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TRIGIANT
— 俊知集团 —

TRIGIANT GROUP LIMITED
俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1300)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

HIGHLIGHTS

Interim results for the six months ended 30 June 2014 compared with the six months ended 30 June 2013:

- Turnover increased by approximately RMB87.1 million, or 6.9%, to approximately RMB1,352.8 million. Among which, sales volume of RF coaxial cable series recorded a strong growth of approximately 18.1% to approximately 74,500 kilometres as compared with the corresponding period last year, while turnover of flame-retardant flexible cable series recorded an increase of 12.2% after accounting for the effect of copper price drop;
- Fair value change of warrants of the Company issued in April 2014 amounted to approximately RMB47.1 million and such non-cash item was not related to the Group's operating results. Taking into account such fair value change of warrants, profit for the period attributable to owners of the Company decreased by approximately RMB9.6 million, or 5.9%, to approximately RMB155.0 million;
- Profit for the period attributable to owners of the Company excluding fair value change of warrants increased by approximately RMB37.4 million, or 22.7%, to approximately RMB202.0 million;
- Net profit margin decreased from approximately 13.0% to approximately 11.5%;
- Net profit margin excluding fair value change of warrants increased from approximately 13.0% to approximately 14.9%;
- Earnings per share decreased from RMB16.46 cents to RMB13.90 cents;
- Earnings per share excluding fair value change of warrants increased from RMB16.46 cents to RMB18.12 cents;
- Interim dividend declared was HK7 cents per share

The board ("**Board**") of directors ("**Directors**") of Trigiant Group Limited ("**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2014 together with the comparative figures for the corresponding period in 2013 and the relevant explanatory notes as set out below. The interim financial information are unaudited, but have been reviewed by Deloitte Touche Tohmatsu, the Company's independent auditor, and the audit committee of the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Six months ended 30 June	
		2014	2013
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**1,352,792**	1,265,676
Cost of goods sold		**(1,041,051)**	(968,899)
Gross profit		**311,741**	296,777
Other income	*4*	**6,717**	4,693
Other gains and losses		**(1,936)**	1,566
Selling and distribution costs		**(23,947)**	(34,338)
Administrative expenses		**(22,345)**	(26,151)
Research and development costs		**(11,089)**	(12,286)
Fair value change of warrants	*11*	**(47,050)**	–
Finance costs		**(18,783)**	(28,836)
Profit before taxation		**193,308**	201,425
Taxation	*5*	**(38,357)**	(36,842)
Profit for the period attributable to owners of the Company	*6*	**154,951**	164,583
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation surplus on properties upon transfer to investment properties		**–**	3,502
Income tax relating to the component of other comprehensive income		**–**	(876)
		–	2,626
Total comprehensive income for the period attributable to owners of the Company		**154,951**	167,209
Earnings per share			
— basic	*8*	**13.90 cents**	16.46 cents
— diluted		**13.90 cents**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014

	NOTES	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Non-current assets			
Investment properties		**34,200**	33,800
Property, plant and equipment		**219,578**	189,278
Land use rights		**64,536**	65,401
Available-for-sale investments		**20,375**	20,000
		338,689	308,479
Current assets			
Inventories		**134,732**	122,845
Trade and other receivables	*9*	**1,960,239**	1,633,082
Pledged bank deposits		**217,082**	131,739
Bank balances and cash		**453,996**	438,247
		2,766,049	2,325,913
Current liabilities			
Trade and other payables	*10*	**211,271**	273,169
Bank borrowings — due within one year		**1,154,209**	735,828
Tax payables		**26,298**	16,461
		1,391,778	1,025,458
Net current assets		**1,374,271**	1,300,455
Total assets less current liabilities		**1,712,960**	1,608,934
Non-current liabilities			
Government grants		**1,582**	1,752
Bank borrowings — due after one year		**40,000**	80,000
Deferred taxation		**25,014**	22,938
Warrants	*11*	**48,864**	–
		115,460	104,690
Net assets		**1,597,500**	1,504,244
Capital and reserves			
Share capital		**9,051**	9,051
Reserves		**1,588,449**	1,495,193
Total equity		**1,597,500**	1,504,244

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the following accounting policies which are adopted by the Group during the current interim period as they have become applicable to the Group.

Financial instrument

Financial liabilities

Warrants

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to directors and employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share options reserve.

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

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

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") and Interpretations issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

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

* IFRIC represents the International Financial Reporting Interpretations Committee.

The application of the above amendments to HKFRSs and Interpretations in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

The Group's chief operating decision maker has been identified as the executive directors of the Company who review the business with the following reportable and operating segments by products:

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

The above segments have been identified on the basis of internal management reports prepared and regularly reviewed by the executive directors of the Company 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, other gains and losses, selling and distribution costs, administrative expenses, research and development costs, fair value change of warrants, finance costs and taxation are not allocated to each reportable segment. This is the measure reported to the executive directors for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 June 2014

	RF coaxial cable series *RMB'000*	**Flame-retardant flexible cable series** *RMB'000*	**New-type electronic components** *RMB'000*	**Other accessories** *RMB'000*	**Total** *RMB'000*
Turnover	**971,719**	**299,802**	**47,965**	**33,306**	**1,352,792**
Cost of goods sold	**(740,830)**	**(237,112)**	**(32,581)**	**(30,528)**	**(1,041,051)**
SEGMENT RESULT	**230,889**	**62,690**	**15,384**	**2,778**	**311,741**
Unallocated income and expenses:					
Other income					**6,717**
Other losses					**(1,936)**
Selling and distribution costs					**(23,947)**
Administrative expenses					**(22,345)**
Research and development costs					**(11,089)**
Fair value change of warrants					**(47,050)**
Finance costs					**(18,783)**
Profit before taxation					**193,308**
Taxation					**(38,357)**
Profit for the period					**154,951**

For the six months ended 30 June 2013

	RF coaxial cable series *RMB'000*	Flame-retardant flexible cable series *RMB'000*	New-type electronic components *RMB'000*	Other accessories *RMB'000*	Total *RMB'000*
Turnover	936,033	267,103	36,540	26,000	1,265,676
Cost of goods sold	(711,856)	(210,514)	(23,524)	(23,005)	(968,899)
SEGMENT RESULT	224,177	56,589	13,016	2,995	296,777
Unallocated income and expenses:					
Other income					4,693
Other gains					1,566
Selling and distribution costs					(34,338)
Administrative expenses					(26,151)
Research and development costs					(12,286)
Finance costs					(28,836)
Profit before taxation					201,425
Taxation					(36,842)
Profit for the period					164,583

4. OTHER INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Government grants	**1,899**	1,599
Interest income	**3,893**	2,045
Rental income	**759**	627
Others	**166**	422
	6,717	4,693

5. TAXATION

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax	**36,281**	37,644
Deferred taxation	**2,076**	(802)
Taxation for the period	**38,357**	36,842

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

Pursuant to the relevant laws and regulations, 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.*) ("**Jiangsu Trigiant**"), the principal subsidiary of the Company, was endorsed as an Advanced Technology Enterprise on 4 March 2009 (renewed on 21 May 2012) and therefore entitled to a preferential tax rate of 15% from 2013 to 2015 pursuant to the Enterprise Income Tax Law ("**EIT Law**") of the PRC.

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

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

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging:		
Cost of inventories recognised as expenses	**1,041,051**	968,899
Operating lease rentals in respect of land use rights	**865**	865
Depreciation of property, plant and equipment	**10,016**	8,554
Exchange loss (included in other gains and losses)	**2,336**	–
and after crediting:		
Gross rental income from investment properties (net of nil direct operating expenses)	**759**	627
Gain on fair value changes on investment properties (included in other gains and losses)	**400**	800
Exchange gain (included in other gains and losses)	**–**	766

7. DIVIDENDS

During the current interim period, the Company paid a final dividend of HK7 cents per share in respect of the year ended 31 December 2013 (six months ended 30 June 2013: HK5 cents per share in respect of the year ended 31 December 2012). The aggregate amount of the final dividend in respect of the year ended 31 December 2013 declared and paid in the current interim period amounted to HK$78,050,000 (equivalent to approximately RMB61,987,000) (2013: HK$50,000,000 (equivalent to approximately RMB39,830,000)).

Subsequent to the end of the current interim period, interim dividend of HK7 cents (six months ended 30 June 2013: HK7 cents) per share has been declared by the directors of the Company.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**154,951**	164,583
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,115,000,000**	1,000,000,000

The exercise price of the warrants and share options of the Company were higher than the average market price for share during the period ended 30 June 2014. Therefore, the outstanding warrants and share options are anti-dilutive. No diluted earnings per share is presented (for the period ended 30 June 2014) as there were no potential ordinary shares outstanding other than the warrants and share options.

No diluted earnings per share for the period ended 30 June 2013 is presented as there were no potential ordinary shares outstanding.

9. TRADE AND OTHER RECEIVABLES

The Group normally allows a credit period ranging from 180 to 360 days to its customers.

The following is an aged analysis of trade and other receivables at the end of the reporting period. The aged analysis of trade receivables are presented based on the invoice date, or otherwise, delivery date which approximated the respective revenue recognition dates, whereas that of bill receivables are presented based on their date of receipt:

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
Trade and bills receivables, aged		
0–90 days	**962,432**	644,508
91–180 days	**650,228**	691,201
181–365 days	**330,467**	271,620
Over 365 days	**2,571**	13,268
	1,945,698	1,620,597
Current portion of land use right	**1,696**	1,696
Interest receivables	**2,350**	876
Other receivables	**5,514**	3,082
Prepaid expenses	**1,742**	1,173
Staff advances	**3,239**	5,658
	1,960,239	1,633,082

Included in trade and bills receivables balance are amounts of RMB765,786,000 (31 December 2013: RMB625,463,000) of which goods were delivered but invoice not yet issued. The balance is included in 0 to 90 days band in the above aged analysis.

10. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables and an aged analysis of trade and bills payables presented based on invoice date at the end of the reporting period:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Trade and bills payables, aged		
0–90 days	**124,227**	219,288
91–180 days	**25,923**	11,242
181–365 days	**17,620**	–
Over 365 days	**–**	2,367
	167,770	232,897
Accrued expenses	**10,015**	11,354
Payroll and welfare payables	**6,468**	11,712
Other tax payables	**10,097**	3,074
Deposits from suppliers	**8,230**	8,340
Payable for acquisition of property, plant and equipment	**4,363**	648
Other payables	**4,328**	5,144
	211,271	273,169

11. WARRANTS

	30 June 2014	
	Number of underlying shares upon exercise of Warrants	**Weighted average exercise price** ***HK$***
Granted during the period and balance at 30 June 2014	**200,000,000**	**3.15**
Exercisable at 30 June 2014	**200,000,000**	**3.15**

On 10 April 2014, the Company issued unlisted warrants ("**Warrants**") at an issue price of HK$0.01 per unit of Warrant (approximately RMB0.008 each) entitling the holders thereof to subscribe in cash for up to an aggregate amount of HK$630,000,000 for new shares ("**Warrant Share(s)**") of the Company upon the exercise of the subscription rights attached to the Warrants at a subscription price of HK$3.15 per Warrant Share (approximately RMB2.50) (subject to adjustments) at any time for the period commencing from the date of issue of the Warrants (i.e. 10 April 2014) and ending on the third anniversary thereof. Based on the initial subscription price of HK$3.15 per Warrant Share, upon the exercise of the subscription rights attached to the Warrants in full, 200,000,000 Warrant Shares will be issued. Total value of the Warrants at 30 June 2014 was HK$61,557,000 (approximately RMB48,864,000). The ascribed values of the Warrants were determined using binomial model based on a risk free rate of 0.683%, expected volatility of 50.90% and an expected life of 2.8 years. Issuance expense was HK$300,000 (approximately RMB238,000) representing the placing agent fee.

The Warrants are re-measured at fair value at each statement of financial position date with the change in fair value recorded in the profit or loss. The fair value of the Warrants have been derived at on the basis of valuation under Level 2 fair value measurement carried out by Asset Appraisal Limited, independent qualified professional valuers not connected with the Company. At 10 April 2014 and 30 June 2014, the fair value of the Warrants issued and outstanding was HK$91,772,000 (approximately RMB72,848,000) and HK$61,557,000 (approximately RMB48,864,000), respectively. A fair value change of RMB47,050,000 is recognised in the current period and the amount has been charged to profit or loss. None of the Warrants have been exercised during the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, sales volume of RF coaxial cable series recorded a strong growth of approximately 18.1% to approximately 74,500 kilometres as compared with the corresponding period last year. Coupled with a series of measures adopted by the Group to improve its operating costs, the Group's operating results excluding its fair value change of warrants, which is a non-cash item, recorded a continued growth.

In 2014, the growing popularity of mobile applications further promoted the development of internet. According to the Statistical Report on Internet Development in China published by the China Internet Network Information Center, the number of mobile internet phone users reached 527 million as at June 2014, accounting for 83.4% of overall internet users in the People's Republic of China (the "**PRC**"). It was the first time that the number of mobile internet phone users surpassed that of traditional personal computer internet users in the PRC. Given the rapid growth of internet, the demand for upgraded mobile communication infrastructures and extensive coverage has been increasing. The Group's core product, RF coaxial cable, which is an indispensable component used in base stations and indoor coverage systems, was benefited to see a surging sales volume.

Following the granting of TD-LTE permit for 4G network by the Ministry of Industry and Information Technology ("**MIIT**") of the PRC in December 2013, three major customers of the Group, namely China Mobile Communications Corporation* (中國移動通信集團公司) ("**China Mobile**"), China United Network Communications Corporation Limited* (中國聯合網絡通信有限公司) ("**China Unicom**") and China Telecommunications Corporation* (中國電信集團公司) ("**China Telecom**"), commenced the extensive preparation and launching of TD-LTE 4G networks. On 27 June 2014, the MIIT approved the commencement of the TD-LTE/LTE FDD hybrid network trial by China Unicom and China Telecom in 16 cities across the PRC. During the period, the prevailing trend of establishing the 4G network on a large scale fuelled a considerable demand for the Group's core products, RF coaxial cable and flame-retardant flexible cable.

The Group's turnover increased by approximately 6.9% from approximately RMB1,265.7 million in the first half of 2013 to approximately RMB1,352.8 million in the first half of 2014. While the Group has been adopting a cost-plus-profit pricing model, the overall gross profit margin maintained at a stable level, which slightly decreased by approximately 0.4 percentage point from approximately 23.4% to approximately 23.0% as compared with the corresponding period last year. Nonetheless, since the Warrants issued by the Company during the first half of 2014 were measured at fair value, the change in fair value of such Warrants incurred a non-cash loss of approximately RMB47,050,000. As a result, profit attributable to owners of the Company decreased by approximately 5.9% from approximately RMB164.6 million to approximately RMB154,951,000, while net profit margin decreased by approximately 1.5 percentage points to approximately 11.5% as compared with the corresponding period in last year. On the basis that the abovementioned non-cash loss relating to the fair value change of Warrants was excluded, profit attributable to owners of the Company excluding the fair value change of Warrants increased by approximately 22.7% from approximately RMB164.6 million to approximately RMB202.0 million, while net profit margin excluding the fair value change of Warrants increased by approximately 1.9 percentage points to approximately 14.9% as compared with the corresponding period last year, which was due to the turnover increase and the decrease in selling expenses and finance costs as a result of the on-going effective cost control adopted by the Group during the current period.

Although the sales of RF coaxial cable series recorded a strong growth, the average copper price during the period decreased by approximately 10.2% as compared with the corresponding period last year, resulting in a year-on-year decrease in the average selling price of such product. The turnover of RF coaxial cable series recorded a year-on-year increase by approximately 3.8% to approximately RMB971.7 million, accounting for approximately 71.8% of the total turnover of the Group, while gross profit margin slightly decreased by 0.1 percentage point to approximately 23.8%. As the Group's major customers China Unicom and China Telecom established and optimised their networks, the turnover of flame-retardant flexible cable series, another core product of the Group, after accounting for the drop in average copper price recorded a year-on-year increase by approximately 12.2% to approximately RMB299.8 million, accounting for approximately 22.2% of the total turnover of the Group. During the period, the gross profit margin of the flame-retardant flexible cable series slightly decreased by 0.3 percentage point to approximately 20.9%.

Breakdown of Turnover by Products

	Six months ended 30 June		
	2014	2013	**Changes**
	RMB'000	*RMB'000*	
RF coaxial cable series	**971,719**	936,033	+3.8%
Flame-retardant flexible cable series	**299,802**	267,103	+12.2%
New-type electronic components	**47,965**	36,540	+31.3%
Other accessories	**33,306**	26,000	+28.1%
Total	**1,352,792**	1,265,676	+6.9%

Major Customers and Sales Network

The Group's major customers include three major telecommunications operators in the PRC, namely China Mobile, China Unicom and China Telecom. During the period, sales to China Mobile, China Unicom and China Telecom accounted for approximately 28.0%, 51.8% and 13.4% of the Group's overall turnover, respectively. Among those major customers, the sales proportion of China Unicom and China Telecom increased substantially as a result of their respective preparation for the TD-LTE/LTE FDD hybrid network trial. Leveraging on the product quality, production capacity, after-sales services and the sales team of the Group, the Group's products were sold directly to all 31 provincial subsidiaries of China Unicom, 24 out of the 31 provincial subsidiaries of China Mobile and 25 out of the 31 provincial subsidiaries of China Telecom during the period. In the future, the Group will continue to consolidate its business relationships with the three major telecommunications operators, and aggressively seek for opportunities to collaborate with the remaining provincial subsidiaries of the three telecommunications operators with whom the Group has not yet established business relationships.

While focusing on the PRC domestic business, the Group also actively explored overseas markets during the period. Through participation in telecommunications exhibitions overseas, the Group succeeded in enhancing its comprehensive strength as well as laying a business foundation for building up overseas sales network. During the period under review, the Group took part in various telecommunications exhibitions held in India, Germany, Singapore and Russia in order to increase its product recognition overseas. Moreover, the Group took active part in tendering for local telecommunications equipment projects with a view to further expanding its sales network overseas. During the period, new overseas markets explored by the Group included regions such as Saudi Arabia, Turkey and United Arab Emirates. Together with the Russia market, the overseas sales continued to attain satisfactory growth.

Production Base and Capacity

The production base of the Group is located in Yixing City, Jiangsu Province, the PRC, occupying an area of approximately 240,000 square metres. The annual production capacity of the Group's RF coaxial cable was 200,000 kilometres. The Group will closely monitor the demand for its product and expand its production capacity to cope with the needs for 4G network construction.

Patents, Awards and Recognition

As at 30 June 2014, the Group had obtained 44 patents and developed 62 new products in the PRC. 27 products of the Group were granted Advanced Technology Product Certificate by the Science and Technology Department of Jiangsu Province. In the meantime, the Group is in the process of applying for patents for a number of technical know-hows. During the period, the Group received various awards and honours which included the following:

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

- the Company was accredited as "2013 Innovative Base for Integration of Three Networks in Jiangsu Province" (2013年度江蘇省三網融合創新基地) by Jiangsu Economic and Information Technology Commission in April 2014;

- Jiangsu Trigiant ranked 15th in "27th Section of Top 100 PRC Electronic Component Enterprises 2014" (2014年第27屆中國電子元件百強企業).

Prospects and Future Plans

As the operation of TD-LTE network and TD-LTE/LTE FDD hybrid network trial for 4G network has been approved by the MIIT, it is expected that the three major telecommunications operators will continue to promote the development of 4G network. Looking ahead, in the second half of 2014, the mobile communication industry will continue to compete for procurement of infrastructure equipment. As a leading manufacturer of mobile communication equipment in the PRC, the Group will be well-prepared by strengthening its research and development capability, enhancing the Group's product quality as well as implementing efficient cost control with a view to attaining new heights of success. During the period, through the issuance of the Warrants, the Group introduced, among other parties, a subsidiary of 青島海爾投資發展有限公司(Qingdao Haier Investment and Development Co., Ltd.*) ("**Haier**") as a strategic investor. On 20 August 2014, the Group also entered into a strategic cooperation agreement with, among other parties, another subsidiary of Haier to set up a fund management company with a view to establishing and managing an industry fund to carry out various investment activities in the PRC, Korea and other countries or regions. In the future, the Group will continue to seek for cooperation opportunities and build a closer relationship with Haier by utilising the respective strengths of the parties in market resources. The target is to identify opportunities to tap into various areas including but not limited to Internet of Things, communication network business such as the optical communication network and the home appliances industry providing smart home appliances so as to further expand the Group's business and create new profit-making points.

The three major telecommunications operators in the PRC agreed to establish China Communications Facilities Services Corporation Limited to reduce the duplication of related infrastructures such as base station towers for a higher utilisation rate. Since the 2G, 3G and 4G networks of the three major telecommunications operators involve different frequencies, different RF coaxial cable systems are therefore required instead of sharing one RF coaxial cable system in case of sharing one common base station tower. The Group believes that the demand for RF coaxial cables will not decrease due to sharing of base station tower. On the contrary, the three major telecommunications operators have solved the problem of site selection of base station tower and accelerated their construction progress of outdoor base station networks. Together with the growth in demand for RF coaxial cable used in indoor signal coverage system, the Group is of the view that the demand for the RF coaxial cable will continue to remain vibrant accordingly.

In the future, the Group will continue to explore overseas markets. The Group plans to attend telecommunications exhibitions in Dubai, South Africa and Brazil in the second half of the year, with a view to progressively expanding to African and South American markets. As for Asian markets, the Group is in the process of active negotiations with telecommunications equipment distributors in Korea, Singapore, Malaysia, Thailand and Indonesia. The Group aims at maximising the contributions from the oversea markets, which will lead the Group to step onto the world stage and in turn becoming a leading international manufacturer of mobile communication equipment.

Financial Review

Turnover

Turnover increased by approximately RMB87.1 million, or 6.9%, from approximately RMB1,265.7 million in the first half of 2013 to approximately RMB1,352.8 million in the first half of 2014. RF coaxial cable series and flame-retardant flexible cable series remained the growth drivers in the first half of 2014 where the sales of these two products increased by approximately RMB35.7 million and approximately RMB32.7 million, respectively. Nonetheless, the contribution to the increased turnover made by the increase in sales volume of the above two products are partly offset by the drop in average copper price of approximately 10.2% because of the cost-plus-profit pricing policy adopted by the Group. The increase in sales is primarily driven by increased demand from the PRC's major telecommunication operators for their continued optimisation of existing networks and construction of the 4G networks.

Cost of goods sold

For both periods, cost of materials consumed remained the major components of the cost of goods sold. Cost of goods sold increased by approximately RMB72.2 million, or 7.4%, from approximately RMB968.9 million in the first half of 2013 to approximately RMB1,041.1 million in the first half of 2014. The increase in cost of goods sold approximate to the growth in the turnover.

Gross profit and gross profit margin

Gross profit increased by approximately RMB14.9 million, or 5.0%, from approximately RMB296.8 million in the first half of 2013 to approximately RMB311.7 million in the first half of 2014. Overall gross profit margin remained stable and decreased slightly from 23.4% in the first half of 2013 to 23.0% in the first half of 2014. The Group adhered to the cost plus pricing model where selling price of copper-related products will be adjusted accordingly when copper price fluctuates. As such, the fluctuation of copper price did not have significant impact on the Group's gross profit margin.

Other income

Other income increased by approximately RMB2.0 million, or 43.1%, from approximately RMB4.7 million in the first half of 2013 to approximately RMB6.7 million in the first half of 2014 primarily due to the increase in interest income and government grants by approximately RMB1.8 million and approximately RMB0.3 million respectively.

Other gains and losses

Other losses incurred in the first half of 2014 amounted to approximately RMB1.9 million while other gains of approximately RMB1.6 million resulted in the first half of 2013. The other losses incurred for the first half of 2014 is mainly because of exchange losses of approximately RMB2.4 million as compared with exchange gain of approximately RMB0.8 million in the first half of 2013.

Selling and distribution costs

Selling and distribution costs decreased by approximately RMB10.4 million, or 30.3%, from approximately RMB34.3 million in the first half of 2013 to approximately RMB23.9 million in the first half of 2014, mainly due to decreased marketing and entertainment costs as a result of a continued cost control program being carried out.

Administrative expenses

Administrative expenses decreased by approximately RMB3.9 million, or 14.6%, from approximately RMB26.2 million in the first half of 2013 to approximately RMB22.3 million in the first half of 2014 and the decrease is mainly attributable to the decrease in entertainment costs.

Research and development costs

Research and development costs decreased by approximately RMB1.2 million, or 9.7%, from approximately RMB12.3 million in the first half of 2013 to approximately RMB11.1 million in the first half of 2014 after the completion of certain research and development projects relating to the 4G networks.

Fair value change of Warrants

The Company issued the Warrants in April 2014 and re-measures the Warrants at fair value at each statement of financial position date with the change in fair value recorded in the profit or loss. As such, such fair value change was not related to the Group's operating results. These Warrants are recognised in the consolidated statement of financial position at their fair value using binomial model. The change in fair value of the Warrants amounted to approximately RMB47.1 million is therefore recognised in the consolidated statement of profit or loss.

Finance costs

Finance costs decreased by approximately RMB10.0 million, or 34.9%, from approximately RMB28.8 million in the first half of 2013 to approximately RMB18.8 million in the first half of 2014 primarily due to the decrease the Group's average interest rate and bank borrowings.

Taxation

Taxation charge increased by approximately RMB1.6 million, or 4.1%, from approximately RMB36.8 million in the first half of 2013 to approximately RMB38.4 million in the first half of 2014. The Group's Enterprise Income Tax arises from Jiangsu Trigiant, which enjoy a reduced Enterprise Income Tax rate of 15% as it is a High and New Technology Enterprise. The increase in taxation charge in the first half of 2014 is primarily attributable to increase in taxable profit of Jiangsu Trigiant.

Profit for period

As a combined result of the foregoing, the profit after tax decreased by approximately RMB9.6 million, or 5.9%, from approximately RMB164.6 million in the first half of 2013 to approximately RMB155.0 million in the first half of 2014 and the corresponding net profit margin decreased from approximately 13.0% in the first half of 2013 to approximately 11.5% in the first half of 2014.

Nonetheless, profit after tax excluding the fair value change of the Warrants amounted to approximately RMB202.0 million in the first half of 2014, representing an increase of RMB37.4 million, or 22.7%, from approximately RMB164.6 million in the first half of 2013 and the net profit margin excluding the fair value change of Warrants increased from approximately 13.0% in the first half of 2013 to approximately 14.9% in the first half of 2014.

Liquidity, Financial Resources and Capital Structure

The operation of the Group is generally financed through a combination of shareholders' equity, 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 six months ended 30 June 2013 and 2014:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Net cash used in operating activities	**(147,087)**	(206,333)
Net cash (used in) from investing activities	**(115,941)**	29,725
Net cash from (used in) financing activities	**278,777**	(172,162)

As at 30 June 2014, the Group had bank balances and cash and pledged bank deposits of approximately RMB671.1 million, with the majority denominated in RMB. As at 30 June 2014, the Group had total bank borrowings of approximately RMB1,194.2 million comprising approximately RMB1,154.2 million repayable within one year and approximately RMB40 million repayable over one year but not more than five years. As at 30 June 2014, RMB445.0 million of the total bank borrowings were fixed rate borrowings and approximately RMB749.2 million were variable rate borrowings. As at 30 June 2014, bank borrowings of approximately RMB710.0 million were denominated in Renminbi, approximately RMB61.5 million were denominated in Hong Kong dollar and approximately RMB422.7 million were denominated in United States dollar.

The majority of the Group's transactions are denominated in Renminbi and, accordingly, the Group has not entered into any financial instrument for hedging foreign currency exposure. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

Gearing Ratio

Gearing ratio increased from 16.3% as at 31 December 2013 to 32.7% as at 30 June 2014. Such increase was primarily resulted from the additional working capital required to support the continued business growth. Gearing ratio is calculated by dividing total bank borrowings net of pledged bank deposits and bank balances and cash over total equity.

Issue of Warrants

On 12 February 2014, the Company entered into a placement agreement with a placing agent to place the Warrants at an issue price of HK$0.01 per unit of Warrant entitling the holders thereof to subscribe in cash for up to an aggregate amount of HK$630,000,000 for Warrant Shares upon the exercise of the subscription rights attached to the Warrants at a subscription price of HK$3.15 per Warrant Share (approximately RMB2.50) (subject to adjustments) at any time for the period commencing from the date of issue of the Warrants and ending on the third anniversary thereof. Pursuant to the approval granted by the shareholders of the Company on 28 March 2014, the Warrants were issued on 10 April 2014 to not less than six placees. Based on the initial subscription price of HK$3.15 per Warrant Share, upon the exercise of the subscription rights attached to the Warrants in full, 200,000,000 Warrant Shares will be issued. The Company intends to use the proceeds, if any, from the exercise of the subscription rights attached to the Warrant for repayment of debts and general working capital. None of the Warrants were exercised as at 30 June 2014.

Pledge of Assets

As at 30 June 2014, the Group pledged certain of its land use rights and bank deposits with carrying value of approximately RMB16.8 million and RMB217.1 million (31 December 2013: approximately RMB12.2 million and RMB131.7 million), respectively, to certain banks to secure credit facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2014.

Employee Information

As at 30 June 2014, the Group had approximately 700 (31 December 2013: 700) employees. In order to enhance the morale and productivity of employees, employees are remunerated based on their performance, experience and prevailing industry practices. Compensation policies and packages of management staff and functional heads are being reviewed on a yearly basis. In addition to basic salary, performance related salary may also be awarded to employees based on internal performance evaluation. Moreover, the Company adopted a share option scheme in May 2014 which allows the directors of 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. During the six months ended 30 June 2014, the Group granted (subject to acceptance) an aggregate of 74,400,000 share options to certain directors and employees of the Group.

The Group also invests in continuing education and training programmes for management staff and other employees with a view to upgrading their skills and knowledge. These training courses comprise internal courses run by the management of the Group and external courses provided by professional trainers and range from technical training for production staff to financial and administrative trainings for management staff.

Use of Proceeds

On 19 March 2012, the Company issued 200,000,000 new shares of nominal value of HK$0.01 each in connection with the listing of the Company's 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).

As at 30 June 2014, the net proceeds applied in the manner as set out in the Company's prospectus dated 6 March 2012 were summarised as follows:

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

As at 30 June 2014, the remaining net proceeds of RMB22.5 million were deposited with certain licensed financial institutions.

In October 2013, the Company completed a placing and top-up subscription arrangement and raised net proceeds of approximately HK$352.4 million (equivalent to approximately RMB279.2 million. As at 30 June 2014, all the related net proceeds are utilised as general working capital of the Group and for repayment of debts.

In April 2014, the Company completed the issuance of the Warrants. The net proceeds from the issuance of the Warrants of approximately HK$1.7 million (equivalent to approximately RMB1.3 million) are utilised as general working capital of the Group.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK7 cents per share for the first half of 2014 (first half of 2013: HK7 cents) to the shareholders whose names appear on the register of members of the Company on Friday, 12 September 2014. The interim dividend will be payable on or about Friday, 10 October 2014.

CLOSURE OF THE REGISTER OF MEMBERS

To ascertain the entitlement to the interim dividend, the register of members of the Company will be closed from Wednesday, 10 September 2014 to Friday, 12 September 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the first half of 2014, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 8 September 2014.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

On 20 August 2014, the Company entered into a strategic cooperation agreement (the "**Agreement**") with three independent third parties in relation to the proposed establishment of a fund management company ("**Fund Management Company**"). The Fund Management Company will initiate the establishment and management of an industry fund (the "**Industry Fund**") to carry out various investment activities in the PRC, Korea and other countries or regions. The scale of the Industry Fund under the Fund Management Company is expected to be not less than RMB1.5 billion. According to the Agreement, the Company will own 30% shareholding of the Fund Management Company. The initial capital contribution to be made by the Company to the Agreement thereunder is based on the Company's shareholdings in the Fund Management Company which will have an initial registered capital of RMB1,000,000 and may be subject to further contribution when necessary.

CORPORATE GOVERNANCE

The Company adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("**CG Code**") as its own code of corporate governance. The Directors consider that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code during the six months ended 30 June 2014 and the Directors will use their best endeavours to procure the Company to comply with such code and make disclosure of deviation from such code in accordance with the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months ended 30 June 2014.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2014.

AUDIT COMMITTEE

An audit committee has been established with written terms of reference to, among other matters, review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises all independent non-executive Directors, namely Mr. Poon Yick Pang Philip, Ms. Jia Lina, Mr. Ng Wai Hung and Professor Jin Xiaofeng. Mr. Poon Yick Pang Philip is the chairman of the audit committee. The interim results of the Group for the first half of 2014 have been reviewed by the audit committee of the Company.

The Company's independent auditor, Deloitte Touche Tohmatsu, has conducted a review of the interim financial information of the Group for the first half of 2014 in accordance with Hong Kong standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.trigiant.com.hk). The interim report for the first half of 2014 of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the same websites in due course.

On behalf of the Board
Qian Lirong
Chairman

Hong Kong, 25 August 2014

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Qian Lirong (Chairman) and Mr. Jiang Wei (Group Chief Executive Officer); and four independent non-executive directors, namely Professor Jin Xiaofeng, Mr. Poon Yick Pang Philip, Mr. Ng Wai Hung and Ms. Jia Lina.

* *For identification purpose only*