TRIGIANT GROUP LIMITED
俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1300

Annual Report 2012

* 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)*
Professor Jin Xiaofeng
Ng Wai Hung
Jia Lina

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

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, *ACIS, ACS*

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

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HKEX STOCK CODE
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DLK Advisory Limited *(as the Company's investor relations consultant)*
Email: ir@dlkadvisory.com

AUDITOR
Deloitte Touche Tohmatsu
Certified Public Accountants

COMPLIANCE ADVISER
RaffAello Capital Limited

LEGAL ADVISER
Leung & Lau *(as to Hong Kong laws)*

CORPORATE INFORMATION

PRINCIPAL BANKERS

China Construction Bank, Yixing Branch
Bank of China, Yixing Branch
Agricultural Bank of China, Yixing Branch
Industrial and Commercial Bank of China, Yixing Branch
Bank of JiangSu, Yixing 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
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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

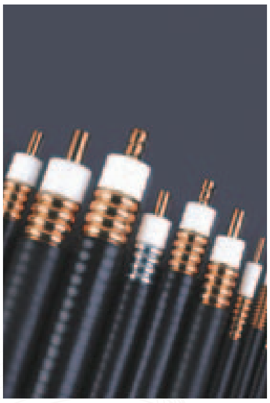
CORPORATE PROFILE

Trigiant Group Limited (the "Company") and its subsidiaries (collectively the "Group") is one of the leading manufacturers in the People's Republic of China (the "PRC") engaged in research, development and sales of radio frequency ("RF") coaxial cable series, flame-retardant flexible cable series, new-type electronic components and other accessories for use in mobile communications and telecommunications equipment.

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

MAJOR PRODUCTS OVERVIEW

RF coaxial cables series



(a) RF cables for mobile communications

RF cables for mobile communications are mainly used as feeder cables for transmitting and receiving radio signals and are also essential components for telecommunications transmission equipment. They are widely used in telecommunications, broadcasting, television, microwave radio relay, radar, remote control, telemetry, instrumentation and energy systems.

(b) Leaky coaxial cables

Leaky coaxial cables are mainly used for wireless mobile communications, wireless remote control and wireless alarm systems under a working frequency range of 100-3550MHz. They can transmit RF signals as well as send and receive antenna data for areas of weak signal coverage such as subways, tunnels, underground passage and interior of buildings.

Flame-retardant flexible cable series

Flame-retardant flexible cables of the Group are widely used as internal connection cables for power systems or mobile cable transmission and distribution systems and are especially suitable for systems requiring uninterrupted power supply such as communications switch centres, skyscrapers, elevator machine rooms, airports, tunnels, air defense, pipe laying, oil exploration and automatic fire extinguishing systems.

New-type electronic components

New-type electronic components includes jumper for connection of wireless antennas with feeder cables and various communications equipment, connectors for connection of RF circuits to radio equipment and electronic devices and Antenna lightning arresters installed between a high-frequency device and a coaxial feeder cable.

Other accessories

Other accessories includes splitters, couplers, combiners, feeder wall plates, adjustable stands, waterproof clay, insulating tape, cable ties and feeder hoisting grips. The accessories are mainly used to install, fix and set main feeder, sub-feeder, leaky coaxial cables, soft jumpers, heavy-duty jumpers, antenna, coaxial connectors and antenna lightning arresters. They are also used as a means of waterproofing and preventing corrosion between feeders.

* *For identification only*

CHAIRMAN'S STATEMENT

Dear valued shareholders,

On 19 March 2012, the shares of Trigiant Group Limited were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited. This does not only mark a new milestone in the Group's history but also further strengthens our position as the leading RF cable manufacturer in China's mobile communication industry. The Group's performance in 2012 was particularly crucial because it was the first set of results after listing. Given the dedication and efforts of the management team and all staff, we have once again achieved impressive results. According to the statistics compiled by Optical Fiber and Electric Cable Sub-Association of the China Electronics Components Association (中國電子元行業協會光電綫纜分會), the Group ranked first in term of sales volume of RF coaxial cables among the PRC RF cable manufacturers for three consecutive years from 2010 to 2012. More importantly, the Group's registered trademark "俊知技術TRIGIANT" has been named "China Famous Trademark" ("中國馳名商標"). These prove the Group's competitiveness in the industry, apparent in the quality products and sales services we offer, making the "Trigiant" brand popular amongst customers.

During the period under review, the sales volume of the Group's core product, RF coaxial cables series, increased steadily as a result of the continued trust and support of the three major telecommunications operators in the PRC, namely, China Mobile, China Unicom and China Telecom. In 2012, sales of RF coaxial cables series accounted for approximately 77.8% of the Group's total turnover. During the period, the Group devoted great effort in driving the sales of RF coaxial cable series with high specifications, which enjoy higher gross margin and are widely acclaimed by the market. As a result, overall gross profit margin increased to approximately 23.4%, up by approximately 1.6 percentage point over 2011. Leverage on our outstanding product quality, comprehensive product mix and optimised sales services, the Group ranked first in terms of overall assessment in the centralised purchase tender of the three major telecommunications operators in the PRC, and won various bids resulting in a steady growth in sales volume each year. The Group also successfully secured sales contracts with China Unicom and China Telecom for another important product of the Group, flame-retardant flexible cables. Given the remarkable results of these two products, the Group's total turnover grew substantially by approximately 22.4% to approximately RMB2,230.6 million and profit attributable to shareholders amounted to approximately RMB252.3 million, up by approximately 22.0% as compared with 2011.

CHAIRMAN'S STATEMENT

The PRC mobile communication industry is currently at a key stage of rapid development. As mobile terminals such as smart phones and tablet PC become increasingly popular, coupled with the launch of a variety of multi-function application programs such as web TV and online games, mobile communication network must be able to offer higher speed and greater capacity so as to meet the needs of vast data transmission in this information age. In addition to improving signal coverage, transmission speed and capacity, more importantly, the 3G network has to be expanded to cope with the increasing data traffic. In the meantime, despite that 4G license is yet to be issued, China Mobile has already taken the lead in activating its 4G proposal. It is expected that the 4G network development will peak in the near future.

Facing such tremendous growth opportunities, the Group aims to become the leading global RF coaxial cables manufacturer in accordance with our development blueprint: consolidating the PRC leading position and expanding business into international markets. In view of the fast changing development of the mobile communication industry, more resources will be allocated to develop new products and to improve technology such that newer and higher quality products will be provided in line with the growth plans of our key customers. This would help to expand the sources of revenue and enhance our overall competitiveness. At the same time, the Group will step up its sales efforts and endeavor to further strengthen the relationship with the three major telecommunications operations in the PRC.

Apart from China, the growth of the mobile communication market worldwide has been flourishing. In particular, emerging economies such as Russia, India and Brazil are the fastest growing economies. The Group tapped into such market potential as its new sources of growth and successfully started the supply of the Group's products in Russia, India and Brazil. Leverage on our superior research and development capability, outstanding sales team and established production capability, the Group will replicate its success from China to global mobile communication market, launching more quality products on a global scale.

On behalf of the Board of Directors, I would like to thank all of our management and staff for their endeavors and contribution. At the same time, I would also like to express my sincere gratitude to our shareholders and business partners for their continual support to the Group. In the coming year, I look forward to working with all of you to deliver solid results and provide attractive returns to our shareholders.

Qian Lirong
Chairman

Hong Kong, 26 March 2013

FINANCIAL HIGHLIGHTS

Results performance for the year ended 31 December	**2012**	2011
Total turnover *(RMB'000)*	**2,230,555**	1,822,747
Turnover growth	**22.4%**	29.7%
Turnover of RF coaxial cables series *(RMB'000)*	**1,735,077**	1,667,077
Turnover of flame-retardant flexible cable series *(RMB'000)*	**318,118**	37,941
Gross profit *(RMB'000)*	**521,825**	397,311
Gross profit margin	**23.4%**	21.8%
Profit for the year attributable to owners of the Company *(RMB'000)*	**252,298**	206,785
Net profit margin	**11.3%**	11.3%
Net profit growth	**22.0%**	36.3%
Basic earnings per share *(Note 1)*		
– based on ordinary shares in issue	**RMB26.35 cents**	RMB20.68
– based on ordinary shares in issue and after capitalisation issue and issue of shares	**RMB26.35 cents**	RMB25.85 cents

Liquidity and gearing ratios	**2012**	2011
Inventories turnover days *(Note 2)*	**27 days**	22 days
Trade and bills receivables turnover days *(Note 3)*	**198 days**	193 days
Trade and bills payables turnover days *(Note 4)*	**76 days**	88 days
Current ratio	**1.7**	1.3
Gearing ratio *(Note 5)*	**35.6%**	69.2%

Operating cash flow and capital expenditure for the year ended 31 December	**2012**	2011
Net cash from operating activities *(RMB'000)*	**40,720**	52,486
Capital expenditure *(RMB'000)*	**18,005**	7,942

Notes:

1. The shares of the Company were listed on 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 then 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 then 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 then 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 recorded strong growth in turnover which rose significantly by approximately 22.4% from approximately RMB1,822.7 million in 2011 to approximately RMB2,230.6 million in 2012. Profit attributable to the owners of the Company during the year increased by approximately 22.0% from approximately RMB206.8 million in 2011 to approximately RMB252.3 million in 2012. During the period under review, mobile communications infrastructure in the PRC grew steadily. Major telecommunications operators continued to invest in the establishment of 3G network and development of 4G network, thereby driving the demand for the Group's products.

Turnover of RF coaxial cable series, the Group's core products, grew by approximately 4.1% to approximately RMB1,735.1 million, accounting for approximately 77.8% of the Group's 2012 total turnover. During the period under review, the Group devoted to driving the sales of products with high specifications, which enjoyed higher margin. At the same time, the Group adopted a cost plus profit pricing model such that the gross profit margin of this product increased by approximately 0.7 percentage point to approximately 23.4% on a year-on-year basis.

Another product, namely flame-retardant flexible cable series, began to generate profit in 2012. During the period under review, such product successfully underwent the centralised purchase tender procedures of telecommunications operators and sales contracts have been secured with China Unicom and China Telecom. As a result, turnover of this product rose significantly by approximately 738.5% to approximately RMB318.1 million, accounting for approximately 14.3% of the Group's 2012 total turnover. As a result of economies of scale achieved from increased sales volume and increase in sales proportion of products with high specifications, which enjoyed higher margin, the performance of flame-retardant flexible cable series during the period under review was a turnaround and recorded a gross profit margin of approximately 24.4%.

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover by products:

Year ended 31 December	2012 RMB'000	2011 RMB'000	Increase RMB'000
RF coaxial cable series	**1,735,077**	1,667,077	68,000
Flame-retardant flexible cable series	**318,118**	37,941	280,177
New-type electronic components	**97,632**	87,715	9,917
Other accessories	**79,728**	30,014	49,714
Total	**2,230,555**	1,822,747	407,808

MAJOR CUSTOMERS AND SALES NETWORK

The Group sells its products to customers including the three major telecommunications operators in the PRC, namely China Mobile, China Unicom and China Telecom after having won their centralised purchase tender. In 2012, sales to China Mobile, China Unicom and China Telecom were approximately RMB1,300.0 million, RMB744.6 million and RMB72.8 million, accounting for approximately 58.3%, 33.4% and 3.2% of the Group's turnover, respectively. The sales team of the Group comprises approximately 100 experienced sales staff covering 31 provinces in the PRC. Leverage on the strong sales network, optimised sales services and coupled with our outstanding product quality, the Group has rapidly gained the trust and support of these three major telecommunications operators since our inception in 2007. The Group has been awarded the sales contracts through tender and was ranked first in term of the overall assessment. Currently, the Group has established business relationship with 28 out of 31 provincial branches of China Unicom, 24 out of 31 provincial subsidiaries of China Mobile and 23 out of 31 provincial subsidiaries of China Telecom. Looking ahead, the Group will seek to cooperate with the remaining subsidiaries that are yet to start business relationship with and in the meantime continues to strengthen our business ties with these three major telecommunications operators. Furthermore, since 2011, the Group successfully established business relationship with ZTE Kangxun and Huawei, and as such expanded the product sales channels. The Group's products are sold to overseas markets through these two communications equipment companies. We believe that the Group's product recognition will be enhanced by capitalising on the overseas network of ZTE Kangxun and Huawei, thus facilitating our business expansion to overseas markets.

MANUFACTURING BASE AND PRODUCTION CAPACITY

The production base of the Group is located in the Yixing City, Jiangsu Province, the PRC occupying an area of approximately 240,000 sq. m. The Group plans to further expand the capacity in the next two years in order to cope with the fast rising demand arising from the forthcoming 4G network development trend.

PATENTS, AWARDS AND RECOGNITION

As at 31 December 2012, the Group had registered 28 patents for its products in the PRC, 18 products of the Group were granted Advanced Technology Product Certificate by the Science and Technology Department of Jiangsu Province. In the meantime, the Group is in the process of registering more patents for other technology knowhow. The Group received various prizes and awards:

- According to the statistics from Optical Fiber and Electric Cable Sub-association of the China Electronics Components Association (中國電子元件行業協會光電線纜分會), the Group ranked first in terms of sales volume of RF coaxial cable among the RF cables manufacturer in the PRC for three consecutive years from 2010 to 2012;
- The Group's trademark "俊知技術 TRIGIANT" has been named "China Famous Trademark" (中國馳名商標) by the Trademark Office of the State Administration for Industry and Commerce of the People's Republic of China;
- Jiangsu Trigiant Technology Co., Ltd. (江蘇俊知技術有限公司) ("Jiangsu Trigiant"), a wholly owned subsidiary of the Company, has been recognised as an Advanced Technology Enterprise since 2009. Such status was reassessed and re-confirmed in 2012 for a period of three years. Jiangsu Trigiant is therefore entitled to apply for a preferential income tax rate of 15% from 2013 to 2015.

PROSPECTS AND FUTURE PLANS

With the speedy development of communications technology, mobile telephone users are demanding more diversified multi-media services for mobile communications instead of mere audio services. "Smart communications products" are therefore becoming increasingly popular. It is clearly stated in the Twelfth Five-Year Plan that a comprehensive 3G network is the key development goal of the PRC telecommunications industry. According to the statistics announced by the three major telecommunications operators in the PRC, as at 31 December 2012, the number of 3G users in the PRC increased substantially by approximately 83% on a year-on-year basis from approximately 127 million in 2011 to approximately 233 million.

Driven by the fast growing number of mobile telephone users, the three major telecommunications operators in the PRC have accelerated the development of their 3G network. In the meantime, as 4G/LTE licenses are expected to be issued in 2013, it is believed that it would trigger an extensive 4G network development. In 2012, China Mobile completed the construction of 20,000 4G/LTE base stations for its 4G/LTE network and carried out a large-scale trial in 15 cities including Beijing, Shanghai and Guangzhou. It is also reported that China Mobile intends to invest over RMB40 billion in 2013 in the construction of 200,000 4G/LTE base stations covering 100 cities in the PRC and over 500 million mobile telephone users.

The Group believes the above-mentioned 4G/LTE base station development wave and the need for indoor signal coverage system will exacerbate demand for the RF coaxial cable series products. The Group has formulated a new capacity expansion program in order to capture the opportunities that may arise from the fast growing market with a view to further increasing its market share, so that the Group can maintain its leading position in terms of market share in the RF coaxial cable industry in the PRC.

Whilst consolidating its market position in the PRC, the Group also set its eyes on overseas markets. Telecommunications segment in emerging economies such as Russia, India and Brazil are currently in a phase of exponential growth. According to the "Mobile Economy" report published by Global System for Mobile Communications Association (全球移動通信協會), in 2012, the aggregate mobile revenue from the four countries, namely, China, Russia, India and Brazil, amounted to US$250 billion, representing an increase of US$30 billion, or approximately 14%, from 2011, and accounted for over half of the mobile revenue in developing countries. Accordingly, the Group believes that it is the best time for it to tap into the above overseas markets and further expand its source of revenue. Presently, the Group's products have been used in Russia, Brazil and India telecommunication markets, marking a key step in its expansion into the overseas markets. In 2013, the Group will strive to expand our sales network, through strengthening its sales and marketing efforts, participating in more trade fairs and organising more marketing activities to explore sales opportunities in these potential new markets and promoting the Group's products to existing and potential customers, with a view to becoming a leading RF cable manufacturer in the global telecommunication market.

FINANCIAL PERFORMANCE REVIEW

Turnover

The total turnover of the Group increased by approximately RMB407.9 million, or approximately 22.4%, from approximately RMB1,822.7 million in 2011 to approximately RMB2,230.6 million in 2012. Increase in sales was noted in each segment for the period under review. Such increase was attributable to the increase in sales of RF coaxial cables series, flame-retardant flexible cable series, new-type electronic components and other accessories by approximately RMB68.0 million, RMB280.2 million, RMB9.9 million and RMB49.8 million respectively. The increase in the total turnover of the Group was primarily due to the increase in overall sales to the three major PRC telecommunications operators for optimisation of their networks.

Sales of RF coaxial cables series remains the Group's main business and it accounted for approximately 77.8% of the Group's 2012 total turnover. The growth in sales of RF coaxial cables series was driven by the continued increase in sales volume and increased sales of products with high specifications. In 2012, the Group secured new sale contracts with China Unicom and China Telecom for sales of flame-retardant flexible cable series. The increased sales of flame-retardant flexible cable series was the result of a combination of increased sales volume and increased sales of products with high specifications. The sales of flame-retardant flexible cable series therefore accounted for approximately 14.3% of the Group's 2012 total turnover as compared to 2.1% in 2011. Overall sales to the three major PRC telecommunications operators increased by approximately RMB402.0 million from approximately RMB1,715.4 million in 2011 to approximately RMB2,117.4 million in 2012.

Cost of goods sold

Cost of goods sold increased by approximately RMB283.3 million, or approximately 19.9%, from approximately RMB1,425.4 million in 2011 to approximately RMB1,708.7 million in 2012. Cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 96.4% and 96.0% of the total cost of goods sold in 2012 and 2011 respectively. The increase in cost of goods sold was in line with the increase in sales in 2012.

Gross profit and gross profit margin

Gross profit increased by approximately RMB124.5 million, or approximately 31.3%, from approximately RMB397.3 million in 2011 to approximately RMB521.8 million in 2012. Such increase was mainly attributable to the increase in sales of the RF coaxial cables series and flame-retardant flexible cable series. Overall gross profit margin increased by approximately 1.6 percentage point from approximately 21.8% in 2011 to approximately 23.4% in 2012 resulting mainly from the (i) economies of scale achieved for flame-retardant flexible cable series; (ii) increased sales of products with high specifications and higher margin for both RF coaxial cable series and flame-retardant flexible cable series; and (iii) continuous enhancement of production efficiency in 2012.

Other income

Other income increased by approximately RMB5.3 million, or approximately 71.0%, from approximately RMB7.5 million in 2011 to approximately RMB12.8 million in 2012. Such increase was primarily due to the increase in interest income by approximately RMB2.6 million and government grant by approximately RMB2.3 million.

Other gains

Other gains decreased by approximately RMB5.8 million, or approximately 87.4%, from approximately RMB6.6 million in 2011 to approximately RMB0.8 million in 2012. Such decrease was primarily due to the decrease in exchange gain by approximately RMB5.6 million.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB24.8 million, or approximately 51.6%, from approximately RMB48.0 million in 2011 to approximately RMB72.8 million in 2012. Such increase was mainly due to the (i) increase in marketing and promotion expense by approximately RMB15.4 million for promotion of the business and strengthening of the distribution network; and (ii) increase in entertainment expenses by approximately RMB7.4 million for sales and marketing purposes.

Administrative expenses

Administrative expenses increased by approximately RMB6.8 million, or approximately 15.1%, from approximately RMB45.3 million in 2011 to approximately RMB52.1 million in 2012. Such increase was principally attributable to the increase in professional services fee of approximately RMB3.4 million after the Listing.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and development costs

Research and development costs increased by approximately RMB13.3 million, or approximately 1,234.3%, from approximately RMB1.1 million to approximately RMB14.4 million in 2012. Such increase was attributable to additional research and development costs incurred in order to broaden the varieties of our products mix and upgrade the existing product functions and related technologies.

Other expenses

Other expenses increased by approximately RMB0.4 million, or approximately 3.2%, from approximately RMB12.9 million in 2011 to approximately RMB13.3 million in 2012. Such increase was attributable to certain one-off additional expenses incurred in relation to the initial public offering of the Company's shares which was completed in March 2012.

Finance costs

Finance costs increased by approximately RMB22.5 million, or approximately 39.1%, from approximately RMB57.4 million in 2011 to approximately RMB79.9 million in 2012. Such increase was mainly attributable to the increase in the average bank borrowings in 2012 for additional working capital amid the business expansion of the Group and the increase in the average interest rate.

Taxation

Taxation charged for both 2012 and 2011 mainly represented PRC Income Tax of Jiangsu Trigiant calculated at 12.5% on its taxable income in accordance with the relevant PRC laws and regulations and withholding tax on the undistributed earnings of Jiangsu Trigiant. The taxation charge of the Group increased in 2012 as compared to that in 2011 mainly because of the increase in the taxable income of Jiangsu Trigiant.

Profit for the year

As a combined result of the foregoing, the profit after tax of the Group increased by approximately RMB45.5 million, or approximately 22.0%, from approximately RMB206.8 million in 2011 to approximately RMB252.3 million in 2012. The net profit margin remained at approximately 11.3% for 2012.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The operation of the Group was generally financed through a combination of internally generated cash flows and bank borrowings. In the long term, the operation of the Group will be funded by internally generated cash flow and, if necessary, additional equity financing and bank borrowings.

The following table summarizes the cash flows for the two years ended 31 December 2012 and 2011:

	2012 *RMB'000*	2011 *RMB'000*
Net cash from operating activities	**40,720**	52,486
Net cash from (used) in investing activities	**94,639**	(165,603)
Net cash (used in) from financing activities	**(38,202)**	157,749

As at 31 December 2012, the Group had bank balances and cash of approximately RMB480.7 million and the majority of which were denominated in RMB. As at 31 December 2012, the Group had total bank borrowings of approximately RMB967.8 million comprising bank borrowings repayable within one year of approximately RMB877.8 million and bank borrowings repayable more than two years but not more than five years of approximately RMB90.0

million. As at 31 December 2012, approximately RMB467.5 million of the total bank borrowings were fixed rate borrowings which carried interests ranging from 5.47% to 6.56% per annum and approximately RMB500.3 million were variable rate borrowings which carried interests ranging from 100% of the People's Bank of China ("PBOC") rate to 110% of PBOC rate. As at 31 December 2012, bank borrowings of approximately RMB917.5 million were denominated in RMB and approximately RMB50.3 million were denominated in United States dollars.

In 2012, 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.

GEARING RATIO

Gearing ratio of the Group decreased significantly from approximately 69.2% as at 31 December 2011 to approximately 35.6% as at 31 December 2012. Such decrease was primarily due to the significant increase in total equity by approximately RMB391.3 million from approximately RMB613.5 million as at 31 December 2011 to approximately RMB1,004.8 million as at 31 December 2012 and the decrease in total bank borrowings net of pledged bank deposits and bank balances and cash by approximately RMB67.1 million from approximately RMB424.4 million as at 31 December 2011 to approximately RMB357.3 million as at 31 December 2012. Increase in total equity as at 31 December 2012 was mainly attributable to (i) profit for the year of approximately RMB252.3 million; (ii) issue of shares of the Company of approximately RMB195.3 million pursuant to the initial public offering completed on 19 March 2012; and (iii) interim dividend paid of approximately RMB40.6 million.

PLEDGE OF ASSETS

As at 31 December 2012, the Group pledged certain of its buildings, machinery and land use rights with aggregate carrying value of approximately RMB38.3 million, RMB20.7 million and RMB34.5 million, respectively, to certain banks to secure certain credit facilities granted to the Group.

As at 31 December 2012, the Group also pledged bank deposits of approximately RMB129.8 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 2012.

EMPLOYEE INFORMATION

As at 31 December 2012, the Group had approximately 700 employees. In order to enhance the morale and productivity of employees, employees are remunerated based on their performance, experience and prevailing industry practices. Compensation policies and packages of management staff and functional heads are being reviewed on a yearly basis. In addition to basic salary, performance related salary may also be awarded to employees based on internal performance evaluation. 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 comprise internal courses run by the management of the Group and external courses provided by professional trainers and range from technical training for production staff to financial and administrative trainings for management staff.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

MR. QIAN LIRONG

Executive director and Chairman

Mr. Qian Lirong, aged 48, 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 Jiangsu Trigiant 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 Jiangsu Hengxin Technology Co., Ltd. (江蘇亨鑫科技有限公司) ("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) ("Jiangsu Hengtong"). 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銳人物) 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 China Institute of Communications, 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 Communications Cable Committee (通信線路委員會) of China Institute of Communications.

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

Executive director and Group chief executive officer

Mr. Jiang Wei, aged 54, is an executive director and the group chief executive officer. Mr. Jiang has substantial experience in the communications cable industry and is principally responsible for managing the sales management team 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 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

PROFESSOR JIN XIAOFENG

Independent non-executive director

Professor Jin Xiaofeng, aged 44, 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員會). During the period from October 2000 to 2002, Prof. Jin 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

Independent non-executive director

Mr. Poon Yick Pang Philip, aged 43, is an independent non-executive director. Mr. Poon has over 18 years of experience in corporate finance and accounting. Mr. Poon is also an independent non-executive director of two other companies listed on the Stock Exchange, namely Infinity Chemical Holdings Company Limited (stock code: 640) and Jiangnan Group Limited (stock code: 1366). Mr. Poon joined Real Nutriceutical Group Limited (stock code: 2010), a company listed on the Stock Exchange, in June 2008 as chief financial officer and company secretary. Prior to that, he served senior financial positions in a number of companies listed in Hong Kong and the U.S.. Mr. Poon also served various positions in Advent International Corporation, a global private equity firm, Lenovo Group Limited (stock code: 992) and Sun Hung Kai Properties Limited (stock code: 16), both companies are 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

Independent non-executive director

Mr. Ng Wai Hung, aged 49, 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 six 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), Sustainable Forest Holdings Limited (Stock Code: 723), Perception Digital Holdings Limited (Stock Code: 1822) and Tech Pro Technology Development Limited (stock code: 3823). Mr. Ng served as an independent non-executive director of Ares Asia Limited (formerly known as KTP Holdings Limited) (Stock Code: 645) and Talent Property Group Limited (Stock Code: 760) and resigned in February 2011 and January 2012, respectively.

MS. JIA LINA

Independent non-executive director

Ms. Jia Lina, aged 45, is an independent non-executive director. She has over 17 years of experience in accounting. Ms. Jia is also 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 is 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

MR. LIU XIANGRONG

Chief technology officer

Mr. Liu Xiangrong, aged 62, chief technology officer of the Group. Mr. Liu has extensive experience in the research and development of optical fibre and electric cables, and led or participated in the compilation of a number of industry standards for electric cables products. In particular, he was granted the Science and Technology Award by China Communications Standards Association in 2012 for his coordination of or participation in the compilation of the Industry Standards of Coaxial Cables Series (《同軸電纜系列行業標準》). Mr. Liu is mainly responsible for leading the research and development of the Group's technology projects.

Mr. Liu is currently the chairman of the eighth Communications Cable Committee (通信線路委員會) of China Institute of Communications, member of the seventh China Institute of Communications Council (中國通信學會第七屆理事會) and deputy editor in chief of Network Telecommunications (《網絡電信》) magazine.

Mr. Liu joined Jiangsu Trigiant as the chief engineer in April 2011. Prior to joining the Group, Mr. Liu held different positions in a number of companies. Between 2006 to 2010, Mr. Liu worked for Chengdu Datang Communication Cable Co., Ltd. as deputy general manager and chief engineer. Between 2002 to 2006, Mr. Liu worked for Datang Telecom Optical Communication's branch company as deputy chief engineer and Datang Telecom Optical Cable Factory as chief engineer. Mr. Liu was also an expert from the expert team of Optical Fiber and Electric Cable Sub-association of China Electronics Components Association (中國電子元件行業協會光電線纜分會), columnist of "Expert Forum" (專家論壇) of Optical Fibre and Electric Cables (《光電線纜》) magazine issued by Optical Fiber and Electric Cable Sub-association of China Electronics Components Association (中國電子元件行業協會光電線纜分會), and expert from the expert team of Electric Wires and Electric Cables Sub-association of China Electrical Equipment Industry Association (中國電器工業協會電線電纜分會).

Mr. Liu graduated from Nanjing University of Posts and Telecommunications in 1978. He is currently a senior engineer and a postgraduate tutor.

MR. LAU CHI HUNG

Company Secretary

Mr. Lau Chi Hung, aged 42, is the company secretary of the Company. Mr. Lau is primarily responsible for overseeing the company secretarial and investor relations affairs of the Group. Mr. Lau has over 19 years of experience in corporate finance, accounting and auditing. Prior to joining the Group in January 2011, Mr. Lau mainly held senior finance positions in several companies listed on the Stock Exchange and also worked in Deloitte Touche Tohmatsu where the last position he served was manager.

Mr. Lau graduated with a bachelor's degree in accountancy and a master's degree in business administration from The Hong Kong Polytechnic University. 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 Institute of Chartered Accountants in England and Wales, an associate and a certified tax adviser of The Taxation Institute of Hong Kong. Mr. Lau is also an associate of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

MR. LEUNG SIU KEI

Financial Controller

Mr. Leung Siu Kei, aged 37 is the financial controller of the Company. Mr. Leung is primarily responsible for corporate finance, financial reporting and investor relations management affairs of the Group.

Prior to joining the Group in 2013, Mr. Leung was a senior manager of Deloitte Touche Tohmatsu where he worked for over 14 years. Mr. Leung obtained a bachelor's degree in accountancy from The Hong Kong Polytechnics University. He is a fellow of the Hong Kong Institute of Certified Public Accountants and an associate of The Association of Chartered Certified Accountants.

MR. JIANG XINHONG

Deputy general manager of Jiangsu Trigiant

Mr. Jiang Xinhong, aged 45, 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 nearly 20 years of experience in the cable industry. Mr. Jiang is mainly responsible for production, equipment and procurement.

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. 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.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

MR. DING WEILIN

Deputy general manager of Jiangsu Trigiant

Mr. Ding Weilin, aged 44, deputy general manager of Jiangsu Trigiant. Mr. Ding is mainly responsible for product quality.

Mr. Ding is a senior engineer and successively led the formulation of 2 mobile communication related industry standards, and participated in the formulation of one communication related national standard and many industry standards.

Mr. Ding has been granted a number of awards. He was titled the "Outstanding Liaison Officer of China Communications Standards Association for 2008" (2008年度中國通信標準化協會優秀聯繫絡員) by China Communications Standards Association in 2008. He was granted the third-class Science and Technology Progress Award by Wuxi Municipal Science and Technology Bureau (無錫市科學技術局) in 2010. He was granted the third-class award by China Communications Standards Association in December 2012. He was named one of the 2012 Top 10 Contributors in the PRC Communications Industry (中國通信產業2012年度十大貢獻人物) by China Communications Industry Association, China Electronic Information Industry Development Research Institute and China Communications Weekly.

Mr. Ding graduated from Harbin University of Science and Technology in 1991. Prior to joining the Group in 2012, Mr. Ding served as manager of technology division, deputy chief engineer and chief engineer of Jiangsu Hengxin between 2004 to 2011. He served as chief engineer of Beijing Changjiang Bohua Electric Cables Co., Ltd. (北京長江博華電纜有限公司) between 1994 to 2004. Between 1991 to 1994, he served as manager of the process division of Dalian Vastone Co., Ltd. (大連萬事通有限公司).

MR. DAI KANG

Deputy general manager and chief engineer of Jiangsu Trigiant

Mr. Dai Kang, aged 46, deputy general manager and chief engineer of Jiangsu Trigiant. Mr. Dai is mainly responsible for technology and research and development.

Mr. Dai is currently a member of Science and Technology Committee of China Electronics Components Association, vice chairman of the expert team of Optical Fiber and Electric Cable Sub-association of China Electronics Components Association (中國電子元件行業協會光電線纜分會), and member of Communications Cable Committee (通信線路委員會) of China Institute of Communications. Mr. Dai successively led or participated in the formulation and implementation of 20 communications industry standards and 2 national standards, and acted as the first drafter of 13 communications industry standards and one national standard.

Prior to joining the Group, Mr. Dai served as deputy general manager of Putian Fa'er Shengguang Communications Co., Ltd. (普天法爾勝光通信有限公司) between 2012 to 2013. He also served as technician, process team leader, deputy head of technology division, deputy chief engineer, head of technology centre, acting chief engineer and deputy general manager of Chengdu Putian Telecommunications Cable Co., Ltd. (成都普天電纜股份有限公司) between 1987 to 2012.

Mr. Dai graduated from Xi'an Jiaotong University in 1987. Mr. Dai is a professor-level senior engineer, registered consulting engineer (investment) and corporate legal advisor (practising). He was awarded a special government grants from the State Council.

CORPORATE GOVERNANCE REPORT

Before 19 March 2012 (the "Listing Date"), the day on which the shares of the Company commenced dealing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), 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 (the "Listing Rules").

Accordingly, 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 31 December 2012 (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 ("Shareholders"). In this regard, a corporate governance committee of the Board has been established with primary responsibility for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

Prior to the Listing Date and up to 29 March 2012, 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.

Save for the deviation stated in relation to the Directors' attendance at meetings and the meeting between the chairman of the Board and the independent non-executive Directors as described below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Code on Corporate Governance Practices or, as the case may be, the CG Code during the Review Period and the Directors will use their best endeavours to procure the Company to comply with such code and make disclosure of deviation from such code in accordance with the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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)*

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

(ii) Board Meetings

During the Review Period, four board meetings were held. Prior notices convening the board meetings were despatched to the Directors setting out the matters to be discussed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved. The company secretary is responsible for keeping minutes for the board meetings.

CORPORATE GOVERNANCE REPORT

(iii) Responsibilities of the Board and management

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

(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 18 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. In addition, 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 independent.

(v) Continuous professional development

During the Review Period, the Company has arranged the following Directors to develop and refresh their knowledge and skills:

Name of Directors	Mode of continuous professional development
Mr. Qian Lirong *(Chairman)*	Attending professional training
Mr. Jiang Wei *(Group chief executive officer)*	Attending professional training
Professor Jin Xiaofeng	Attending professional training
Mr. Poon Yick Pang Philip	Attending professional training
Mr. Ng Wai Hung	Attending professional training
Ms. Jia Lina	Attending professional training

In addition, all Directors have been given guideline materials regarding duties and responsibility of being a director, relevant laws, regulations and rules applicable to directors of listed companies.

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.

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Qian Lirong, the chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not applicable.

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, Professor Jin Xiaofeng, Mr. Ng Wai Hung and Ms. Jia Lina, all being independent non-executive Directors. Mr. Poon Yick Pang Philip is the chairman of the audit committee.

During the Review Period, the audit committee has held three meetings, at which the members of audit committee principally 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, interim results for the six months ended 30 June 2012 and the audit scope and process for the Group's annual results for the year ended 31 December 2012 respectively. The audit committee also discussed with the management the effectiveness of the financial reporting process and internal control system.

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 held one meeting, at which the members of remuneration committee principally reviewed and recommended the remuneration structure and policy for the Directors and senior management.

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 held one meeting, at which the members of nomination committee principally reviewed the structure, size and composition of the Board.

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

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE RECORDS AT MEETINGS

The attendance records of each Director at various meetings held during the Review Period are set out below:

	Board meeting	Audit committee meeting	Remuneration committee meeting	Nomination committee meeting	Corporate governance committee meeting	General meeting
Executive Directors						
Mr. Qian Lirong *(Chairman)*	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Jiang Wei *(Group chief executive officer)*	4/4	N/A	1/1	N/A	1/1	1/1
Independent Non-executive Directors						
Professor Jin Xiaofeng	4/4	3/3	N/A	1/1	N/A	1/1
Mr. Poon Yick Pang Philip	4/4	3/3	1/1	1/1	1/1	0/1
Mr. Ng Wai Hung	4/4	3/3	1/1	N/A	1/1	1/1
Ms. Jia Lina	4/4	3/3	N/A	1/1	N/A	1/1

Pursuant to code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. In this regard, Mr. Poon Yick Pang Philip, an independent non-executive Director, did not attend the annual general meeting of the Company held on 29 May 2012 due to his engagement in a business trip. Nonetheless, Mr. Poon Yick Pang, Philip subsequently reviewed the minutes of the above-mentioned annual general meeting in order to understand the views of shareholders.

AUDITOR'S REMUNERATION

For the year ended 31 December 2012, the total fees paid/payable in respect of audit and non-audit services provided to the Group by Deloitte Touche Tohmatsu are set out below:

	RMB'000
Audit service	
Reporting accountants in relation to the listing of the Company's shares	887
Audit of the annual consolidated financial statements	1,215
Non-audit services	
Review of the interim consolidated financial statements	243
Internal control review	185

Directors' and Auditor's Responsibilities on the Financial Statements

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

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

Internal Control System

The internal control system has been designed to safeguard the assets of the Group, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations. The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The 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, covering financial, operational and legal compliance controls and risk management functions. The Company has engaged a consulting firm to conduct a review of the compliance of policies and procedures established for bank/commercial bills and the effectiveness of the internal control system of the Group including recommendations to enhance the overall internal control system for the year ended 31 December 2012. The internal control review report has been approved by Audit Committee and the Board. Based on the internal control review report and its own assessment, the Board considered that the Company's internal control system is adequate and effective. The Board has also assessed the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget and considered that they are adequate.

COMPANY SECRETARY

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

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

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

Investor relations contact information of the Company is provided under the Corporate Information section in this annual report and in the Investor Relations section in the Company's website. Any Shareholder enquiry may be directed to the Board through the Company's investor relations contact email addresses or the company secretary.

There are no provisions allowing Shareholders to put forward proposals at the general meeting under the Company's articles of association or under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

The existing articles of association of the Company were adopted by the then sole shareholder of the Company on 28 February 2012. During the Review Period, there was no significant change in the Company's constitutional documents.

On behalf of the Board
Qian Lirong
Chairman

Hong Kong, 26 March 2013

DIRECTORS' REPORT

The board (the "Board") of directors (the Directors") of the Company hereby presents its annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012.

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 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. 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 Main Board of 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. Particulars of the principal activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2012 are set out in the consolidated statement of comprehensive income on page 32 of this annual report.

An interim dividend of 5 HK cents per share amounting to HK$50,000,000 in aggregate was paid to the shareholders of the Company ("Shareholders") whose names appeared on the register of member of the Company on 14 September 2012 during the year ended 31 December 2012. The Board recommended the payment of a final dividend of HK5 cents per share for the year ended 31 December 2012.

FIXED ASSETS

Details of the movements during the year ended 31 December 2012 in the Group's investment properties and property, plant and equipment are set out in notes 15 and 16 respectively to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements during the year ended 31 December 2012 in the issued share capital of the Company are set out in note 27 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2012, the Company's reserves available for distribution to Shareholders amounted to approximately RMB404.5 million.

DIRECTORS

The Directors during the year ended 31 December 2012 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, Mr. Jiang Wei and Ms. Jia Lina 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 2012 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' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2012, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong) as recorded in the register required to be kept under section 352 of the SFO, or which otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

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
Mr. Qian Lirong	The Company	Interest of controlled corporation	735,000,000 ordinary shares *(Note)*	73.5%
Mr. Qian Lirong	Trigiant Investments Limited ("Trigiant Investments")	Interest of controlled corporation	555 ordinary shares	56.63%
Mr. Qian Lirong	Abraholme International Limited ("Abraholme")	Beneficial owner	8 ordinary shares	80.0%

Note: These shares are registered in the name of Trigiant Investments, a company owned as to 56.63% by Abraholme, which in turn is a company owned as to 80% by Mr. Qian Lirong. Under the SFO, Mr. Qian Lirong is deemed to be interested in all the shares held by Trigiant Investments. Mr. Qian Lirong is a director of each of Trigiant Investments and Abraholme.

Save as disclosed above, as at 31 December 2012, 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.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31 December 2012, was the Group or any of the Company's holding companies or subsidiaries of the Company's holding companies a party to any arrangements to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year ended 31 December 2012.

CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Group, the Company's holding companies or subsidiaries of the Company's holding companies was a party and in which a Director 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 2012.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2012, 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 2012, the register of substantial shareholders maintained by the Company under section 336 of the SFO recorded that the following persons/entities, other than the Directors or the chief executive of the Company, had an interest or a short position in the shares or underlying shares of the Company as follows:

Long positions

Shareholder name	Capacity	Number of shares held	Percentage of shareholding
Trigiant Investments	Beneficial owner	735,000,000	73.5%
Abraholme	Interest of controlled corporation	735,000,000 *(Note)*	73.5%
Madam Qian Jindi	Interest of spouse	735,000,000 *(Note)*	73.5%

Note: These shares are registered in the name of Trigiant Investments, a company owned as to 56.63% by Abraholme, which in turn is a company owned as to 80% by Mr. Qian Lirong. Madam Qian Jindi is the spouse of Mr. Qian Lirong. Under the SFO, each of Mr. Qian Lirong and Abraholme is deemed to be interested in all the shares held by Trigiant Investments and Madam Qian Jindi is deemed to be interested in all the shares in which Mr. Qian Lirong is interested. Mr. Qian Lirong is a director of each of Trigiant Investments and Abraholme.

MAJOR SUPPLIERS AND CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2012, purchases from the single largest supplier of the Group and the five largest suppliers of the Group in aggregate accounted for approximately 50.8% (2011: 45.6%) and 75.4% (2011: 78.80%) of the Group's total purchases respectively.

For the year ended 31 December 2012, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 58.3% (2011: 61.5%) and 98.6% (2011: 97.5%) of the Group's total turnover respectively.

At all time during the year ended 31 December 2012, none of the Directors or any of their associates or any Shareholders whom, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had an interest in any of the five largest suppliers or customers.

DONATIONS

The Company made charitable donations totalling approximately RMB300,000 during the year ended 31 December 2012.

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.

DIRECTORS' REPORT

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.

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 its shares on the Stock Exchange (the "IPO"). The net proceeds after deducting the issuing expenses arising from the IPO amounted to approximately HK$185 million (equivalent to approximately RMB150 million).

Up to 31 December 2012, the application of net proceeds from the IPO was summarised as follows:

- approximately RMB45.0 million has been utilised for the expansion of the sales and distribution network of the Group;
- approximately RMB16.8 million has been utilised for the expansion of the production capacity and advancement of production facilities;
- approximately RMB5.0 million has been utilised for the expansion of research and development of new products and upgrading existing product functions and related technologies;
- approximately RMB30.0 million has been utilised for the repayment of bank borrowings; and
- approximately RMB15.0 million has been utilised for general working capital.

As at 31 December 2012, the remaining net proceeds of approximately RMB38.2 million were deposited with certain licensed financial institutions.

AUDITOR

The Company has appointed Deloitte Touche Tohmatsu as the auditor of the Company for the year ended 31 December 2012. A resolution will be proposed for approval by Shareholders at the forthcoming annual general meeting to reappoint Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
Qian Lirong
Chairman

Hong Kong, 26 March 2013

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE SHAREHOLDERS OF TRIGIANT GROUP LIMITED
(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 32 to 69, which comprise the consolidated statement of financial position as at 31 December 2012, 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 2012, and of its 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
26 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Turnover	7	2,230,555	1,822,747
Cost of goods sold		(1,708,730)	(1,425,436)
Gross profit		521,825	397,311
Other income	8	12,843	7,512
Other gains		828	6,561
Selling and distribution costs		(72,790)	(47,999)
Administrative expenses		(52,114)	(45,296)
Research and development costs		(14,344)	(1,075)
Other expenses		(13,275)	(12,867)
Finance costs	9	(79,918)	(57,440)
Profit before taxation		303,055	246,707
Taxation	12	(50,757)	(39,922)
Profit and total comprehensive income for the year attributable to owners of the Company	10	252,298	206,785
Earnings per share			
– Basic	14	RMB26.35 cents	RMB25.85 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Investment properties	15	18,600	18,300
Property, plant and equipment	16	182,730	181,970
Land use rights	17	69,883	71,683
Available-for-sale investments	18	20,000	20,000
		291,213	291,953
Current assets			
Inventories	19	145,312	111,751
Trade and other receivables	20	1,274,475	1,170,681
Pledged bank deposits	21	129,782	242,401
Bank balances and cash	21	480,705	383,548
		2,030,274	1,908,381
Current liabilities			
Trade and other payables	22	311,608	490,956
Amount due to a director	23	–	14,680
Bank borrowings – due within one year	24	877,784	940,300
Tax payables		14,026	10,037
		1,203,418	1,455,973
Net current assets		826,856	452,408
Total assets less current liabilities		1,118,069	744,361
Non-current liabilities			
Government grants	25	2,092	2,431
Bank borrowings – due after one year	24	90,000	110,000
Deferred taxation	26	21,219	18,399
		113,311	130,830
Net assets		1,004,758	613,531
Capital and reserves			
Share capital	27	8,140	82
Reserves		996,618	613,449
Total equity		1,004,758	613,531

The consolidated financial statement on pages 32 to 69 were approved and authorised for issue by the Board of Directors on 26 March 2013 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 2012

	Share capital	Share premium	Statutory surplus reserve fund	Special reserve	Other reserve	Property revaluation reserve	Accumulated profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Note a)	*(Note b)*				
At 1 January 2011	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	–	–	–	–	191,909	–	–	191,909
Elimination on group reorganisation	(7)	–	–	–	(191,885)	–	–	(191,892)
Issue of shares by the Company on group reorganisation *(note 27)*	82	191,810	–	–	–	–	–	191,892
Transfer	–	–	33,264	–	–	–	(33,264)	–
At 31 December 2011	82	191,810	71,982	62,947	24	622	286,064	613,531
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**252,298**	**252,298**
Capitalisation issue (note 27)	**6,430**	**(6,430)**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of shares pursuant to initial public offering *(note 27)*	**1,628**	**193,718**	**–**	**–**	**–**	**–**	**–**	**195,346**
Expenses incurred in connection with the issue of shares	**–**	**(15,853)**	**–**	**–**	**–**	**–**	**–**	**(15,853)**
Interim dividend recognised as distribution *(note 13)*	**–**	**–**	**–**	**–**	**–**	**–**	**(40,564)**	**(40,564)**
Transfer	**–**	**–**	**42,121**	**–**	**–**	**–**	**(42,121)**	**–**
At 31 December 2012	**8,140**	**363,245**	**114,103**	**62,947**	**24**	**622**	**455,677**	**1,004,758**

Notes:

(a) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), Jiangsu Trigiant Technology Co., Ltd. 江蘇俊知技術有限公司 ("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 directors of the subsidiary 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 deemed contribution arising from acquisition of Jiangsu Trigiant in 2009. The amount was 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 of Jiangsu Trigiant on 29 December 2009 by Trigiant (HK) Limited pursuant to an equity transfer agreement entered on 28 December 2009.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	2012 RMB'000	2011 RMB'000
Operating activities		
Profit before taxation	**303,055**	246,707
Adjustments for:		
Interest income	**(7,818)**	(5,231)
Government grants	**(339)**	(339)
Fair value changes on investment properties	**(300)**	(400)
Exchange gain	**(528)**	(6,161)
Finance costs	**79,918**	57,440
Depreciation of property, plant and equipment	**17,245**	16,949
Operating lease rentals in respect of land use rights	**1,800**	1,800
Operating cash flows before movements in working capital	**393,033**	310,765
Increase in inventories	**(33,561)**	(51,771)
Increase in trade and other receivables	**(104,256)**	(386,643)
(Decrease) increase in trade and other payables	**(170,548)**	213,215
Cash from operations	**84,668**	85,566
PRC Enterprise Income Tax paid	**(41,363)**	(33,080)
PRC withholding tax paid	**(2,585)**	–
Net cash from operating activities	**40,720**	52,486
Investing activities		
New pledged bank deposits raised	**(377,212)**	(363,156)
Purchase of property, plant and equipment	**(18,388)**	(8,123)
Payment for acquisition of land use rights	**(8,000)**	(8,000)
Release of pledged bank deposits	**489,831**	210,375
Interest received	**8,408**	3,301
Net cash from (used in) investing activities	**94,639**	(165,603)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	2012	2011
	RMB'000	RMB'000
Financing activities		
Repayment of bank borrowings	**(1,551,000)**	(1,165,400)
Interest paid	**(80,335)**	(56,434)
Dividend paid	**(40,564)**	–
Expenses incurred in connection to issue of shares	**(15,853)**	–
Repayment to a director	**(14,680)**	–
New bank borrowings raised	**1,468,884**	1,385,700
Proceeds on issue of shares	**195,346**	–
Repayment to investees	**–**	(18,000)
Advances from a director	**–**	11,883
Net cash (used in) from financing activities	**(38,202)**	157,749
Net increase in cash and cash equivalents	**97,157**	44,632
Cash and cash equivalent at beginning of the year, represented by bank balances and cash	**383,548**	338,916
Cash and cash equivalent at end of the year, represented by bank balances and cash	**480,705**	383,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company of the Company is Trigiant Investments Limited ("Trigiant Investments") and Abraholme International Limited, respectively, both companies were incorporated in the British Virgin Islands ("BVI"). The addresses of the registered office of the Company and the principal place of business of the Company are disclosed in the corporate information section of the annual report.

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 and telecommunications equipment.

In preparation for the initial listing of the shares of the Company (the "Listing") on the Main Board of the Stock Exchange, the companies now comprising the Group underwent a group reorganisation (the "Group Reorganisation") to rationalise the group structure. As a result of the Group Reorganisation, the Company became the holding company of the Group on 23 August 2011. Details of the Group Reorganisation are more fully explained in the section headed "Reorganisation" in Appendix V to the prospectus of the Company dated 6 March 2012.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 December 2011 have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group in that year.

The shares of the Company were listed on the Stock Exchange on 19 March 2012.

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

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets
Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets

Amendments to HKAS 12 Deferred tax: Recovery of underlying assets

The Group has applied for the first time the amendments to HKAS 12 "Deferred tax: Recovery of underlying assets" in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sales for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment properties and concluded that all of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is rebutted. Upon the application of the amendments to HKAS 12, the Group continues to recognise deferred tax on change in fair value of investment properties on the basis that reflects the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the assets. As a result, the application of the amendment to HKAS 12 has no impact on the consolidated financial statement for the current and prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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

The application of the other amendments to HKFRSs in the current year has had no material effect on the amounts reported in the consolidated financial statements and the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised Hong Kong Accounting Standards ("HKAS"s) and HKFRSs, amendments and interpretation ("INTs") (hereinafter collectively referred to as the "new and revised HKFRSs") that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle[1]
Amendments to HKFRS 7	Disclosures – offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
HK(IFRIC*) – INT 20	Stripping costs in the production phase of a surface mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.

2 Effective for annual periods beginning on or after 1 January 2014.

3 Effective for annual periods beginning on or after 1 January 2015.

4 Effective for annual periods beginning on or after 1 July 2012.

* IFRIC represents the International Financial Reporting Interpretations Committee.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

HKFRS 9 Financial instruments (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for the Group for annual period beginning on 1 January 2015, with earlier application permitted. The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and the application 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. Regarding the Group's available-for-sale investments, it is not practicable to provide a reasonable estimate of that effect until a detail review has been completed.

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.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for annual period beginning 1 January 2013 and the application of HKFRS 13 will not have a material effect on Group's consolidated financial statements but may results in more extensive disclosures in the 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 results and financial position of the Group and disclosures to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for the investment properties that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 in full on consolidation.

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 the 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.

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 income 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 disposal. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is recognised so as 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. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

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 based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as operating lease. 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.

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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development costs (continued)

- 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 amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, 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 of financial assets below).

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
- breach of contract, such as 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

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.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity instruments 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, amount due to a director 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.

On derecognition of a financial asset, 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 before taxation 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.

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Operating leases payments are recognised as an expense on a straight line basis over the lease term. 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.

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 on a systematic and rational basis 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 Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of bank borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, reserves and accumulated profits as disclosed in the consolidated financial statements.

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

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.

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.

Allowance for 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 inventories, the actual realisable value of inventories is not known until the sale was concluded. At 31 December 2012, the carrying amount of inventories are approximately RMB145,312,000 (2011: RMB111,751,000).

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 2012, the carrying amount of trade receivables are approximately RMB1,251,396,000 (2011: RMB1,154,096,000).

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2012 ***RMB'000***	2011 *RMB'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,879,704**	1,791,534
Available-for-sale investments	**20,000**	20,000
Financial liabilities		
Amortised cost	**1,264,484**	1,550,677

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 due to a director 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, currency risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented 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 (2011: 5 basis points) lower and bank borrowings had been 25 basis points (2011: 25 basis points) lower and all other variables were held constant, the Group's post tax profit for the year would be increased by RMB709,000 (2011: RMB844,000).

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.

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 2012 approximately 0.4% (2011: 1.4%) 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:

	2012		2011	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Hong Kong Dollars	**8,573**	**184**	1,275	16,557
United States Dollars	**6,640**	**50,839**	1,207	–

The Group are mainly exposed to currency risk of United States Dollars and Hong Kong Dollars, relative to the RMB, the functional currency of the relevant group entities. The following table details the Group's sensitivity to a 5% (2011: 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% (2011: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances, trade and other receivables, trade and other payables, bank borrowings and amount due to a director.

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

	2012	2011
	RMB'000	*RMB'000*
Hong Kong Dollars	**(315)**	573
United States Dollars	**1,657**	(45)

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.

Equity price risk

The Group is exposed to equity price risk in relation to its available-for-sale investments which are measured at cost less impairment at the end of the reporting period. The Group's equity price risk is mainly concentrated on its equity investments in two PRC local enterprises (details are disclosed in note 18). In managing the equity price risk, the management reviews the carrying amounts of the investments and assess whether there is any indication of impairment on a regular basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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 RMB1,209,310,000 (2011: RMB1,109,099,000) representing approximately 95.9% (2011: 96.0%) of the total trade and bills receivables at 31 December 2012. The largest trade receivable from a customer by itself accounted for approximately 54.8% (2011: 61.2%) of the total trade and bills receivables at 31 December 2012. 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*	Total undiscounted cash flows *RMB'000*	Total carrying amount *RMB'000*
At 31 December 2012						
Trade and other payables	–	296,700	–	–	296,700	296,700
Bank borrowings						
– variable rate	5.93%	272,817	153,180	96,348	522,345	500,284
– fixed rate	6.49%	404,717	70,850	–	475,567	467,500
		974,234	224,030	96,348	1,294,612	1,264,484

6. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Weighted average effective interest rate	Repayable on demand or less than 6 months	6 months to 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2011							
Trade and other payables	–	480,195	5,502	–	–	485,697	485,697
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

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.

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

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

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

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

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

In prior years, the flame-retardant flexible cable series operation was insignificant and therefore, it was not separately reported to Executive Directors. During the year ended 31 December 2012, with the expansion of the flame-retardant flexible cable series operation, the related financial information has been separately reported to the Executive Directors and considered as a separate reportable segment. Accordingly, comparative information of flame-retardant flexible cable series, which was included in other accessories, has been re-presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

7. TURNOVER AND SEGMENT INFORMATION (continued)

The segment results represent the gross profits earned by each segment (segment revenue less segment cost of goods sold). Other income, other gains, selling and distribution costs, administrative expenses, research and development costs, 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 2012

	RF coaxial cable series *RMB'000*	Flame-retardant flexible cable series *RMB'000*	New-type electronic components *RMB'000*	Other accessories *RMB'000*	Total *RMB'000*
Revenue	**1,735,077**	**318,118**	**97,632**	**79,728**	**2,230,555**
Cost of goods sold	**(1,328,395)**	**(240,579)**	**(68,534)**	**(71,222)**	**(1,708,730)**
Segment result	**406,682**	**77,539**	**29,098**	**8,506**	**521,825**

For the year ended 31 December 2011

	RF coaxial cable series *RMB'000*	Flame-retardant flexible cable series *RMB'000*	New-type electronic components *RMB'000*	Other accessories *RMB'000*	Total *RMB'000*
Revenue	1,667,077	37,941	87,715	30,014	1,822,747
Cost of goods sold	(1,288,988)	(40,123)	(70,373)	(25,952)	(1,425,436)
Segment result	378,089	(2,182)	17,342	4,062	397,311

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

	2012 *RMB'000*	2011 *RMB'000*
Reportable segment results	**521,825**	397,311
Unallocated income and expenses		
– Other income	**12,843**	7,512
– Other gains	**828**	6,561
– Selling and distribution costs	**(72,790)**	(47,999)
– Administrative expenses	**(52,114)**	(45,296)
– Research and development costs	**(14,344)**	(1,075)
– Other expenses	**(13,275)**	(12,867)
– Finance costs	**(79,918)**	(57,440)
Profit before taxation	**303,055**	246,707
Taxation	**(50,757)**	(39,922)
Profit for the year	**252,298**	206,785

7. TURNOVER AND SEGMENT INFORMATION (continued)

As there is no discrete information in respect of segment assets and liabilities and other information available for the assessment of performance and allocation of resources for different reportable segment and thus, no analysis of segment assets and liabilities is presented.

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

Information about major customers

For the year ended 31 December 2012, there were two customers which contributed revenue of RMB1,300,029,000 (2011: RMB1,120,382,000) and RMB744,606,000 (2011: RMB563,274,000) respectively, which individually accounted for more than 10% of the total turnover of the Group. The two customers purchased goods from all segments identified as above.

8. OTHER INCOME

	2012 ***RMB'000***	2011 *RMB'000*
Government grants *(Note)*	**3,460**	1,194
Interest income	**7,818**	5,231
Rental income	**725**	725
Others	**840**	362
	12,843	7,512

Note: As at 31 December 2012, included in government grants is RMB3,121,000 (2011: RMB855,000) incentive provided by the PRC local authorities to the Group for encouragement of business development in the Yixing region. There were no specific conditions attached to the grants, and the Group recognised the grants upon receipts. In respect of the remaining RMB339,000 (2011: RMB339,000), they are government subsidies received for the acquisition of property, plant and equipment as disclosed in note 25.

9. FINANCE COSTS

	2012 ***RMB'000***	2011 *RMB'000*
Interest on bank loans wholly repayable within five years	**79,918**	57,440

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For the year ended 31 December 2012

10. PROFIT FOR THE YEAR

	2012	2011
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration *(note 11)*	**1,906**	885
Other staff costs:		
Salaries and other benefits	**42,384**	34,386
Retirement benefit scheme contributions	**4,648**	3,872
Total staff costs	**48,938**	39,143
Less: Staff costs included in research and development costs	**(3,500)**	(720)
	45,438	38,423
Cost of inventories recognised as expenses	**1,708,730**	1,425,436
Depreciation of property, plant and equipment	**17,245**	16,949
Operating lease payment in respect of warehouses and office premises	**1,249**	802
Operating lease rentals in respect of land use rights	**1,800**	1,800
Expenses in relation to initial public offering of the Company's shares (include in other expenses)	**13,275**	12,867
Auditor's remuneration	**1,215**	1,100
and after crediting:		
Gross rental income from investment properties (net of nil direct operating expenses)	**725**	725
Gain on fair value changes on investment properties (include in other gains)	**300**	400
Exchange gain (include in other gains)	**528**	6,161

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

	2012	2011
	RMB'000	*RMB'000*
Directors' fees	**381**	163
Other emoluments to executive directors		
– basic salaries and allowances	**1,505**	300
– performance related incentive payments	**–**	393
– retirement benefits scheme contributions	**20**	29
	1,906	885

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

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

For the year ended 31 December 2012

	Mr. Qian Lirong RMB'000 (note a)	Mr. Jiang Wei RMB'000 (note b)	Professor Jin Xiao Feng RMB'000 (note e)	Mr. Poon Yick Pang, Philip RMB'000 (note e)	Mr. Ng Wai Hung RMB'000 (note e)	Ms. Jia Lina RMB'000 (note e)	Total RMB'000
– directors' fee	–	–	49	162	122	48	381
– basic salaries and allowances	806	699	–	–	–	–	1,505
– retirement benefits scheme contribution	10	10	–	–	–	–	20
	816	709	49	162	122	48	1,906

For the year ended 31 December 2011

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

Notes:

(a) Mr. Qian Lirong is also the chairman of the board of directors of the Company and his emoluments disclosed above include those services rendered by him as the chairman of the Company.

(b) Mr. Jiang Wei is also the chief executive officer of the Company and his emoluments disclosed above include those services rendered by him as the chief executive officer of the Company.

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

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

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

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For the year ended 31 December 2012

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

Of the five highest paid individuals of the Group, three (2011: two) were the directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining two (2011: three) individuals were as follows:

	2012 RMB'000	2011 RMB'000
Basic salaries and allowances	1,318	938
Performance related incentive payments	–	301
Retirement benefits scheme contributions	19	34
	1,337	1,273

Their emoluments were within the following bands:

	2012 No. of employees	2011 No. of employees
HK$nil to HK$1,000,000	1	3
HK$1,000,001 to HK$1,500,000	1	–

During the year ended 31 December 2012 and 2011, 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 the both years.

12. TAXATION

	2012 RMB'000	2011 RMB'000
The charge comprises:		
PRC income tax	47,937	34,460
Deferred taxation *(note 26)*	2,820	5,462
Taxation for the year	50,757	39,922

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

Pursuant to the relevant laws and regulations, Jiangsu Trigiant Technology Co., Ltd. ("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").

12. TAXATION (continued)

On 16 March 2007, the Enterprise Income Tax Law (the "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. Pursuant to the approval published on the website of the Yixing Provincial Commission of Science and Technology, Jiangsu Trigiant was also endorsed as a High and New Technology Enterprise on 4 March 2009 (renewed on 21 May 2012) and therefore entitled to apply for a reduced PRC income tax rate of 15% from 2013 to 2015.

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

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

	2012 ***RMB'000***	2011 *RMB'000*
Profit before taxation	**303,055**	246,707
Tax at the applicable income tax rate of 25%	**75,764**	61,677
Tax effect on income not taxable for tax purpose	**(694)**	(1,934)
Tax effect on expenses not deductible for tax purpose	**15,511**	6,299
Tax effect of tax concession	**(45,352)**	(31,680)
Withholding tax on undistributed earnings	**5,528**	5,560
Taxation for the year	**50,757**	39,922

13. DIVIDEND

	2012 ***RMB'000***	2011 *RMB'000*
Dividend recognised as distribution during the year 2012 interim – HK5 cents (2011: nil) per share	**40,564**	–

Subsequent to the end of the reporting period, a final dividend of HK5 cents in respect of the year ended 31 December 2012 (2011: nil) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data and on the assumption that the Group Reorganisation and capitalisation issue, had been effective on 1 January 2011:

	2012	2011
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**252,298**	206,785
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**957,377,049**	800,000,000

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

15. INVESTMENT PROPERTIES

	2012	2011
	RMB'000	*RMB'000*
THE GROUP		
AT FAIR VALUE		
At 1 January	**18,300**	17,900
Changes in fair value recognised in profit or loss	**300**	400
At 31 December	**18,600**	18,300

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

The fair value of the Group's investment properties at the end of the reporting period 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 comparable market transactions as available in the market and 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.

16. 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 2011	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
Additions	375	3,563	742	2,283	11,042	18,005
Transfer	1,289	1,594	–	–	(2,883)	–
At 31 December 2012	**90,447**	**115,597**	**4,771**	**6,673**	**14,159**	**231,647**
DEPRECIATION						
At 1 January 2011	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
Provided for the year	4,052	11,044	957	1,192	–	17,245
At 31 December 2012	**11,533**	**31,710**	**2,317**	**3,357**	**–**	**48,917**
CARRYING VALUES						
At 31 December 2012	**78,914**	**83,887**	**2,454**	**3,316**	**14,159**	**182,730**
At 31 December 2011	81,302	89,774	2,669	2,225	6,000	181,970

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

At 31 December 2012, the Group pledged certain of its buildings with aggregate carrying value of RMB38,309,000 (2011: RMB40,270,000) to certain banks to secure the credit facilities granted to the Group.

At 31 December 2012, the Group pledged certain of its machinery with aggregate carrying value of RMB20,693,000 (2011: RMB23,878,000) to certain banks to secure the credit facilities granted to the Group.

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%

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17. LAND USE RIGHTS

	2012 RMB'000	2011 RMB'000
CARRYING AMOUNT		
At beginning of the year	73,483	75,283
Charge to profit or loss for the year	(1,800)	(1,800)
At the end of the year	71,683	73,483
Analysed for reporting purposes as:		
Current portion *(note 20)*	1,800	1,800
Non-current portion	69,883	71,683
	71,683	73,483

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

At 31 December 2012, the Group has pledged its land use rights with carrying value of approximately RMB34,521,000 (2011: RMB35,387,000) to secure general banking facilities granted to the Group.

18. AVAILABLE-FOR-SALE INVESTMENTS

	2012 RMB'000	2011 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. 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.

19. INVENTORIES

	2012 RMB'000	2011 RMB'000
Raw materials	20,511	36,553
Work in progress	14,698	15,935
Finished goods	110,103	59,263
	145,312	111,751

20. TRADE AND OTHER RECEIVABLES

	2012 RMB'000	2011 RMB'000
Trade receivables		
– Jiangsu Opto-electrical	1,132	2,087
– Others	1,250,264	1,152,009
Bills receivables	9,978	1,281
	1,261,374	1,155,377
Current portion of land use rights *(note 17)*	1,800	1,800
Interest receivables	1,429	2,019
Other receivables	4,485	1,238
Prepaid expenses	3,458	3,296
Staff advances	1,929	6,951
	1,274,475	1,170,681

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, or otherwise, delivery date, at the end of the reporting period, which approximated the respective revenue recognition dates:

	2012 RMB'000	2011 RMB'000
Age		
0 – 90 days	625,489	798,185
91 – 180 days	443,501	260,765
181 – 365 days	179,217	93,932
Over 365 days	13,167	2,495
	1,261,374	1,155,377

Included in trade and bills receivables balance are amounts of RMB534,277,000 (31 December 2011: RMB606,299,000) which goods were delivered but invoices not yet issued. The balance is included in 0 to 90 days band in the above aged analysis.

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20. TRADE AND OTHER RECEIVABLES (continued)

At 31 December 2012, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB126,177,000 (2011: RMB83,320,000), 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 balance.

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

	2012	2011
	RMB'000	*RMB'000*
Age		
181 – 365 days	**113,010**	83,320
Over 365 days	**13,167**	–
	126,177	83,320

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

	2012	2011
	RMB'000	*RMB'000*
United States Dollars	**2,736**	827

21. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

At 31 December 2012, 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 0.01% to 2.80% (2011: 0.36% to 2.25%) per annum.

At 31 December 2012, the pledged bank deposits carry interest at the prevailing market rate ranging from approximately 2.8% to 3.3% (2011: 2.5% to 3.3%) per annum.

The entire pledged bank deposits represent deposits pledged to banks to secure bank borrowings, bills payables and letters of credit issued by the Group for both years.

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

	2012	2011
	RMB'000	*RMB'000*
Hong Kong Dollars	**8,573**	1,275
United States Dollars	**3,904**	380

22. TRADE AND OTHER PAYABLES

	2012 *RMB'000*	2011 *RMB'000*
Trade payables		
– Jiangsu Opto-electrical	**12,186**	5,765
– Jiangsu Sensing	**5,672**	36
– Others	**74,143**	120,958
Bills payables	**174,000**	322,551
	266,001	449,310
Accrued expenses	**5,051**	2,072
Deposits from suppliers	**9,710**	7,903
Other payables	**5,220**	5,893
Other tax payables	**9,857**	3,187
Payable for acquisition of land use rights	**5,502**	13,502
Payable for acquisition of property, plant and equipment	**1,149**	1,532
Payroll and welfare payables	**9,118**	7,557
	311,608	490,956

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:

	2012 *RMB'000*	2011 *RMB'000*
Age		
0 – 90 days	**154,985**	280,253
91 – 180 days	**96,016**	169,057
181 – 365 days	**15,000**	–
	266,001	449,310

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:

	2012 *RMB'000*	2011 *RMB'000*
Hong Kong Dollars	**184**	1,877
United States Dollars	**555**	–

23. AMOUNT DUE TO A DIRECTOR

The amount was unsecured, non-interest bearing and repayable on demand. The amount was denominated in Hong Kong Dollars and was fully repaid in 2012.

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24. BANK BORROWINGS

	2012	2011
	RMB'000	*RMB'000*
Secured *(note a)*	**112,500**	20,000
Secured and guaranteed by a director of the Company and an independent third party *(note b)*	**–**	90,000
Unsecured and guaranteed by independent third parties *(note c)*	**–**	365,000
Unsecured	**855,284**	575,300
	967,784	1,050,300
The bank borrowings are payable as follows:		
Within one year	**877,784**	940,300
More than one year, but not more than five years	**90,000**	110,000
	967,784	1,050,300
Less: Amounts due within one year shown under current liabilities	**(877,784)**	(940,300)
	90,000	110,000
The bank borrowings comprise:		
Variable rate borrowings	**500,284**	575,000
Fixed rate borrowings	**467,500**	475,300

Notes:

(a) The bank borrowings were secured by certain buildings, land use rights and bank balances owned by the Group as set out in notes 16, 17 and 21, respectively.

(b) The bank borrowings were secured by land use rights owned by the Group as set out in note 17. The guarantees by director of the Company and the independent third party were released upon Listing.

(c) The guarantees were released upon Listing.

As at 31 December 2012, fixed rate bank borrowings carried interests ranging from 5.47% to 6.56% (2011: 4.84% to 8.03%) per annum.

As at 31 December 2012, variable-rate bank borrowings which carried interests ranging from 100% of PBOC rate to 110% of PBOC rate (2011: 90% of PBOC rate to 110% of PBOC rate) per annum.

Included in bank borrowings are following amounts denominated in currency other than functional currency of the group entity which it relates:

	2012	2011
	RMB'000	*RMB'000*
United States dollars	**50,284**	–

25. GOVERNMENT GRANTS

	2012	2011
	RMB'000	*RMB'000*
At beginning of the year	**2,431**	2,770
Release to profit or loss for the year	**(339)**	(339)
At the end of the year	**2,092**	2,431

In year 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.

26. DEFERRED TAXATION

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

	Fair value adjustment on acquisition	**Tax on undistributed earnings**	**Revaluation of properties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	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
(Credited) charged to profit or loss for the year	(198)	5,528	75	5,405
Withholding tax paid	–	(2,585)	–	(2,585)
At 31 December 2012	**8,874**	**11,862**	**483**	**21,219**

According to relevant tax law in the PRC, dividend distributed to foreign investors out of the profit generated from 1 January 2008 onwards shall be subject to withholding tax at 10% and withheld by the PRC entity, pursuant to Articles 3 and 37 of the EIT Law and Article 91 of its Details Implementation Rules. Deferred tax liability on the undistributed earnings of Jiangsu Trigiant earned during the year have been accrued at the tax rate of 10% (2011: 10%) on the expected dividend stream of the undistributed earnings of Jiangsu Trigiant for each year which is determined by the directors of the Company.

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27. SHARE CAPITAL

	Number of shares	Amount in	Shown in the financial statements as
		HK$	*RMB'000*
Ordinary shares at HK$0.01 each			
Authorised:			
At 1 January 2011	10,000,000	100,000	
Increase pursuant to the Group Reorganisation	9,990,000,000	99,900,000	
At 31 December 2011 and 31 December 2012	**10,000,000,000**	**100,000,000**	
Issued and fully paid:			
At 1 January 2011	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
Capitalisation issue	790,000,000	7,900,000	6,430
Issue of shares pursuant to initial public offering	200,000,000	2,000,000	1,628
At 31 December 2012	**1,000,000,000**	**10,000,000**	**8,140**

The movements in the Company's authorised and issued share capital during the period from 1 January 2011 to 31 December 2012 are as follows:

(a) 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 and (ii) credited as fully paid the nil paid share of HK$0.01 held by Trigiant Investments that was transferred from its then shareholders, as the consideration for the transfer of the entire issued share capital of Trigiant Holdings Limited, a wholly owned subsidiary of the Company, from its then shareholders to the Company.

(b) 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 was conditional upon Listing as detailed in paragraph (d) below.

(c) On 19 March 2012, the Company issued 200,000,000 ordinary shares of HK$0.01 each at HK$1.20 per share by way of initial public offering.

(d) On 19 March 2012, pursuant to the resolution of the sole shareholder of the Company on 7 September 2011, the Company capitalised an amount of HK$7,900,000 (approximately RMB6,430,000) standing to the credit of its reserves in paying-up in full 790,000,000 ordinary shares, which were allotted and issued to Trigiant Investments, being the then sole shareholder of the Company.

All ordinary shares of the Company issued during the year rank pari passu with the then existing ordinary shares in all respects.

28. 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:

	2012	2011
	RMB'000	*RMB'000*
Within one year	**273**	573
In the second to fifth years inclusive	**–**	100
	273	673

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

The Group as lessor

Property rental income earned during the current year was RMB725,000 (2011: RMB725,000). 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 year (2011: two years).

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

	2012	2011
	RMB'000	*RMB'000*
Within one year	**121**	725
In the second to fifth years inclusive	**–**	121
	121	846

29. RELATED PARTY TRANSACTIONS

Other than the transactions and balances in notes 11 and 23, the Group has no significant transactions and balances with related parties. The details of remuneration of key management personnel, represents emoluments of directors of the Company paid/ payable during the year, are set out in note 11.

30. 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 but subject to a maximum amount of HK$1,250 (for the year ended 31 December 2011 and up to 31 May 2012: HK$1,000) per month from June 2012 onwards for each employee.

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For the year ended 31 December 2012

31. CAPITAL COMMITMENTS

	THE GROUP	
	2012	2011
	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	**1,691**	1,124

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2012	2011
	RMB'000	*RMB'000*
Non-current assets		
Investment in a subsidiary	**255,114**	191,892
Loan to a subsidiary *(note a)*	**82,990**	–
	338,104	191,892
Current assets		
Other receivables	**241**	37
Amount due from a subsidiary *(note b)*	**67,642**	–
Bank balances	**8,132**	–
	76,015	37
Current liabilities		
Other payables	**1,498**	274
Amount due to a subsidiary	**–**	632
	1,498	906
Net current assets (liabilities)	**74,517**	(869)
Net assets	**412,621**	191,023
Capital and reserves		
Share capital	**8,140**	82
Reserves *(note 33)*	**404,481**	190,941
Total equity	**412,621**	191,023

Notes:

(a) The amount represents loan to a subsidiary of the Company. The amount is unsecured, non-interest bearing and in the opinion of the directors of the Company, the amount is expected to repay over one year, therefore it is classified as non-current asset.

(b) The amount from a subsidiary is unsecured, non-interest bearing and expected to be recovered within one year.

33. RESERVES OF THE COMPANY

	Share premium *RMB'000*	Accumulated (loss) profits *RMB'000*	Total *RMB'000*
At 1 January 2011	–	–	–
Loss and total comprehensive expenses for the year	–	(869)	(869)
Arising from issue of shares pursuant to the Group Reorganisation *(note)*	191,810	–	191,810
At 31 December 2011	191,810	(869)	190,941
Profit and total comprehensive income for the year	–	82,669	82,669
Capitalisation issue *(note 27)*	(6,430)	–	(6,430)
Issue of shares pursuant to initial public offering *(note 27)*	193,718	–	193,718
Expenses incurred in connection with the issue of shares	(15,853)	–	(15,853)
Interim dividend recognised as distribution *(note 13)*	–	(40,564)	(40,564)
At 31 December 2012	**363,245**	**41,236**	**404,481**

Note: 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 Holdings Limited (the former holding company of the Group prior to the Group Reorganisation) pursuant to the Group Reorganisation on 23 August 2011.

34. 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 2012	2011	Attributable equity interest of the Company 2012	2011	Principal activities
Trigiant Holdings Limited	BVI	**US$1,000**	US$1,000	**100%**	100%	Investment holding
Trigiant (HK) Limited	Hong Kong	**HK$1**	HK$1	**100%**	100%	Investment holding
Jiangsu Trigiant*	PRC	**US$ 40,000,000**	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.

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

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)	**2012 (RMB'000) (Note 1)**
Turnover	865,009	1,405,039	1,822,747	**2,230,555**
Cost of goods sold	(654,888)	(1,116,350)	(1,425,436)	**(1,708,730)**
Gross profit	210,121	288,689	397,311	**521,825**
Other income	6,207	4,880	7,512	**12,843**
Other gains and losses	(498)	7,229	6,561	**828**
Selling and distribution costs	(72,375)	(37,089)	(47,999)	**(72,790)**
Administrative expenses	(31,980)	(41,514)	(45,296)	**(52,114)**
Research and development costs	(4)	(867)	(1,075)	**(14,344)**
Other expenses	–	(2,605)	(12,867)	**(13,275)**
Finance costs	(26,217)	(39,386)	(57,440)	**(79,918)**
Profit before tax	85,254	179,337	246,707	**303,055**
Taxation	–	(28,225)	(39,922)	**(50,757)**
Profit for the year/period	85,254	151,112	206,785	**252,298**

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)	**2012 (RMB'000) (Note 1)**
Non-current assets	228,367	302,269	291,953	**291,213**
Current assets	1,101,718	1,270,715	1,908,381	**2,030,274**
Total assets	1,330,085	1,572,984	2,200,334	**2,321,487**
Current liabilities	1,007,249	1,186,938	1,455,973	**1,203,418**
Non-current liabilities	85,397	171,209	130,830	**113,311**
Total liabilities	1,092,646	1,358,147	1,586,803	**1,316,729**
Net assets	237,439	214,837	613,531	**1,004,758**

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, 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.