TRIGIANT GROUP LIMITED
俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1300

Interim Report 2013

* For identification purposes only

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Corporate Information

Executive Directors
Qian Lirong *(Chairman)*
Jiang Wei *(Group Chief Executive Officer)*

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

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

Remuneration Committee
Ng Wai Hung *(Chairman)*
Poon Yick Pang Philip
Jiang Wei

Nomination Committee
Professor Jin Xiaofeng *(Chairman)*
Poon Yick Pang Philip
Jia Lina

Corporate Governance Committee
Jiang Wei *(Chairman)*
Poon Yick Pang Philip
Ng Wai Hung

Company Secretary
Lau Chi Hung, *ACIS, ACS*

Authorised Representatives
Lau Chi Hung
Qian Lirong
Poon Yick Pang Philip
(alternate to Qian Lirong)

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Cayman Islands

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Headquarters and Principal Place of Business in the People's Republic of China ("PRC")
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PRC

Investor Relations
Trigiant Group Limited
Email: ir@trigiant.com.cn

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

Company Website
www.trigiant.com.hk

HKEx Stock Code
1300

Auditor
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Compliance Adviser
RaffAello Capital Limited

Legal Advisers
Leung & Lau *(Hong Kong law)*

Principal Bankers
China Construction Bank, Yixing Branch
Bank of China, Yixing Sub-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
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

Highlights

Interim results for the six months ended 30 June 2013 compared with the six months ended 30 June 2012:

- Turnover increased by approximately RMB171.8 million, or 15.7%, to approximately RMB1,265.7 million

- Gross profit margin decreased by approximately 0.9 percentage point from approximately 24.3% to approximately 23.4%

- Profit for the period attributable to owners of the Company increased by approximately RMB37.3 million, or 29.3%, to approximately RMB164.6 million

- Net profit margin increased from approximately 11.6% to approximately 13.0%

- Earnings per share increased from RMB13.93 cents to RMB16.46 cents

- Interim dividend declared was 7 HK cents per share

The board ("**Board**") of directors ("**Directors**") of Trigiant Group Limited ("**Company**") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012 and the relevant explanatory notes as set out below. The interim financial statements are unaudited, but have been reviewed by Deloitte Touche Tohmatsu, the Company's independent auditor, and the audit committee of the Board.

Deloitte.
德勤

To the Board of Directors of Trigiant Group Limited

Introduction

We have reviewed the condensed consolidated financial statements of Trigiant Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 7 to 31, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 August 2013

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Turnover	3	**1,265,676**	1,093,939
Cost of goods sold		**(968,899)**	(828,601)
Gross profit		**296,777**	265,338
Other income	4	**4,693**	6,872
Other gains		**1,566**	369
Selling and distribution costs		**(34,338)**	(37,770)
Administrative expenses		**(26,151)**	(20,126)
Research and development costs		**(12,286)**	(7,271)
Other expenses		**–**	(13,275)
Finance costs		**(28,836)**	(41,470)
Profit before taxation		**201,425**	152,667
Taxation	5	**(36,842)**	(25,332)
Profit for the period attributable to owners of the Company	6	**164,583**	127,335
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation surplus on properties upon transfer to investment properties		**3,502**	–
Income tax relating to the component of other comprehensive income		**(876)**	–
		2,626	–
Total comprehensive income for the period attributable to owners of the Company		**167,209**	127,335
Earnings per share			
— basic	8	**16.46 cents**	13.93 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2013

	Notes	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Non-current assets			
Investment properties	*9*	**32,800**	18,600
Property, plant and equipment	*10*	**172,807**	182,730
Land use rights		**66,267**	69,883
Available-for-sale investments		**20,000**	20,000
		291,874	291,213
Current assets			
Inventories		**160,479**	145,312
Trade and other receivables	*11*	**1,611,945**	1,274,475
Pledged bank deposits		**90,732**	129,782
Bank balances and cash		**131,935**	480,705
		1,995,091	2,030,274
Current liabilities			
Trade and other payables	*12*	**243,277**	311,608
Bank borrowings — due within one year	*13*	**777,787**	877,784
Tax payables		**25,549**	14,026
		1,046,613	1,203,418
Net current assets		**948,478**	826,856
Total assets less current liabilities		**1,240,352**	1,118,069

	Notes	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Non-current liabilities			
Government grants		**1,922**	2,092
Bank borrowings — due after one year	*13*	**85,000**	90,000
Deferred taxation	*14*	**21,293**	21,219
		108,215	113,311
Net assets		**1,132,137**	1,004,758
Capital and reserves			
Share capital	*15*	**8,140**	8,140
Reserves		**1,123,997**	996,618
Total equity		**1,132,137**	1,004,758

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve fund RMB'000 *(Note a)*	Special reserve RMB'000 *(Note b)*	Other reserve RMB'000	Property revaluation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
At 1 January 2013 (audited)	**8,140**	**363,245**	**114,103**	**62,947**	**24**	**622**	**455,677**	**1,004,758**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**164,583**	**164,583**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**2,626**	**–**	**2,626**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**2,626**	**164,583**	**167,209**
Dividend recognised as distribution *(note 7)*	**–**	**–**	**–**	**–**	**–**	**–**	**(39,830)**	**(39,830)**
At 30 June 2013 (unaudited)	**8,140**	**363,245**	**114,103**	**62,947**	**24**	**3,248**	**580,430**	**1,132,137**
At 1 January 2012 (audited)	82	191,810	71,982	62,947	24	622	286,064	613,531
Profit and total comprehensive income for the period	–	–	–	–	–	–	127,335	127,335
Capitalisation issue *(note 15)*	6,430	(6,430)	–	–	–	–	–	–
Issue of shares pursuant to initial public offering *(note 15)*	1,628	193,718	–	–	–	–	–	195,346
Expenses incurred in connection with the issue of shares	–	(15,853)	–	–	–	–	–	(15,853)
At 30 June 2012 (unaudited)	8,140	363,245	71,982	62,947	24	622	413,399	920,359

Notes:

(a) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.) ("Jiangsu Trigiant"), the PRC subsidiary of the Company, is required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of Jiangsu Trigiant while the amount and allocation basis are decided by its board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied for conversion into capital by means of capitalisation issue.

(b) The special reserve represents the 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, a wholly-owned subsidiary of the Company, pursuant to an equity transfer agreement entered on 28 December 2009.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(206,333)**	(304,867)
Investing activities		
New pledged bank deposits raised	**(35,800)**	(150,740)
Purchases of property, plant and equipment	**(5,967)**	(5,232)
Payment for land use rights	**(5,502)**	(8,000)
Release of pledged bank deposits	**74,850**	153,751
Interest received	**2,144**	4,632
Net cash from (used in) investing activities	**29,725**	(5,589)
Financing activities		
Repayment of bank borrowings	**(754,784)**	(787,300)
Dividend paid	**(39,830)**	–
Interest paid	**(27,335)**	(41,339)
New bank borrowings raised	**649,787**	996,299
Expenses incurred in connection to issue of shares	**–**	(15,853)
Repayment to a director	**–**	(14,680)
Proceeds on issue of shares	**–**	195,346
Net cash (used in) from financing activities	**(172,162)**	332,473
Net (decrease) increase in cash and cash equivalents	**(348,770)**	22,017
Cash and cash equivalents at 1 January	**480,705**	383,548
Cash and cash equivalents at 30 June, represented by bank balances and cash	**131,935**	405,565

1. Basis of Preparation

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

2. Principal Accounting Policies

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

2. Principal Accounting Policies (Continued)

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

HKFRS 10	Consolidated financial statements;
HKFRS 11	Joint arrangements;
HKFRS 12	Disclosure of interests in other entities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interest in other entities: Transition guidance;
HKFRS 13	Fair value measurement;
HKAS 19 (as revised in 2011)	Employee benefits;
HKAS 27 (as revised in 2011)	Separate financial statements;
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures;
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities;
Amendments to HKAS 1	Presentation of items of other comprehensive income;
Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle; and
HK(IFRIC)-INT 20	Stripping costs in the production phase of a surface mine.

2. Principal Accounting Policies (Continued)

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated financial statements.

2. Principal Accounting Policies (Continued)

HKFRS 13 Fair value measurement (Continued)

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The application of HKFRS 13 has no material impact on the financial results or financial position of the Group in these condensed consolidated financial statements but will result in more extensive disclosure in the Group's annual consolidated financial statements for the year ending 31 December 2013, especially relating to fair value of the Group's investment properties.

The application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

3. Segment Information

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

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

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

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

The segment results represents the gross profit 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.

3. Segment Information (Continued)

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

For the six months ended 30 June 2013

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

3. **Segment Information** (Continued)

For the six months ended 30 June 2012

	RF coaxial cable series RMB'000	Flame-retardant flexible cable series RMB'000	New-type electronic components RMB'000	Others RMB'000	Total RMB'000
Turnover	832,229	171,839	47,351	42,520	1,093,939
Cost of goods sold	(623,279)	(131,164)	(35,004)	(39,154)	(828,601)
SEGMENT RESULT	208,950	40,675	12,347	3,366	265,338
Unallocated income and expenses:					
Other income					6,872
Other gains					369
Selling and distribution costs					(37,770)
Administrative expenses					(20,126)
Research and development costs					(7,271)
Other expenses					(13,275)
Finance costs					(41,470)
Profit before taxation					152,667
Taxation					(25,332)
Profit for the period					127,335

4. Other Income

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Government grants	**1,599**	1,984
Interest income	**2,045**	4,469
Rental income	**627**	363
Others	**422**	56
	4,693	6,872

5. Taxation

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
The charge comprises:		
PRC Enterprise Income Tax ("EIT")	**37,644**	20,896
Deferred taxation *(Note 14)*	**(802)**	4,436
Taxation for the period	**36,842**	25,332

5. Taxation (Continued)

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 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"). Jiangsu Trigiant was entitled to enjoy the Tax Holiday until the exemption and reduction expired at the end of 2012. Jiangsu Trigiant was endorsed as a High and New Technology Enterprise on 4 March 2009 (renewed on 21 May 2012) and therefore entitled to a preferential tax rate of 15% from 2013 to 2015 pursuant to the EIT Law.

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

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

6. Profit for the Period

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit for the period has been arrived at after charging:		
Cost of inventories recognised as expenses	**968,899**	828,601
Expenses in relation to initial public offering of the Company's shares (included in other expenses)	**–**	13,275
Operating lease rentals in respect of land use rights	**865**	900
Depreciation of property, plant and equipment	**8,554**	8,583
and after crediting:		
Gross rental income from investment properties (net of nil direct operating expenses)	**627**	363
Gain on fair value changes on investment properties (included in other gains)	**800**	300
Exchange gain (included in other gains)	**766**	69

7. Dividends

During the current interim period, the Company paid a final dividend of 5 HK cents per share in respect of the year ended 31 December 2012 (six months ended 30 June 2012: nil per share in respect of the year ended 31 December 2011). The aggregate amount of the final dividend in respect of the year ended 31 December 2012 declared and paid in the interim period amounted to HK$50,000,000 (equivalent to approximately RMB39,830,000) (2012: nil).

Subsequent to the end of the current interim period, interim dividend of 7 HK cents (six months ended 30 June 2012: 5 HK cents) per share has been proposed by the directors of the Company.

8. Earnings per Share

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**164,583**	127,335
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,000,000,000**	914,285,714

8. Earnings per Share (Continued)

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2012 has been retrospectively adjusted to reflect the capitalisation issue completed on 19 March 2012 (note 15).

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

9. Investment Properties

At 1 March 2013, the Group changed the use of certain of its properties (previously classified as property, plant and equipment and land use rights) and rented out for rental income. Upon the transfer, the Group reclassified its property, plant and equipment and land use rights with carrying amount of RMB7,043,000 and RMB2,855,000 to investment properties. The respective buildings and land use rights were revalued at fair value with a gain on revaluation of approximately RMB3,502,000, which have been credited to property revaluation reserve.

The fair value of the Group's investment properties at 30 June 2013, 1 March 2013 and 31 December 2012 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.

The resulting increase in fair value of investment properties of RMB800,000 has been recognised directly in profit and loss for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB300,000).

10. Property, Plant and Equipment

During the six months ended 30 June 2013, the Group spent approximately RMB5,674,000 (six months ended 30 June 2012: RMB5,130,000) on acquisitions of plant and machinery.

11. Trade and Other Receivables

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

The following is an analysis of trade and other receivables and 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:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Trade and bills receivables, aged		
0–90 days	**818,003**	625,489
91–180 days	**447,219**	443,501
181–365 days	**332,866**	179,217
Over 365 days	**306**	13,167
	1,598,394	1,261,374
Current portion of land use right	**1,696**	1,800
Interest receivables	**1,330**	1,429
Other receivables	**3,380**	4,485
Prepaid expenses	**3,331**	3,458
Staff advances	**3,814**	1,929
	1,611,945	1,274,475

11. Trade and Other Receivables (Continued)

Included in trade and bills receivables balance are amounts of RMB690,637,000 (31 December 2012: RMB534,277,000) of which goods were delivered but invoice not yet issued. The balance is included in 0 to 90 days band in the above aged analysis.

12. Trade and Other Payables

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Trade and bills payables, aged		
0–90 days	**175,488**	154,985
91–180 days	**27,832**	96,016
181–365 days	**1,959**	15,000
	205,279	266,001
Accrued expenses	**10,403**	5,051
Payroll and welfare payables	**6,608**	9,118
Other tax payables	**6,084**	9,857
Deposits from suppliers	**9,030**	9,710
Payable for acquisition of property, plant and equipment	**856**	1,149
Payables for acquisition of land use rights	**–**	5,502
Other payables	**5,017**	5,220
	243,277	311,608

13. Bank and Other Borrowings

During the current interim period, the Group obtained new short-term bank loans amounting to RMB649,787,000 (six months ended 30 June 2012: RMB996,299,000) and repaid bank loans amounting to RMB754,784,000 (six months ended 30 June 2012: RMB787,300,000). The proceeds were used for daily operation of the Group.

14. Deferred Taxation

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

	Fair value adjustment on acquisition	Tax on undistributed earnings	Revaluation of properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	9,072	8,919	408	18,399
(Credit) charge 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
Charge to other comprehensive income	–	–	876	876
(Credit) charge to profit or loss for the period	(90)	3,488	200	3,598
Withholding tax paid	–	(4,400)	–	(4,400)
At 30 June 2013 (unaudited)	8,784	10,950	1,559	21,293

15. SHARE CAPITAL

	Number of shares	Amount in HK$	Shown in the financial statements as RMB'000
Ordinary shares at HK$0.01 each			
Authorised:			
At 1 January 2012, 31 December 2012 and 30 June 2013	10,000,000,000	100,000,000	
Issued and fully paid:			
At 1 January 2012	10,000,000	100,000	82
Capitalisation issue *(note a)*	790,000,000	7,900,000	6,430
Issue of shares pursuant to initial public offering *(note b)*	200,000,000	2,000,000	1,628
At 31 December 2012 and 30 June 2013	1,000,000,000	10,000,000	8,140

Notes:

(a) On 19 March 2012, pursuant to the resolution of the sole shareholder of the Company on 7 September 2011 and 28 February 2012, 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 the then shareholders of the Company.

(b) 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.

16. 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:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within one year	**1,005**	273
In the second to fifth years inclusive	**289**	–
	1,294	273

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 period was RMB627,000 (six months ended 30 June 2012: RMB363,000). 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 for the next three (31 December 2012: one) years.

16. Operating Lease Commitments (Continued)

The Group as lessor (Continued)

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within one year	**1,519**	121
In the second to fifth years inclusive	**2,532**	–
	4,051	121

17. Pledge of Assets

At 31 December 2012, the Group has pledged certain of its property, plant and equipment with aggregate carrying value of approximately RMB59,002,000 to banks to secure bank borrowings and general banking facilities granted to the Group. During the current interim period, the secured bank borrowings were repaid in full and the pledge of property, plant and equipment were released.

At 30 June 2013, the Group has pledged its land use rights with carrying value of approximately RMB17,225,000 (31 December 2012: RMB34,521,000) to secure general banking facilities granted to the Group.

18. Related Party Transactions

The Group had no significant transactions and balances during the period. The key management personnel of the Group are the directors of the Company. During the six months ended 30 June 2013, directors' emoluments of approximately RMB997,000 (six months ended 30 June 2012: RMB833,000) were paid or payable to the directors of the Company.

19. Capital Commitments

As at 30 June 2013, the Group was committed to acquire property, plant and equipment of RMB55,000 (31 December 2012: RMB1,691,000).

Business Review

Thanks to surging consumption in mobile applications such as web TV, mobile games and online shopping, the mobile communication market in the People's Republic of China ("PRC" or "domestic") continues to boom. As at 30 June 2013, the number of domestic mobile users reached approximately 1.18 billion, up 11.8% as compared with the corresponding period in 2012. 3G subscribers increased by 81.6% to approximately 320 million on a year-on-year basis. Such huge market has greatly driven the construction and upgrade of mobile communication infrastructures, such as mobile radio transmission station ("base station") and indoor radio coverage system ("indoor coverage systems"). Our core product, RF coaxial cable series, which is an indispensable component used in base stations and indoor coverage systems, was benefited to see an increase in sales, driving the total turnover to rise steadily. With its superior product quality over peers, experienced marketing team and sound management system, the Group maintained its leading position in the RF coaxial cable market in the PRC.

The Group's turnover for the six months ended 30 June 2013 ("first half of 2013") rose 15.7% to approximately RMB1,265.7 million from approximately RMB1,093.9 million for the six months ended 30 June 2012 ("first half of 2012") and such increase was driven by continuous increase in the sales of RF coaxial cable series and flame-retardant flexible cable series. In particular, the sales of RF coaxial cable series accounted for approximately 74.0% of the total turnover, while the sales of flame-retardant flexible cable series accounted for 21.1% of the total turnover. Profit for the period attributable to owners of the Company rose 29.3% to approximately RMB164.6 million from approximately RMB127.3 million in the first half 2012.

During the period under review, the sales volume of RF coaxial cable series recorded a strong growth of 28.4% to approximately 63,100 km as compared with the corresponding period in 2012. However, due to decline in copper prices and decrease in sales proportion of high specifications products with relatively higher unit price during the period, increase in sales volume of RF coaxial cable series has not been fully reflected in turnover growth. At the same time, the sales of another product of the Group, flame-retardant flexible cable series, also showed steady rise and experienced a turnover growth of 55.4% as compared with the corresponding period in 2012. Since the introduction of the flame-retardant flexible cable series, this product successfully underwent the centralised purchase tender of China United Network Communications Limited* (中國聯合網絡通信有限公司) ("China Unicom") and China Telecommunications Corporations* (中國電信集團公司) ("China Telecom") and sales contracts have been successfully secured.

Breakdown of Turnover by Product

	Six months ended 30 June		Percentage of Growth
	2013	2012	
	RMB'000	RMB'000	
RF coaxial cable series	**936,033**	832,229	12.5%
Flame-retardant flexible cable series	**267,103**	171,839	55.4%
New-type electronic components	**36,540**	47,351	–22.8%
Others	**26,000**	42,520	–38.9%
Total	**1,265,676**	1,093,939	15.7%

Major Customers and Sales Network

The PRC's three major telecommunication operators, namely China Mobile Communications Corporation* (中國移動通信集團公司) ("China Mobile"), China Unicom and China Telecom remained as our key customers. During the period under review, sales to China Mobile, China Unicom and China Telecom accounted for approximately 56.4%, 33.3% and 4.3% of the Group's total turnover, respectively. In addition, with its outstanding and experienced sales team, the Group has successfully established new business relationship with 2 provincial branches of China Unicom and 2 provincial subsidiaries of China Telecom, further expanding our market share. Currently, the Group has established business relationship with 30 out of 31 provincial branches of China Unicom, 24 out of 31 provincial subsidiaries of China Mobile and 25 out of 31 provincial subsidiaries of China Telecom.

Meanwhile, the Group is also gradually expanding the market overseas. Following its success in securing sales contracts from Russia's largest telecommunication operator in 2012, "俊知 Trigiant" has already established a strong brand reputation in its local market, receiving increasing attention. In the first half of 2013, the Group also participated in the centralised purchase tender of Russia's second-largest telecommunication operator with the result yet to be announced. In addition, in the first half of 2013, the Group participated in various communication industry exhibitions held in India, Germany, Russia and Singapore, and will also participate in the communication industry exhibitions to be held in Dubai and Brazil in the second half of 2013. The Group will gradually open up the market overseas. In future, the Group will more actively participate in trade fairs and bidding projects, market our products to potential new customers and bring the products of the Group to the market overseas.

Breakdown of Turnover by Major Customer

	Six months ended 30 June 2013 RMB'000	2012 RMB'000	Percentage of Growth
China Mobile	**713,802**	646,574	10.4%
China Unicom	**421,073**	382,324	10.1%
China Telecom	**54,943**	15,838	246.9%
Others	**75,858**	49,203	54.2%
Total	**1,265,676**	1,093,939	15.7%

Manufacturing Base and Production

The production base of the Group is located in Yixing City, Jiangsu Province, the PRC, occupying an area of approximately 240,000 sq.m. In the next two years, the Group will closely monitor market developments and adjust its capacity expansion plan, in order to cope with the fast rising demand arising from the forthcoming 4G network development trend.

Patents, Awards and Recognition

As at 30 June 2013, the Group obtained a total of 37 patents, 9 of which were obtained during the period under review. In addition, during the first half of 2013, the Group received various prizes and awards, including

- Best Performing Supplier awarded by ZTE Corporation
- Excellent Supplier of 2012 awarded by the Guangzhou Branch of China Unicom
- Excellent Supplier of 2012 awarded by the Jiangsu Branch of China Unicom

- Excellent Supplier of 2012 awarded by the Jiangsu Branch of China Telecom

- Top 50 Strong Industrial Enterprises of 2012 recognized by Yixing Municipal People's Government and Yixing Municipal Party Committee

Prospects and Future Plans

On the Executive Meeting of the State Council of the PRC held on 12 July 2013, Premier Li Keqiang expressly mentioned the vigorous promotion of information consumption and pushing forward the issuance of 4G commercial licenses during the year. This means that the PRC is expected to enter the 4G era officially in 2013. The three major telecommunication operators have been well prepared to cope with the 4G era. Currently, China Mobile has been intensively deploying 4G network construction projects, and plans to build approximately 200,000 base stations in order to cover 100 cities and over 500 million users in the country by the end of 2013, with aims of building the largest 4G network in the world. Meanwhile, in June 2013, China Mobile has commenced the main equipment purchase tender for its 4G network project which includes the construction of 207,000 base stations. This tender involved 31 provinces across the country with over RMB20 billion investment in main equipment. Although China Unicom and China Telecom currently have not yet officially announced their 4G development plan, it is expected that they will speed up to cope with the trend. As demand for RF coaxial cable and flame-retardant flexible cable will be enormous in 4G network construction, the Group, as the largest manufacturers of RF coaxial cable products in the PRC, will be a direct beneficiary.

In order to cope with the forthcoming boom of 4G network construction, the Group will focus on further opening up new markets and the development of corresponding products to suit 4G market in the second half of 2013. Following its success in deepening cooperation with China Unicom and China Telecom and expanding its business in terms of provincial coverage, the Group plans to increase its sales efforts and pro-actively contact the three major telecommunication operators' provincial subsidiaries that it has not yet built up business relationship, so as to further increasing its sales channels. The goal is to establish business relationship with all provincial subsidiaries of the three major telecommunication operators, pursue to grasp the development opportunities arising from 4G era and further enhance its market share. On the other hand, the Group will continue to invest in the research and development to expand product specifications and types which suit 4G needs in the second half of the year. Development of new products not only can broaden our sources of earnings, but also complement our existing RF coaxial cable series and flame-retardant flexible cable series, allowing the Group to provide a one-stop comprehensive product solution to the telecommunication operators. This will further enhance the Group's competitiveness and help us maintain our leading position in the market.

Financial Review

Turnover

Turnover increased by approximately RMB171.8 million, or 15.7%, from approximately RMB1,093.9 million in the first half of 2012 to approximately RMB1,265.7 million in the first half of 2013. RF coaxial cable series and flame-retardant flexible cable series continues to be the growth drivers in the first half of 2013 where the sales of these two products increased by approximately RMB103.8 million and approximately RMB95.3 million respectively. The increase in sales is primarily driven by increased demand from the PRC's major telecommunication operators for the continued optimisation of their networks.

Cost of goods sold

For both periods, cost of materials consumed remained the major components of the cost of goods sold. Cost of goods sold increased by approximately RMB140.3 million, or 16.9%, from approximately RMB828.6 million in the first half of 2012 to approximately RMB968.9 million in the first half of 2013. The increase in cost of goods sold is in line with the growth in the turnover.

Gross profit and gross profit margin

Gross profit increased by approximately RMB31.5 million, or 11.8%, from approximately RMB265.3 million in the first half of 2012 to approximately RMB296.8 million in the first half of 2013. Overall gross profit margin decreased slightly from 24.3% in the first half of 2012 to 23.4% in the first half of 2013. The Group continues to adopt a cost plus pricing model such that the fluctuation of copper price did not have significant impact on the Group's gross profit margin. The decrease in gross profit margin is primarily attributable to the decrease in sales proportion of high specification RF coaxial cables series which enjoy higher gross profit margin.

Other income

Other income decreased by approximately RMB2.2 million, or 31.7%, from approximately RMB6.9 million in the first half of 2012 to approximately RMB4.7 million in the first half of 2013 primarily due to the decrease in interest income and government grants by approximately RMB2.4 million and approximately RMB0.4 million respectively, partly offset by the increase in rental income by RMB0.3 million.

Other gains

Other gains increased by approximately RMB1.2 million, or 324.4%, from approximately RMB0.4 million in the first half of 2012 to approximately RMB1.6 million in the first half of 2013 primarily due to the increase in gain on fair value changes on investment properties and exchange gain of approximately RMB0.5 million and approximately RMB0.7 million, respectively.

Selling and distribution costs

Selling and distribution costs decreased by approximately RMB3.5 million, or 9.1%, from approximately RMB37.8 million in the first half of 2012 to approximately RMB34.3 million in the first half of 2013, mainly due to decreased travelling costs for sales and marketing staff as a result of better cost control.

Administrative expenses

Administrative expenses increased by approximately RMB6.1 million, or 29.9%, from approximately RMB20.1 million in the first half of 2012 to approximately RMB26.2 million in the first half of 2013. Such increase was mainly attributable to the increase in head count and related salaries and professional fee after the listing of the Company's shares on the Stock Exchange since March 2012.

Research and development costs

Research and development costs increased by approximately RMB5.0 million, or 69.0%, from approximately RMB7.3 million in the first half of 2012 to approximately RMB12.3 million in the first half of 2013 primarily due to the expansion of the Group's research and development team and related projects in order to fulfil customers network development needs.

Other expenses

Other expenses in the first half of 2012 represents expenses incurred in relation to the initial public offering of the Company's shares. As the Company's shares have been listed since 19 March 2012, no such expense was incurred in the first half of 2013.

Finance costs

Finance costs decreased by approximately RMB12.7 million, or 30.5%, from approximately RMB41.5 million in the first half of 2012 to approximately RMB28.8 million in the first half of 2013 primarily due to the utilisation of bank balances and cash to decrease the Group's average bank borrowings and the decrease in average interest rate.

Taxation

Taxation charge increased by approximately RMB11.5 million, or 45.4%, from RMB25.3 million in the first half of 2012 to RMB36.8 million in the first half of 2013. The Group's PRC Enterprise Income Tax arises from Jiangsu Trigiant, which enjoy a reduced PRC Enterprise Income Tax rate of 15% in the first half of 2013 as it is a High and New Technology Enterprise. In the first half of 2012, Jiangsu Trigiant enjoyed a 50% reduction on the PRC Enterprise Income Tax such that its PRC Enterprise Income Tax rate is 12.5% and such reduction expired at the end of 2012.

The increase in taxation charge in the first half of 2013 is primarily attributable to the (i) increase in taxation charge of Jiangsu Trigiant as a result of increased taxable profit; and (ii) increase of Jiangsu Trigiant's PRC Enterprise Income Tax rate from 12.5% to 15%.

Profit for period

As a combined result of the foregoing, the profit after tax increased by approximately RMB37.3 million, or 29.3%, from RMB127.3 million in the first half of 2012 to RMB164.6 million in the first half of 2013. The corresponding net profit margin increased from approximately 11.6% in the first half of 2012 to approximately 13.0% in the first half of 2013.

Liquidity, Financial Resources and Capital Structure

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

The following table summarises the cash flows for the six months ended 30 June 2012 and 2013:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Net cash used in operating activities	**(206,333)**	(304,867)
Net cash from (used in) investing activities	**29,725**	(5,589)
Net cash (used in) from financing activities	**(172,162)**	332,473

As at 30 June 2013, the Group had bank balances and cash of approximately RMB131.9 million, with the majority denominated in RMB. As at 30 June 2013, the Group had total bank borrowings of approximately RMB862.8 million comprising approximately RMB777.8 million repayable within one year and approximately RMB85.0 million repayable over one year but not more than five years. As at 30 June 2013, RMB506.0 million of the total bank borrowings were fixed rate borrowings and approximately RMB356.8 million were variable rate borrowings. As at 30 June 2013, the majority of bank borrowings were denominated in RMB.

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

Gearing Ratio

Gearing ratio increased from 35.6% as at 31 December 2012 to 56.5% as at 30 June 2013. Such increase was primarily resulted from the additional working capital required to support the continued business growth. Gearing ratio is calculated by dividing total bank borrowings net of pledged bank deposits and bank balances and cash over total equity.

Pledge of Assets

As at 31 December 2012, the Group pledged certain of its property, plant and equipment with aggregate carrying value of approximately RMB59.0 million (30 June 2013: Nil). As at 30 June 2013, the Group pledged certain of its land use rights with carrying value of approximately RMB17.2 million (31 December 2012: approximately RMB34.5 million) to certain banks to secure credit facilities granted to the Group. As at 30 June 2013, the Group also pledged bank deposits of approximately RMB90.7 million (31 December 2012: approximately RMB129.8 million) to certain banks to secure credit facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2013.

Employee Information

As at 30 June 2013, the Group had approximately 700 (31 December 2012: 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.

Use of Net Proceeds from the Company's Initial Public Offering

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

As at 30 June 2013, the net proceeds applied in the manner as set out in the Company's prospectus dated 6 March 2012 were summarised as follows:

- approximately RMB45.0 million has been utilised for the expansion of the sales and distribution network of the Group;

- approximately RMB22.5 million has been utilised for the expansion of the production capacity and advancement of production facilities;

- approximately RMB14.4 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 30 June 2013, the remaining net proceeds of approximately RMB23.1 million were deposited with certain licensed financial institutions.

Interim Dividend

The Board has resolved to declare the payment of an interim dividend of 7 HK cents per share for the first half of 2013 (first half of 2012: 5 HK cents) to the shareholders whose names appear on the register of members of the Company on Friday, 13 September 2013. The interim dividend will be payable on or about Friday, 27 September 2013.

Corporate Governance

The Company adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("CG Code") as its own code of corporate governance. The Directors consider that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code during the six months period ended 30 June 2013.

Model Code for Securities Transactions by Directors

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months period ended 30 June 2013.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2013, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and associated corporations (within the meaning of Part XV of the Securities Future Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong) of the Company 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 contained in the Listing Rules, were as follows:

Long positions

Name of Director	The Company/Name of associated corporations	Capacity/Nature of interest	Number and class of shares in the Company/ associated corporations	Approximate percentage of interest
Qian Lirong	The Company	Interest of controlled corporation	690,000,000 shares *(Note)*	69.00%
Qian Lirong	Trigiant Investments Limited ("Trigiant Investments")	Interest of controlled corporation	615 shares of no par value	66.85%
Qian Lirong	Abraholme International Limited ("Abraholme")	Beneficial owner	10 shares of US$1 each	100.00%

Note: These shares are registered in the name of Trigiant Investments, a company owned as to approximately 60.33% by Abraholme and as to approximately 6.52% by Run Sheng Limited, which in turn both are companies wholly owned by Qian Lirong. Under the SFO, Qian Lirong is deemed to be interested in all the shares held by Trigiant Investments. Qian Lirong is a director of each of Trigiant Investments and Abraholme.

Save as disclosed above, as at 30 June 2013, 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.

Substantial Shareholders

As at 30 June 2013, 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	690,000,000	69.00%
Abraholme	Interest of controlled corporation	690,000,000 *(Note)*	69.00%
Qian Jindi	Interest of spouse	690,000,000 *(Note)*	69.00%

Note: These shares are registered in the name of Trigiant Investments, a company owned as to approximately 60.33% by Abraholme and as to approximately 6.52% by Run Sheng Limited, which in turn both are companies wholly owned by Qian Lirong. Madam Qian Jindi is the spouse of Qian Lirong. Under the SFO, each of 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 Qian Lirong is interested. Qian Lirong is a director of each of Trigiant Investments and Abraholme.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months period ended 30 June 2013.

Audit Committee

An audit committee has been established with written terms of reference to, among other matters, review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises all independent non-executive Directors, namely Mr. Poon Yick Pang Philip, Ms. Jia Lina, Mr. Ng Wai Hung and Professor Jin Xiaofeng. Mr. Poon Yick Pang Philip is the chairman of the audit committee. The interim results of the Group for the first half of 2013 have been reviewed by the audit committee of the Company.

The Company's independent auditor, Deloitte Touche Tohmatsu, has conducted a review of the interim financial information of the Group for the first half of 2013 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

On behalf of the Board

Qian Lirong
Chairman

Hong Kong, 26 August 2013