9%	44	5.9%

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The following table sets forth the annual average training hours completed per employee of the Group for this year.

By Gender

Average training hours	2023	2022
Male	2	2
Female	2	2

By Employee Category

Average training hours	2023	2022
Chief executive	2	2
Technicians	2	2
Administrative staff	2	2
Production staff	2	2
Sales staff	2	2
Logistical staff	2	2

The Group also recognises the importance of safety production training to ensure the personal safety of employees. Please refer to the section headed “Health and Safety” in Aspect B2 to this ESG Report.

B4. Labour Standards

Prevention of Child Labour and Forced Labour

The Group strictly prohibits the employment of any child labour and forced labour. The Group clearly stipulates in recruitment guidelines that only employees reaching legal working age can be recruited, and that new recruits should provide true and accurate personal data when they join the Group. Recruiters rigorously review the entry data including identity cards to confirm the legal working age requirement is met. The Group will investigate in and deal with any incidents of illegal employment or forced labour in accordance with its relevant policies. At the same time, the Group also avoids the appointment of such vendors and contractors who are known to have engaged in child labour or forced labour in their operations to provide products and services.

The Group strictly complies with the “Abolition of Forced Labour Convention”, “Labour Law of People’s Republic of China” related to the employment of teenagers under 16 and their legal rights, and the “Provisions on the Prohibition of Using Child Labor” formulated and implemented since 1 December 2002.

During the Year, the Group was not aware of any material non-compliance with child labour and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Labour Law of the People’s Republic of China and the Employment Ordinance of Hong Kong (Cap. 57 of the Laws of Hong Kong).

B5. Supply Chain Management

The Group believes that strict screening and management of suppliers is an important prerequisite to producing and providing premier products for customers. Meanwhile, we recognise the importance of supply chain management to reduce indirect environmental and social risks. Therefore, we have established a system related to supply chain management to enhance the level of supply chain management.

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Supply Chain Management Structure

In addition to customers' designated suppliers, we mainly select suppliers through tenders and continue to implement corresponding procedures to reduce the operating risks caused by unqualified suppliers.

The Group's procurement department collects monthly information on quality and delivers updates on each kind of raw materials and other necessary production supplies, and arranges production, technology, quality and purchasing and other departments to make integrated appraisals on the major suppliers annually, so as to eliminate those unqualified suppliers, follow up on rectifications and update or replace qualified suppliers list. When raw materials and other necessary production supplies are brought to the production plant, suppliers are required to provide quality certification documents, while our inspectors will inspect the raw materials purchased from the suppliers and pass those qualified ones to our warehouse for storage. Unqualified products will be returned to the relevant suppliers.

During the Year, the Group has engaged 230 suppliers in total, comprising 229 PRC suppliers and 1 overseas suppliers. Among the suppliers in PRC, 174 are from Jiangsu Province and 55 are from other provinces and cities. The Group is committed to reducing carbon emissions arising from transportation, the Group will first consider suppliers located in Jiangsu Province during procurement. All major suppliers are assessed through standard procedures.

The Group is also concerned about the integrity of suppliers and partners. We will only select suppliers and partners who have a good business record in the past and have no serious violations of relevant laws and regulations or violations of business ethics. The Group has zero tolerance for bribery and corruption, and suppliers and partners are strictly prohibited from obtaining procurement contracts or partnerships through any form of transfer of benefits.

Environmental and Social Risk Management of the Supply Chain

The Group requires that products and raw materials used by the suppliers shall meet environmental protection requirements set out in national and local laws and regulations as well as industry standards, and encourages the usage of clean production process and equipment. For enterprises or suppliers who are likely to cause or have caused serious harm or major environmental pollution, the Group will terminate the supply contract.

Apart from environmental risks, the Group also takes measures to examine whether its major suppliers or contractors are in compliance with relevant laws and regulations and other required standards for health, safety, forced labour and child labour, and examine the suppliers' awareness in the above aspects.

Fair Tendering

The Group invites at least two suppliers to public tender for all types of raw materials or production supplies. Apart from regulating the principle of local procurement, when selecting the suppliers, we also consider major factors including quality, environment, safety, pricing, supply capacity and stability, as well as whether they are directly or indirectly related to the management of the Group. We usually review the requisite approvals, business licences, certificates of the bidders and information on quality and technical standards first before such suppliers are invited to bidding. Suppliers are required to fill in the questionnaire for us to understand their background. We conduct on-site inspections, sample checks and tests before the bidding to ensure their authenticity when necessary.

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B6. Product Responsibility

The Group recognises the importance of product quality and corporate reputation, we actively monitor the quality of our products and services through internal controls and is committed to producing high quality products that meet industry standards. We also maintain communication with our customers to ensure we understand and meet customers' needs and expectations, while understanding customers satisfaction, so as to continuously improve our products and services.

During the Year, the Group was not aware of any material non-compliance with laws and regulations related to health and safety, advertising, labelling and privacy matters and remedies related to products and services that would have a significant impact on the Group, including but not limited to the "Product Quality Law of the People's Republic of China", "Advertising Law of the People's Republic of China", "Trademark Law of the People's Republic of China", "Patent Law of the People's Republic of China", "Copyright Law of the People's Republic of China", "Law Against Unfair Competition of the People's Republic of China", "Technology Contract Law of the People's Republic of China" and Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

Quality Control

The Group has obtained GB/T 19001-2016/ISO 9001:2015 quality control system certifications for our products. To enhance production efficiency and minimise product quality issues, we actively invest in purchasing new and advanced manufacturing equipments, the majority of which imported from are countries such as Austria, Germany, Japan and the United States. In addition, we also procure advanced inspection and testing apparatuses from overseas suppliers to provide reliable support for the inspection of our production supplies and products.

The Group adopts standardised quality management systems in all production processes, finished product inspections and services. We have set up a professional quality management team for quality management and product control to ensure all relevant standards are met. In addition, we require necessary anti-dust, anti-moisture, anti-fire and anti-explosion measures and other protective measures to be taken to ensure the quality and safety of our supplies. During the Year, the Group did not receive any cases in which the products sold or shipped had to be recalled for safety and health reasons.

Research and Development

The Group is committed to researching and developing innovative products. We allocate significant resources and manpower to continuously engage in scientific research and technological innovation. Our aim is to meet market demands and address environmental and social challenges. Our research and development team comprises nearly 200 professional technicians, most of which hold bachelor's degree or above, and have accumulated years of experience and expertise in China's cable industry.

We have also set up an Engineering and Technology Center to develop products such as broadband green RF cables and high-rate special optical cables for Internet of Thing systems. During the Year, the Group has obtained 220 patents and developed 217 new products. The Group has also obtained a number of honours such as "Advanced Enterprise in Technological Innovation" and "Excellent Enterprise — Leader and Driver". Our innovation and research and development results have been recognised by the industry, our partners and local government.

During the Year, the Group's products were able to meet the relevant standards and customer's requirements and there were no products recalled by the Group due to safety issues.

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Customer Service and Privacy

Maximising customer satisfaction is the basic criterion for the Group's customer service. We have set up a round-the-clock service hotline to provide our customers with all-round professional services including technical training, system design, engineering supervision, operation and maintenance, to achieve excellence in all aspects and earn our customer's long-term trust. Furthermore, we provide a three-year warranty service for all products, and repair or replace damages and malfunction caused by product quality issues for free. The Group is convinced that customer feedback is the key to our continued progress. In this regard, we have set up a special department to collect views and complaints from our customers and strive to listen to each of them. We reply to any complaint within 4 hours of receiving such complaint and provide a solution within 24 hours, including technical engineers to be dispatched to sites for resolving issues. During the Year, the Group did not receive any material complaints about its products and services.

The Group mainly promotes and markets products by participating in domestic and international exhibitions to attract customers and exchange ideas. We strictly comply with the relevant laws and regulations including "Advertising Law of the People's Republic of China" and "Trademark Law of the People's Republic of China". All products and business information shall be subject to strict scrutiny before being disclosed, and any misleading behaviour or false information is prohibited in the promotion, marketing and exhibition process.

The Group manages customer information under strict confidentiality to avoid data privacy leakage. As a result, we enter into confidentiality agreements with employees holding technology-based, research-based, marketing-based and other important positions and the management or above, whereby expressly defining their confidentiality obligations and liability for breach of contract. It is required that the confidential policy shall be strictly implemented during in-house communication. Customer data shall be kept by a dedicated person and the use, storage and destruction of customer's documents and other items shall be performed by such dedicated person. At the same time, as part of the Group's resources, customer information and materials will not be sold, shared or disclosed by any person for any purpose. Each employee should protect customer information and materials in accordance with the regulations of the Company and relevant laws and regulations.

Intellectual Property Rights

The Group places a high emphasis on the protection of intellectual property rights. We have established a comprehensive intellectual property management system in accordance with national and provincial laws and regulations. This system clearly outlines the responsibilities of our employees in safeguarding the Group's patents, trade secrets and trademarks, ensuring protection for innovative products, technologies, and business confidential information. We continuously enhance awareness of intellectual property rights enforcement through internal regulations. We actively protect our own intellectual property rights and promote a fair competitive and innovative environment. In case of any infringement disputes, we promptly address and resolve them.

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B7. Anti-corruption

The Group believes that a corporate culture of high integrity is the key to its continuous success. Therefore, the Group recognises the importance of anti-corruption work and system establishment. Meanwhile, the Group is committed to creating a fair and honest, open and transparent, standardised and efficient internal management atmosphere. Our employees, in particular our management, are required to regard honesty, trustworthiness and integrity as the most basic code of conduct. During the Year, the Group was not aware of any material non-compliance with relevant laws and regulations related to bribery, extortion, fraud and money laundering, which would have a significant impact on the Group, including but not limited to "Criminal Law of the People's Republic of China", "Anti-Money Laundering Law of the People's Republic of China", "Company Law of the People's Republic of China", "Decision of the Standing Committee of the National People's Congress on Amending the Bidding Law of the People's Republic of China and the Metrology Law of the People's Republic of China", "Law Against Unfair Competition of the People's Republic of China" and Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong). No concluded legal cases regarding corrupt practices were brought against the Group or its employees during the Year. The Group also provided anti-corruption training to the directors and employees on how to properly address possible conflicts of interest and acceptance of benefits at work.

We continuously update the relevant policies and internal management system for preventing corruption and bribery in accordance with the above laws and regulations, thereby strengthening our employees' awareness of anti-corruption and regulating their behaviour. We also signed an integrity self-discipline commitment declaration with the Group's management or above level. In addition, we enhanced the management's and employees' integrity awareness by conducting the training related to anti-corruption. During the Year, all newly hired employees underwent induction training that included education on anti-corruption practices. Existing employees including the Group's directors also received regular anti-corruption training materials and information from the Group for self-study. These initiatives are aimed at enhancing the awareness of anti-corruption and foster a culture of integrity throughout the entire workforce.

The Group has also established a whistleblowing system to establish and maintain a clean and transparent culture of the Group. The whistleblowing system allows all employees and independent third parties (including customers, suppliers, etc.) who have contact with employees to report anonymously to the Audit Committee, including negligence, corruption, bribery and other misconduct. The Audit Committee will process the reports promptly, fairly and confidentially. On the other hand, the whistleblowing system also ensures that whistleblowers will not be treated unfairly because of reports, the whistleblowers will not face unfair dismissal, unwarranted disciplinary actions, etc.

The Group also attaches importance to the potential bribery and corruption in the procurement and relevant rules and regulations for management are established. Please refer to the section headed "Fair Tendering" in Aspect B5 of this ESG Report.

B8. Community Investment

The Group believes that an enterprise should share the responsibility of contributing to the society. Therefore, while pursuing its own development, the Group also devotes itself to social charity and public welfare, assisting people in need and giving back to the society and people. By focusing on contributing to community welfare and working with charitable organisations, the Group organises activities to fulfill social responsibilities.

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Social Responsibility Education

The Group hopes to foster a sense of social responsibility among its employees. Therefore, we have been encouraging employees to participate in charity activities during their work and personal time to make greater contributions to the community. We have also arranged for employees to participate in environmental protection activities, donation for educational developments and social services. We believe that through directly participating in activities that contribute to the community, our staff could build up positive value and be a socially responsible citizen.

Charity events during the Year include participating Yixing Charity Association Scholarship Program and Akto County Charitable Donation Program.

CONTACT US

The Group welcomes all stakeholders to comment on this ESG Report or provide other valuable comments that will make the Group to develop sustainably. Please email to ir@trigiant.com.cn.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Emissions — Exhaust Gas Emissions, Greenhouse Gas Emissions, Wastewater Discharge and Waste Disposal
KPI A1.1	The types of emissions and respective emissions data	Emissions — Exhaust Gas Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions — Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions — Hazardous Waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions — Non-hazardous Waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Emissions — Exhaust Gas Emissions and Greenhouse Gas Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Emissions — Waste Disposal
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of Resources — Energy Consumption, Water Consumption and Use of Packaging Materials
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Use of Resources — Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of Resources — Water Consumption

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Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Use of Resources — Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Use of Resources — Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Use of Resources — Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment and Natural Resources — Plant Afforestation
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Climate Change — Physical Risks and Transition Risks
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Employment — People Oriented
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment — Recruitment, Promotion and Dismissal

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Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and safety — Safe Production Management Mechanism
KPI B2.2	Lost days due to work injury	Health and safety — Safe Production Management Mechanism
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Health and Safety — Safe Production Management Mechanism and Storage of Chemicals
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Development and Training — Training Management
KPI B3.2	The average training hours completed per employee by gender and employee category	Development and Training — Training Management
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Labour standards — Prevention of Child Labour and Forced Labour
KPI B4.2	Description of steps taken to eliminate violations when discovered	Labour Standards — Prevention of Child Labour and Forced Labour

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Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	Supply Chain Management — Supply Chain Management Structure
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply Chain Management — Supply Chain Management Structure and Fair Tendering
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management — Environmental and Social Risk Management of the Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management — Environmental and Social Risk Management of the Supply Chain
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Responsibility — Quality Control
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Product Responsibility — Customer Service and Privacy
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Responsibility — Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures	Product Responsibility — Quality Control and Customer Service and Privacy
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored	Product Responsibility — Customer Service and Privacy

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community Investment — Social Responsibility Education
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Community Investment — Social Responsibility Education

DIRECTORS' REPORT

The board ("Board") of directors ("Directors") of the Company hereby presents this Directors' report together with the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as an investment holding company. The Group's operations are substantially conducted through its subsidiaries in the People's Republic of China ("PRC"). The Group is mainly engaged in the manufacture and sales of feeder cable series, optical fibre cable series, flame-retardant flexible cable series and related products and other accessories for mobile communications and telecommunication equipment.

Particulars of the principal activities of the Company's subsidiaries are set out in note 37 of the Notes to the consolidated financial statements of this annual report.

BUSINESS REVIEW

Discussion and analysis of the review of the business of the Group, particulars of important events that have occurred affecting the Company since the end of the financial year, likely future developments in the Group's business, relationship with stakeholders including customers, suppliers and employees and environmental policies and performance can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Environment, Social and Governance Report" of this annual report. These discussions form part of this Directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Group has formulated a variety of management policies and framework for sustainable development of the Group. The Group attaches great importance to risks management to ensure that the Group can cope with changing industrial and economic environment. To minimise the impact of various risks on the Group's operation, the Group designated the Board, the audit committee and management of the Group as the responsible parties of risks management.

The Group's management conducts corporate risk assessment on a regular basis, monitors risks continuously and takes appropriate actions targeted to different risks. The management reports the risk assessment and updates of relevant measures taken against material risks to the Board regularly, and the Board subsequently reviews and approves the risk assessment, marketing strategies, business plan and budgets submitted by the management, while the audit committee reviews the Group's finance, operation and compliance matters, the results of risks management and internal control system as well as the effectiveness of compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

DIRECTORS' REPORT

The Group is exposed to various risks and uncertainties. The effects of such risks may vary over time. The following table sets forth material risks classified by the Group according to its status quo and relevant alleviating measures for each material risk for the management of such risks.

Risks profile	Major relevant alleviating measures
<p>Business risks</p> <p>The major customers of the Group are the three major telecommunications operators in the PRC. Any changes of business strategies and capital expenditures of these customers and development changes of telecommunications industry of China will therefore have an impact on sales of the Group.</p> <p>A majority of the Group's turnover is derived from sales of products to provincial subsidiaries of the three major telecommunications operators in the PRC. The three major telecommunications operators in the PRC usually invite equipment suppliers including the Group to participate in the tender activities held by each of them. As a result, the tender results of the Group in these tender activities will impact the operation and financial performance of the Group.</p> <p>The telecommunications industry develops constantly and advances in technology may make certain products of the Group obsolete. Therefore, the Group's capabilities to launch new products and improve product quality in order to cope with technology transformation will have a material impact on the Group's position in the industry.</p> <p>The repetitive global epidemic has become the new normal of society, and the epidemic may affect the development speed of the industry, the Company's supply chain and the progress of scientific research.</p>	<ul style="list-style-type: none"> • Proactively develop business relationship with customers other than the three major telecommunications operators in the PRC. • Expand overseas market and increase the proportion of overseas sales. • Diversify product portfolio and reduce the impact of change in sales of individual products on the Group's overall business. • Continue to review competitive edges of the Group in the industry and market trend. • Enhance after-sales services for customers and improve product quality to raise the Group's competitiveness in bidding activities. • Develop more new products to meet customers demand. • Invest resources to develop new products and upgrade existing products to cater to the changing market demand. • Actively recruit and train skillful and experienced technicians to enhance research and development capabilities of the Group. • Continuously develop new products to conform to the new normal of society. • Develop online sales and promotion channels. • Increase the flexibility of the supply chain to adopt suppliers in different regions and develop contingency plans so that employees can work from home.

DIRECTORS' REPORT

Risks profile	Major relevant alleviating measures
<p>Financial risks</p> <p>Delayed payments of customers who are granted credit by the Group will increase the Group's exposure to financial risks and have an impact on financial performance and operating cash flows of the Group.</p> <p>The Group's major raw materials are copper-based materials and optical fibre and the Group procures raw materials from domestic suppliers. Increases in price of raw materials or any shortage of raw materials in the PRC market will have material impact on profitability and production of the Group.</p>	<ul style="list-style-type: none"> • Review accounts receivable due from major customers on a regular basis and control it to an appropriate level. • Manage and control strictly internally and put additional efforts to collect trade receivables overdue. • Under the framework agreements we have entered into with main customers according to tender results, pricing for the Group's main products (including feeder cables, optical fibre cables and flame-retardant flexible cable products) is determined with reference to prices of its major raw materials such as copper and optical fibre, so as to minimise the impact of fluctuation in prices of raw materials on gross profit margin. • With respect to supply, conduct investigation and assessment on suppliers periodically to ensure stable supply source of raw materials.
<p>Composite risk</p> <p>Recently, China's economy has been in a steady growth but it is affected by complex and ever-changing external factors and as a result, the demand for products of the Group may significantly reduce, which may have a material adverse impact on business, financial condition and operating results of the Group.</p>	<ul style="list-style-type: none"> • Expand overseas market and increase the proportion of overseas sales to reduce the dependence on individual country or region.

COMPLIANCE WITH RELEVANT RULES AND REGULATIONS

During the course of the business operations, the Group shall comply with different laws and regulations, including i) laws regarding employee recruitment and benefits, such as the "Labor Law of the PRC", the "Labor Contract Law of the PRC", and the "Rulings of Implementing the Labor Contract Law of the PRC"; ii) the "Environmental Protection Law of the PRC" governing production activities and the measures implemented in Jiangsu Province under the "Work-Related Injuries Regulations"; and iii) laws that safeguard the intellectual property rights of the Group, such as the "Patent Law of the PRC", the "Trademark Law of the PRC", the "Copyright Law of the PRC", the "Anti-Unfair Competition Law of the PRC", and the "Technology Contract Law of the PRC". For the year ended 31 December 2023, the Group was in strict compliance with these said laws and regulations.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 83 of this annual report.

The Directors do not recommend the payment of dividend for the year ended 31 December 2023.

DIRECTORS' REPORT

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out in the section headed "Financial Summary" of this annual report.

FIXED ASSETS

Details of the movements in the Group's property, plant and equipment during the year ended 31 December 2023 are set out in note 14 of the Notes to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements in the issued share capital of the Company during the year ended 31 December 2023 are set out in note 26 of the Notes to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's reserves available for distribution to Shareholders amounted to approximately RMB1,548.0 million.

DONATION

The Group made charitable donations totalling approximately RMB120,000 during the year ended 31 December 2023.

DIRECTORS

The Directors during the year ended 31 December 2023 and up to the date of this annual report were as follows:

Executive Directors

Mr. Qian Lirong
Mr. Qian Chenhui

Non-executive Directors

Zhang Dongjie (appointed on 9 January 2023)
Mr. Xia Bin (resigned on 9 January 2023)

Independent non-executive Directors

Professor Jin Xiaofeng
Mr. Chan Fan Shing (resigned on 1 January 2024)
Mr. Chen Gang (resigned on 7 February 2023)
Mr. Zhao Huanqi (appointed on 28 March 2023)
Ms. Hoi Sao Leng (appointed on 1 March 2024)

In accordance with articles 84(1) and 84(2) of the articles of association of the Company, each of Mr. Qian Lirong and Mr. Qian Chenhui shall retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' REPORT

In accordance with article 83(3) of the articles of association of the Company, Ms. Hoi Sao Leng shall hold office only until the forthcoming annual general meeting and shall then be eligible for re-election.

Details of the Directors' profiles are set out in the section headed "Directors and Senior Management Profile" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Qian Lirong, executive Director, has entered into a service agreement with the Company pursuant to which he agreed to act as a Director for a fixed term of three years with effect from 19 March 2024. Mr. Qian Chenhui, executive Director, has entered into a service agreement with the Company pursuant to which he agreed to act as a Director for a fixed term of three years with effect from 31 December 2022.

Mr. Zhang Dongjie, non-executive Director, was appointed for a fixed term of three years commencing from 9 January 2023. Mr. Chan Fan Shing, independent non-executive Director (resigned on 1 January 2024), was appointed for a fixed term of three years commencing from 30 September 2021. Professor Jin Xiaofeng, independent non-executive Director, was appointed for a fixed term of three years commencing from 23 August 2023. Mr. Zhao Huanqi independent non-executive Director, was appointed for a fixed term of three years commencing from 28 March 2023. Ms. Hoi Sao Leng, independent non-executive Director, was appointed for a fixed term of three years commencing from 1 March 2024.

None of the Directors has or is proposed to have a service contract with the Company or any of the subsidiaries of the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has arranged Directors' and officers' liability insurance throughout the year ended 31 December 2023 to indemnify the Directors and officers for their liabilities arising from their lawful discharge of duties. The insurance coverage and premium is reviewed on an annual basis.

The articles of association of the Company provide that the Directors for the time being acting in relation to any of the affairs of the Company and every one of them shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

EMOLUMENT POLICY

The employees of the Group are remunerated with monthly salary, subject to annual review and discretionary bonuses. They are also entitled, subject to eligibility, to retirement fund and provident fund. The Company also adopted a share option scheme as an incentive to the Directors and eligible employees.

The remuneration committee reviews and makes recommendations to the Board on terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management with reference to the market data. Details of the remuneration of the Directors for the year ended 31 December 2023 are set out in note 10 of the Notes to the consolidated financial statements of this annual report.

DIRECTORS' REPORT

RETIREMENT BENEFIT SCHEMES

The Group participates in state-managed retirement benefit schemes operated by the PRC government which covers the Group's eligible employees in the PRC and the Mandatory Provident Fund Scheme for the employees in Hong Kong. Please refer to note 32 of the Notes to the consolidated financial statements of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rule 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed at least three independent non-executive Directors throughout the year ended 31 December 2023. The Board considers that all the independent non-executive Directors have appropriate and sufficient diversity, industry or finance experience and qualifications to carry out their duties so as to protect the interests of the Shareholders. One of the independent non-executive Directors in office during the year ended 31 December 2023, Mr. Chan Fan Shing has extensive experience in auditing, accounting and financial management. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the CPA Australia.

The Company has received, from each of the independent non-executive Directors, a confirmation of his/her independence. Based on such confirmations, the Company considers all the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed above, since the date of the 2023 interim report of the Company and up to the date of this report, there were no changes to the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong) as recorded in the register required to be kept under section 352 of the SFO, or which otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Name of Director	Nature of interest	Interest in ordinary shares	Interest in underlying shares	Total of shares and underlying shares	Approximate percentage of interest <i>(Note c)</i>
Mr. Qian Lirong	Interest in controlled corporation	523,521,750 <i>(Notes a and b)</i>	–	523,521,750	29.22%

DIRECTORS' REPORT

Notes:

- (a) These shares are registered in the name of Trigiant Investments Limited ("Trigiant Investments"), a company wholly owned by Abraholme International Limited ("Abraholme") which is in turn wholly owned by Mr. Qian Lirong. By virtue of the provisions in Part XV of the SFO, Mr. Qian Lirong is deemed to be interested in all the shares held by Trigiant Investments and Abraholme. Mr. Qian Lirong is a director of each of Trigiant Investments and Abraholme.
- (b) These interests are long position.
- (c) The total number of 1,791,500,000 shares of the Company in issue as at 31 December 2023 has been used for the calculation of the approximate percentage.

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executives of the Company, or any of their associates had any interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations (within the meaning of Part XV of the SFO).

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2023, purchases from the single largest supplier of the Group and the five largest suppliers of the Group in aggregate accounted for approximately 47.1% (2022: 52.6%) and 82.4% (2022: 80.4%) of the Group's total purchases, respectively.

For the year ended 31 December 2023, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 43.3% (2022: 39.4%) and 95.6% (2022: 91.5%) of the Group's total turnover, respectively.

At all time during the year ended 31 December 2023, none of the Directors or any of their close associates or any Shareholders whom, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had an interest in any of the five largest suppliers or customers.

The Group maintains good relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Company's success depends.

SHARE OPTION SCHEME OF THE COMPANY

Pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 27 May 2014, the Company adopted its first share option scheme ("Share Option Scheme") to allow the Group to grant options to eligible participants to entitle them to subscribe for new shares as incentives or rewards for their contribution to the Group. Further details of the Share Option Scheme and the share options granted are disclosed in note 27 of the Notes to the consolidated financial statements in this annual report.

The number of share options available for grant under the existing scheme mandate of the Share Option Scheme as at 1 January 2023 and 31 December 2023 was 37,100,000 Shares.

During the year ended 31 December 2023 there were no options and awards granted under all schemes of the Company (i.e. the Share Option Scheme), and divided by the weighted average number of shares of the Company of 1,791,500,000 Shares for the year ended 31 December 2023, is nil.

DIRECTORS' REPORT

As at 26 March 2024, being the date of this report, the total number of share options available for issue under the Share Option Scheme was 37,100,000 Shares, representing approximately 2.07% of the issued shares of the Company as at such date.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31 December 2023, was the Group or any of the Company's holding companies or subsidiaries of the Company's holding companies a party to any arrangements to enable the Directors or the chief executives of the Company or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year ended 31 December 2023.

CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the Group, the Company's holding companies or subsidiaries of the Company's holding companies was a party and in which a Director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors had an interest in any business which competes or may compete with the business in which the Group is engaged.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2023, the Group had entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. All related party transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. The Company has complied with the applicable requirements under the Listing Rules for any related party transaction which constituted any non-fully exempt or non-exempt connected transaction or continuing connected transaction under the Listing Rules. Details of the related party transactions are disclosed in note 31 of the Notes to the consolidated financial statements of this annual report.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, the register of substantial shareholders maintained by the Company under section 336 of the SFO recorded that the following persons/entities, other than the Directors or the chief executive of the Company, had an interest or a short position in the shares or underlying shares of the Company as follows:

DIRECTORS' REPORT

LONG POSITIONS

Name of Shareholder	Nature of interest	Total of shares and underlying shares	Approximate percentage of interest (Note e)
Trigiant Investments	Beneficial owner	523,521,750	29.22%
Abraham Holme	Interest in controlled corporation	523,521,750 (Note a)	29.22%
Madam Qian Jindi	Interest of spouse	523,521,750 (Note b)	29.22%
Eternal Asia (HK) Limited	Beneficial owner	292,876,000 (Note c)	16.35%
Shenzhen Eternal Asia Supply Chain Management Ltd. ("Eternal Asia")* 深圳市怡亞通供應鏈股份有限公司	Interest in controlled corporation	292,876,000 (Note c)	16.35%
Shenzhen Investment Holding Limited* 深圳市投資控股有限公司	Interest in controlled corporation	292,876,000 (Note c)	16.35%
State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government* 深圳市人民政府國有資產監督管理委員會	Interest in controlled corporation	292,876,000 (Note c)	16.35%
Easy Beauty Limited	Beneficial owner	340,000,000 (Note d)	18.98%
Artemis Delight Limited	Interest in controlled corporation	340,000,000 (Note d)	18.98%
Mr. Dai Xiaolin	Interest in controlled corporation	340,000,000 (Note d)	18.98%

DIRECTORS' REPORT

Notes:

- (a) These shares are registered in the name of Trigiant Investments, a company wholly owned by Abraholme, which is wholly owned by Mr. Qian Lirong. Under the SFO, each of Mr. Qian Lirong and Abraholme is deemed to be interested in all the shares held by Trigiant Investments. Mr. Qian Lirong is a director of each of Trigiant Investments and Abraholme.
- (b) Madam Qian Jindi is the spouse of Mr. Qian Lirong and under the SFO, she is deemed to be interested in all the shares in which Mr. Qian Lirong is interested or deemed to be interested.
- (c) Pursuant to the notice of disclosure of interest of State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal filed on 14 May 2021, these interests in shares are registered in the name of Eternal Asia (HK) Limited, which is wholly owned by Eternal Asia, and the controlled corporation of State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal (namely Shenzhen Investment Holding Limited ("Shenzhen Holding")) increased its interests in Eternal Asia to 18.30% after completion of share transfers on 22 August 2018 and 18 October 2018 respectively. On 24 December 2018, Eternal Asia became a controlled corporation of Shenzhen Holding as Eternal Asia and its directors were accustomed to act in accordance with Shenzhen Holding's directions. Shenzhen Holding is wholly owned by State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal.
- (d) Based on the notices of disclosure of interests dated 3 April 2023 of Easy Beauty Limited, Artemis Delight Limited and Mr. Dai Xiaolin each filed with the Stock Exchange, these interests in shares are registered in the name of Easy Beauty Limited, a company owned as to 70% by Artemis Delight Limited, which in turn is wholly owned by Mr. Dai Xiaolin.
- (e) The total number of 1,791,500,000 shares of the Company in issue as at 31 December 2023 has been used for the calculation of the approximate percentage.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Act of the Cayman Islands where the Company is incorporated.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained sufficient public float during the year ended 31 December 2023 and up to the date of this report.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its Shareholders as a whole. The Company has adopted and committed to the code provisions of the Code of Corporate Governance Practices contained in Part 2 of Appendix C1 to the Listing Rules and has prepared the corporate governance report, which is set out in the section headed "Corporate Governance Report" of this annual report. The Board will continue to review and monitor the practices of the Company with an aim to maintaining the highest standard of corporate governance.

USE OF NET PROCEEDS FROM COMPANY'S INITIAL PUBLIC OFFERING

On 19 March 2012, the Company issued 200,000,000 new shares of nominal value of HK\$0.01 each in connection with the listing of its shares on the Stock Exchange ("IPO"). The net proceeds after deducting the issuing expenses arising from the IPO amounted to approximately HK\$185 million (equivalent to approximately RMB150 million).

Up to 31 December 2023, the net proceeds from the IPO had been utilised in accordance with the plan as stated in the IPO prospectus for the expansion of the sales and distribution network, production capacity and advancement of production facilities of the Group and research and development of new products and upgrading product functions and related technologies, repayment of bank borrowings and for general working capital.

As at 31 December 2023, the remaining net proceeds of approximately RMB22.5 million were deposited with certain licensed financial institutions.

AUDITOR

The Company has appointed Deloitte Touche Tohmatsu as the auditor of the Company for the year ended 31 December 2023. A resolution will be proposed for approval by Shareholders at the forthcoming annual general meeting to reappoint Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Qian Lirong

Chairman

Hong Kong, 26 March 2024

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TRIGIANT GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Trigiant Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 83 to 131, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment assessment of trade receivables</i></p> <p>We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated statement of financial position and the involvement of management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period.</p> <p>As at 31 December 2023, the Group's net trade receivables amounting to RMB4,097,807,000 which represented approximately 76% of total assets of the Group.</p> <p>As disclosed in note 4 to the consolidated financial statements, trade receivables which are credit-impaired are assessed for lifetime ECL individually. In addition, the management of the Group estimates the amount of lifetime ECL of trade receivables that are not credit-impaired based on provision matrix with appropriate groupings based on debtors' ageing because these customers with common risk characteristics that are representative of the debtors' abilities to pay all amounts due. Estimated loss rates are based on historical observed loss data over the expected life of the debtors taking into consideration of ageing, repayment history and/or past due status, and are adjusted for supportable forward-looking information that is reasonable and supportable available without due costs or effort.</p> <p>As disclosed in note 29 to the consolidated financial statements, the Group recorded an impairment loss of RMB165,552,000 on trade receivables for the year and the Group's lifetime ECL on trade receivables as at 31 December 2023 amounted to RMB948,371,000.</p>	<p>Our procedures in relation to impairment assessment of trade receivables included:</p> <ul style="list-style-type: none"> • Understanding the credit risk assessment and impairment assessment process and evaluating on how the management estimates the loss allowance for trade receivables; • Evaluating the management's assessment on the credit quality of the debtors with trade receivables which are credit-impaired by examining records including current creditworthiness, past collection history of the debtors and relevant information from public domain; • Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 31 December 2023, on a sample basis; and • Challenging management's basis and judgment in determining credit loss allowance on trade receivables as at 31 December 2023, including the reasonableness of management's grouping of the trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical observed loss data and forward-looking information).

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lin Sze Wai.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Revenue	5	2,505,763	2,630,326
Cost of goods sold		(2,189,242)	(2,278,036)
Gross profit		316,521	352,290
Other income	6	28,559	19,059
Impairment losses under expected credit loss model, net	7	(165,552)	(203,902)
Other gain and loss	7	537	2,931
Selling and distribution costs		(56,017)	(50,146)
Administrative expenses		(44,929)	(38,665)
Research and development costs		(50,023)	(44,195)
Finance costs	8	(54,520)	(61,706)
Loss before taxation	9	(25,424)	(24,334)
Taxation	11	2,877	(32,028)
Loss for the year		(22,547)	(56,362)
Other comprehensive expense:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		(82)	(166)
Total comprehensive expense for the year		(22,629)	(56,528)
Loss per share	12		
— Basic		RMB (1.26) cents	RMB (3.15) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	14	154,741	173,743
Right-of-use assets	15	61,596	64,175
Equity instruments at fair value through other comprehensive income	17	227	309
Pledged bank deposits	20	2,533	154,647
Deposits paid for acquisition of property, plant and equipment		21,840	21,840
Deferred tax assets	25	139,188	113,678
		380,125	528,392
Current assets			
Inventories	18	175,334	172,607
Trade and other receivables	19	4,118,465	4,115,138
Pledged bank deposits	20	178,212	36,929
Bank balances and cash	20	549,358	536,724
		5,021,369	4,861,398
Current liabilities			
Trade and other payables	21	113,760	85,611
Borrowings	22	1,694,361	1,685,100
Lease liabilities	23	555	507
Taxation payable		48,872	49,631
		1,857,548	1,820,849
Net current assets		3,163,821	3,040,549
Total assets less current liabilities		3,543,946	3,568,941

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Lease liabilities	23	61	567
Government grants	24	794	1,191
Deferred tax liabilities	25	21,293	22,756
		22,148	24,514
Net assets		3,521,798	3,544,427
Capital and reserves			
Share capital	26	14,638	14,638
Reserves		3,507,160	3,529,789
Total equity		3,521,798	3,544,427

The consolidated financial statements on pages 83 to 131 were approved and authorised for issue by the Board of Directors on 26 March 2024 and are signed on its behalf by:

QIAN LIRONG
DIRECTOR

QIAN CHENHUI
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company								Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Fair value through other comprehensive income reserve RMB'000	Capital redemption reserve RMB'000	Statutory surplus reserve RMB'000 (note a)	Special reserve RMB'000 (note b)	Other reserve RMB'000 (note c)	Accumulated profits RMB'000	
At 1 January 2022	14,638	1,509,764	(475)	101	520,936	62,947	(312,834)	1,805,878	3,600,955
Loss for the year	-	-	-	-	-	-	-	(56,362)	(56,362)
Fair value loss on investments in equity instrument at fair value through other comprehensive income	-	-	(166)	-	-	-	-	-	(166)
Loss and total comprehensive expenses for the year	-	-	(166)	-	-	-	-	(56,362)	(56,528)
At 31 December 2022	14,638	1,509,764	(641)	101	520,936	62,947	(312,834)	1,749,516	3,544,427
Loss for the year	-	-	-	-	-	-	-	(22,547)	(22,547)
Fair value loss on investments in equity instrument at fair value through other comprehensive income	-	-	(82)	-	-	-	-	-	(82)
Loss and total comprehensive expense for the year	-	-	(82)	-	-	-	-	(22,547)	(22,629)
At 31 December 2023	14,638	1,509,764	(723)	101	520,936	62,947	(312,834)	1,726,969	3,521,798

Notes:

- (a) As stipulated by the relevant laws and regulations in the People's Republic of China ("PRC"), the PRC subsidiaries of the Company are required to maintain a statutory surplus reserve. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of the PRC subsidiaries while the amount is decided by directors of those subsidiaries annually. The statutory surplus reserve can be used to make up prior year losses, if any, and can be applied for conversion into capital by means of capitalisation issue.
- (b) The special reserve represents the deemed contribution arising from acquisition of a subsidiary in 2009.
- (c) The other reserve represents the difference of fair value of consideration paid and the amount of non-controlling interests arising from acquisition of additional interests in a subsidiary in 2017.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
Operating activities		
Loss before taxation	(25,424)	(24,334)
Adjustments for:		
Interest income	(11,590)	(5,831)
Investment income from other financial assets	–	(6,341)
Finance costs	54,520	61,706
Depreciation of property, plant and equipment	20,193	20,395
Depreciation of right-of-use assets	2,599	2,741
Impairment losses under expected credit loss model, net	165,552	203,902
Impairment losses on inventories	3,328	1,231
Loss on disposal/written off of property, plant and equipment	10	1,004
Release of government grants	(397)	(397)
Exchange gain	–	(2,931)
Operating cash flows before movements in working capital	208,791	251,145
(Increase) decrease in inventories	(6,055)	68,514
(Increase) decrease in trade and other receivables	(164,696)	25,380
Increase (decrease) in trade and other payables	655,137	(116,187)
Cash generated from operations	693,177	228,852
PRC Enterprise Income Tax paid	(24,855)	(38,175)
Net cash from operating activities	668,322	190,677

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
Investing activities		
Release of pledged bank deposits	384,428	2,956,342
Investment income received	–	6,341
Interest received	7,407	6,309
Proceeds from disposal of property, plant and equipment	244	–
New pledged bank deposits placed	(373,597)	(2,937,534)
Purchase of property, plant and equipment	(1,756)	(5,816)
Deposits paid for acquisition of property, plant and equipment	–	(21,840)
Net cash from investing activities	16,726	3,802
Financing activities		
Repayment of bank borrowings	(1,943,819)	(1,471,000)
Interest on bank borrowings	(55,076)	(61,238)
Repayment of lease liabilities	(478)	(734)
Interest on lease liabilities	(41)	(55)
New bank borrowings raised	1,327,000	1,416,000
Net cash used in financing activities	(672,414)	(117,027)
Net increase in cash and cash equivalents	12,634	77,452
Cash and cash equivalents at beginning of the year	536,724	459,272
Total cash and cash equivalents at end of the year, represented by bank balances and cash	549,358	536,724

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

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”). Mr. Qian Lirong is the major shareholder with significant influence over the Company, and he is also the Chairman, Director and Group Chief Executive Officer of the Company. The addresses of the registered office and principal place of business of the Company and information of shareholders are disclosed in the corporate information section and directors’ report, respectively, to the annual report.

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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 positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued) Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3 to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

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 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

Amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The amendments add a disclosure objective to HKAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.

The term ‘supplier finance arrangements’ is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements;
- The carrying amount and associated line items presented in the entity’s statement of financial position, of the liabilities that are part of the arrangements, and the non-cash changes in the carrying amounts of these financial liabilities;
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

The application of the amendments is not expected to have impact on the financial position or performance of the Group but may affect the disclosures of liabilities, cash flows and the Group’s exposure to liquidity risk related to the supplier finance arrangements entered into by the Group. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in note 5.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Right-of-use assets

Right-of-use assets are measured at the present value of lease payments that are unpaid at the commencement date of a lease, less accumulated depreciation. Right-of-use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Research and development costs

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGUs or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

(i) **Amortised cost and interest income**

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(ii) **Equity instruments designated as at fair value through other comprehensive income ("FVTOCI")**

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, pledged bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9 Financial Instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. Customers are assessed for ECL by categorising into receivables fully backed by bank bills and not backed by bank bills. Except for trade receivables that are credit-impaired which are assessed individually, the ECL on trade receivables not backed by bank bills are assessed collectively using a provision matrix with appropriate groupings based on debtors' aging. Debtors with trade receivables backed by bank bills are assessed individually taking into consideration of the credit rating and reputation of the banks issuing the bank bills.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) **Significant increase in credit risk**

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(ii) **Definition of default**

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) **Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) **Write-off policy**

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, and tries to adjust for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables and borrowings) are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable loss for the year. Taxable profit differs from loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Employee benefits

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of trade receivables

The Group estimates the amount of lifetime ECL of not credit-impaired trade receivables not backed by bank bills based on provision matrix with appropriate groupings based on debtors' aging because these customers with common risk characteristics that are representative of the debtors' abilities to pay all amounts due. In addition, the credit-impaired trade receivables are assessed individually. Estimated loss rates are based on the historical observed loss data over the expected life of the debtors taking into consideration of ageing, repayment history and/or past due status, and are adjusted for supportable forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed loss data are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 29 and 19 respectively.

The carrying amount of trade receivables at 31 December 2023 is RMB4,097,807,000 (2022: RMB4,092,946,000) (net of allowance for impairment losses of RMB948,371,000 (2022: RMB782,819,000)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION

Performance obligations for contracts with customers and revenue recognition policies

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 normal credit term is 180 to 360 days upon delivery. 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.

For contracts where the credit period provided to customers and transfer of the associated goods is less than one year, the Group applies the practical expedient of not adjusting the transaction price for significant financing component, if any.

All sales are provided for periods for one year or less. As permitted under HKFRS 15, the transactions price allocated to the unsatisfied contracts is not disclosed.

Segment information

The Group's chief operating decision maker ("CODM") has been identified as the executive directors of the Company ("Executive Directors") who review the business with the following reportable 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 ECL model, net, other gain and loss, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION (Continued)

The information of segment results is as follows:

For the year ended 31 December 2023

	Feeder cable series RMB'000	Flame- retardant flexible cable series RMB'000	Optical fibre cable series and related products RMB'000	New-type electronic components RMB'000	Others RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Revenue							
— External sales	1,200,305	970,347	201,769	126,882	6,460	—	2,505,763
— Inter-segment sales*	—	—	56,606	16,046	—	(72,652)	—
	1,200,305	970,347	258,375	142,928	6,460	(72,652)	2,505,763
Cost of goods sold	(1,042,106)	(865,897)	(228,931)	(120,300)	(4,660)	72,652	(2,189,242)
Segment result	158,199	104,450	29,444	22,628	1,800	—	316,521

For the year ended 31 December 2022

	Feeder cable series RMB'000	Flame- retardant flexible cable series RMB'000	Optical fibre cable series and related products RMB'000	New-type electronic components RMB'000	Others RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Revenue							
— External sales	1,242,813	1,029,254	208,813	147,513	1,933	—	2,630,326
— Inter-segment sales*	—	—	65,169	14,985	—	(80,154)	—
	1,242,813	1,029,254	273,982	162,498	1,933	(80,154)	2,630,326
Cost of goods sold	(1,061,273)	(910,665)	(246,299)	(138,198)	(1,755)	80,154	(2,278,036)
Segment result	181,540	118,589	27,683	24,300	178	—	352,290

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	2023 RMB'000	2022 RMB'000
Reportable segment results	316,521	352,290
Unallocated income and expenses		
— Other income	28,559	19,059
— Impairment losses under ECL model, net	(165,552)	(203,902)
— Other gain and loss	537	2,931
— Selling and distribution costs	(56,017)	(50,146)
— Administrative expenses	(44,929)	(38,665)
— Research and development costs	(50,023)	(44,195)
— Finance costs	(54,520)	(61,706)
Loss before taxation	(25,424)	(24,334)
Taxation	2,877	(32,028)
Loss for the year	(22,547)	(56,362)

No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment.

Geographical information

Substantially all of the Group's revenue 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 revenue of the Group is as follows:

	2023 RMB'000	2022 RMB'000
Customer A	1,084,288	945,571
Customer B	832,175	1,037,215
Customer C	305,273	305,282

The three major customers, including the three major telecommunications operators in PRC, purchased goods from all segments during both years. The group of entities under common control of a reporting entity are considered as a single customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Government grants (<i>note</i>)	2,940	2,334
Value added tax credits concessions	10,812	–
Interest income	11,590	5,831
Investment income from other financial assets	–	6,341
Others	3,217	4,553
	28,559	19,059

Note: Included in government grants is RMB2,543,000 (2022: RMB1,937,000) 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 receipt. In respect of the remaining amount of RMB397,000 (2022: RMB397,000), they are government subsidies received for the acquisition of property, plant and equipment as disclosed in note 24.

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET AND OTHER GAIN AND LOSS

	2023 RMB'000	2022 RMB'000
Impairment losses under ECL model, net include the following:		
Impairment losses on trade receivables, net	(165,552)	(203,902)
Other gain and loss include the following:		
Exchange gain	537	2,931

Details of impairment assessment on trade receivables are set out in note 29.

8. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on bank borrowings	54,479	61,651
Interest on lease liabilities	41	55
	54,520	61,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. LOSS BEFORE TAXATION

	2023 RMB'000	2022 RMB'000
Loss before taxation has been arrived at after charging:		
Directors' remuneration	2,261	2,163
Other staff costs:		
Salaries and other benefits	78,475	81,869
Retirement benefit schemes contributions (note 32)	6,370	7,352
Total staff costs	87,106	91,384
Less: capitalised in cost of inventories manufactured	(35,440)	(39,813)
	51,666	51,571
Auditor's remuneration	2,561	2,306
Cost of inventories recognised as expenses	2,181,696	2,270,440
Impairment losses on inventories (included in selling and distribution costs)	3,328	1,231
Depreciation of right-of-use assets	2,599	2,741
Loss on disposal/written off of property, plant and equipment	10	1,004
Short-term lease payment	1,168	1,102
Depreciation of property, plant and equipment	20,193	20,395
Less: capitalised in cost of inventories manufactured	(13,499)	(14,267)
	6,694	6,128

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEE'S EMOLUMENTS

Details of emoluments paid or payable by the Group to the directors and chief executive of the Company are as follows:

For the year ended 31 December 2023

	Executive directors		Non-executive directors			Independent non-executive directors			Total
	Mr. Qian Lirong	Mr. Qian Chenhui	Mr. Zhang Dongjie*	Mr. Xia Bin**	Professor Jin Xiaofeng	Mr. Chan Fan Shing*	Mr. Zhao Huanqi#	Mr. Chen Gang##	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors' fee	110	-	107	3	82	137	63	8	510
Basic salaries and allowances	975	744	-	-	-	-	-	-	1,719
Retirement benefit schemes contributions	16	16	-	-	-	-	-	-	32
	1,101	760	107	3	82	137	63	8	2,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEE'S EMOLUMENTS (Continued)

For the year ended 31 December 2022

	Executive directors		Non-executive director	Independent non-executive directors			Total RMB'000
	Mr. Qian Lirong	Mr. Qian Chenhui	Mr. Xia Bin	Professor Jin Xiaofeng	Mr. Chan Fan Shing	Mr. Chen Gang	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Directors' fee	103	–	102	77	128	77	487
Basic salaries and allowances	967	677	–	–	–	–	1,644
Retirement benefit schemes contributions	16	16	–	–	–	–	32
	1,086	693	102	77	128	77	2,163

* Appointed on 9 January 2023

** Resigned on 9 January 2023

Appointed on 28 March 2023

Resigned on 7 February 2023

^ Resigned on 1 January 2024

Mr. Qian Lirong has been appointed as the chief executive officer of the Company and is also the chairman of the board of directors of the Company. His emoluments disclosed above include those services rendered by him as the chairman of the board of directors of the Company.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the non-executive directors and independent non-executive directors shown above were paid for their services as directors of the Company.

Subsequent to the reporting period, with effect from 1 March 2024, Ms. Hoi Sao Leng has been appointed as an independent non-executive director of the Company.

Of the five highest paid individuals of the Group, two (2022: two) was the directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining three (2022: three) individuals were as follows:

	2023 RMB'000	2022 RMB'000
Basic salaries and allowances	2,875	2,766
Retirement benefit schemes contributions	49	48
	2,924	2,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEE'S EMOLUMENTS *(Continued)*

Their emoluments were within the following bands:

	2023 No. of employees	2022 No. of employees
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	2	2
	3	3

During the year ended 31 December 2023, no emoluments were paid by the Group to the directors of the Company and any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for both years. None of the directors of the Company has waived any emoluments during both years.

11. TAXATION

	2023 RMB'000	2022 RMB'000
The taxation credit (charge) comprises:		
Current tax:		
PRC Enterprise Income Tax	(24,096)	(28,760)
Deferred taxation credit (<i>note 25</i>)	26,973	13,948
Withholding tax	–	(17,216)
Taxation credit (charge) for the year	2,877	(32,028)

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Of 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 a High and New Technology Enterprise by relevant authorities in the PRC were charged income tax in the PRC at a reduced income tax rate of 15% till next renewal in October 2024 to December 2025.

The withholding tax represented those charged to profit or loss for the re-organisation incurred during the year ended 31 December 2022 which involved the transfer of shares of certain subsidiaries within the Group.

Certain research and development costs of the Company's PRC subsidiaries are qualified for 100% (2022: 100%) additional deduction for tax purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. TAXATION (Continued)

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.

The taxation charge for the year can be reconciled to the loss before taxation per the consolidated statement of loss and other comprehensive income as follows:

	2023 RMB'000	2022 RMB'000
Loss before taxation	(25,424)	(24,334)
Tax credit at the applicable income tax rate of 25%	6,356	6,084
Tax effect on income not taxable for tax purpose	769	511
Tax effect on expenses not deductible for tax purpose	(6,081)	(3,919)
Tax effect of tax concession	(346)	(1,423)
Withholding tax	1,463	(17,778)
Super Deduction for research and development expenses	1,102	809
Tax effect of change of tax rate in deferred tax recognised	–	(16,230)
Others	(386)	(82)
Taxation credit (charge) for the year	2,877	(32,028)

12. LOSS PER SHARE

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

	2023 RMB'000	2022 RMB'000
Loss		
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	(22,547)	(56,362)

	2023 '000	2022 '000
Number of shares		
Number of ordinary shares for the purpose of basic loss per share	1,791,500	1,791,500

No diluted loss per share have been presented as there are no potential ordinary shares outstanding for both years.

13. DIVIDENDS

The Board does not recommend final dividend for the year ended 31 December 2023 (2022: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
COST						
At 1 January 2022	199,173	239,955	17,877	9,119	558	466,682
Additions	–	1,605	1,453	–	2,772	5,830
Transfer	–	206	–	–	(206)	–
Disposal/written off	–	(80)	(1,066)	(929)	–	(2,075)
At 31 December 2022	199,173	241,686	18,264	8,190	3,124	470,437
Additions	–	430	729	3	283	1,445
Transfer	–	2,367	25	–	(2,392)	–
Disposal/written off	–	(84)	(423)	–	–	(507)
At 31 December 2023	199,173	244,399	18,595	8,193	1,015	471,375
DEPRECIATION						
At 1 January 2022	81,235	178,164	10,176	7,795	–	277,370
Provided for the year	9,255	10,243	808	89	–	20,395
Eliminated on disposal/ write-off	–	(72)	(163)	(836)	–	(1,071)
At 31 December 2022	90,490	188,335	10,821	7,048	–	296,694
Provided for the year	9,255	9,344	1,514	80	–	20,193
Eliminated on disposal/ write-off	–	(76)	(177)	–	–	(253)
At 31 December 2023	99,745	197,603	12,158	7,128	–	316,634
CARRYING VALUES						
At 31 December 2023	99,428	46,796	6,437	1,065	1,015	154,741
At 31 December 2022	108,683	53,351	7,443	1,142	3,124	173,743

The Group's buildings are located on land in the PRC under a lease term of 50 years.

The above items of property, plant and equipment, other than construction in progress, are depreciated after taking into account their estimated residual value, using straight line method, at the following rates per annum:

Buildings	4.5%
Plant and machinery	9%
Furniture, fixtures and equipment	18%
Motor vehicles	18%

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For the year ended 31 December 2023

15. RIGHT-OF-USE ASSETS

	Leasehold lands <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2023			
Carrying amount	61,002	594	61,596
As at 31 December 2022			
Carrying amount	63,122	1,053	64,175
For the year ended 31 December 2023			
Depreciation charge	2,120	479	2,599
For the year ended 31 December 2022			
Depreciation charge	2,120	621	2,741

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Expense relating to short term leases	1,168	1,102
Total cash outflow for leases	1,687	1,598
Additions to right-of-use assets	-	1,344

For both years, the Group leases office premises, staff quarters and warehouses for its operations. Lease contracts are entered into for fixed term of 1 year to 3 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold land. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

During the year ended 31 December 2022, the Group entered into new lease agreements for the use of leased properties for 3 years. On the lease commencement, the Group recognised RMB1,344,000 of right-of-use assets and lease liabilities, which constituted non-cash transactions during the year ended 31 December 2022 (2023: nil). Furthermore, the Group terminated a lease with right-of-use assets of RMB1,324,000 (2023: nil) and lease liabilities of RMB1,324,000 (2023: nil) during the year ended 31 December 2022.

Details of the lease maturity analysis of lease liabilities are set out in note 23.

Restrictions or covenants on leases

In addition, lease liabilities of RMB616,000 are recognised with related right-of-use assets of RMB594,000 as at 31 December 2023 (2022: lease liabilities of RMB1,074,000 are recognised with related right-of-use assets of RMB1,053,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

16. INTANGIBLE ASSETS

	<i>RMB'000</i>
COST	
At 1 January 2022 and 31 December 2022	195,005
Written off	(195,005)
At 31 December 2023	–
AMORTISATION AND IMPAIRMENT	
At 1 January 2022 and 31 December 2022	195,005
Written off	(195,005)
At 31 December 2023	–
CARRYING VALUES	
At 31 December 2023	–
At 31 December 2022	–

The intangible assets represent customer relationships from business acquisitions, which were Jiang Mei Limited (“Jiang Mei”) and Rosy Elite Limited (“Rosy Elite”). The useful life of the intangible assets are three to seven years. The accumulated impairment loss of RMB33,859,000 and RMB58,507,000 were recognised for Jiang Mei CGU and Rosy Elite CGU, respectively. Taken into account that these customer relationships are no longer able to generate future economic benefits, the intangible assets have been written off during the year ended 31 December 2023.

The CGU of Jiang Mei is related to the segment of “Optical fiber cable series and related products” and the CGU of Rosy Elite is related to the segment of “New-type electronic components”.

17. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE EXPENSE

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity investments		
Name of investee 江蘇俊知智慧網絡工業有限公司		
Jiangsu Trigiant Intelligent Network Co., Ltd. (“Trigiant Intelligent”)		
Fair value	227	309

At 31 December 2023, the above unlisted equity investments represent 19% (2022: 19%) equity interests in Trigiant Intelligent, which is a private entity established in the PRC. Trigiant Intelligent is principally engaged in the manufacture and sales of automated system and others.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

18. INVENTORIES

	2023	2022
	RMB'000	RMB'000
Raw materials	46,414	54,663
Work in progress	22,086	22,522
Finished goods	106,834	95,422
	175,334	172,607

19. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	RMB'000
Trade receivables, net	4,097,807	4,092,946
Interest receivables	9,412	5,229
Other receivables	2,057	3,164
Tender deposits	5,852	4,666
Prepaid expenses	1,241	6,193
Staff advances	2,096	2,940
	4,118,465	4,115,138

Included in the Group's trade receivables at 31 December 2023 are bills received by the Group of RMB1,152,000 (2022: RMB36,222,000).

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 net of allowances for credit losses presented based on the invoice date, or otherwise, delivery date, at the end of the reporting period, which approximated the respective revenue recognition dates:

	2023	2022
	RMB'000	RMB'000
Age		
0 – 90 days	535,179	698,510
91 – 180 days	499,636	640,358
181 – 365 days	887,858	936,572
Over 365 days	2,175,134	1,817,506
	4,097,807	4,092,946

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For the year ended 31 December 2023

19. TRADE AND OTHER RECEIVABLES *(Continued)*

At 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,175,280,000 (2022: RMB1,932,743,000) which are past due as at the reporting date and balance of RMB1,676,075,000 (2022: RMB1,432,590,000) which are past due 90 days or more. Other than the bills received, the Group does not hold any collateral over these balances.

The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the long term relationship and continuous business with the Group.

Details of impairment assessment are set out in note 29.

Included in trade and other receivables are the following amounts denominated in currency other than the functional currency of the group entities that it relates:

	2023 RMB'000	2022 RMB'000
United States dollars ("USD")	10,125	8,514

20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

At 31 December 2023, the pledged bank deposits carry interest at the prevailing market rate ranging from approximately 1.15% to 3.25% (2022: 1.15% to 3.25%) per annum.

The Group's pledged bank deposits amounting to RMB180,745,000 (2022: RMB191,576,000) have been pledged to banks except for the amount of RMB2,533,000 (2022: RMB154,647,000) are classified as non-current assets as the period pledged is longer than one year, the remaining balances are classified as current assets.

At 31 December 2023, bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less and carry interest at prevailing market rate ranging from 0.001% to 2.50% (2022: 0.001% to 2.50%) per annum.

Included in bank balances and cash are the following amounts denominated in currencies other than functional currency of the group entities which it relates:

	2023 RMB'000	2022 RMB'000
Hong Kong Dollars ("HKD")	1,777	2,668
USD	8,555	9,799

Details of impairment assessment are set out in note 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

21. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	RMB'000
Trade payables	61,909	28,593
Accrued expenses	13,119	14,210
Deposits from suppliers	13,044	12,597
Other payables	8,665	9,981
Other tax payables	208	3,656
Payable for acquisition of property, plant and equipment	212	523
Payroll and welfare payables	16,603	16,051
	113,760	85,611

Included in the Group's trade payables at 31 December 2023 are bills payables issued by the Group to relevant creditors of nil (2022: RMB1,719,000). All bills presented by the Group are aged within 365 days and not yet due at the end of the reporting period.

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 and bills payables based on issuance date at the end of the reporting period:

	2023	2022
	RMB'000	RMB'000
Age		
0 – 90 days	61,768	27,213
91 – 180 days	35	1,343
181 – 365 days	106	37
	61,909	28,593

During the year ended 31 December 2023, the Group has entered into certain supplier finance arrangements with banks with details in note 22.

Included in trade and other payables are the following amounts denominated in currency other than functional currency of the group entities which it relates:

	2023	2022
	RMB'000	RMB'000
HKD	1,345	1,744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

22. BORROWINGS

The Group's borrowings represents bank borrowings of RMB1,203,000,000 (31 December 2022: RMB1,210,000,000) and bank borrowings under supplier finance arrangements of RMB491,361,000 (31 December 2022: RMB475,100,000).

During the years ended 31 December 2023 and 2022, the Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group in advance of the original due dates of the bills payables issued by the Group at a discount offered by the suppliers.

The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks within one year after settlement by the banks with interest ranges from 1.06% to 3.95% (2022: 1.28% to 3.80%), which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short term borrowing rates.

Taking into consideration of the nature and substance of the above arrangements, the Group presents payables to the banks under these arrangements as "borrowings" in the consolidated statement of financial position. In the consolidated statement of cash flows, repayments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks of RMB626,080,000 (2022: RMB475,100,000) are disclosed as non-cash transactions. All of the borrowings are unsecured.

	2023 RMB'000	2022 RMB'000
The borrowings comprise:		
Variable rate borrowings	1,021,361	1,005,100
Fixed rate borrowings	673,000	680,000

At 31 December 2023, fixed rate borrowings carry interests ranging from 3.20% to 3.60% (2022: 3.65% to 4.13%) per annum.

As at 31 December 2023 and 2022, variable rate bank borrowings carry interest at a premium or discount the one year Loan Prime Rate (LPR) published by the National Interbank Offered Rate Centre by a certain number of basis points. The effective interest rates on bank borrowings range from 3.35% to 3.60% (2022: 3.60% to 3.90%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

23. LEASE LIABILITIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Lease liabilities payable		
Within one year	555	507
Within a period of more than one year but not more than two years	61	567
	616	1,074
Less: Amount due for settlement within 12 months shown under current liabilities	(555)	(507)
Amount due for settlement after 12 months shown under non-current liabilities	61	567

The weighted average incremental borrowing rates applied to lease liabilities was 3.70% (2022: 3.70%).

24. GOVERNMENT GRANTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of the year	1,191	1,588
Release to profit or loss for the year	(397)	(397)
At the end of the year	794	1,191

Government grants represent government subsidies received by the Group in relation to the acquisition of property, plant and equipment in prior years. The amounts have been treated as deferred income and were transferred to other income over the useful lives of the relevant assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. DEFERRED TAXATION

The following is the deferred tax (assets) liabilities recognised by the Group and movements thereon during the year:

	Tax on undistributed earnings	Allowance for impairment loss on trade receivables	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	22,194	(103,066)	3,898	(76,974)
Charged (credited) to profit or loss for the year	562	(30,586)	(154)	(30,178)
Effect of change in tax rate	–	16,230	–	16,230
At 31 December 2022	22,756	(117,422)	3,744	(90,922)
Credited to profit or loss for the year	(1,463)	(24,833)	(677)	(26,973)
At 31 December 2023	21,293	(142,255)	3,067	(117,895)

Others represented the fair value adjustment on property, plant and equipment and allowance for impairment losses on inventories.

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023	2022
	RMB'000	RMB'000
Deferred tax assets	139,188	113,678
Deferred tax liabilities	(21,293)	(22,756)
	117,895	90,922

According to relevant tax law in the PRC, dividend distributed to foreign investors out of the profit generated from 1 January 2008 onwards shall be subject to withholding tax at 10% and withheld by the PRC entity, pursuant to Articles 3 and 37 of the Enterprise Income Tax Law and Article 91 of its Details Implementation Rules. Deferred tax liability on the undistributed earnings of the PRC subsidiaries earned during the year have been accrued at the tax rate of 10% (2022: 10%) on the expected dividend stream of the undistributed earnings of the PRC subsidiaries for each year which is determined by the directors of the Company.

At 31 December 2023, no deferred tax liability has been recognised in respect of the undistributed profits amounting to RMB710 million (2022: RMB858 million) as management is of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

During the year ended 31 December 2022, Trigiant Optic-Electric and Trigiant Sensing were endorsed as High and New Technology Enterprise by the relevant authorities in the PRC. The management expects these subsidiaries would be able to renew as High and New Technology Enterprises when it was due in 2025, and deferred tax asset of RMB16,230,000 was recognised due to change of applied tax rate from 25% to 15%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. SHARE CAPITAL

	Number of shares	Amount in HK\$	Shown in the financial statements as RMB'000
Ordinary shares at HK\$0.01 each			
Authorised:			
At 1 January 2022, 31 December 2022 and 31 December 2023	10,000,000,000	100,000,000	
Issued and fully paid:			
At 1 January 2022, 31 December 2022 and 31 December 2023	1,791,500,000	17,915,000	14,638

27. SHARE OPTIONS

Share option scheme of the Company

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2014, the Company adopted a share option scheme (the "Scheme").

Under the Scheme which is valid for a period of ten years commencing on 29 May 2014, the board of directors of the Company may, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contribute to the long term growth and profitability of the Company. The Eligible Participants include (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest; (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, in order to provide incentives or rewards for the Eligible Participants' contribution to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

27. SHARE OPTIONS *(Continued)*

Share option scheme of the Company *(Continued)*

The subscription price for the Company's shares shall be a price at least equal to the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted on the Stock Exchange on the five trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The options must be taken up within 21 business days from the date of grant upon payment of HK\$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than ten years from the date of adoption of the Scheme.

The initial total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Company's shares in issue as at the date of adoption of the Scheme. The maximum number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Group must not exceed 30% of the Company's shares in issue from time to time. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

No share options were granted, exercised or cancelled under the Scheme during both years, nor any share options remained outstanding at 31 December 2023 and 2022.

At 31 December 2023, 37,100,000 shares are issuable under the Scheme (2022: 37,100,000).

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the borrowings and lease liabilities disclosed in notes 22 and 23 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, reserves and accumulated profits as disclosed in the consolidated financial statements.

The management of the Group reviews the capital structure periodically. The Group considers the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through the payment of dividends, issue of new shares as well as the issue of new debts or the redemption of existing debts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets at amortised cost	4,845,231	4,834,305
Equity instruments at FVTOCI	227	309
Financial liabilities		
Amortised cost	1,794,794	1,752,845

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, equity instruments at FVTOCI, pledged bank deposits, bank balances, trade and other payables, borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly interest bearing pledged bank deposits, bank balances and borrowings at variable interest rates. Borrowings at fixed interest rates expose the Group to fair value interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management will consider hedging significant interest rate risk should the need arise. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the interest rates offered by the PBOC from its borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing pledged bank deposits, bank balances and variable rate borrowings at the end of the reporting period and assumed that the amount of assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates on pledged bank deposits and bank balances had been 5 basis points (2022: 5 basis points) lower and borrowings had been 25 basis points (2022: 25 basis points) lower and all other variables were held constant, the Group's post tax loss for the year would have decreased by RMB1,860,000 (2022: post tax loss for the year would have decreased by RMB1,826,000).

There would be an equal and opposite impact on the post tax loss for the year ended 31 December 2023 where there had been 5 basis points (post tax loss for the year ended 31 December 2022: 5 basis points) higher for pledged bank deposits and bank balances and 25 basis points (post tax loss for the year ended 31 December 2022: 25 basis points) higher for bank borrowings. In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposures at the end of the reporting period do not reflect the exposure during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Currency risk

Substantially all sales are denominated in functional currency of respective group entities.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2023		2022	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
HKD	1,777	1,345	2,668	1,744
USD	18,680	–	18,313	–

The Group are mainly exposed to currency risk of USD and HKD, relative to the RMB, the functional currency of the relevant group entities. The following table details the Group's sensitivity to a 5% (2022: 5%) increase and decrease in the RMB against the relevant foreign currencies. The Group currently does not have any foreign currency hedging policy and will consider hedging its foreign currency exposure should the need arise. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2022: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances, trade and other receivables and trade and other payables.

If the RMB strengthens 5% against the relevant currencies, the impact on the post tax loss for the year are as follows:

	2023 RMB'000	2022 RMB'000
Increase in loss for the year		
HKD	16	35
USD	701	687

There would be an equal and opposite impact on the result of the year if RMB weakens 5% against the relevant currencies. In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposures at the end of the reporting period do not reflect the exposure during the year.

Other price risk

At 31 December 2023 and 2022, the Group was exposed to equity price risk in relation to its equity instruments at FVTOCI which are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The Group's equity price risk was mainly concentrated on its equity investment in a PRC local enterprise (details are disclosed in note 17).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bills receivables is mitigated because settlement of certain trade receivables are backed by bills issued by reputable financial institutions.

The Group performed impairment assessment for financial assets. The table below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	External credit rating	2023 Gross carrying amount RMB'000	2022 Gross carrying amount RMB'000
Financial assets at amortised cost			
Other receivables	N/A	17,321	13,059
Pledged bank deposits	A	180,745	191,576
Bank balances	B2 to Aa3	549,358	536,724
Trade receivables backed by bills	A1	1,152	36,222
Trade receivables	N/A	5,045,026	4,839,543

Other receivables

For other receivables, management of the Group make periodic individual assessment under 12m ECL on the recoverability of other receivables based on historical settlement records and past history. The management of the Group believes that there is no significant increase in credit risk in the Group's outstanding balance of other receivables, which are either not past due or have no fixed repayment terms.

Bank balances and pledged bank deposits

Credit risk on bank balances and deposits is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances and deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Majority of the bank balances and pledged bank deposits are placed in banks with credit ratings ranged from B2 to Aa3. Based on the average loss rates, the 12m ECL on bank balances and deposits is considered to be insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables arising from contracts with customers

The Group's trade receivables from top three customers which are each a group of subsidiaries known to a reporting entity to be under common control, amounting to RMB4,007,439,000 (2022: RMB3,963,452,000) representing approximately 97.8% (2022: 96.8%) of the total net trade receivables at 31 December 2023. The largest trade receivable from a customer, which is a group of subsidiaries known to a reporting entity to be under common control, by itself accounted for approximately 54.27% (2022: 39.5%) of the total net trade receivables at 31 December 2023. For the purpose of ECL assessment, debtors under common control are assessed separately at legal entity level, based on the Company's right to recover the relevant receivables. In order to minimise the credit risk, the management has reviewed the recoverable amounts of trade receivables regularly to ensure that follow-up action is taken timely and assigned a dedicated team to monitor the credit risk that takes into consideration the credit history, including default or delay in payments, settlement history and ageing analysis of trade receivables. In addition, the Group performed impairment assessment under ECL model of HKFRS 9. In this regard, the directors of the Company consider that the credit risk on trade receivables is significantly reduced.

In determining the ECL for trade receivables backed by bank bills, the management of the Group considers the probability of default is negligible as the trade receivables are backed by bank bills issued by banks with high credit rating ranged from Baa to Aaa and accordingly, no loss allowance made in the consolidated financial statements.

For trade receivables not backed by bank bills, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL of trade receivables based on a provision matrix based on debtors' aging.

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers in relation to its operation because these customers consist of various customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. At the end of reporting period, among the total gross amount of trade receivables not backed by bank bills of RMB5,045,026,000 (2022: RMB4,839,543,000), out of RMB109,599,000 (2022: RMB94,536,000) is credit-impaired.

For the year ended 31 December 2023, the trade receivable turnover days keep increasing due to the late settlement from debtors as a result of the weak economic recovery, leading to increase in gross carrying amount of trade receivables aged over two years as at year end, which included those aged over four years with gross carrying amount of RMB142 million as at 31 December 2023 (2022: RMB37 million). As a result, the ECL loss rate increased compared to last year.

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For the year ended 31 December 2023

29. FINANCIAL INSTRUMENTS *(Continued)***Financial risk management objectives and policies** *(Continued)***Credit risk and impairment assessment** *(Continued)***Trade receivables arising from contracts with customers** *(Continued)*

The following table provides information about the exposure to credit risk for the not credit-impaired trade receivables not backed by bank bills which are assessed based on provision matrix at 31 December 2023 under lifetime ECL.

	2023		2022	
	Weighted average loss rate	Gross carrying amount RMB'000	Weighted average loss rate	Gross carrying amount RMB'000
Age				
Within one year	9.40%	2,120,884	7.67%	2,300,625
Over one year	22.72%	2,814,543	20.93%	2,444,382
		4,935,427		4,745,007

The estimated loss rates for not credit-impaired trade receivables are estimated based on historical observed loss data over the expected life of the debtors and are adjusted for supportable forward-looking information that is reasonable and supportable available without undue cost or effort.

The following table shows the movement in ECL that has been recognised for trade receivables under the simplified approach.

	Trade receivables under		
	Credit-impaired RMB'000	Not credit-impaired RMB'000	lifetime ECL RMB'000
At 1 January 2022	83,084	495,833	578,917
— Transfer to credit-impaired	8,429	(8,429)	—
— Impairment losses recognised, net	3,023	24,165	27,188
New financial assets originated	—	176,714	176,714
At 31 December 2022	94,536	688,283	782,819
— Transfer to credit-impaired	8,812	(8,812)	—
— Impairment losses recognised (reversed), net	6,251	(40,062)	(33,811)
New financial assets originated	—	199,363	199,363
At 31 December 2023	109,599	838,772	948,371

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29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or less than 6 months RMB'000	6 months to 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2023						
Trade and other payables		100,327	106	–	100,433	100,433
Bank borrowings						
— variable rate	3.49	851,463	187,267	–	1,038,730	1,021,361
— fixed rate	3.45	335,882	351,412	–	687,294	673,000
Lease liabilities	3.70	284	284	142	710	616
		1,287,956	539,069	142	1,827,167	1,795,410

	Weighted average effective interest rate %	Repayable on demand or less than 6 months RMB'000	6 months to 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2022						
Trade and other payables	–	67,707	38	–	67,745	67,745
Bank borrowings						
— variable rate	3.83	582,564	444,066	–	1,026,630	1,005,100
— fixed rate	3.79	276,363	419,441	–	695,804	680,000
Lease liabilities	3.70	284	284	710	1,278	1,074
		926,918	863,829	710	1,791,457	1,753,919

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	31 December 2023 <i>RMB'000</i>	31 December 2022 <i>RMB'000</i>	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at FVTOCI	Unlisted equity investments: 227	Unlisted equity investments: 309	Level 3	Share of the adjusted net asset values of the financial assets, determined with reference to the fair values of underlying assets and liabilities and adjustments of related expenses, if any.

There were no transfers between Level 1, 2 and 3 in both years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings <i>RMB'000</i> <i>(note 22)</i>	Interest payable <i>RMB'000</i>	Lease liabilities <i>RMB'000</i> <i>(note 23)</i>	Total <i>RMB'000</i>
At 1 January 2022	1,265,000	1,504	1,603	1,268,107
Financing cash flows	(55,000)	(61,238)	(789)	(117,027)
Foreign exchange translation	–	–	185	185
Interest expenses	–	61,651	55	61,706
Bank borrowings under supplier finance arrangements	475,100	–	–	475,100
New lease	–	–	1,344	1,344
Lease termination	–	–	(1,324)	(1,324)
At 31 December 2022	1,685,100	1,917	1,074	1,688,091
Financing cash flows	(616,819)	(55,076)	(519)	(672,414)
Foreign exchange translation	–	–	20	20
Interest expenses	–	54,479	41	54,520
Bank borrowings under supplier finance arrangements	626,080	–	–	626,080
At 31 December 2023	1,694,361	1,320	616	1,696,297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

31. RELATED PARTY TRANSACTIONS

On 9 September 2022, the Group entered into a sales and purchase agreement to acquire a property in the PRC between an indirectly owned subsidiary of the Company and a vendor at a consideration of RMB43,680,000. A deposit of RMB21,840,000 was paid to the vendor as at 31 December 2022, the remaining 50% of the consideration will be paid within seven days of the completion of the filing of the assignment of the property. The owner of the vendor is Ms. Qian Xiwen ("Ms. Qian"), who is an employee of the Group. The director of the vendor is Ms. Qian Liqian, who was alternate director to Mr. Qian Lirong of the Company during the period from 31 December 2019 to 26 August 2022. Mr. Qian Lirong, an executive director, chief executive officer and chairman of the board of director of the Company, is the father of Ms. Qian Xiwen and an uncle of Ms. Qian Liqian. Mr. Qian Chenhui, executive director of the Company, is a cousin of Ms. Qian Xiwen and Ms. Qian Liqian. Details of the transaction, please refer to announcement made on 9 September 2022. The transaction is yet to complete as at the date of approval of these consolidated financial statements.

Other than the transactions and balances with related parties disclosed in the elsewhere to the consolidated financial statements, the Group has paid an amount of RMB1,555,000 (2022: nil) to a related company, which is running a hotel and owned by Ms. Qian, for renting business meeting premises fee and related expenses for the year ended 31 December 2023, and paid salary and allowance to related party, who is the close family member of Mr. Qian Lirong of RMB 768,000 (2022: RMB 683,000).

The details of remuneration of key management personnel, represents emoluments of directors of the Company paid/payable during the year, are set out in note 10.

32. RETIREMENT BENEFIT SCHEMES

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a certain percentage of its payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees but subject to a maximum amount of HK\$1,500 per month for each employee.

The total expense recognised in profit or loss of RMB6,402,000 (2022: RMB7,384,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 RMB'000	2022 RMB'000
Non-current assets		
Investment in a subsidiary	785,160	785,160
Loan to a subsidiary	87,353	86,072
	872,513	871,232
Current assets		
Other receivables	37	208
Amounts due from subsidiaries	815,877	811,860
Bank balances	2,818	3,546
	818,732	815,614
Current liabilities		
Other payables	1,515	1,912
Loan from a subsidiary	127,537	117,866
	129,052	119,778
Net current assets	689,680	695,836
Net assets	1,562,193	1,567,068
Capital and reserves		
Share capital	14,638	14,638
Reserves (note 34)	1,547,555	1,552,430
Total equity	1,562,193	1,567,068

34. RESERVES OF THE COMPANY

	Share premium RMB'000	Capital redemption reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
At 1 January 2022	1,509,764	101	27,606	1,537,471
Profit and total comprehensive income for the year	–	–	14,959	14,959
At 31 December 2022	1,509,764	101	42,565	1,552,430
Loss and total comprehensive expense for the year	–	–	(4,875)	(4,875)
At 31 December 2023	1,509,764	101	37,690	1,547,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. CAPITAL COMMITMENTS

	2023 RMB'000	2022 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	21,840	21,840

36. PLEDGED ASSETS

As at 31 December 2023, the pledged bank deposits of RMB180,745,000 (2022: RMB191,576,000) have been pledged to secure the bills payables at the deposit of RMB174,894,000 (2022: RMB184,518,000), and quality guarantees and performance guarantees (as detailed below) at the deposit of RMB5,851,000 (2022: RMB7,058,000).

As at 31 December 2023, surety bonds of an aggregate balance of RMB68,390,000 (2022: RMB65,468,000) were given by a bank in favour of the Group's customers as security for the performance and observance of the Group's obligations under the sales contracts entered into between the Group and the customers. If the Group fails to provide satisfactory performance to the customers to whom the performance guarantees have been given, such customers may demand the bank to pay to them the sum stipulated in such demand. The Group will become liable to compensate such bank accordingly. The performance guarantees will be released upon completion of the sales contract. The performance guarantees were secured by the Group's pledged bank deposits of RMB5,851,000 (2022: RMB7,058,000). The management of the Group does not consider it is probable that a claim will be made against the Group in respect of the above quality guarantees and performance guarantees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Place of incorporation/ establishment	Issue and fully paid share capital/ registered capital		Attributable effective equity interest held by the Company		Principal activities
		2023	2022	2023	2022	
Board Vision Investments Limited [^]	British Virgin Islands ("BVI")	US\$1	US\$1	100%	100%	Inactive
China Information Communication Group Limited	Hong Kong	HK\$1	HK\$1	100%	100%	Investment holding
Jiang Mei [^]	BVI	US\$280	US\$280	100%	100%	Investment holding
Trigiant Technology*	PRC	US\$80,000,000	US\$80,000,000	100%	100%	Manufacture and sales of feeder cable series and related products for mobile communications and telecommunication equipment
Trigiant (HK) Limited	Hong Kong	HK\$1	HK\$1	100%	100%	Investment holding and trading
Trigiant Holdings Limited [^]	BVI	US\$1,000	US\$1,000	100%	100%	Investment holding
Trigiant Optic-Electric [#]	PRC	RMB200,000,000	RMB200,000,000	100%	100%	Research and development, manufacturing and sale of optical fibre, optical cables, special cable services, electronics components and communication equipment
Trigiant Sensing [#]	PRC	RMB51,000,000	RMB51,000,000	100%	100%	Research, development, manufacture and sales of radio frequency identification system, new electronic components, optoelectronic integrated components, optoelectronic integrated subsystems, microelectronics devices, sensor, micro smart label products and chips
China Sensing Limited	Hong Kong	HK\$1	HK\$1	100%	100%	Investment holding
Rosy Elite	BVI	US\$1	US\$1	100%	100%	Investment holding

* Trigiant Technology is a wholly foreign owned enterprise established in the PRC.

Trigiant Optic-Electric and Trigiant Sensing are limited liabilities company established in the PRC.

[^] Other than these specified as directly held by the Company, the remaining entities are indirectly held by the Company.

The voting rights held by the Company over the subsidiaries are same as the respective shareholding in subsidiaries held by the Company.

None of the subsidiaries had issued any debt securities at the end of both years.

FINANCIAL SUMMARY

Results	2019	2020	2021	2022	2023
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	3,542,107	2,873,078	2,862,456	2,630,326	2,505,763
Cost of goods sold	(2,866,411)	(2,361,706)	(2,438,537)	(2,278,036)	(2,189,242)
Gross profit	675,696	511,372	423,919	352,290	316,521
Other income	25,938	21,289	19,534	19,059	28,559
(Impairment losses)/reversal of impairment losses under expected credit loss model, net	(53,019)	(189,245)	24,212	(203,902)	(165,552)
Impairment loss of goodwill	–	(156,527)	–	–	–
Impairment loss of intangible assets	–	(92,366)	–	–	–
Other (losses)/gain	(1,873)	(5,746)	(572)	2,931	537
Selling and distribution costs	(60,945)	(60,750)	(71,993)	(50,146)	(56,017)
Administrative expenses	(42,662)	(43,906)	(41,690)	(38,665)	(44,929)
Research and development costs	(61,939)	(60,424)	(58,147)	(44,195)	(50,023)
Finance costs	(64,792)	(66,766)	(65,366)	(61,706)	(54,520)
Profit (loss) before taxation	416,404	(143,069)	229,897	(24,334)	(25,424)
Taxation (charge) credit	(57,435)	3,705	(22,430)	(32,028)	2,877
Profit (loss) for the year	358,969	(139,364)	207,467	(56,362)	(22,547)

Assets and liabilities	2019	2020	2021	2022	2023
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Non-current assets	644,618	427,303	461,738	528,392	380,125
Current assets	4,781,387	4,935,177	5,147,903	4,861,398	5,021,369
Total assets	5,426,005	5,362,480	5,609,641	5,389,790	5,401,494
Current liabilities	1,833,490	1,946,083	1,983,910	1,820,849	1,857,548
Non-current liabilities	59,188	22,434	24,776	24,514	22,148
Total liabilities	1,892,678	1,968,517	2,008,686	1,845,363	1,879,696
Net assets	3,533,327	3,393,963	3,600,955	3,544,427	3,521,798