TRIGIANT

俊知集團有限公司*
TRIGIANT GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code：1300

ANNUAL REPORT
2011

* For identification purpose only

Contents

Corporate Information

EXECUTIVE DIRECTORS
Qian Lirong *(Chairman)*
Jiang Wei *(Group chief executive officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Professor Jin Xiaofeng
Poon Yick Pang Philip
Ng Wai Hung
Jia Lina

AUDIT COMMITTEE
Poon Yick Pang Philip *(Chairman)*
Jia Lina
Ng Wai Hung
Professor Jin Xiaofeng

REMUNERATION COMMITTEE
Ng Wai Hung *(Chairman)*
Poon Yick Pang Philip
Jiang Wei

NOMINATION COMMITTEE
Professor Jin Xiaofeng *(Chairman)*
Poon Yick Pang Philip
Jia Lina

CORPORATE GOVERNANCE COMMITTEE
Jiang Wei *(Chairman)*
Poon Yick Pang Philip
Ng Wai Hung

COMPANY SECRETARY
Lau Chi Hung, *CPA (Practising), FCCA, ACA*

AUTHORISED REPRESENTATIVES
Lau Chi Hung
Qian Lirong
Poon Yick Pang Philip *(alternate to Qian Lirong)*

REGISTERED OFFICE
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 1801, 18/F
Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")
No. 1 Junzhi Road
Industrial Park for Environmental Protection Science & Technology
Yixing City
Jiangsu Province
PRC

COMPANY WEBSITE
www.trigiant.com.hk

HKEX STOCK CODE
1300

INVESTOR RELATIONS
Lau Chi Hung *(Group chief financial officer)*
ir@trigiant.com.cn

AUDITOR
Deloitte Touche Tohmatsu
Certified Public Accountants

COMPLIANCE ADVISER
SinoPac Securities (Asia) Limited

LEGAL ADVISERS
Leung & Lau *(Hong Kong law)*
Jin Mao PRC Lawyers *(PRC law)*
Conyers Dill & Pearman *(Cayman Islands law)*

FINANCIAL PUBLIC RELATIONS CONSULTANT
Porda Havas International Finance Communications Group

Corporate Information

PRINCIPAL BANKERS

China Construction Bank, Yixing Branch
Bank of China, Yixing Sub-branch
Agricultural Bank of China, Yixing Branch
Bank of JiangSu, Yixing Branch
China Everbright Bank, Wuxi Branch
China Citic Bank, Wuxi Branch
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

Chairman's Statement

Dear shareholders,

Since 19 March 2012, the shares of the Company have been successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Not only this significant event formed a key milestone in our history and development but also paved a way for the Company and its subsidiaries (collectively, the "Group") to promote the Group's business and its brand in an international platform.

Chairman's Statement

Even though the Group was established in 2007 only, we have become one of the leading manufacturers in the Peoples' Republic of China (the "PRC") engaged in the research, development and sales of radio frequency ("RF") coaxial cables series, new-type electronic components and other related accessories for use in mobile communication and telecommunications equipment.

In particular, in two consecutive years of 2010 and 2011, we were ranked first in terms of sale volume of RF cables, the principal products of the Group, among all RF cables manufacturers in the PRC by China Electronics Components Association ("CECA"), Optical Fiber and Electric Cable Sub-association (中國電子元件行業協會光電線纜分會), one of the 14 sub-associations of CECA.

Our products are principally and directly sold to the three major telecommunications operators in the PRC with a sales force covering 31 provinces and municipalities. To establish a business relationship with the three major PRC telecommunications operations is not a simple task. However, our product quality and after-sales services are well recognized by them and these help us establish a strong relationship with the three major PRC telecommunication operators. The critical success factor to our business is that the Group possesses prominent, experienced and professional teams of sales and marketing, research and development and management personnel.

Although the shares of the Company were not listed during the year under review, 2011 was definitely a fruitful year. Thanks to the increase in the aggregate demand for our RF coaxial cables series from the three major PRC telecommunication operators in 2011, our turnover for the year ended 31 December 2011 reached approximately RMB1,822.7 million with an annual growth rate of approximately 29.7%. In the same period, our profit for the year attributable to the owners of the Company was approximately RMB206.8 million, representing an annual growth rate of approximately 36.8%, which was primarily due to the continuous improvement of economy of scale.

One of the main development goals of the PRC telecommunication industry under the Twelve Five-Year Plan is the comprehensive popularization of the 3G network and the Group is definitely one of the beneficiaries. However, the Group's development pace will not be limited to the PRC only. With the global popularization of mobile telephones, other developing countries such as India, Russia and Brazil are also our target markets. Listing of the Company's shares on the Stock Exchange will help the Group gain access to global resources including international capital and human resources, which can facilitate the Group in developing its overseas business.

Chairman's Statement

Finally, I would like to take this opportunity to thank all of our board members, management and staff for their endeavours and contributions during the year and the listing process. I would also like to express my sincere gratitude to our shareholders, customers, suppliers, bankers, business partners and professional parties who provide their continuing supports to the Group. I am confident that the Group will continue to grow, maintain the leading position in the PRC and expand its overseas business, and provide a rewarding return to our shareholders as well.

Qian Lirong
Chairman

Hong Kong, 30 March 2012

Financial Highlights

Results performance for the year ended 31 December	**2011**	2010
Total turnover *(RMB'000)*	**1,822,747**	1,405,039
Turnover of RF coaxial cables series *(RMB'000)*	**1,667,077**	1,298,998
Sale volume of RF coaxial cables series *(km)*	**113,910**	95,403
Average unit selling price of RF coaxial cables series *(RMB/km)*	**14,635**	13,616
Gross profit *(RMB'000)*	**397,311**	288,689
Gross profit margin *(%)*	**21.8**	20.5
Profit for the year attributable to owners of the Company *(RMB'000)*	**206,785**	151,112
Net profit margin *(%)*	**11.3**	10.8
Basic earnings per share *(Note 1)*		
– based on ordinary shares in issue	**RMB20.68**	RMB15.11
– based on ordinary shares in issue and after capitalisation issue	**RMB25.85 cents**	RMB18.89 cents

Liquidity and gearing ratios	**2011**	2010
Inventories turnover days *(Note 2)*	**22**	20
Trade and bills receivables turnover days *(Note 3)*	**193**	188
Trade and bills payables turnover days *(Note 4)*	**88**	59
Current ratio	**1.3**	1.1
Gearing ratio *(%) (Note 5)*	**69.2**	186.9

Operating cash flow and capital expenditure for the year ended 31 December	**2011**	2010
Net cash from operating activities *(RMB'000)*	**52,486**	167,130
Capital expenditure *(RMB'000)*	**7,942**	32,044

Notes:

1. The shares of the Company were not listed until 19 March 2012.

2. 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 multiplied by 365 days.

3. Calculation was based on the average of the trade and bills receivables balance at the beginning and the end of the relevant year divided by total turnover for the year and multiplied by 365 days.

4. Calculation was based on the average of the trade and bills payables balance at the beginning and the end of the relevant year divided by costs of goods sold for the year and multiplied by 365 days.

5. 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

BUSINESS REVIEW

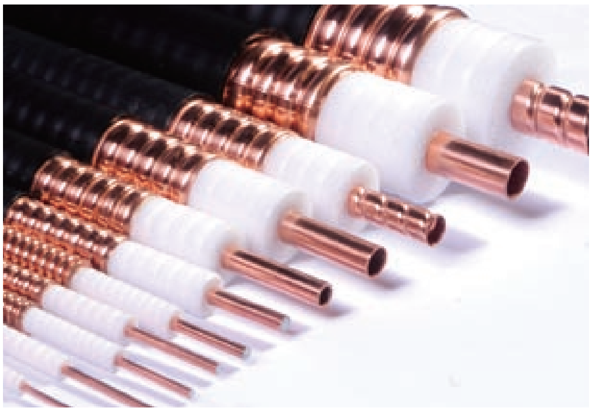
The Group is one of the leading PRC manufacturers engaged in research, development and sales of radio frequency ("RF") coaxial cables series, new-type electronic components and other related accessories for use in mobile communications and telecommunications equipment. According to the notices issued by China Electronics Components Association ("CECA"), Optical Fiber and Electric Cable Subassociation (中國電子元件行業協會光電線纜分會), one of the 14 sub-associations of CECA, in February 2012, which covered all major RF cables manufacturers in the PRC, Jiangsu Trigiant ranked first in terms of sales volume for RF cables among all RF cables manufacturers in the PRC in 2011.

Management Discussion and Analysis

In 2011, sales of the RF coaxial cables series, the principal products of the Group, amounted to approximately RMB1,667.1 million (representing approximately 91.5% of its total turnover) and its sales volume reached approximately 114,000 km. The products of the Group are mainly used in the transmission systems of telecommunications operators and service providers and major equipment manufacturers in the PRC. In particular, the products can be applied in different mobile network systems, highways, railways, tunnels, underground facilities and high-rise buildings.

The Group derived its sales principally from the PRC in 2011. The expertise of the management of the Group, coupled with its extensive sales and distribution network covering 31 provinces and municipalities in the PRC which can timely and efficiently market its products to customers and at the same time provide after-sales services, has helped the Group gain business through tenders awarded by the three major PRC telecommunications operators, namely 中國聯合網絡通信有限公司 ("China Unicom"), 中國移動通信集團公司 ("China Mobile") and 中國電信集團公司 ("China Telecom"). In 2011, sales to China Mobile, China Unicom and China Telecom amounted to approximately RMB1,120.4 million, RMB563.3 million and RMB31.7 million respectively, which accounted for approximately 61.5%, 30.9% and 1.7% respectively of the Group's total turnover for that year. Sales to these major customers accounted for approximately 94.1% of the Group's total turnover in 2011.

Currently, the Group sell its products to 28 out of 31 provincial branches of China Unicom, 22 out of 31 provincial subsidiaries of China Mobile and 22 out of 31 provincial subsidiaries of China Telecom.



In 2011, the Group also sold its products to well-known telecommunication equipment manufacturers, including 深圳市中興康訊電子有限公司, a subsidiary of 中興通訊股份有限公司 (ZTE Corporation), and Huawei Technologies Co., Ltd.

The Group has strong research and development capabilities, as evidenced by the varieties of RF coaxial cables series, new-type electronic components and other related accessories the Group has developed since its establishment. The Group has obtained 22 patents in the PRC and is in the process of applying for an additional 15 patents in the PRC. Out of the products developed by the Group, 14 have been awarded with the Advanced Technology Product Certificate (高新技術產品認定證書) by the Science and Technology Department of Jiangsu Province (江蘇省科學技術廳).

In 2011, total turnover of the Group and profit for the year attributable to the owners of the Company increased to approximately RMB1,822.7 million and RMB206.8 million respectively, representing the year-on-year growth of approximately 29.7% and 36.8% respectively.

Management Discussion and Analysis

USE OF NET PROCEEDS FROM THE 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 the Company's shares on the Stock Exchange. The Company will apply the net proceeds, after deducting related expenses, from such new issue in the manner as set out in the Prospectus. As at the date of this annual report, such net proceeds have not yet been utilised.

PROSPECTS

In view of the recovery and improvement of the international economy as well as the sustainable and fast development of the PRC domestic economy, the telecommunications industry of the PRC has embraced this as an opportunity to develop its network infrastructure. With the implementation of the "integration of three networks" and the Twelfth Five-Year Plan, the PRC telecommunications industry will reap the benefits of these developments in the future.

The main development goals of the PRC telecommunications industry in the Twelfth Five-Year Plan, among others, include the comprehensive popularization of the 3G network and optical fibre access, comprehensive promotion of "integration of three networks" and the promotion of information technology. At the end of the "Twelfth Five-Year" period, the number of 3G users in the PRC is expected to reach approximately 700 million while the number of users with fixed broadband access will reach approximately 250 million. The access to broadband by urban families, community centres, schools, medical health institutions, libraries and other public institutions will be basically realized. Broadband access will also be made available to rural families for basic network surfing. The varieties of information applications will be further enriched, and the number and scale of service platforms will increase substantially.

In light of the integration of three networks, promotions of double-direction staged access of broadcasting television and telecommunications services are taken as the focus, and thus the upgrading and improvement of the network, broadcasting television network and the internet are being pushed forward. The purpose of the integration of three networks is to gradually transform conventional information services to combined, multi-media and integrated information services. This includes the establishment of new types of operation of broadband and mobile internet, the innovation of network value-added services, and the development of digital content and network finance.

Given the Twelfth Five-Year Plan, there is a great potential in the development of mobile communications network infrastructures and the radio-frequency cable and flexible cable industry, which can in turn be expected to bring sustainable demand for RF coaxial cables.

Management Discussion and Analysis

FUTURE PLANS

In view of the promising prospect of the telecommunication industry in the PRC, the business objectives of the Group are to expand its production capacity, broaden its product range and maintain its leading position in the RF coaxial cables industry in the PRC.

Amongst the business strategies of the Group, the Group intends to continue and expand its business with the three major telecommunications operators in the PRC by attracting new business from such provincial subsidiaries or branches of China Unicom, China Mobile and China Telecom which the Group has yet to develop. The Group intends to diversify its product range in order to capture additional business opportunities by taking advantage of the PRC government policies to integrate the three existing networks. The Group also intends to strengthen its overseas sales network in developing countries such as India, Russia and Brazil.

In particular, the Group intends to expand its current annual production capacity for its RF coaxial cables series from approximately 150,000 km to approximately 180,000 km for the year ending 31 December 2013, depending on the industry condition and customers' demand for its products in the future, and increase its sales and marketing staff from 50 for the year ending 31 December 2012 to 80 for the year ending 31 December 2013.

FINANCIAL PERFORMANCE REVIEW

Turnover

The total turnover of the Group increased by approximately RMB417.7 million, or approximately 29.7%, from approximately RMB1,405.0 million in 2010 to approximately RMB1,822.7 million in 2011. Such increase was attributable to the increase in turnover from sales of RF coaxial cables series, new-type electronic components and other related accessories by approximately RMB368.1 million, RMB14.6 million and RMB35.0 million respectively. Sales of RF coaxial cables series accounted for approximately 91.5% of the Group's total turnover in 2011. The increase in sales of RF coaxial cables series, new-type electronic components and other related accessories was primarily due to the increase in overall sales to the three major PRC telecommunications operators. Overall sales to the three major PRC telecommunications operators increased by approximately RMB372.5 million from approximately RMB1,342.9 million in 2010 to approximately RMB1,715.4 million in 2011. In particular, demand for the RF coaxial cables series of the Group from China Mobile increased significantly as a result of increased investment in construction of outdoor 3G base stations by China Mobile in 2011.

Management Discussion and Analysis

Cost of goods sold

Cost of goods sold increased by approximately RMB309.1 million, or approximately 27.7%, from approximately RMB1,116.3 million in 2010 to approximately RMB1,425.4 million in 2011. Cost of materials consumed accounted for approximately 96% of the total cost of goods sold in 2011. The increase in cost of goods sold was primarily due to an increase in the cost of materials consumed by approximately RMB288.5 million, or approximately 26.7% in 2011 compared to 2010. Such increase was in line with the increase in the turnover of the Group in 2011.

Gross profit and gross profit margin

Gross profit increased by approximately RMB108.6 million, or approximately 37.6%, from approximately RMB288.7 million in 2010 to approximately RMB397.3 million in 2011. Such increase was mainly attributable to the increase in sales of the RF coaxial cables series of the Group. Overall gross profit margin increased by approximately 1.3% from approximately 20.5% in 2010 to approximately 21.8% in 2011. Such increase was primarily attributable to the increase in gross profit margin of the RF coaxial cables series of the Group resulting mainly from (i) the further increase in economies of scale and (ii) the continuous enhancement of production efficiency in 2011.

Other gains and losses

Other gains and losses increased by approximately RMB2.0 million, or approximately 16.2%, from approximately RMB12.1 million in 2010 to approximately RMB14.1 million in 2011. Such increase was primarily due to the increase in interest income by approximately RMB2.8 million, partly offset by the decrease in exchange gain on revaluation of amounts due to shareholders denominated in United States Dollars by approximately RMB0.7 million.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB10.9 million, or approximately 29.4%, from approximately RMB37.1 million in 2010 to approximately RMB48.0 million in 2011. Such increase was mainly due to (i) the increase in transportation costs by approximately RMB7.7 million resulting from the increase in the turnover of the Group; and (ii) the increase in entertainment expenses by approximately RMB1.8 million for sales and marketing purposes.

Administrative expenses

Administrative expenses increased by approximately RMB4.0 million, or approximately 9.4%, from approximately RMB42.4 million in 2010 to approximately RMB46.4 million in 2011. Such increase was principally attributable to the increase in salaries for management and administration personnel by approximately RMB3.6 million resulting mainly from salary increment and bonus paid for certain staff.

Management Discussion and Analysis

Other expenses

Other expenses increased by approximately RMB10.3 million, or approximately 393.9%, from approximately RMB2.6 million in 2010 to approximately RMB12.9 million in 2011. Such increase was attributable to additional expenses incurred in relation to initial public offering of the Company's shares.

Finance costs

Finance costs increased by approximately RMB18.0 million, or approximately 45.6%, from approximately RMB39.4 million in 2010 to approximately RMB57.4 million in 2011. Such increase was mainly attributable to the reasons that (i) short-term bank borrowings increased by RMB260.3 million for additional working capital amid the business expansion of the Group and that (ii) the People's Bank of China ("PBOC") base interest rate raised by more than 10% in 2011.

Taxation

Taxation charged for both 2011 and 2010 mainly represent EIT of Jiangsu Trigiant calculated at 12.5% on its taxable income in accordance with the relevant PRC laws and regulations. The taxation charge of the Group increased in 2011 as compared to that in 2010 mainly because taxable income of Jiangsu Trigiant increased.

Profit for the year

As a combined result of the foregoing, the profit after tax of the Group increased by approximately RMB55.7 million, or approximately 36.8%, from approximately RMB151.1 million in 2010 to approximately RMB206.8 million in 2011. Accordingly, net profit margin increased from approximately 10.8% in 2010 to approximately 11.3% in 2011.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The operation of the Group was generally financed through a combination of shareholder's 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 two years ended 31 December 2010 and 2011:

	2011 *RMB'000*	2010 *RMB'000*
Net cash from operating activities	**52,486**	167,130
Net cash used in investing activities	**(165,603)**	(76,811)
Net cash from financing activities	**157,749**	137,565

As at 31 December 2011, the Group had bank balances and cash of approximately RMB383.5 million and the majority of which were denominated in RMB. As at 31 December 2011, the Group had total bank borrowings of approximately RMB1,050.3 million comprising bank borrowings repayable within one year of approximately RMB940.3 million and bank borrowings repayable more than two years but not more than five years of approximately RMB110.0 million. As at 31 December 2011, approximately RMB475.3 million of the total bank borrowings were fixed rate borrowings which carried interests ranging from 4.84% to 8.03% per annum and approximately RMB575.0 million were variable rate borrowings which carried interests ranging from 90% of PBOC rate to 110% of PBOC rate. As at 31 December 2011, all bank borrowings were denominated in RMB.

In 2011, the majority of the Group's transactions were denominated in RMB and, accordingly, the Group did not enter into any financial instrument for hedging foreign currency exposure. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

Management Discussion and Analysis

GEARING RATIO

Gearing ratio of the Group decreased significantly from approximately 186.9% as at 31 December 2010 to approximately 69.2% as at 31 December 2011. Such decrease was primarily due to significant increase in total equity by approximately RMB398.7 million from approximately RMB214.8 million as at 31 December 2010 to approximately RMB613.5 million as at 31 December 2011, even though total bank borrowings net of pledged bank deposits and bank balances and cash increased by approximately RMB22.9 million from approximately RMB401.5 million as at 31 December 2010 to approximately RMB424.4 million as at 31 December 2011. Increase in total equity as at 31 December 2011 was mainly attributable to the increase in profit for 2011 of approximately RMB206.8 million and the waiver of shareholders' loan of approximately RMB191.9 million credited to reserve during 2011. Gearing ratio is calculated by dividing total bank borrowings net of pledged bank deposits and bank balances and cash over total equity.

PLEDGE OF ASSETS

As at 31 December 2011, the Group pledged certain of its buildings, machinery and land use rights with aggregate carrying value of approximately RMB40.3 million, RMB23.9 million and RMB35.4 million, respectively, to certain banks to secure certain credit facilities granted to the Group.

As at 31 December 2011, the Group also pledged bank deposits of approximately RMB242.4 million to certain banks to secure certain credit facilities granted to the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2011.

EMPLOYEE INFORMATION

As at 31 December 2011, the Group had 648 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. The Group 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 include internal courses run by the management of the Group and external courses provided by professional trainers. They range from technical training for production staff to financial and administrative trainings for management staff.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Qian Lirong, aged 47, is an executive director and the chairman of the board. 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 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.) ("Jiangsu Trigiant"), a wholly-owned subsidiary of the Company, in November 2007. Mr. Qian is also the chairman and general manager of Jiangsu Trigiant and a director of all subsidiaries of the Company.

Mr. Qian has more than 20 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) ("Hengxin (Singapore)"), a company incorporated in Singapore, whose shares are listed on the Singapore Exchange Securities Trading Limited and the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange). Between November 2004 and February 2007, he acted as the chief executive officer of Hengxin (Singapore). Between June 2003 and January 2007, Mr. Qian held various positions (including chairman and general manager) in 江蘇亨鑫科技有限公司 (Jiangsu Hengxin Technology Co., Ltd.) ("Hengxin (Jiangsu)"), a wholly-owned subsidiary of Hengxin (Singapore). Between December 1996 and June 2003, he 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, 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, 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 People of PRC Information Industry of the Year (中國信息產業年度新鋭人物) in 2007, Economic People of PRC Information Industry of the Year (中國信息產業年度經濟人物) in 2008 and Chinese Outstanding Entrepreneur (Private Enterprises) (中國優秀民營企業家) in 2010. Mr. Qian is a senior member of Chinese Communications Institute (中國通信學會), an executive member of the Seventh Council of the Jiangsu Foreign Investment Enterprise Association (江蘇省外商投資企業協會), as well as a member of the fifth, seventh and eighth Chinese Communications Cable Committee (中國通信線路委員會).

Mr. Qian graduated from Changshu Machinery and Industrial Employees' University (常熟市機械工業職工大學) 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，第三產業暨區域文化經濟管理碩士研究生班) in 2004. Mr. Qian is a senior engineer, senior economist and an exemplary worker of Jiangsu Province.

Directors and Senior Management Profile

Mr. Jiang Wei, aged 53, is an executive director and the group chief executive officer. Mr. Jiang is also responsible for managing the sales management team of the Group. Mr. Jiang has substantial experience in the communications cable industry and is principally responsible for the sales and marketing activities of the Group. Mr. Jiang joined Jiangsu Trigiant in November 2007. Mr. Jiang is also an executive deputy general manager of Jiangsu Trigiant and a director of all subsidiaries of the Company.

Between June 2005 and January 2007, he was the executive director and marketing director of Hengxin (Singapore). During the time while Mr. Jiang was serving as an executive director of Hengxin (Singapore), he was also the deputy general manager (sales) of Hengxin (Jiangsu) between July 2003 and March 2007. From July 1999 to June 2003, he was the deputy general manager of Jiangsu Hengtong Cable Co., Ltd. (江蘇亨通線纜有限公司) in charge of sales and marketing matters. From December 1993 to June 1997, he worked in US Global Pacific Co., Ltd. and served as a technician until May 1994 and was seconded to Anhui Lida Communications Cable Co., Ltd. (安徽立達通信電纜有限公司), a company principally engaged in, amongst others, the manufacture and sale of indoor communications and data cables and telephones and held positions of assistant chief engineer and deputy general manager until June 1997. From 1984 to 1993, Mr. Jiang worked in Xi'an Cable Factory (Plastic Branch) (西安電纜廠全塑分廠) and held various positions from technician to vice factory director.

Mr. Jiang has been awarded the Economic People of PRC Information Industry of the Year (中國信息產業年度經濟人物) in 2010.

Mr. Jiang completed his studies in mechanics manufacturing in Xi'an Electric Power Machinery Manufacturing Co. Ltd., Electromechanical Institute (西安電力機械製造公司機電學院) in 1984 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，第三產業暨區域文化經濟管理碩士研究生班) in 2004.

Directors and Senior Management Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Jin Xiaofeng, aged 43, is an independent non-executive director. Prof. Jin is currently the deputy head of general affairs of the Institute of Electronic Information Technologies and Systems, Zhejiang University (浙 江 大 學). In February 2007, he was appointed as a Doctor of Philosophy supervisor in the Institute of Electronic Information Technologies and Systems, Zhejiang University. Between January 2004 and February 2006, Prof. Jin worked in Hengtong Group Technology Center (亨通集團技術中心). In July 2005, Prof. 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會). During the period from October 2000 to 2002, Prof. Jin has worked in Oplink Communications Inc., LightMatix Inc. and Agiltron Inc. Prof. Jin obtained his Doctor of Philosophy degree in engineering from Zhejiang University in September 1996 and a master's degree from China Ship Research & Development Academy (中國艦船研究院) in May 1993. Prof. Jin obtained a bachelor's degree from the Department of Photoelectronics of Huazhong University (華中科技大學) of Science and Technology in July 1990. From December 1996 to April 2000, Prof. Jin was engaged in teaching and research work in the Department of Electronic and Information 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. Poon Yick Pang Philip, aged 42, is an independent non-executive director. Mr. Poon has over 17 years of experience in corporate finance and accounting. Mr. Poon has been serving as an independent non-executive director of Infinity Chemical Holdings Company Limited (stock code: 640), a company listed on the Stock Exchange, since March 2010. Mr. Poon joined Real Nutriceutical Group Limited (stock code: 2010, formerly known as Ruinian International Limited), a company listed on the Stock Exchange, in June 2008 as chief financial officer and company secretary. From 2007 to 2008, he was the director of finance of China Medical Technologies, Inc., a NASDAQ listed company engaging in the manufacture and sale of advanced medical devices in China. From 2002 to 2007, he worked as the senior vice president, qualified accountant and company secretary of Paradise Entertainment Limited (stock code: 1180), a company listed on the Stock Exchange. Mr. Poon also served various positions in Advent International Corporation, a global private equity firm, Lenovo Group Limited (stock code: 992), a company listed on the Stock Exchange and Sun Hung Kai Properties Limited (stock code: 16), a company listed on the Stock Exchange. Mr. Poon obtained a bachelor's degree in commerce from the University of New South Wales in 1993 and is a holder of a Chartered Financial Analyst Charter of the CFA Institute, a Certified Practising Accountant (Australia) and a fellow of the Hong Kong Institute of Certified Public Accountants.

Directors and Senior Management Profile

Mr. Ng Wai Hung, aged 48, is an independent non-executive director. Mr. Ng is a practising solicitor in Hong Kong and a partner in Iu, Lai & Li, a Hong Kong law firm. He has extensive experience in the areas of securities law, corporate law and commercial law in Hong Kong and has been involved in initial public offerings of securities in Hong Kong as well as corporate restructuring, mergers and acquisitions and takeovers of listed companies. Mr. Ng is also an independent non-executive director of four companies listed on the Stock Exchange, namely Fortune Sun (China) Holdings Limited (stock code: 352), Gome Electrical Appliances Holding Limited (stock code: 493), HyComm Wireless Limited (stock code: 499) and Tech Pro Technology Development Limited (stock code: 3823). Mr. Ng served as an independent non-executive director of KTP Holdings Limited (stock code: 645) since 1999 until 16 February 2011.

Ms. Jia Lina, aged 44, is an independent non-executive director. She has over 16 years of experience in accounting. From February 2011 up to the Latest Practicable Date, Ms. Jia has been an independent director of Suzhou Tianma Fine Chemicals Co., Ltd (蘇州天馬精細化學品股份有限公司). Ms. Jia has been and remains a certified public accountant in Jiangsu Talent CPA (天衡會計師事務所有限公司) since September 1994. Ms. Jia graduated with a bachelor's degree in economic trade in July 1989 and a master's in economics from Dongbei University of Finance and Economics (東北財經大學) in October 1992. Ms. Jia was qualified as an accountant in December 1996 by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部).

Directors and Senior Management Profile

SENIOR MANAGEMENT

Mr. Lau Chi Hung, aged 41, is the group chief financial officer and company secretary. Mr. Lau is primarily responsible for overseeing the affairs of corporate finance, financial reporting, company secretarial and investor relations of the Group.

Mr. Lau has over 18 years of experience in corporate finance, accounting and auditing. Prior to joining the Group in January 2011, Mr. Lau was the group financial controller of Wai Chi Electronics Ltd., a company engaged in the production of light-emitting diode backlights and lighting products between February 2008 and 2010. Between 2005 and January 2008, Mr. Lau worked as the financial controller of Computime Limited, a subsidiary of Computime Group Ltd. (stock code: 320), a company listed on the Stock Exchange. Prior to that, Mr. Lau also held senior finance positions in other companies listed on the Stock Exchange, such companies include Ngai Lik Enterprises Limited, a subsidiary of Ngai Lik Industrial Holdings Limited (stock code: 332) and Tonic Industries Holdings Limited (stock code: 978). Mr. Lau also worked in the assurance and advisory department of Deloitte Touche Tohmatsu for over 6 years, where the last position he served was manager.

Mr. Lau is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants, an associate of the Association of Chartered Certified Accountants in England and Wales and an associate and certified tax adviser of the Taxation Institute of Hong Kong. Mr. Lau graduated with a bachelor's degree in accountancy in 1993 and a master's degree in business administration in 2001 from Hong Kong Polytechnic University.

Mr. Jiang Xinhong, aged 44, is a deputy general manager of Jiangsu Trigiant. Mr. Jiang joined Jiangsu Trigiant in March 2007 and held the position of an assistant to the general manager. Mr. Jiang is also a director of Jiangsu Trigiant. Mr. Jiang has accumulated over 10 years of experience in the cable industry. Mr. Jiang is mainly responsible for production, equipment, technology, quality control, material and logistics management.

Prior to joining the Group, Mr. Jiang served in various positions in several other companies. Between July 2003 and January 2007, Mr. Jiang served Hengxin (Jiangsu) as an assistant to deputy general manager and deputy manager of production department. In August 2000, Mr. Jiang was appointed as the deputy manager of production department of Jiangsu Hengtong Cable Co., Ltd. (江蘇亨通線纜有限公司). In 1996, Mr. Jiang worked in production department of Jiangsu Zhongyou Guohao Optical and Electronic Cable Co., Ltd. (江蘇中郵國浩光電纜有限公司). Mr. Jiang completed his studies in party politics management in Jiangsu Radio & Television University (江蘇廣播電視大學) in August 2001. Mr. Jiang was qualified as an assistant economist in September 2002 by Wuxi Personnel Bureau (無錫市人事局).

Mr. Jiang has been awarded the Economic People of PRC Information Industry of the Year (中國信息產業年度經濟人物) in 2011.

Corporate Governance Report

As the shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19 March 2012 (the "Listing Date"), the Company was not required to comply with the requirements under the code provisions set out in Code on Corporate Governance Practices or, as the case may be, those set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the accounting period covered by this annual report.

However, the board (the "Board") of directors (the "Directors") of the Company is pleased to present this Corporate Governance Report for the period from the Listing Date to the date of this annual report (the "Review Period").

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. 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.

Prior to the Listing Date, the Company has adopted the Code on Corporate Governance Practices as its own code of corporate governance. On 30 March 2012, the Company adopted the CG Code as its own code of corporate governance. The Directors consider that during the Review Period, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Code on Corporate Governance Practices or, as the case may be, the CG Code.

Set out below is a detailed discussion of the corporate governance practices adopted and observed by the Company during the Review Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in Company's securities. Having made specific enquiry of 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 Review Period.

BOARD OF DIRECTORS

(i) Board Composition

The Board currently comprises a combination of two executive Directors and four independent non-executive Directors.

Throughout the Review Period, the Board consisted of the following Directors:

Executive Directors
Mr. Qian Lirong *(Chairman)*
Mr. Jiang Wei *(Group chief executive officer)*

Corporate Governance Report

Independent Non-executive Directors
Professor Jin Xiaofeng
Mr. Poon Yick Pang Philip
Mr. Ng Wai Hung
Ms. Jia Lina

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.

(ii) Board Meetings

During the Review Period, one board meeting was held, at which the Directors approved, among other things, the annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2011. Prior notice convening the board meeting was despatched to the Directors setting out the matters to be discussed. At the meeting, 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.

It is expected that the Company will hold Board meetings regularly for at least four times a year at approximately quarterly intervals after the Listing Date in compliance with code provision A.1.1 of the CG Code.

(iii) Attendance Record

The following is the attendance record of the board meeting held by the Board during the Review Period:

	Attendance at meeting
Executive Directors	
Mr. Qian Lirong *(Chairman)*	1/1
Mr. Jiang Wei *(Group chief executive officer)*	1/1
Independent Non-executive Directors	
Professor Jin Xiaofeng	1/1
Mr. Poon Yick Pang Philip	1/1
Mr. Ng Wai Hung	1/1
Ms. Jia Lina	1/1

Corporate Governance Report

(iv) Independence of Independent Non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed four independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient 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. Poon Yick Pang Philip has over 17 years of experience in corporate finance and accounting. Mr. Poon is a holder of a Chartered Financial Analyst Charter of the CFA Institute, a Certified Practising Accountant (Australia) and a fellow of the Hong Kong Institute of Certified Public Accountants.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence. Based on such confirmations, the Board considers that all independent non-executive Directors are being considered to be independent.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and chief executive officer are segregated and are not exercised by the same individual.

Mr. Qian Lirong is the chairman of the Board who is primarily responsible for managing the Board. Mr. Qian also chairs the Board meetings and briefs the Board members on the issue arising at the Board meetings. Mr. Jiang Wei is the group chief executive officer who is primarily responsible for day-to-day management of the Group's business. Mr. Jiang is also responsible for supervising the execution of decisions determined by the Board.

TERMS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors was appointed for a term of three years commencing from 23 August 2011.

BOARD COMMITTEES

Audit Committee

An audit committee was established by the Company on 23 August 2011. The audit committee has adopted written terms of reference in compliance with the code provisions set out in the Code on Corporate Governance Practices or, as the case may be, those set out in the CG Code. The primary duties of the audit committee are to review and approve the Group's financial reporting process and internal control system. Members of the audit committee are Mr. Poon Yick Pang Philip, Ms. Jia Lina, Mr. Ng Wai Hung and Professor Jin Xiaofeng, all being independent non-executive Directors. Mr. Poon Yick Pang Philip is the chairman of the audit committee.

Corporate Governance Report

During the Review Period, the audit committee has held one meeting, at which the members of audit committee have reviewed and discussed with the external auditor of the Company the Group's annual results and audited consolidated financial statements for the year ended 31 December 2011, who is of the opinion that such statements have complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

The following is the attendance record of the committee meeting held by the audit committee during the Review Period:

	Attendance at meeting
Committee members	
Mr. Poon Yick Pang Philip *(Chairman)*	1/1
Ms. Jia Lina	1/1
Mr. Ng Wai Hung	1/1
Professor Jin Xiaofeng	1/1

Remuneration Committee

A remuneration committee was established by the Company on 23 August 2011. The remuneration committee has adopted written terms of reference in compliance with the code provisions set out in the Code on Corporate Governance Practices or, as the case may be, those 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. 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 Mr. Ng Wai Hung and Mr. Poon Yick Pang Philip, and one executive Director, namely Mr. Jiang Wei. Mr. Ng Wai Hung is the chairman of the remuneration committee.

During the Review Period, the remuneration committee has not held any meeting.

Nomination Committee

A nomination committee was established by the Company on 23 August 2011. The nomination committee has adopted written terms of reference in compliance with the code provisions set out in the Code on Corporate Governance Practices or, as the case may be, those 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 management of the Board succession. The members of the nomination committee are Professor Jin Xiaofeng, Mr. Poon Yick Pang Philip and Ms. Jia Lina, all being independent non-executive Directors. Professor Jin Xiaofeng is the chairman of the nomination committee.

During the Review Period, the nomination committee has not held any meeting.

Corporate Governance Report

Corporate Governance Committee

A corporate governance committee was established by the Company on 30 March 2012. The corporate governance committee has adopted written terms of reference in compliance with the CG Code. The primary duties of the corporate governance committee are to make recommendations to the Board on the development and 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. Jiang Wei, and two independent non-executive Directors, namely Mr. Poon Yick Pang Philip and Mr. Ng Wai Hung. Mr. Jiang Wei is the chairman of the corporate governance committee.

During the Review Period, the corporate governance committee has not held any meeting.

AUDITOR'S REMUNERATION

For the year ended 31 December 2011, apart from the provisions of annual audit services, the external auditor of the Company, Deloitte Touche Tohmatsu, was also the reporting accountants of the Company in relation to the listing of the Company's shares. The total fees paid/payable in respect of audit and non-audit services provided to the Group for the year ended 31 December 2011 by Deloitte Touche Tohmatsu are set out below:

	RMB'000
Audit services	
Reporting accountants in relation to the listing of the Company's shares	5,046
Non-audit services	
Tax services	28

Director's Responsibility 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.

Internal Control System

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-today operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The Board carried out a review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. The Board considered that the Company's internal control system is adequate and effective.

On behalf of the Board
Qian Lirong
Chairman

Hong Kong, 30 March 2012

Directors' Report

The board (the "Board") of directors (the Directors") of the Company hereby presents its first report after the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011 which were approved and authorised for issue by the Board on 6 March 2012 (being the same date of the Company's prospectus in which the Group's audited consolidated financial information for the year ended 31 December 2011 was included).

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 December 2010 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to the group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 23 August 2011. Details of the Reorganisation are set in Appendix V to the Company's prospectus dated 6 March 2012 (the "Prospectus"). The Company's shares have been listed on the Stock Exchange since 19 March 2012 (the "Listing Date").

PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as an investment holding company. The Company acts as an investment holding company. Particulars of the principal activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 33 of this annual report.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

FIXED ASSETS

Details of the movements during the year in the Group's investment properties and property, plant and equipment are set out in notes 14 and 15 respectively to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements during the year in the issued share capital of the Company are set out in note 29 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2011, the Company's reserves available for distribution to shareholders amounted to approximately RMB190.9 million.

Directors' Report

DIRECTORS

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

Executive Directors

Qian Lirong	(appointed on 23 December 2010 and effective on 19 March 2012)
Jiang Wei	(appointed on 23 December 2010 and effective on 19 March 2012)

Independent non-executive Directors

Professor Jin Xiaofeng	(appointed and effective on 23 August 2011)
Poon Yick Pang Philip	(appointed and effective on 23 August 2011)
Ng Wai Hung	(appointed and effective on 23 August 2011)
Jia Lina	(appointed and effective on 23 August 2011)

In accordance with article 84 of the articles of association of the Company, Qian Lirong and Professor Jin Xiaofeng shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors 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 the Listing Date.

Each of the independent non-executive Directors has been appointed for a fixed term of three years with effect from the date of appointment.

Save as disclosed above, 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).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Based on such confirmations, the Company considers all of the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors for the year ended 31 December 2011 are set out in note 11 to the consolidated financial statements of this annual report.

The remuneration committee will review and make recommendations to the Board on terms of remuneration packages, bonuses and other compensation payable to Directors.

Directors' Report

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

As at 31 December 2011, the shares of the Company were not listed in the Stock Exchange.

As at the date of this report, 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 Future Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong) as recorded in the register maintained by the Company under section 352 of the SFO, or which were required to notify 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:

Long positions

Name of Director	The Company/ Name of associated corporations	Capacity/ Nature of interest	Number and class of shares in the Company/ associated corporations	Approximate percentage of interest
Qian Lirong	The Company	Interest of controlled corporation	750,000,000 ordinary shares *(Note)*	75.0%
Qian Lirong	Trigiant Investments Limited ("Trigiant Investments")	Interest of controlled corporation	555 ordinary shares	55.5%
Qian Lirong	Abraholme International Limited ("Albraholme")	Beneficial owner	8 ordinary shares	80.0%

Note: These shares are registered in the name of Trigiant Investments, a company owned as to 55.5% by Abraholme, which in turn is a company owned as to 80% by Qian Lirong. Under the SFO, Qian Lirong is deemed to be interested in all the shares held by Trigiant Investments.

Save as disclosed above, 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 as at the date of this report.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31 December 2011 and up to the date of this report, was the Company or any of its holding companies or a party to any arrangements to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report

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 2011.

CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, its holding companies or its subsidiaries was a party and in which a Director 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 2011.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2011 and up to the date of this report, none of the Directors had an interest in any business which competes or may compete with the business in which the Group is engaged.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, the shares of the Company were not listed in the Stock Exchange.

As at the date of this report, the register of substantial shareholders maintained by the Company under section 336 of the SFO recorded that the following shareholders had an interest or a short position in the shares or underlying shares of the Company which were required to notify the Company or who were expected, directly or indirectly, to be interested in 10% or more the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Long positions

Shareholder name	Capacity	Number of shares held	Percentage of shareholding
Trigiant Investments	Beneficial owner	750,000,000	75%
Abraholme	Interest of controlled corporation	750,000,000 *(Note)*	75%
Qian Lirong	Interest of controlled corporation	750,000,000 *(Note)*	75%
Qian Jindi	Interest of spouse	750,000,000 *(Note)*	75%

Note: These shares are registered in the name of Trigiant Investments, a company owned as to 55.5% by Abraholme, which in turn is a company owned as to 80% by Qian Lirong. Madam Qian Jindi is the spouse of Qian Lirong. Under the SFO, each of Mr. Qian and Abraholme is deemed to be interested in all the shares held by Trigiant Investments and Madam Qian Jindi is deemed to be interested in all the shares in which Qian Lirong is interested.

Directors' Report

MAJOR SUPPLIERS AND CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2011, purchases from the single largest supplier of the Group and the five largest suppliers of the Group in aggregate accounted for approximately 45.6% (2010: 65.7%) and 78.8% (2010: 80.0%) of the Group's total purchases respectively.

For the year ended 31 December 2011, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 61.5% (2010: 71.9%) and 97.5% (2010: 98.1%) of the Group's total turnover respectively.

At all time during the year ended 31 December 2011, none of the Directors or any of their associates or any shareholders of the Company who, 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.

DONATIONS

The Company made charitable donations totalling approximately RMB813,000 during the year.

PRE-EMPTIVE RIGHTS

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

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 since the Listing Date.

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 since the Listing Date and up to the date of this report.

EVENTS AFTER THE REPORTING PERIOD

The Company's shares were listed on the Main Board of the Stock Exchange on 19 March 2012. In connection with such listing, the Company issued 200,000,000 new shares of nominal value of HK$0.01 each.

Save as disclosed above, the Group has no significant events subsequent to 31 December 2011 and up to 6 March 2012 (being the date of the Prospectus in which the Group's audited consolidated financial information for the year ended 31 December 2011 was included).

Directors' Report

USE OF NET PROCEEDS FROM THE 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 the Company's shares on the Stock Exchange. The Company will apply the net proceeds, after deducting related expenses, from such new issue in the manner as set out in the Prospectus. As at the date of this annual report, such net proceeds have not yet been utilised.

AUDITOR

The Company has appointed Deloitte Touche Tohmatsu as the auditor of the Company for the year ended 31 December 2011. 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, 30 March 2012

Independent Auditor's Report

Deloitte.
德勤

TO THE DIRECTORS OF TRIGIANT GROUP LIMITED
(a company incorporated in the Cayman Islands with limited liability)

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 33 to 79, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
6 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	**2011** **RMB'000**	2010 RMB'000
Turnover	7	**1,822,747**	1,405,039
Cost of goods sold		**(1,425,436)**	(1,116,350)
Gross profit		**397,311**	288,689
Other gains and losses	8	**14,073**	12,109
Selling and distribution costs		**(47,999)**	(37,089)
Administrative expenses		**(46,371)**	(42,381)
Other expenses		**(12,867)**	(2,605)
Finance costs	9	**(57,440)**	(39,386)
Profit before taxation		**246,707**	179,337
Taxation	12	**(39,922)**	(28,225)
Profit for the year attributable to the owners of the Company	10	**206,785**	151,112
Other comprehensive income:			
Revaluation surplus on properties upon transfer to investment properties		**–**	830
Income tax relating to the component of other comprehensive income		**–**	(208)
Total comprehensive income for the year attributable to owners of the Company		**206,785**	151,734
Earnings per share based on ordinary shares in issue			
– Basic	13(a)	**RMB20.68**	RMB15.11
Earnings per share based on ordinary shares in issue and after capitalisation issue			
– Basic	13(b)	**RMB25.85 cents**	RMB18.89 cents

Consolidated Statement of Financial Position

At 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Non-current assets			
Investment properties	14	18,300	17,900
Property, plant and equipment	15	181,970	190,977
Land use rights	16	71,683	73,392
Available-for-sale investments	17	20,000	20,000
		291,953	302,269
Current assets			
Inventories	18	111,751	59,980
Trade and other receivables	19	1,168,881	780,308
Land use rights	16	1,800	1,891
Pledged bank deposits	20	242,401	89,620
Bank balances and cash	20	383,548	338,916
		1,908,381	1,270,715
Current liabilities			
Trade and other payables	21	490,956	297,414
Amount due to a director	23	14,680	2,797
Amounts due to shareholders	24	–	198,070
Bank borrowings – due within one year	25	940,300	680,000
Tax payables		10,037	8,657
		1,455,973	1,186,938
Net current assets		452,408	83,777
Total assets less current liabilities		744,361	386,046

Consolidated Statement of Financial Position

At 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Non-current liabilities			
Government grants	26	2,431	2,770
Payable for acquisition of land use rights	27	–	5,502
Bank borrowings – due after one year	25	110,000	150,000
Deferred taxation	28	18,399	12,937
		130,830	171,209
Net assets		613,531	214,837
Capital and reserves			
Share capital	29	82	7
Reserves		613,449	214,830
Total equity		613,531	214,837

The consolidated financial statement on pages 33 to 79 were approved and authorised for issue by the Board of Directors on 6 March 2012 and are signed on its behalf by:

Qian Lirong
Director

Jiang Wei
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Share capital RMB'000	Share premium RMB'000 (Note a)	Statutory surplus reserve fund RMB'000 (Note b)	Special reserve RMB'000	Other reserve RMB'000	Property revaluation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
At 1 January 2010	7	–	–	62,947	–	–	149	63,103
Other comprehensive income for the year	–	–	–	–	–	622	–	622
Profit for the year	–	–	–	–	–	–	151,112	151,112
Total comprehensive income for the year	–	–	–	–	–	622	151,112	151,734
Transfers	–	–	38,718	–	–	–	(38,718)	–
At 31 December 2010	7	–	38,718	62,947	–	622	112,543	214,837
Profit and total comprehensive income for the year	–	–	–	–	–	–	206,785	206,785
Waiver of shareholders' loan *(note 24)*	–	–	–	–	191,909	–	–	191,909
Issue of shares by the Company on group reorganisation *(note 29)*	82	191,810	–	–	–	–	–	191,892
Elimination on group reorganisation *(note 29)*	(7)	–	–	–	(191,885)	–	–	(191,892)
Transfers	–	–	33,264	–	–	–	(33,264)	–
At 31 December 2011	82	191,810	71,982	62,947	24	622	286,064	613,531

Notes:

(a) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.) ("Jiangsu Trigiant"), the PRC subsidiary of the Company, is required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of Jiangsu Trigiant while the amount and allocation basis are decided by its board of directors annually. The statutory surplus reserve fund 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 difference between the aggregate consideration of US$30,000,000 (equivalent to RMB204,906,000) and the net fair value of assets and liabilities of Jiangsu Trigiant as a result of the acquisition (as more fully explained in note 1.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 RMB'000	2010 RMB'000
Operating activities		
Profit before taxation	246,707	179,337
Adjustments for:		
Interest income	(5,231)	(2,394)
Government grants	(339)	(339)
Gain on fair value changes on investment properties	(400)	(400)
Exchange gain	(6,161)	(6,829)
Finance costs	57,440	39,386
Depreciation of property, plant and equipment	16,949	14,820
Operating lease rentals in respect of land use rights	1,800	1,891
Operating cash flows before movements in working capital	310,765	225,472
(Increase) decrease in inventories	(51,771)	3,342
Increase in trade and other receivables	(386,643)	(111,055)
Increase in trade and other payables	213,215	65,716
Cash from operations	85,566	183,475
PRC Enterprise Income Tax paid	(33,080)	(16,345)
Net cash from operating activities	52,486	167,130
Investing activities		
New pledged bank deposits raised	(363,156)	(206,076)
Purchase of property, plant and equipment	(8,123)	(36,060)
Payment for acquisition of land use rights	(8,000)	–
Release of pledged bank deposits	210,375	317,821
Interest received	3,301	3,301
Acquisition of a subsidiary	–	(204,906)
Available-for-sale investments	–	(20,000)
Government grants received	–	3,109
Repayment from a former fellow subsidiary	–	66,000
Net cash used in investing activities	(165,603)	(76,811)

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 *RMB'000*	2010 *RMB'000*
Financing activities		
Repayment of bank borrowings	**(1,165,400)**	(872,939)
Interest paid	**(56,434)**	(41,899)
Repayment to investees	**(18,000)**	(3,000)
New bank borrowings raised	**1,385,700**	1,032,700
Advances from a director	**11,883**	–
Repayment to a director	**–**	(39,203)
Loans from shareholders	**–**	204,906
Bills payable to former fellow subsidiary and a supplier raised	**–**	270,000
Repayment of bills payable to a former fellow subsidiary and a supplier	**–**	(434,000)
Advances for investees	**–**	21,000
Net cash from financing activities	**157,749**	137,565
Net increase in cash and cash equivalents	**44,632**	227,884
Cash and cash equivalent at beginning of the year, represented by bank balances and cash	**338,916**	111,032
Cash and cash equivalent at end of the year, represented by bank balances and cash	**383,548**	338,916

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 December 2010 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The principal activity of the Company is to act as an investment holding company. The Group is mainly engaged in the manufacture and sales of Radio Frequency ("RF") coaxial cable series and related products for mobile telecommunications.

Trigiant Holdings Limited ("Trigiant BVI") was incorporated in the British Virgin Islands on 12 May 2004 (formerly known as "New Bright Assets Management Limited" at incorporation and subsequently changed to "Cenarion Investments Ltd." on 17 May 2007, until it was changed to its present name on 30 December 2009). At incorporation, Trigiant BVI allotted and issued 100 shares at US$1 each to two independent third parties (the "Third Parties") and remained inactive until the Third Parties transferred all their shares to Abraholme International Limited ("Abraholme") on 23 December 2009 and on the same date, Trigiant BVI allotted and issued 455 shares to Abraholme and 445 shares to other corporations who then became the shareholders of Trigiant BVI (together with Abraholme collectively referred to as the "Shareholders"). On 23 December 2009, the Shareholders have agreed to provide a loan in aggregate of US$30,000,000 to Trigiant BVI to finance the acquisition of 江蘇俊知技術有限公司 Jiangsu Trigiant Technology Co., Ltd. ("Jiangsu Trigiant") (as explained below). The current controlling shareholder of Abraholme is Mr. Qian Lirong ("Mr. Qian"), which is also the director of the Company.

On 28 December 2009, Trigiant BVI acquired the one founder member share, representing the entire issued share capital of Trigiant (HK) Limited ("Trigiant Hong Kong") (formerly known as "Chinese Team Limited") at par. Trigiant Hong Kong was incorporated in Hong Kong on 8 December 2009. Trigiant Hong Kong was inactive before it was acquired by Trigiant BVI.

Jiangsu Trigiant is a limited liability company established in the PRC by Trigiant Group Pte. Ltd. ("Trigiant Group Pte") as a wholly foreign owned enterprise on 15 March 2007. Pursuant to an equity transfer agreement on 28 December 2009, Trigiant Group Pte transferred the entire equity interest in Jiangsu Trigiant to Trigiant Hong Kong for cash consideration of US$30,000,000 (the "Acquisition") and Jiangsu Trigiant became a subsidiary of Trigiant Hong Kong from 29 December 2009.

Trigiant Group Pte was formerly owned as to 38.5% by Abraholme and 39% by other certain shareholders, therefore, no single party has control over Trigiant Group Pte. As a result of the Acquisition, Abraholme (which owning 55.5% interest in Trigiant BVI) has obtained control over Jiangsu Trigiant on 29 December 2009 and the Acquisition is recognised by using the acquisition method of accounting with the excess of the net fair value of Jiangsu Trigiant over the cost of the Acquisition recognised as deemed contribution from shareholders directly in reserve.

Pursuant to the group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 23 August 2011 by interspersing the Company and Trigiant Investments Limited ("Trigiant Investments") (a company wholly-owned by the Shareholders) between Trigiant BVI and the Shareholders.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the two year ended 31 December 2010 and 2011 have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout those periods.

The consolidated statement of financial position at 31 December 2010 has been prepared to present the assets and liabilities of the companies now comprising the Group as at 31 December 2010 as if the current Group structure had been in existence at that date.

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

The addresses of the registered office of the Company and the principle place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

The Hong Kong Institute of Certified Public Accountants ("HKICPA") issued the following new and revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, Amendments and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs") which are effective for the Group's accounting period beginning on 1 January 2011.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HKAS 32	Classification of rights issues
Amendments to HK(IFRIC) – INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

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

Amendments to HKFRS 7	Disclosures – Transfers of financial assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax – Recovery of underlying assets[4]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2015 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Group's available-for-sale investments which are currently stated at cost less impairment and will be measured at fair value upon adoption. In addition, HKFRS 9 "Financial instruments" (as revised in November 2010) also adds requirements for financial liabilities and for derecognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope. HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the Group's consolidated financial statements.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values, in accordance with the accounting policies set out below which conform with HKFRSs as explained in the accounting policies set out below.

In addition, the consolidated financial statements includes applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

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

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

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

- liabilities or equity instruments related to share-based payment transactions of the acquiree or share-based payment arrangement of the Group entered into to the replace share-based payment arrangement of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date; and

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for good sold in the normal course of business, net of discounts, value added tax and sales related taxes.

Revenue from the sale of goods is recognised when goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the Group; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measure reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual value, using the straight line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purpose. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

When an item of property, plant and equipment is transferred to investment property carried at fair value, if the carrying amount is decreased as a result of a revaluation at the date of transfer, any resulting decrease in the carrying amount of the property is recognised in profit or loss. If the carrying amount is increased, to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in profit or loss. The amount recognised in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised. Any remaining part of the increase is credited directly to equity (property revaluation reserve). On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to retained earnings. The transfer from revaluation surplus to retained earnings is not made through profit or loss.

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Land use rights

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight line basis, except for those that are classified and accounted for as investment properties under the fair value model.

The up-front payments to acquire leasehold interest in land are accounted for as operating leases and are stated at cost and released over the lease term on a straight line basis.

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 capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development costs

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

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The resultant asset is amortised on a straight line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. 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.

Financial assets

The Group's financial assets are mainly classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period granted, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities, including trade and other payables, payable for acquisition of land use rights, amount(s) due to a director/shareholders and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and any cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit for the year as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 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, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit 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 is 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. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the year in which they arise.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Renal income from operating lease is recognised in profit or loss on a straight line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are recognised in the profit or loss on a straight line basis over relevant leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as deferred income in the consolidated statement of financial position and released to profit or loss over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes/Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

4. 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 overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings, net of cash and cash equivalents, amounts due to shareholders and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure periodically. As part of the review, 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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management is 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 associated 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 ongoing 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

Impairment of inventories

The Group records inventories at the lower of cost and net realisable value. Net realisable value is the estimated selling price for inventories, less all the estimated costs of completion and costs necessary to make the sales. Operational procedures have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to inventories. The management reviews the inventory aging listing on a periodical basis for those aged inventories. This involves comparison of carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the consolidated financial statements for any obsolete and slow moving items. Although the Group carried periodic review on the net realisable value of inventory, the actual realisable value of inventory is not known until the sale was concluded.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2011, the carrying amount of trade receivables are approximately RMB1,154,096,000 (2010: RMB759,937,000), net of nil allowance for doubtful debts as at 31 December 2011 (2010: nil).

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2011 *RMB'000*	2010 *RMB'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,791,534**	1,207,759
Available-for-sale investments	**20,000**	20,000
Financial liabilities		
Amortised cost	**1,550,677**	1,326,753

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, available-for-sale investments, pledged bank deposits, bank balances and cash, trade and other payables, amount(s) due to a director and shareholders, payable for acquisition of land use rights and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency 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 on 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 bank borrowings at variable interest rates. Bank 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 People's Bank of China ("PBOC") from its RMB denominated borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing bank pledged deposits, bank balances and variable rate bank 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 lower and bank borrowings had been 25 basis points lower and all other variables were held constant, the Group's post tax profit after capitalisation of borrowing costs for the year would be increased by RMB844,000 (2010: RMB449,000).

There would be an equal and opposite impact on the post tax profit for the year where there had been 5 basis points higher for pledged bank deposits and bank balances and 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

For the year ended 31 December 2011

6. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Currency risk

The Group have foreign currency sales during the year which exposed to foreign currency risk. During the year ended 31 December 2011 approximately 1.4% (2010: 0.7%) of the Group's sales, are denominated in currency other than the functional currency of the group entity which it relates.

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

	2011		2010	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Hong Kong Dollars	**1,275**	**16,557**	618	2,797
United States Dollars	**1,207**	**–**	6,867	198,324

The Group is mainly exposed to currency risk of United States Dollars and Hong Kong Dollars. The following table details the Group's sensitivity to a 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% change in foreign currency rates. The sensitivity analysis includes bank balances, trade and other receivables, trade and other payables, amounts due to a director and shareholders.

If the RMB strengthens 5% against the relevant currencies, the post tax profit for the year will be increased (decreased) as follows:

	2011	2010
	RMB'000	*RMB'000*
Hong Kong Dollars	**573**	82
United States Dollars	**(45)**	7,180

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

6. FINANCIAL INSTRUMENTS (continued)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group has concentration of credit risk in relation to trade and bills receivables from top three customers amounting to RMB1,109,099,000 (2010: RMB724,387,000) representing approximately 96.0% (2010: 93.4%) of the total trade and bills receivables at 31 December 2011. The largest trade receivable from a customer by itself accounted for approximately 61.2% (2010: 61.8%) of the total trade and bills receivables at 31 December 2011. In order to minimise the credit risk, the management has reviewed the recoverable amounts of trade and bills 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 ageing status and estimate the likelihood of collection. In this regard, the directors of the Company consider that the credit risk on trade receivables is significantly reduced.

The Group's credit risk on bank balances and deposits or bills receivables is limited and there is no significant concentration of credit risk because all bank deposits or bills are deposited in or contracted with several state-owned banks with good reputation and with high credit ratings assigned by international credit-rating agencies.

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 but not more than 2 years *RMB'000*	Over 2 years but not more than 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Total carrying amount *RMB'000*
At 31 December 2011							
Trade and other payables	–	472,195	–	–	–	472,195	472,195
Payable for acquisition of land use rights	–	8,000	5,502	–	–	13,502	13,502
Amount due to a director	–	14,680	–	–	–	14,680	14,680
Bank borrowings							
– variable rate	6.40	245,015	241,872	25,838	95,722	608,447	575,000
– fixed rate	6.17	462,864	20,057	–	–	482,921	475,300
		1,202,754	267,431	25,838	95,722	1,591,745	1,550,677

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

6. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	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 but not more than 2 years *RMB'000*	Over 2 years but not more than 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Total carrying amount *RMB'000*
At 31 December 2010							
Trade and other payables	–	274,384	–	–	–	274,384	274,384
Payable for acquisition of land use rights	–	16,000	–	5,502	–	21,502	21,502
Amount due to a director	–	2,797	–	–	–	2,797	2,797
Amounts due to shareholders	–	198,070	–	–	–	198,070	198,070
Bank borrowings							
– variable rate	5.80	77,179	110,125	8,978	162,494	358,776	325,000
– fixed rate	5.19	215,721	306,792	–	–	522,513	505,000
		784,151	416,917	14,480	162,494	1,378,042	1,326,753

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

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

7. TURNOVER AND SEGMENT INFORMATION

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

- RF coaxial cable series
- New-type electronic components
- Others (mainly represented by other accessories)

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

7. **TURNOVER AND SEGMENT INFORMATION** (continued)

Turnover represents the fair value of the consideration received and receivable for goods sold during the year.

The segment results represent the gross profits earned by each segment (segment revenue less segment cost of goods sold). Other gains and losses, selling and distribution costs, administrative expenses, other expenses, finance costs and taxation are not allocated to each reportable segment. This is the measure reported to the executive directors for the purpose of resource allocation and assessment of segment performance.

The information of segment results are as follows:

For the year ended 31 December 2011

	RF coaxial cable series *RMB'000*	**New-type electronic components** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Revenue	**1,667,077**	**87,715**	**67,955**	**1,822,747**
Cost of goods sold	**(1,288,988)**	**(70,373)**	**(66,075)**	**(1,425,436)**
Segment result	**378,089**	**17,342**	**1,880**	**397,311**

For the year ended 31 December 2010

	RF coaxial cable series *RMB'000*	New-type electronic components *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue	1,298,998	73,138	32,903	1,405,039
Cost of goods sold	(1,040,403)	(48,692)	(27,255)	(1,116,350)
Segment result	258,595	24,446	5,648	288,689

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

	2011 *RMB'000*	2010 *RMB'000*
Reportable segment results	**397,311**	288,689
Unallocated income and expenses		
– Other gains and losses	**14,073**	12,109
– Selling and distribution costs	**(47,999)**	(37,089)
– Administrative expenses	**(46,371)**	(42,381)
– Other expenses	**(12,867)**	(2,605)
– Finance costs	**(57,440)**	(39,386)
Profit before taxation	**246,707**	179,337
Taxation	**(39,922)**	(28,225)
Profit for the year	**206,785**	151,112

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

7. TURNOVER AND SEGMENT INFORMATION (continued)

As no discrete information in respect of segment assets and liabilities and other information is for the assessment of performance and allocation of resources for different reportable segment and thus, other than reportable segment revenue and results as disclosed above, no analysis of segment assets and liabilities is presented.

Substantially all of the Group's turnover is derived from the PRC and its non-current assets are also substantially located in the PRC (the place of domicile).

Information about major customers

For the year ended 31 December 2011, there were two customers which contributed revenues of RMB1,120,382,000 and RMB563,274,000 respectively, which individually accounted for more than 10% of the total turnover of the Group.

For the year ended 31 December 2010, there were two customers which contributed revenues of RMB1,010,588,000 and RMB294,068,000, respectively, which individually accounted for more than 10% of the total turnover of the Group.

8. OTHER GAINS AND LOSSES

	2011	2010
	RMB'000	*RMB'000*
Gain on fair value changes on investment properties	**400**	400
Government grants *(Note)*	**1,194**	1,640
Exchange gain	**6,161**	6,829
Interest income	**5,231**	2,394
Rental income	**725**	604
Others	**362**	242
	14,073	12,109

Note: As at 31 December 2011, included in government grants are RMB855,000 (2010: RMB1,301,000) the 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, the Group recognised the grants upon receipts. In respect of the remaining RMB339,000 (2010: RMB339,000) they are government subsidies received for the acquisition of property, plant and equipment as disclosed in note 26.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

9. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**57,440**	37,706
Less: Amount capitalised	**–**	(3,422)
	57,440	34,284
Interest on financing arrangement *(Note 22)*	**–**	5,102
	57,440	39,386

Borrowing costs capitalised during the year ended 31 December 2010 (2011: nil) were related to specific borrowings on qualifying assets.

10. PROFIT FOR THE YEAR

	2011	2010
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration *(Note 11)*	**885**	674
Other staff costs:		
Salaries and other benefits	**34,386**	22,637
Retirement benefit scheme contributions	**3,872**	2,431
Total staff costs	**39,143**	25,742
Less: Staff costs included in research and development costs	**(720)**	(673)
	38,423	25,069
Cost of inventories recognised as expenses	**1,425,436**	1,116,350
Depreciation of property, plant and equipment	**16,949**	14,820
Operating lease payment in respect of property	**802**	530
Operating lease rentals in respect of land use rights	**1,800**	1,891
Research and development costs (include in administrative expenses)	**1,075**	867
Expenses in relation to initial public offering of the Company's shares (include in other expenses)	**12,867**	2,605
and after crediting:		
Gross rental income from investment properties (net of nil direct operating expenses)	**725**	604

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company for the year are as follows:

	2011 ***RMB'000***	2010 *RMB'000*
Directors' fees	**163**	–
other emoluments to executive directors		
– basic salaries and allowances	**300**	244
– performance related incentive payments	**393**	421
– retirement benefits scheme contributions	**29**	9
	885	674

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

For the year ended 31 December 2011

	Mr. Qian Lirong *RMB'000*	Mr. Jiang Wei *RMB'000*	Mr. Xia Jie *RMB'000* *(Note b)*	Professor Jin Xiao Feng *RMB'000* *(Note c)*	Mr. Poon Yick Pang, Philip *RMB'000* *(Note c)*	Mr. Ng Wai Hung *RMB'000* *(Note c)*	Ms. Jia Nina *RMB'000* *(Note c)*	Total *RMB'000*
– directors' fee	–	–	–	21	69	52	21	163
– basic salaries and allowances	137	117	46	–	–	–	–	300
– performance related incentive payments *(Note a)*	224	169	–	–	–	–	–	393
– retirement benefits scheme contribution	12	12	5	–	–	–	–	29
	373	298	51	21	69	52	21	885

For the year ended 31 December 2010

	Mr. Qian Lirong *RMB'000*	Mr. Jiang Wei *RMB'000*	Mr. Xia Jie *RMB'000*	Total *RMB'000*
– directors' fee	–	–	–	–
– basic salaries and allowances	79	82	83	244
– performance related incentive payments *(Note a)*	157	144	120	421
– retirement benefits scheme contribution	3	3	3	9
	239	229	206	674

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Notes:

(a) The performance related incentive payments were determined with reference to the operating results, individual performance and comparable market remuneration packages during the year.

(b) Mr. Xia Jie resigned as director of the Company on 27 May 2011.

(c) Being independent non-executive directors appointed by the Company on 23 August 2011.

Of the five highest paid individuals of the Group, two (2010: three) were the directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining three (2010: two) individuals were as follows:

	2011 ***RMB'000***	2010 *RMB'000*
Basic salaries and allowances	**938**	167
Performance related incentive payments	**301**	252
Retirement benefits scheme contributions	**34**	6
	1,273	425

The emoluments of each of the five highest paid individuals (including the directors) during both years were within HK$1,000,000.

During the years ended 31 December 2011 and 2010, 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. None of the directors of the Company has waived any emoluments during both years.

12. TAXATION

	2011 ***RMB'000***	2010 *RMB'000*
The charge comprises:		
PRC Enterprise Income Tax	**34,460**	25,002
Deferred taxation *(Note 28)*	**5,462**	3,223
Taxation for the year	**39,922**	28,225

PRC Enterprise Income Tax represents the income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of Jiangsu Trigiant in accordance with the relevant laws and regulations in the PRC.

Pursuant to the relevant laws and regulations, Jiangsu Trigiant, was entitled to exemption from Foreign Enterprise Income Tax ("FEIT") for the first two years commencing from its first profit-making year in 2008, followed by a 50% reduction on the FEIT for the following three years ("Tax Holiday").

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

12. TAXATION (continued)

On 16 March 2007, the Enterprise Income Tax Law (the "New EIT Law") was passed at the Fifth session of the Tenth National People's Congress of the PRC, the income tax rate for both domestic and foreign-investment enterprise would be unified at 25% effective from 1 January 2008 (Order of the President [2007] No. 63). Jiangsu Trigiant which was entitled to Tax Holiday would continue to enjoy such treatment until the exemption and reduction period expired, at the end of 2012.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not have assessable profits in Hong Kong for both years.

The taxation for the year can be reconciled to the profit before taxation as follows:

	2011 ***RMB'000***	2010 *RMB'000*
Profit before taxation	**246,707**	179,337
Tax at the applicable income tax rate of 25%	**61,677**	44,834
Tax effect on income not taxable for tax purpose	**(1,934)**	(1,708)
Tax effect on expenses not deductible for tax purpose	**6,299**	4,034
Tax effect of tax concession	**(31,680)**	(22,294)
Withholding tax on undistributed earnings	**5,560**	3,359
Taxation for the year	**39,922**	28,225

13. EARNINGS PER SHARE

(a) The calculation of the basic earnings per share based on ordinary shares in issue for the year is based on the following data and on the assumption that the group reorganisation has been effective on 1 January 2010:

	2011 ***RMB'000***	2010 *RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**206,785**	151,112
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**10,000,000**	10,000,000

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13. EARNINGS PER SHARE (continued)

(b) The calculation of the basic earnings per share based on ordinary shares in issue and after capitalisation issue is based on the following data and on the assumption that the group reorganisation has been effective on 1 January 2010 and adjusted for retrospectively the capitalisation issue as disclosed in "Statutory and General Information" in Appendix to the prospectus issued by the Company dated 6 March 2012 in connection to the listing of the shares of the Company ("Listing"), has been retrospectively adjusted:

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**206,785**	151,112
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000,000**	800,000,000

No dilutive earnings per share is presented as there were no dilutive potential ordinary shares during both years.

14. INVESTMENT PROPERTIES

	2011	2010
	RMB'000	*RMB'000*
THE GROUP		
AT FAIR VALUE		
At 1 January	**17,900**	–
Reclassification from land use rights and property, plant and equipment	**–**	17,500
Changes in fair value recognised in profit or loss	**400**	400
At 31 December	**18,300**	17,900

The Group's investment properties were situated in the PRC under medium-term leases.

During the year ended 31 December 2010, the Group changed the use of certain of its properties (previously classified as property, plant and equipment and land use rights) and rented out for rental income. Upon the transfer to investment properties, the respective buildings and land use rights were revalued at fair value with a gain on revaluation of approximately RMB830,000, which have been credited to property revaluation reserve.

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14. INVESTMENT PROPERTIES (continued)

The fair value of the Group's investment properties at date of reclassification, 31 December 2011 and 31 December 2010 have been arrived at on the basis of a valuation carried out at those dates by Savills Valuation and Professional Services Limited, independent qualified professional valuer not connected to the Group. The valuation was arrived at by reference to rental income using applicable market yields for similar locations and types of properties.

All of the Group's property interest held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 1 January 2010	56,078	90,278	2,174	2,837	35,251	186,618
Additions	2,282	542	1,036	1,553	26,631	32,044
Reclassification to investment properties *(Note 14)*	(12,962)	–	–	–	–	(12,962)
Transfer	42,194	19,097	–	–	(61,291)	–
At 31 December 2010	87,592	109,917	3,210	4,390	591	205,700
Additions	881	411	819	–	5,831	7,942
Transfer	310	112	–	–	(422)	–
At 31 December 2011	**88,783**	**110,440**	**4,029**	**4,390**	**6,000**	**213,642**
DEPRECIATION						
At 1 January 2010	3	10	–	2	–	15
Provided for the year	3,312	9,887	554	1,067	–	14,820
Reclassification to investment properties *(Note 14)*	(112)	–	–	–	–	(112)
At 31 December 2010	3,203	9,897	554	1,069	–	14,723
Provided for the year	4,278	10,769	806	1,096	–	16,949
At 31 December 2011	**7,481**	**20,666**	**1,360**	**2,165**	**–**	**31,672**
CARRYING VALUES						
At 31 December 2011	81,302	89,774	2,669	2,225	6,000	181,970
At 31 December 2010	**84,389**	**100,020**	**2,656**	**3,321**	**591**	**190,977**

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items 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%

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

At 31 December 2011, the Group pledged certain of its buildings with aggregate carrying value of RMB40,270,000 (2010: RMB42,231,000) to certain banks to secure the credit facilities granted to the Group.

At 31 December 2011, the Group pledged certain of its machinery with aggregate carrying value of RMB23,878,000 (2010: RMB27,064,000) to certain banks to secure the credit facilities granted to the Group.

During the year ended 31 December 2010, interest expense of RMB3,422,000 (2011: nil) was capitalised in construction in progress.

16. LAND USE RIGHTS

	2011 *RMB'000*	2010 *RMB'000*
CARRYING AMOUNT		
At beginning of the year	**75,283**	80,994
Transfer to investment properties *(Note 14)*	**–**	(3,820)
Charge to profit or loss for the year	**(1,800)**	(1,891)
At the end of the year	**73,483**	75,283
Analysed for reporting purposes as:		
Current portion	**1,800**	1,891
Non-current portion	**71,683**	73,392
	73,483	75,283

The amount represent prepayment of rentals for land use rights under medium-term lease situated in the PRC for a period of 50 years.

At 31 December 2011, the Group has pledged its land use rights with carrying value of approximately RMB35,387,000 (2010: RMB36,254,000) to secure general banking facilities granted to the Group.

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17. AVAILABLE-FOR-SALE INVESTMENTS

	2011	2010
	RMB'000	*RMB'000*
Unlisted equity investment, at cost		
Name of investee		
江蘇俊知光電通信有限公司 (Jiangsu Trigiant Opto-electrical Telecommunication Co., Ltd.) ("Jiangsu Opto-electrical")	**14,000**	14,000
江蘇俊知傳感技術有限公司 (Jiangsu Trigiant Sensing Technology Co., Ltd.) ("Jiangsu Sensing")	**6,000**	6,000
	20,000	20,000

The above unlisted equity investments represent 12.5% equity interest in each of the above private entities established in the PRC during the year ended 31 December 2010. Jiangsu Opto-electrical is principally engaged in the manufacture and sales of optical fibre, cables series, electronic components and equipment for communication uses. Jiangsu Sensing is principally engaged in the research, development, manufacture and sales of RF identification system, new electronic components, optoelectronic integrated components, optoelectronic integrated subsystems, microelectronic devices, sensor and micro smart label products. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

18. INVENTORIES

	2011	2010
	RMB'000	*RMB'000*
Raw materials	**36,553**	14,526
Work in progress	**15,935**	7,661
Finished goods	**59,263**	37,793
	111,751	59,980

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19. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables		
– Jiangsu Opto-electrical	**2,087**	–
– Others	**1,152,009**	759,937
Bills receivables	**1,281**	15,625
	1,155,377	775,562
Prepaid expenses	**3,296**	1,085
Interest receivables	**2,019**	89
Staff advances	**6,951**	1,952
Other receivables	**1,238**	1,620
	1,168,881	780,308

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

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

	2011	2010
	RMB'000	*RMB'000*
Age		
0 – 90 days	**798,185**	626,522
91 – 180 days	**260,765**	129,595
181 – 365 days	**93,932**	19,445
Over 365 days	**2,495**	–
	1,155,377	775,562

At 31 December 2011, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB83,320,000 (2010: RMB19,346,000), which are past due at end of the reporting period for which the Group has not provided for impairment loss. Based on the historical experiences, trade receivables that are past due but not impaired are generally recoverable. The Group does not hold any collateral over these balances.

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19. TRADE AND OTHER RECEIVABLES (continued)

The following is an aging analysis of trade receivables which are past due but not impaired:

	2011	2010
	RMB'000	*RMB'000*
Age		
181 – 365 days	**83,320**	19,346

Included in trade and other receivables are following amounts denominated in currencies other than functional currency of the entity which it relates:

	2011	2010
	RMB'000	*RMB'000*
United States Dollars	**827**	6,462

20. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

At 31 December 2011, 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 0.36% to 2.25% (2010: 0.36% to 2.25%) per annum.

At 31 December 2011, the pledged bank deposits carry interest at the prevailing market rate ranging from approximately 2.5% to 3.3% (2010: 1.98% to 2.50%) per annum.

At 31 December 2010, the entire pledged bank deposits represented deposits pledged to banks to secure the bills payables and letters of credit issued by the Group. At 31 December 2011, the entire pledged bank deposits represent deposits pledged to banks to secure bank borrowings, bills payables and letters of credit issued by the Group.

Included in bank balance and cash and pledged bank deposits are the following amounts denominated in currencies other than functional currency of the entity which it relates:

	2011	2010
	RMB'000	*RMB'000*
Hong Kong Dollars	**1,275**	618
United States Dollars	**380**	405

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21. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables		
– Jiangsu Opto-electrical	**5,765**	–
– Jiangsu Sensing	**36**	–
– others	**120,958**	54,260
Bills payables	**322,551**	180,000
	449,310	234,260
Payroll and welfare payables	**7,557**	6,654
Other tax payables	**3,187**	4,781
Deposits from suppliers	**7,903**	6,830
Amounts due to Jiangsu Opto-electrical and Jiangsu Sensing	**–**	18,000
Payables for acquisition of property, plant and equipment	**1,532**	1,713
Payable for acquisition of land use rights *(Note 27)*	**13,502**	16,000
Accrued expenses	**2,072**	2,249
Other payables	**5,893**	6,927
	490,956	297,414

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

	2011	2010
	RMB'000	*RMB'000*
Age		
0 – 90 days	**280,253**	104,218
91 – 180 days	**169,057**	130,042
	449,310	234,260

At 31 December 2010, the amounts due to Jiangsu Opto-electrical and Jiangsu Sensing of RMB13,000,000 and RMB5,000,000, respectively, represent advances from these companies for daily operations of the Group. The amounts are unsecured, non-interest bearing and repayable on demand. The amounts were fully settled during the year ended 31 December 2011.

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21. TRADE AND OTHER PAYABLES (continued)

Included in trade and other payables are the following amounts denominated in currencies other than the functional currency of the group entity that it relates:

	2011 *RMB'000*	2010 *RMB'000*
Hong Kong Dollars	**1,877**	–
United States Dollars	**–**	254

22. BILLS PAYABLES TO A FORMER FELLOW SUBSIDIARY

During the period from January 2010 to April 2010, the Group and its supplier, Wujiang Shi Bin Fan International Trading Limited ("Bin Fan") and a former fellow subsidiary of Jiangsu Trigiant, 富威科技(吳江)有限公司 (Fullway Technology Co., Ltd.) ("Fullway Technology"), entered into financing arrangements with certain PRC commercial banks. Under these arrangements, the Group issued bank bills to Bin Fan and Fullway Technology at certain face amounts with pledged bank deposits ranged from 30% to 100% of the face amount of bank bills. These bank bills were used by Bin Fan and Fullway Technology to present to other PRC commercial banks for discounting and then remitted back the proceeds from bills discounting to the Group. During the year ended 31 December 2010, bills amount in aggregate of RMB270,000,000, were issued by the Group to Bin Fan and Fullway Technology under these financing arrangements.

During the year ended 31 December 2010, the bank bills issued by the Group and discounted by Bin Fan and Fullway Technology carry interest rates ranging from 2.24% to 4.35% per annum. These related interest expenses were incurred and recognised as finance costs of approximately RMB5,102,000 by the Group for the year ended 31 December 2010.

The Group has ceased to enter into these financing arrangements after April 2010 and all the related bills were settled before the end of October 2010.

23. AMOUNT DUE TO A DIRECTOR

The amount is unsecured, non-interest bearing and repayable on demand. The amount will be settled upon Listing.

Included in the amount due to a director are the following amounts denominated in currencies other than functional currency of the group entity that it relates to:

	2011 *RMB'000*	2010 *RMB'000*
Hong Kong Dollars	**14,680**	2,797

24. AMOUNTS DUE TO SHAREHOLDERS

The amounts are unsecured, non-interest bearing and repayable on demand. The amounts were denominated in United States Dollars. The amounts were waived and credited to reserve on 23 August 2011.

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25. BANK BORROWINGS

	2011 RMB'000	2010 RMB'000
Secured *(Note a)*	**20,000**	40,000
Secured and guaranteed by a director of the Company and an independent third party *(Note b)*	**90,000**	100,000
Unsecured and guaranteed by:		
– a former fellow subsidiary of Jiangsu Trigiant *(Note c)*	**–**	15,000
– independent third parties *(Note d)*	**365,000**	385,000
Unsecured	**575,300**	290,000
	1,050,300	830,000
The bank borrowings are payable as follows:		
Within one year	**940,300**	680,000
More than two years, but not more than five years	**110,000**	150,000
	1,050,300	830,000
Less: Amounts due within one year shown under current liabilities	**(940,300)**	(680,000)
	110,000	150,000
The bank borrowings comprise:		
Variable rate borrowings	**575,000**	325,000
Fixed rate borrowings	**475,300**	505,000

Notes:

(a) The bank borrowings were secured by certain buildings and machinery and land use rights owned by the Group as set out in Notes 15 and 16, respectively.

(b) The bank borrowings were secured by land use rights owned by the Group as set out in Note 16. The guarantees by director of the Company and the independent third party will be released upon Listing.

(c) The guarantee was released when the bank borrowing was fully repaid in 2011.

(d) The guarantees will be released upon Listing.

As at 31 December 2011, fixed rate bank borrowings carried interests ranging from 4.84% to 8.03% (2010: 4.86% to 5.84%) per annum.

Variable-rate bank borrowings which carried interests ranging from 90% of PBOC rate to 110% of PBOC rate (2010: 90% of PBOC rate to 110% of PBOC rate) per annum. All bank borrowings were denominated in RMB.

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26. GOVERNMENT GRANTS

	2011	2010
	RMB'000	*RMB'000*
At beginning of the year	**2,770**	–
Additions during the year	**–**	3,109
Release to profit or loss for the year	**(339)**	(339)
At the end of the year	**2,431**	2,770

During the year ended 31 December 2010, the Group received government subsidies of RMB3,109,000 in relation to the acquisition of property, plant and equipment. The amounts have been treated as deferred income and were transferred to income over the useful lives of the relevant assets.

27. PAYABLE FOR ACQUISITION OF LAND USE RIGHTS

	2011	2010
	RMB'000	*RMB'000*
Payable for acquisition of land use rights	**13,502**	21,502

The Group is required to repay the above amount:

	2011	2010
	RMB'000	*RMB'000*
Within one year *(Note 21)*	**13,502**	16,000
More than one year, but not more than two years	**–**	5,502
	13,502	21,502

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28. DEFERRED TAXATION

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

	Fair value adjustment on acquisition *RMB'000*	**Tax on undistributed earnings** *RMB'000*	**Revaluation of properties** *RMB'000*	**Total** *RMB'000*
At 1 January 2010	9,506	–	–	9,506
Charged to other comprehensive income	–	–	208	208
(Credited) charged to profit or loss for the year	(236)	3,359	100	3,223
At 31 December 2010	9,270	3,359	308	12,937
(Credited) charged to profit or loss for the year	(198)	5,560	100	5,462
At 31 December 2011	**9,072**	**8,919**	**408**	**18,399**

Under the New EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by a PRC subsidiary from 1 January 2008 onwards. Deferred tax liability on the undistributed profits earned have been accrued at the tax rate of 10% on the expected dividend stream of 20% which is determined by the directors of the Company.

29. SHARE CAPITAL

The share capital at 31 December 2010 represented the combined issued and fully paid share capital of the Company and Trigiant BVI. The share capital at 31 December 2011 represented the share capital of the Company.

	Number of shares	**Amount in** *HK$*	**Shown in the financial statements as** *RMB'000*
Ordinary shares at HK$0.01 each			
Authorised:			
On 23 December 2010 (date of incorporation) and 31 December 2010	10,000,000	100,000	
Increase pursuant to the group reorganisation	9,990,000,000	99,900,000	
At 31 December 2011	**10,000,000,000**	**100,000,000**	
Ordinary shares at HK$0.01 each			
Issued and fully paid:			
Issue of share on 23 December 2010 (date of incorporation) and 31 December 2010	1	–	–
Issue of shares pursuant to the group reorganisation	9,999,999	100,000	82
At 31 December 2011	**10,000,000**	**100,000**	**82**

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29. SHARE CAPITAL (continued)

The movements in the Company's authorised and issued share capital during the period from 23 December 2010 (date of incorporation) to 31 December 2011 are as follows:

(a) The Company was incorporated in the Cayman Islands on 23 December 2010 with an authorised share capital of HK$100,000 divided into 10,000,000 shares of HK$0.01 each and on the same date, one subscriber share of HK$0.01 each was issued at nil paid to the subscriber and then transferred to Abraholme who then transferred such nil paid share to Trigiant Investments on 23 August 2011.

(b) On 23 August 2011, pursuant to the group reorganisation, the Company (i) allotted and issued, credited as fully paid, 9,999,999 ordinary shares at HK$0.01 each to Trigiant Investments (as directed by the Shareholders) and (ii) credited as fully paid the nil paid share of HK$0.01 held by Trigiant Investments that was transferred from Abraholme, as the consideration for the transfer of the entire issued share capital of Trigiant BVI from the Shareholders to the Company.

(c) On 7 September 2011, the increase in authorised share capital of the Company and the capitalisation issue was approved, pursuant to the resolutions in writing of the sole shareholder of the Company, Trigiant Investments and on the same date, the authorised share capital of the Company increased to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each. The capitalisation issue will be conditional upon Listing.

All ordinary shares of the Company issued since its date of incorporation to 31 December 2011 rank pari passu with the then existing ordinary shares in all respects.

30. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2011	2010
	RMB'000	*RMB'000*
Within one year	**573**	160
In the second to fifth years inclusive	**100**	–
	673	160

The leases are negotiated for a lease term of 1 to 2 years at fixed monthly rental.

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30. OPERATING LEASE COMMITMENTS (continued)

The Group as lessor

Property rental income earned during the current year was RMB725,000 (2010: RMB604,000). The Group's properties are expected to generate rental yield of 4.0% on an ongoing basis. All of the properties held have committed tenants, Jiangsu Opto-electrical and Jiangsu Sensing, for the next two (2010: three) years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011	2010
	RMB'000	*RMB'000*
Within one year	**725**	725
In the second to fifth years inclusive	**121**	846
	846	1,571

31. RELATED PARTY TRANSACTIONS

Other than the transactions and balances with related parties disclosed in the respective notes, the Group had the following transactions with Jiangsu Opto-electrical and Jiangsu Sensing during the year.

	2011	2010
	RMB'000	*RMB'000*
Rented buildings to and received rental income from:		
– Jiangsu Opto-electrical	**484**	403
– Jiangsu Sensing	**241**	201
	725	604
Sale of goods to:		
– Jiangsu Opto-electrical	**5,327**	1,834
– Jiangsu Sensing	**–**	300
	5,327	2,134
Purchase of goods from:		
– Jiangsu Opto-electrical	**11,899**	–
– Jiangsu Sensing	**36**	–
	11,935	–

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31. RELATED PARTY TRANSACTIONS (continued)

During the year ended 31 December 2010, the Group has engaged two companies controlled by Mr. Toe Teow Heng ("Mr. Toe") and his brother (Mr. Toe Teow Teck) namely 北京因特聯企業諮詢有限公司 (Beijing Yin Te Lian Corporate Consultancy Co., Ltd.) ("Beijing YTL") and ICH Partners Ltd ("ICH Partners"), to provide the Group with the following services in connection with the preparation of the Listing:

1. Introducing the Group and/or its affiliates to potential investors;

2. Reviewing pre-IPO investment term sheets;

3. Assisting the Group and/or its affiliates to provide information to the professionals involved in preparation for the overseas listing ("IPO Professionals");

4. Collating corporate, financial and any other requisite information on the Group;

5. Co-ordinating site visits, meetings and project timetable; and

6. Recommending IPO Professionals and reviewing the mandate terms of the IPO Professionals.

Mr. Toe is the ultimate beneficial owner of Zymmetry Investments Ltd, which is a shareholder of the Trigiant BVI during the year prior to the group reorganisation and is currently a shareholder of Trigiant Investments.

During the year, the Group has paid an aggregate of RMB300,000 (2010: RMB300,000) to Beijing YTL in connection with the provision of the above services. Pursuant to the financial advisor agreement dated 16 July 2010, the Group has agreed to pay to ICH Partners a success fee of 1.5% of the aggregate proceeds from initial public offering of shares of the Company (including the new shares fall to be issued upon the exercise of the over-allotment option) within seven working days after the success of the Listing. The provision of the above services will cease upon Listing.

In the opinion of the directors of the Company, the above transaction were conducted on mutually agreed price and terms between the Group and the related parties and in the Group's ordinary and usual course of business.

The details of remuneration of key management personnel, represents emoluments of directors of the Company paid during the year, are set out in Note 11.

32. RETIREMENT BENEFITS 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 Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes 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 Scheme, which contribution is matched by employees.

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33. CAPITAL COMMITMENTS

	THE GROUP	
	2011	2010
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	**1,124**	4,160

34. FINANCIAL INFORMATION OF THE COMPANY

	2011	2010
	RMB'000	*RMB'000*
Non-current asset		
Investment in a subsidiary	**191,892**	–
Current asset		
Other receivables	**37**	–
Current liabilities		
Other payables	**274**	–
Amount due to a subsidiary	**632**	–
	906	–
Net current liabilities	**(869)**	–
Net assets	**191,023**	–
Capital and reserves		
Share capital	**82**	–
Reserves *(note)*	**190,941**	–
Total equity	**191,023**	–

Note:

	Share premium	**Accumulated loss**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 23 December 2010 (date of incorporation) and 31 December 2010	–	–	–
Loss and total comprehensive expenses for the year	–	(869)	(869)
Arising from issue of shares pursuant to the group reorganisation	191,810	–	191,810
At 31 December 2011	**191,810**	**(869)**	**190,941**

The share premium represents the difference between nominal value of the shares issued by the Company and the carrying amount of the total equity of Trigiant BVI pursuant to the group reorganisation on 23 August 2011.

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35. SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ establishment	Issue and fully paid share capital/ registered capital	Attributable equity interest of the Company 2011	2010	Principal activities
Trigiant BVI	British Virgin Islands	US$1,000	**100%**	100%	Investment holding
Trigiant Hong Kong	Hong Kong	HK$1	**100%**	100%	Investment holding
Jiangsu Trigiant*	PRC	US$30,000,000	**100%**	100%	Manufacture and sales of RF cable series and related products for mobile telecommunications

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

36. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 31 December 2011.

Financial Summary

Results	Jiangsu Trigiant 1 January to 28 December 2009 *(RMB'000)* *(Note 2)*	The Group For the year ended 31 December 2010 *(RMB'000)* *(Note 1)*	**2011** ***(RMB'000)*** ***(Note 1)***
Turnover	865,009	1,405,039	**1,822,747**
Cost of goods sold	(654,888)	(1,116,350)	**(1,425,436)**
Gross profit	210,121	288,689	**397,311**
Other gains and losses	5,709	12,109	**14,073**
Selling and distribution costs	(72,375)	(37,089)	**(47,999)**
Administrative expenses	(31,984)	(42,381)	**(46,371)**
Other expenses	–	(2,605)	**(12,867)**
Finance costs	(26,217)	(39,386)	**(57,440)**
Profit before tax	85,254	179,337	**246,707**
Taxation	–	(28,225)	**(39,922)**
Profit for the year/period	85,254	151,112	**206,785**

Assets and liabilities	Jiangsu Trigiant As at 28 December 2009 *(RMB'000)* *(Note 2)*	The Group As at 31 December 2010 *(RMB'000)* *(Note 1)*	**2011** ***(RMB'000)*** ***(Note 1)***
Non-current assets	228,367	302,269	**291,953**
Current assets	1,101,718	1,270,715	**1,908,381**
Total assets	1,330,085	1,572,984	**2,200,334**
Current liabilities	1,007,249	1,186,938	**1,455,973**
Non-current liabilities	85,397	171,209	**130,830**
Total liabilities	1,092,646	1,358,147	**1,586,803**
Net assets	237,439	214,837	**613,531**

Notes:

1 Pursuant to the group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Company became the holding company of the Group on 23 August 2011. For details of the group reorganisation, please refer to Appendix V to the Company's prospectus dated 6 March 2012. These consolidated results and assets and liabilities have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout those periods.

2 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd) ("Jiangsu Trigiant") is currently the sole operating subsidiary of the Group. On 29 December 2009, there was a change in controlling shareholders of Jiangsu Trigiant. Accordingly, the results of Jiangsu Trigiant for the period from 1 January 2009 to 28 December 2009 and its assets and liabilities as at 28 December 2009 Trigiant were included in this financial summary for comparison purpose only.