TRIGIANT GROUP LIMITED
俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1300

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

REGISTERED OFFICE
Cricket Square
Hutchins Drive
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Grand Cayman, KY1-1111
Cayman Islands

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Wanchai
Hong Kong

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

COMPANY WEBSITE
www.trigiant.com.hk

HKEX STOCK CODE
1300

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Email: ir@trigiant.com.cn

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)*

PRINCIPAL BANKERS
Agricultural Bank of China
Bank of China
Bank of Communication
Bank of JiangSu
Industrial and Commercial Bank of China
China Citic Bank
China Construction Bank
HSBC

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
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

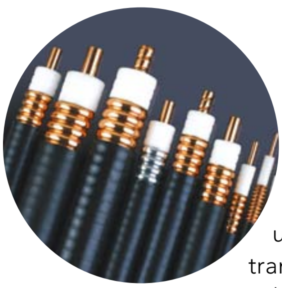
Corporate Profile

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

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

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.

(b) Leaky coaxial cables

Leaky coaxial cables are mainly used for wireless mobile communications, wireless remote control and wireless alarm systems. 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 communications switch centres where systems requiring uninterrupted power.

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.

* *For identification only*

Chairman's Statement

MR. QIAN LIRONG
Executive director and Chairman

Dear valued shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2013.

For Trigiant, 2013 was a year for consolidating its strength and making steady development. As to the mobile communication industry, this year presented a flourishing picture characterised by the growing popularity of various mobile applications such as mobile videos and mobile games which boosted the demand for mobile networks and therefore drove up the large-scale construction of mobile communication networks. As a leading mobile communication cable manufacturer, Trigiant continued to hold the pulse of market development during the year. Leveraging on its quality products, punctual delivery performance and comprehensive after-sales services as well as its solid leading position in the RF coaxial cables industry in the world due to its excellent and comprehensive strength, Trigiant has won recognition and appreciation from the industry and customers. According to the statistics compiled by 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), Trigiant ranked first in terms of sales volume of its core product, RF coaxial cables, for four consecutive years from 2010 to 2013. During the year, the Group was even rated as a premier supplier by China Unicom, China Telecom and ZTE Corporation, and awarded various honorary titles by different organisations. High recognition by customers and the industry has validated our strength and encouraged us to continue riding the irresistible tide of the mobile communication network development and deep plowing our service network by delivering quality products and services.

During the period under review, the three major telecommunications operators in the PRC, namely China Mobile, China Unicom and China Telecom, continued to improve their 3G networks and made aggressive planning for the construction of 4G networks. While the Group's products are major components of the mobile communication networks, the enlarged construction of networks by the telecommunications operators therefore drove up the sales of the Group's products and overall result during the year. Profit attributable to shareholders for 2013 significantly increased by approximately 24.3% to approximately RMB313.6 million, while the net profit margin for 2013 also increased by approximately 1.5 percentage points to approximately 12.8% as compared with 2012. The Board has recommended a dividend

payment of HK7 cents per share as an expression of thanks to our shareholders for their continued trust and support.

Over the past years, China's mobile communication industry made remarkable progress from simple voice calls to intelligent and diverse communications. Mobile phones as the major online-enabled devices became increasingly significant, thereby substantially raising the demand for traffic volume, speed and data transmission coverage of mobile networks. As an important partner in mobile network construction for the three major telecommunications operators, Trigiant continued to be trusted by customers with its excellent product quality and comprehensive sales services. In 2013, Trigiant further consolidated and strengthened the business relationships with the three major telecommunications operators on top of the existing basis by collaborating with additional 5 provincial branches. At the same time, we eyed on the global market by actively participating in overseas telecommunications exhibitions to raise Trigiant's international profile.

China's policy to encourage innovation in mobile communication technology and increase information consumption together with the gradual unleashing of the potential of China's huge demographic dividend will bring a growing need for the construction of mobile networks. 4G commercialisation officially kicked off with the issue of 4G/LTE licenses at the end of 2013, marking the arrival of a new tide of investment by the three major telecommunications operators. All the telecommunications operators have commenced their 4G construction. The large-scale, speedy network construction has led to a huge gap in the demand for the Group's products and the forthcoming development potential for Trigiant is self-evident. To meet the opportunities and challenges of the times, Trigiant will increase research costs, constantly develop new products and technologies, and step up promotion and marketing efforts to deliver a comprehensive range of one-stop services and generate increasing returns for shareholders. In the meantime, we will step up sales efforts, actively participate in domestic and overseas telecommunications exhibitions, and gradually open up overseas markets, with an aim to becoming a leading provider in the global telecommunications market and the 4G networks market.

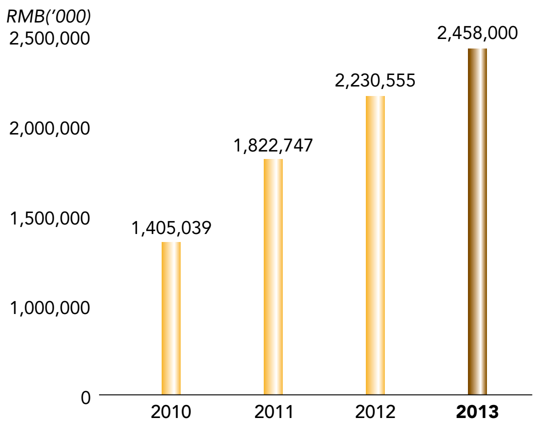
On behalf of the Board, I would like to extend my heartfelt thanks to the management and staff for their endeavours and contributions as well as to our shareholders and business partners for their full support over time, which made the past success possible. In the following year, I look forward to working together with all my colleagues for better results!

Qian Lirong
Chairman

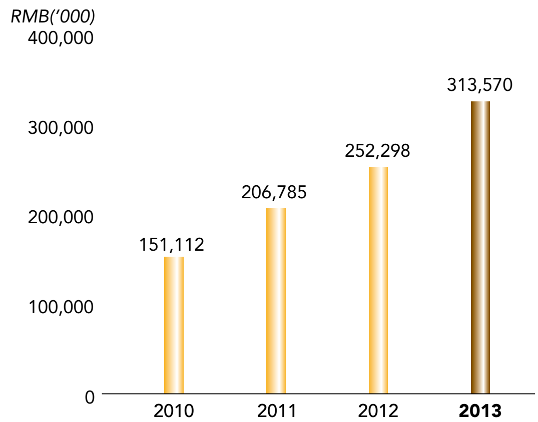
Hong Kong, 27 March 2014

Financial Highlights

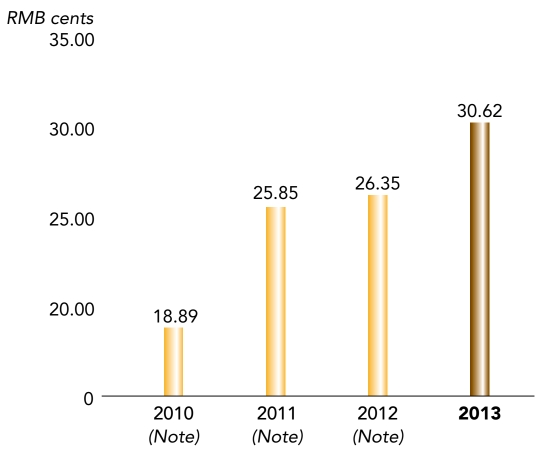
TURNOVER



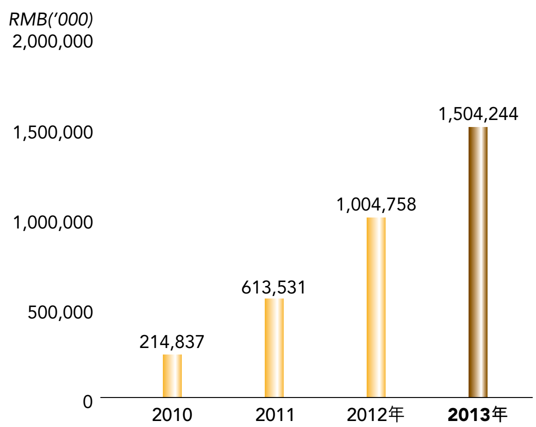
PROFIT FOR THE YEAR



EARNINGS PER SHARE



EQUITY ATTRIBUTABLE TO SHAREHOLDERS



Note: The weighted average number of ordinary shares for the purpose of earnings per share for the year ended 31 December 2010, 2011 and 2012 have been retrospectively adjusted to reflect the capitalisation issue completed on 19 March 2012.

Financial Highlights

Results performance for the year ended 31 December	2013	2012
Total turnover *(RMB'000)*	**2,458,000**	2,230,555
— Turnover of RF coaxial cables series *(RMB'000)*	**1,805,847**	1,735,077
— Turnover of flame-retardant flexible cable series *(RMB'000)*	**500,956**	318,118
Gross profit *(RMB'000)*	**564,967**	521,825
Gross profit margin	**23.0%**	23.4%
Profit for the year attributable to owners of the Company *(RMB'000)*	**313,570**	252,298
Net profit margin	**12.8%**	11.3%
Basic earnings per share *(Note 1)*	**RMB30.62 cents**	RMB26.35 cents

Liquidity and gearing ratios	2013	2012
Inventories turnover days *(Note 2)*	**26 days**	27 days
Trade and bills receivables turnover days *(Note 3)*	**214 days**	198 days
Trade and bills payables turnover days *(Note 4)*	**48 days**	76 days
Current ratio	**2.3**	1.7
Gearing ratio *(Note 5)*	**16.3%**	35.6%

Operating cash flow and capital expenditure for the year ended 31 December	2013	2012
Net cash from operating activities *(RMB'000)*	**10,349**	40,720
Capital expenditure *(RMB'000)*	**31,199**	18,005

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 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.

BUSINESS REVIEW

The mobile communication industry bloomed in the PRC in 2013. The diverse and popular mobile device applications have continuously prompted the number of mobile users to grow, in particular, the continued increase in the size of mobile internet users was most impressive. According to the statistics in the 33rd Statistical Report on Internet Development in China published by the China Internet Network Information Center, the number of mobile internet phone users grew by approximately 19.1% on a year-on-year basis to approximately 500 million as at the end of 2013, accounting for approximately 81.0% of overall internet users in the PRC. With the popular application of mobile videos and mobile games, the number of internet users who watched videos online or downloaded videos on mobile phones increased by approximately 83.8% to approximately 247 million as at the end of 2013, while that of mobile online games users increased by approximately 54.5% to approximately 215 million as at the end of 2013. Higher speed and traffic volume on mobile network required for applications such as mobile internet, mobile videos and mobile games have provoked telecommunications operators to step up and speed up the construction and expand the capacity of mobile network infrastructure, thereby fuelling an increased demand for RF coaxial cable and flame-retardant flexible cable.

As a leading mobile communication cable manufacturer in the PRC, the Group recorded sustained growth in its 2013 results. Total turnover increased by approximately 10.2% from approximately RMB2,230.6 million in 2012 to approximately RMB2,458.0 million in 2013. The Group has been adopting a cost-plus-profit pricing model and the overall gross profit margin slightly decreased by approximately 0.4 percentage point from approximately 23.4% in 2012 to approximately 23.0% in 2013. With the decrease in the selling expenses as a result of effective cost control and finance costs as a result of decrease in average bank borrowings and interest rate, profit attributable to owners of the Company increased by approximately 24.3% from approximately RMB252.3 million in 2012 to approximately RMB313.6 million in 2013, while net profit margin increased by approximately 1.5 percentage point from approximately 11.3% in 2012 to approximately 12.8% in 2013.

During the period under review, sales volume of RF coaxial cable series continued to increase by approximately 11.5% from 114,300 km in 2012 to 127,500 km in 2013. Nonetheless, due to the decrease in the average copper prices by approximately 6.8% in 2013, where the decrease was particularly greater in second half of 2013, the average selling price of RF coaxial cable series has thus decreased. As a result, the increase in the sales volume was not fully reflected in the increase of turnover. Turnover of RF coaxial cable series increased by 4.1% from approximately RMB1,735.1 million in 2012 to approximately RMB1,805.8 million in 2013, representing approximately 73.5% of the Group's total turnover, while the gross profit margin remained stable with a slight increase, an increase of approximately 0.3 percentage point to approximately 23.7% in 2013.

Regarding the flame-retardant flexible cable series, despite the decrease in average copper prices, the increase in the sales volume and proportion of sales of high specifications products with a higher unit price drove up the turnover of flame-retardant flexible cable series significantly and the sales of such product series increased by approximately 57.5% from approximately RMB318.1 million in 2012 to approximately RMB501.0 million in 2013, representing approximately 20.4% of the Group's total turnover. During the period under review, since the Group strategically lowered the gross profit margin for certain orders of flame-retardant flexible cable series with an aim to expand its market share, the gross profit margin of flame-retardant flexible cable series therefore decreased by approximately 3.2 percentage points to approximately 21.2% in 2013.

Turnover by products:

Year ended 31 December	**2013 RMB'000**	2012 RMB'000	Increase/ Decrease RMB'000
RF coaxial cable series	**1,805,847**	1,735,077	70,770
Flame-retardant flexible cable series	**500,956**	318,118	182,838
New-type electronic components	**73,112**	97,632	–24,520
Other accessories	**78,085**	79,728	–1,643
Total	**2,458,000**	2,230,555	227,445

COMPANY ACTIVITY

In October 2013, by way of a placing of 115,000,000 existing shares held by Trigiant Investments Limited, the holding company of the Company, at a placing price of HK$3.15 per share and a top-up subscription by Trigiant Investments Limited of the equivalent number of the shares placed, the Company raised approximately HK$362.2 million (RMB287.0 million) and the net proceeds therefrom was approximately HK$352.4 million (RMB279.2 million). The net proceeds were utilised as general working capital of the Group and for repayment of debt.

MAJOR CUSTOMERS AND SALES NETWORK

The Group major customers are the three major telecommunication operators in the PRC namely, China Mobile, China Unicom and China Telecom. Leveraging on the outperforming product quality, production capacity and sales services, the Group continued to top in terms of sales volume for four consecutive years from 2010 to 2013, making the Group the largest RF coaxial cable provider for the three major telecommunication operators in the PRC. As to the sales of flame-retardant flexible cable, another key product of the Group, in 2013, the Group once again became a qualified supplier for China Unicom and China Telecom, as well as successfully entering into the centralised tender procedures of China Mobile. Moreover, the Group successfully established new business relationships with additional 5 provincial subsidiaries of the three major telecommunications operators. Our products are currently sold directly to all 31 provincial subsidiaries of China Unicom, 24 out of the 31 provincial subsidiaries of China Mobile and 25 out of the 31 provincial subsidiaries of China Telecom. During the period under review, sales to China Mobile, China Unicom and China Telecom amounted to approximately RMB1,454.0 million, RMB724.0 million and RMB133.0 million, respectively, representing an increase of approximately 11.8 percentage points, decrease of approximately 2.8 percentage points and increase of approximately 82.7 percentage points, respectively, on a year-on-year basis, and accounting for approximately 59.2%, 29.4% and 5.4% of the turnover of the Group, respectively. In the future, the Group will continue to consolidate the business relationships with the three major telecommunications operators, and to aggressively seek opportunities for collaborating with the remaining provincial subsidiaries of the three telecommunications operators, with whom the Group has not yet established business relationships.

While focusing on the PRC domestic business, the Group also intend to the markets overseas. During the period under review, the Group took an active part in the telecommunications exhibitions in Dubai, Brazil, India, Germany, Russia and Singapore, in order to increase the Group's product recognition overseas. Moreover, the Group continued to take active part in tendering for the telecommunications equipment projects in Russia, India and Brazil and other overseas markets with a view to further expanding its sales network.

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 square metres. During the period under review, the Group increased the annual production capacity of RF coaxial cable from 180,000 kilometers to 200,000 kilometers to cope with the needs for 4G network construction.

PATENTS, AWARDS AND RECOGNITION

As at 31 December 2013, the Group had obtained 37 patents and developed 62 new products in the PRC. 24 products of the Group were granted Advanced Technology Product Certificate by the Science and Technology Department of Jiangsu Province, the PRC. In the meantime, the Group is in the process of applying for patents for a number of technology knowhow. During the year, the Group received various awards and honours which included:

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

- Jiangsu Trigiant was recognised as an Advanced Technology Enterprise in 2009 and passed a reassessment in 2012. Jiangsu Trigiant is entitled to a preferential income tax rate of 15% from 2013 to 2015;

- Jiangsu Trigiant was rated as a premier supplier by China Unicom, China Telecom and ZTE Corporation, and received the "Best Delivery Support Award 2013" from ZTE Corporation for its outstanding punctual delivery performance;

- the Group was awarded the honorary title of "Innovative Enterprise of the China Communication Industry of the Year 2013" at the "2013 Annual Economic Conference of China Information Technology Industry"; and

- the Group was named "Contribution Enterprise of Year 2013 in China Communications Industry and Technology" at the "2013 China Communications Industry Conference cum Chinese Communications Technology Annual Conference".

PROSPECTS AND FUTURE PLANS

A new tide of network construction projects occurred in 2013 with the increasing demand for the speed and quality of signal transmissions as a result of the rapid development of the mobile communication industry, compounded with the formal commercialisation of 4G networks following the official issue of the long-awaited 4G/LTE licenses on 4 December 2013.

Due to the high frequency spectrums of 4G networks, more and denser base stations are needed to provide full coverage of the networks. Coupled with the continuous increase in the construction of indoor signal coverage systems, the demand for RF coaxial cable is expected to grow vigorously. To meet the development opportunities of the times, network construction plans of customers and its long-term development goals, the Group will continue to enhance its research and development capabilities and focus on developing new products and upgrading existing products in order to provide a comprehensive range of one-stop services and meeting market demand generated by the commercialisation of 4G networks. The Group will follow the pace of the explosive development of mobile communications in order to remain as a dominant player in the RF coaxial cable industry in the PRC.

The Group also places a focus on the development of overseas markets in future. The Group will continue to take an active part in domestic and overseas telecommunications exhibitions to seek opportunities for collaboration with overseas telecommunications operators and telecommunications equipment distributors. At present, the Group already has plans to take part in the telecommunications exhibitions in Dubai, India, Germany, Russia, Singapore and Brazil. Moreover, the Group also plans to set up offices or marketing outlets overseas to increase its global market share.

Investment in the communications industry is expected to increase as the global economy begins to pick up. The Group plans to continue developing new products, new technologies and new markets for increasing its market share. With respect to the Chinese market, the Group will strengthen the business relationships with the three major customers and reinforce its market position by delivering quality products and services. On overseas market expansion, the Group will attend more telecommunications exhibitions to increase communications with domestic and international customers and industry experts to further enhance our research capability and continuously improve our product quality. Looking ahead, the Group will continue to expand the sales network and step up its marketing efforts to increase the Group's brand awareness, with an aim to become a leading cable provider in the global telecommunications market.

FINANCIAL PERFORMANCE REVIEW

Turnover

Total turnover of the Group increased by approximately RMB227.4 million, or approximately 10.2%, from approximately RMB2,230.6 million in 2012 to approximately RMB2,458.0 million in 2013. Such increase was attributable to the increase in turnover of RF coaxial cable series and flame-retardant flexible cable series, by approximately RMB70.8 million and RMB182.8 million, respectively, net off by the decrease in turnover of new-type electronic components and other accessories by approximately RMB24.5 million and RMB1.7 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 construction of their networks.

The growth in sales of RF coaxial cable series and flame-retardant flexible cable series was driven by the continued increase in sales volume. Sales of RF coaxial cable series remains the Group's main business and accounted for approximately 73.5% of the Group's total turnover in 2013. The sales of flame-retardant flexible cable series continued to record a substantial growth and therefore accounted for approximately 20.4% of the Group's total turnover in 2013 as compared to approximately 14.3% in 2012. Overall sales to the three major PRC telecommunications operators increased by approximately RMB193.6 million from approximately RMB2,117.4 million in 2012 to approximately RMB2,311.0 million in 2013.

Cost of goods sold

Cost of goods sold increased by approximately RMB184.3 million, or approximately 10.8%, from approximately RMB1,708.7 million in 2012 to approximately RMB1,893.0 million in 2013. Cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 97.2% and 96.4% of the total cost of goods sold in 2013 and 2012, respectively. The increase in cost of goods sold was in line with the increase in sales in 2013.

Gross profit and gross profit margin

Gross profit increased by approximately RMB43.2 million, or approximately 8.3%, from approximately RMB521.8 million in 2012 to approximately RMB565.0 million in 2013. Such increase was mainly attributable to the increase in sales of the RF coaxial cable series and flame-retardant flexible cable series. Overall gross profit margin decreased by approximately 0.4 percentage point from approximately 23.4% in 2012 to approximately 23.0% in 2013 mainly as a result of lower gross profit margin for certain orders of flame-retardant flexible cable series.

Other income

Other income decreased by approximately RMB4.5 million, or approximately 35.4%, from approximately RMB12.8 million in 2012 to approximately RMB8.3 million in 2013. Such decrease was primarily due to the decrease in interest income by approximately RMB3.9 million and government grant by approximately RMB1.2 million net off by an increase in rental income by approximately RMB0.7 million.

Other gains

Other gains increased by approximately RMB1.3 million, or approximately 151.0%, from approximately RMB0.8 million in 2012 to approximately RMB2.1 million in 2013. Such increase was primarily due to increase in gain on fair value changes on investment properties by approximately RMB1.5 million net off by a decrease in exchange gain by approximately RMB0.3 million.

Selling and distribution costs

Selling and distribution costs decreased by approximately RMB9.0 million, or approximately 12.4%, from approximately RMB72.8 million in 2012 to approximately RMB63.8 million in 2013. Such decrease was mainly due to decreased travelling expense, marketing and entertainment expense by approximately RMB10.3 million as a result of better cost control.

Administrative expenses

Administrative expenses increased by approximately RMB0.6 million, or approximately 1.1%, from approximately RMB52.1 million in 2012 to approximately RMB52.7 million in 2013. Such increase was a result of increase in travelling expenses, head count and related salaries and professional fees after the listing of the Company's shares on The Stock Exchange of Hong Kong Limited since March 2012 by approximately RMB 4.1 million net off by a decrease in entertainment expenses by approximately RMB4.1 million.

Research and development costs

Research and development costs increased by approximately RMB9.4 million, or approximately 65.5%, from approximately RMB14.3 million in 2012 to approximately RMB23.7 million in 2013. Such increase was attributable to additional research and development costs incurred in order to broaden the varieties of the Group's product portfolio and the development and improvement of the products to tailor for the 4G network development.

Other expenses

Other expenses decreased by approximately RMB13.3 million, or 100.0%, from approximately RMB13.3 million in 2012 to nil in 2013. Other expenses in 2012 represent expenses incurred in relation to the initial public offering of the Company's shares which was completed in March 2012 and no such expense was incurred in 2013.

Finance costs

Finance costs decreased by approximately RMB24.9 million, or approximately 31.2%, from approximately RMB79.9 million in 2012 to approximately RMB55.0 million in 2013. Such decrease was mainly attributable to the decrease in the average interest rate and average bank borrowings.

Taxation

Taxation charge increased by approximately RMB15.8 million, or 31.1%, from approximately RMB50.8 million in 2012 to approximately RMB66.6 million in 2013. The Group's PRC Enterprise Income Tax arises from Jiangsu Trigiant, which enjoy a reduced PRC Enterprise Income Tax rate of 15% in 2013 due to its Advanced Technology Enterprise status. In 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 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 the year

As a combined result of the foregoing, the profit after tax of the Group increased by approximately RMB61.3 million, or approximately 24.3%, from approximately RMB252.3 million in 2012 to approximately RMB313.6 million in 2013. The net profit margin increased from approximately 11.3% in 2012 to approximately 12.8% in 2013.

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 summarises the cash flows for the two years ended 31 December 2013 and 2012:

	2013 **RMB'000**	2012 RMB'000
Net cash from operating activities	**10,349**	40,720
Net cash (used in) from investing activities	**(34,544)**	94,639
Net cash used in financing activities	**(18,263)**	(38,202)

As at 31 December 2013, the Group had bank balances and cash and pledged bank deposits of approximately RMB570.0 million and the majority of which were denominated in RMB. As at 31 December 2013, the Group had total bank borrowings of approximately RMB815.8 million comprising bank borrowings repayable within one year of approximately RMB735.8 million and bank borrowings repayable more than one years but not more than two years of approximately RMB80.0 million. As at 31 December 2013, approximately RMB305.0 million of the total bank borrowings were fixed rate borrowings and approximately RMB510.8 million were variable rate borrowings. As at 31 December 2013, bank borrowings of approximately RMB575.0 million were denominated in RMB and approximately RMB240.8 million were denominated in United States dollars.

In 2013, 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.

In October 2013, by way of a placing of 115,000,000 existing shares held by Trigiant Investments Limited, the holding company of the Company, at a placing price of HK$3.15 per share and a top-up subscription by Trigiant Investments Limited of the equivalent number of the shares placed, the Company raised approximately HK$362.2 million (RMB287.0 million) and the net proceeds therefrom was approximately HK$352.4 million (RMB279.2 million). The net proceeds were utilised as general working capital of the Group and for repayment of debt.

GEARING RATIO

Gearing ratio of the Group, calculated as total bank borrowings net of pledged bank deposits and bank balances and cash over total equity, decreased significantly from approximately 35.6% as at 31 December 2012 to approximately 16.3% as at 31 December 2013. Such decrease was primarily due to the significant increase in total equity by approximately RMB499.4 million from approximately RMB1,004.8 million as at 31 December 2012 to approximately RMB1,504.2 million as at 31 December 2013 and the decrease in total bank borrowings net of pledged bank deposits and bank balances and cash by approximately RMB111.5 million from approximately RMB357.3 million as at 31 December 2012 to approximately RMB245.8 million as at 31 December 2013. Increase in total equity as at 31 December 2013 was mainly attributable to (i) profit for the year of approximately RMB313.6 million; (ii) issue of shares of the Company for approximately RMB279.2 million pursuant to the placing and top-up subscription of the Company's shares completed in October 2013; and (iii) payment of the 2012 final dividend of approximately RMB39.8 million and the 2013 interim dividend of approximately RMB56.1 million.

PLEDGE OF ASSETS

As at 31 December 2013, the following assets were pledged to certain banks to secure certain credit facilities granted to the Group.

	2013 **RMB'000**	2012 RMB'000
Building	**–**	38,309
Machinery	**–**	20,693
Land use rights	**12,177**	34,521
Bank deposits	**131,739**	129,782
Total	**143,916**	223,305

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2013.

EMPLOYEE INFORMATION

As at 31 December 2013, the Group had approximately 700 (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.

MR. QIAN LIRONG
Executive director and Chairman

Mr. Qian Lirong, aged 49, 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, Mr. Qian 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 Leader of PRC Information Industry of the Year (中國信息產業年度領袖人物) in 2012, Chinese Outstanding Entrepreneur (Private Enterprises) (中國優秀民營企業家) in 2010, Economic People of PRC Information Industry of the Year (中國信息產業年度經濟人物) in 2008, Outstanding People of PRC Information Industry of the Year (中國信息產業年度新鋭人物) in 2007, Outstanding Technological Entrepreneur (Private Enterprise) (中國優秀民營科技企業家) by the China Private Enterprise Technology Association (中國民營科技實業家協會) in 2004, and 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. 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, Vice President of Jiangsu Provincial Informationalization Association (江蘇省信息化協會), Vice President of Jiangsu Association of Industrial Economic (江蘇省工業經濟聯合會), Vice President of Jiangsu Enterprises Confederation (江蘇省企業聯合會), Vice President of Jiangsu Province Enterprises Directors Association (江蘇省企業家協會), Vice President of The China Chamber of International Commerce — Wuxi (無錫國際商會), Vice President of Yixing Federation of Industry and Commerce (宜興市工商聯), the representative National Congress of the Communist Party of China of Wuxi for several terms, Member of The Chinese People's Political Consultative Conference of Yixing City for several terms and the representative of National People's Congress.

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.

MR. JIANG WEI
Executive director and Group chief executive officer

Mr. Jiang Wei, aged 55, 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.

PROFESSOR JIN XIAOFENG
Independent non-executive director

Professor Jin Xiaofeng, aged 45, 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 a bachelor's degree from the Department of Photoelectronics of Huazhong University of Science and Technology (華中科技大學) in July 1990. Prof. Jin obtained a master's degree from China Ship Research & Development Academy (中國艦船研究院) in May 1993 and his Doctor of Philosophy degree in engineering from Zhejiang University in September 1996. 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 44, is an independent non-executive director. Mr. Poon has over 19 years of experience in corporate finance and accounting. Mr. Poon is also an independent non-executive director of another company listed on the Stock Exchange, namely Jiangnan Group Limited (stock code: 1366). Between March 2010 and November 2013, Mr. Poon served as an independent non-executive director of Infinity Chemical Holdings Company Limited (stock code: 640), a company listed on the Stock Exchange. 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 Lenovo Group Limited and Sun Hung Kai Properties Limited 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.

MR. NG WAI HUNG

Independent non-executive director

Mr. Ng Wai Hung, aged 50, 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 independent non-executive director of Talent Property Group Limited (stock code: 760) and resigned in January 2012.

MS. JIA LINA

Independent non-executive director

Ms. Jia Lina, aged 46, is an independent non-executive director. She has over 18 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 is 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).

MR. LIU XIANGRONG

Chief technology officer

Mr. Liu Xiangrong, aged 63, 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 was granted the Science and Technology Award by China Communications Standards Association in 2012 and has been awarded the Innovative People of PRC Information Industry of the Year (中國信息產業年度創新人物) in 2011.

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 43, is the company secretary of the Company. Mr. Lau is primarily responsible for overseeing the company secretarial affairs of the Group. Mr. Lau has over 20 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.

MR. LEUNG SIU KEI
Chief Financial Officer

Mr. Leung Siu Kei, aged 38, is the chief financial officer of the Company. Mr. Leung is primarily responsible for corporate finance, financial reporting and investor relations management affairs of the Group. Mr. Leung has over 15 years of experience in corporate finance, accounting and auditing. He was a senior manager of Deloitte Touche Tohmatsu before joining the Group in 2013.

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 46, 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 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.

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. DING WEILIN
Deputy general manager of Jiangsu Trigiant

Mr. Ding Weilin, aged 45, 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 two mobile communication related industry standards, and participated in the formulation of one communication related national standard and many industry standards.

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. Ding has been granted a number of awards. He has been awarded the Outstanding People of PRC Information Industry of the Year (中國信息產業年度新銳人物) in 2013. He was granted the third-class award by China Communications Standards Association in December 2012 and was named one of the 2012 Top Ten 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. 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 titled the Outstanding Liaison Officer of China Communications Standards Association (中國通信標準化協會優秀聯繫絡員) by China Communications Standards Association in 2008.

Mr. Ding graduated from Harbin University of Science and Technology in 1991.

MR. DAI KANG
Deputy general manager and chief engineer of Jiangsu Trigiant

Mr. Dai Kang, aged 47, 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 twenty communications industry standards and two national standards, and acted as the first drafter of thirteen 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 has been awarded the Outstanding People of PRC Information Industry of Year (中國信息產業年度新銳人物) in 2013 and was titled the Most Beautiful People for Optical Fiber and Electric Cable (光纖電纜最美麗人物) by China Institute of Communications.

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.

The board (the "Board") of directors (the "Directors") of the Company is pleased to present this Corporate Governance Report for the year ended 31 December 2013.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of the Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its code of corporate governance.

Save for the deviation stated in relation to 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 CG Code during the year ended 31 December 2013 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 year ended 31 December 2013.

BOARD OF DIRECTORS

(i) Board composition

The Board currently comprises a combination of two executive Directors and four independent non-executive Directors. The composition of the Board is well balanced with all Directors having sound knowledge, experience and expertise relevant to the business operations and development of the Group and members of the Board are composed of both genders. The Company has compiled with paragraph A.5.6 of CG Code, which has become effective on 1 September 2013, with respect to board diversity during the year. Biographical details of the Directors are set out in the section headed "Directors and Senior Management Profile" of this annual report. There are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

Throughout the year ended 31 December 2013, 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 year ended 31 December 2013, in addition to board committee meetings, five board meetings were held. Prior notices convening the board meetings were despatched to the Directors setting out the matters to be discussed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved. The company secretary is responsible for keeping minutes for the board meetings.

(iii) Responsibilities of the Board and management

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

(iv) Independence of independent non-executive directors

In compliance with Rule 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient diversity, industry or finance experience and qualifications to carry out their duties so as to protect the interests of the Shareholders. One of the independent non-executive Directors, Mr. Poon Yick Pang Philip has over 19 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

Directors are updated on any developments or changes affecting their obligations from time to time. Professional training and update programmes are provided to the Directors on a regular basis in order to enhance the Board members' knowledge on the professional and regulatory perspectives. During the year ended 31 December 2013, 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

The audit committee has adopted written terms of reference in compliance with the code provisions set out in the CG Code. The primary duties of the audit committee are to review and approve the Group's 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 year ended 31 December 2013, the audit committee has held four 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 2012, the interim review scope and process for the Group's result for the six months ended 30 June 2013, the interim results for the six months ended 30 June 2013 and audit scope and process for the Group's annual results for the year ended 31 December 2013, respectively. The audit committee also discussed with the management the effectiveness of the financial reporting process and internal control system.

Remuneration committee

The remuneration committee has adopted written terms of reference in compliance with the code provisions set out in the CG Code. The primary duties of the remuneration committee are to review and make recommendations to the Board on terms of remuneration packages, bonuses and other compensation payable to Directors and senior management of the Group. 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 year ended 31 December 2013, the remuneration committee has held two meetings, at which the members of remuneration committee principally reviewed and recommended the remuneration structure and policy for the Directors and senior management.

Nomination committee

The nomination committee has adopted written terms of reference in compliance with the code provisions set out in the CG Code. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of Directors and the 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 year ended 31 December 2013, the nomination committee has held two meetings, at which the members of nomination committee principally reviewed and recommended the policy concerning the diversity of the Board and the structure, size and composition of the Board.

Corporate governance committee

The corporate governance committee has adopted written terms of reference in compliance with the code provisions set out in the CG Code. The primary duties of the corporate governance committee are to make recommendations to the Board on the development and 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 year ended 31 December 2013, the corporate governance committee has held two meetings, 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.

DIRECTORS' ATTENDANCE RECORDS AT MEETINGS

The attendance records of each Director at various meetings held during the year ended 31 December 2013 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)*	5/5	N/A	N/A	N/A	N/A	1/1
Mr. Jiang Wei *(Group chief executive officer)*	5/5	N/A	2/2	N/A	2/2	1/1
Independent Non-executive Directors						
Professor Jin Xiaofeng	5/5	4/4	N/A	2/2	N/A	1/1
Mr. Poon Yick Pang Philip	5/5	4/4	2/2	2/2	2/2	1/1
Mr. Ng Wai Hung	5/5	4/4	2/2	N/A	2/2	1/1
Ms. Jia Lina	5/5	4/4	N/A	2/2	N/A	1/1

AUDITOR'S REMUNERATION

For the year ended 31 December 2013, the total fees paid/payable in respect of audit and non-audit services provided to the Group by Deloitte Touche Tohmatsu are set out below:

	RMB'000
Audit service	
Audit of the annual consolidated financial statements	1,198
Non-audit services	
Review of the interim consolidated financial statements	240
Internal control review	182
Tax services	34

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 2013. 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 year ended 31 December 2013, the company secretary of the Company was an employee of the Company and the Company did not engage an external service provider as its company secretary. The company secretary took no less than 15 hours of the relevant professional training during the year ended 31 December 2013.

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.

Any Shareholder enquiry may be directed to the Board through the Company's investor relations department or the company secretary. Investor relations contact information and details of the company secretary of the Company are provided under the Corporate Information section in this annual report and in the Investor Relations section in the Company's website. The contact details of company secretary is Room 1801, 18/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

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 year ended 31 December 2013, there was no significant change in the Company's constitutional documents.

On behalf of the Board
Qian Lirong
Chairman

Hong Kong, 27 March 2014

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 2013.

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 33 to the consolidated financial statements of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 35 of this annual report.

An interim dividend of HK7 cents per share amounting to HK$70,000,000 in aggregate was paid to the shareholders of the Company ("Shareholders") whose names appeared on the register of member of the Company on 13 September 2013 during the year ended 31 December 2013. The Board recommended the payment of a final dividend of HK7 cents per share for the year ended 31 December 2013.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 83 of this annual report.

FIXED ASSETS

Details of the movements during the year ended 31 December 2013 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 2013 in the issued share capital of the Company are set out in note 26 to the consolidated financial statements of this annual report.

During the year ended 31 December 2013, by way of a placing of 115,000,000 existing shares held by Trigiant Investments Limited, the holding company of the Company, at a placing price of HK$3.15 per share and a top-up subscription by Trigiant Investments Limited of the equivalent number of the shares placed, the Company raised gross proceeds and net proceeds of approximately RMB287.0 million and RMB279.2 million, respectively. The Company has applied the net proceeds raised for general working capital of the Group and repayment of debt.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company's reserves available for distribution to Shareholders amounted to approximately RMB635.1 million.

DIRECTORS

The Directors during the year ended 31 December 2013 and up to the date of this annual report were as follows:

Executive Directors
Qian Lirong
Jiang Wei

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

In accordance with articles 84(1) and 84(2) of the articles of association of the Company, Mr. Poon Yick Pang Philip and Mr. Ng Wai Hung 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 date when the Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which is 19 March 2012 .

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.

EMOLUMENT POLICY

The employees of the Group are remunerated with monthly salary, subject to annual review and discretionary bonuses. They are also entitled, subject to eligibility, to retirement fund and provident fund.

The remuneration committee of the Company reviews and makes recommendations to the Board on terms of remuneration packages, bonuses and other compensation payable to Directors and senior management. Details of the remuneration of the Directors for the year ended 31 December 2013 are set out in note 12 to the consolidated financial statements of this annual report.

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

As at 31 December 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 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	610,540,000 ordinary shares *(Note a)*	54.76%
	The Company	Interested of controlled corporation	250,000 ordinary shares *(Note b)*	0.02%
	The Company	Personal Interest	5,208,000 ordinary shares	0.47%
Mr. Qian Lirong	Trigiant Investments Limited ("Trigiant Investments")	Interest of controlled corporation	615 ordinary shares	76.88%
Mr. Qian Lirong	Abraholme International Limited ("Abraholme")	Beneficial owner	10 ordinary shares	100.0%
Mr. Jiang Wei	The Company	Personal interest	60,000 ordinary shares	0.01%

Notes:

(a) These shares were registered in the name of Trigiant Investments, a company owned as to 76.88% by Abraholme, which was wholly owned 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.

(b) These shares were registered in the name of Abraholme.

Save as disclosed above, as at 31 December 2013, none of the Directors and chief executive 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 2013, 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 2013.

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 2013.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2013, 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 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	610,540,000 ordinary shares	54.76%
Abraholme	Interest of controlled corporation	610,540,000 ordinary shares *(Note a)*	54.76%
	Beneficial owner	250,000 ordinary shares	0.02%
Madam Qian Jindi	Interest of spouse	615,998,000 ordinary shares *(Note b)*	55.25%

Notes:

(a) These shares were registered in the name of Trigiant Investments, a company owned as to 76.88% by Abraholme, which was wholly owned by Mr. Qian Lirong. Under the SFO, each of Mr. Qian Lirong and Abraholme is deemed to be interested in all the shares held by Trigiant Investments. Mr. Qian Lirong is a director of each of Trigiant Investments and Abraholme.

(b) Madam Qian Jindi is the spouse of Mr. Qian Lirong and, under the SFO, she is deemed to be interested in all the shares in which Mr. Qian Lirong is interested or deemed to be interested.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2013, purchases from the single largest supplier of the Group and the five largest suppliers of the Group in aggregate accounted for approximately 68.1% (2012: 50.8%) and 80.9% (2012: 75.4%) of the Group's total purchases respectively.

For the year ended 31 December 2013, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 59.2% (2012: 58.3%) and 95.8% (2012: 98.6%) of the Group's total turnover respectively.

At all time during the year ended 31 December 2013, 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 RMB410,000 during the year ended 31 December 2013.

PRE-EMPTIVE RIGHTS

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained sufficient public float during the year ended 31 December 2013 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 2013, 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 RMB22.5 million has been utilised for the expansion of the production capacity and advancement of production facilities;
- approximately RMB15.0 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 2013, the remaining net proceeds of approximately RMB22.5 million were deposited with certain licensed financial institutions.

EVENT AFTER THE PERIOD UNDER REVIEW

Subsequent to the end of period under review, the Group has the following event:

Reference is made to the circular of the Company dated 13 March 2014. On 12 February 2014, the Company and an independent placing agent entered into a placing agreement, pursuant to which the Company has appointed the placing agent as its agent to place, on a best efforts basis, warrants ("Warrants") to be issued by the Company at an issue price of HK$0.01 per unit of Warrant each entitling the holder thereof to subscribe in cash for up to an aggregate amount of HK$630,000,000 for new shares of the Company upon the exercise of the subscription rights ("Subscription Rights") attaching to the Warrants ("Warrant Shares") at an initial subscription price ("Subscription Price") of HK$3.15 per share (subject to adjustments). Based on the initial Subscription Price of HK$3.15 per Warrant Share, a maximum of 200,000,000 Warrant Shares will be allotted and issued by the Company upon full exercise of the Subscription Rights. Assuming all the Warrant Shares are issued at the initial Subscription Price of HK$3.15 per share, the maximum number of the Warrant Shares represents approximately 17.94% of the existing issued capital of the Company and approximately 15.21% of the issued capital as enlarged by the allotment and issue of the Warrant Shares (assuming that there will not be any change in the issued share capital of the Company before the exercise of the Subscription Rights). The Warrant Shares will be issued under a specific mandate to be granted by the shareholders of the Company to be sought at an extraordinary general meeting of the Company convened to be held on 28 March 2014.

Assuming that the maximum exercise money of HK$630,000,000 of the Warrants are placed with the placees, the gross proceeds and the net proceeds derived from the issue of the Warrants are estimated to be HK$2.0 million and approximately HK$1.5 million, respectively, and such net proceeds are intended to be used by the Company as general working capital of the Group. The Company will receive an additional amount of HK$630,000,000 upon exercise in full of the Subscription Rights at the initial Subscription Price (assuming that the maximum aggregate amount of the Warrants has been issued by the Company). The Company intended to use such proceeds as to approximately HK$500 million for repayment of debts and as to approximately HK$130 million as general working capital of the Group.

AUDITOR

The Company has appointed Deloitte Touche Tohmatsu as the auditor of the Company for the year ended 31 December 2013. 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, 27 March 2014

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 35 to 82, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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.

Independent Auditor's Report

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 2013, 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
27 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	Notes	**2013 RMB'000**	2012 RMB'000
Turnover	*7*	**2,458,000**	2,230,555
Cost of goods sold		**(1,893,033)**	(1,708,730)
Gross profit		**564,967**	521,825
Other income	*8*	**8,297**	12,843
Other gains and losses		**2,078**	828
Selling and distribution costs		**(63,764)**	(72,790)
Administrative expenses		**(52,693)**	(52,114)
Research and development costs		**(23,745)**	(14,344)
Other expenses		**–**	(13,275)
Finance costs	*9*	**(55,019)**	(79,918)
Profit before taxation		**380,121**	303,055
Taxation	*10*	**(66,551)**	(50,757)
Profit for the year attributable to owners of the Company	*11*	**313,570**	252,298
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 year attributable to owners of the Company		**316,196**	252,298
Earnings per share			
— Basic	*14*	**RMB30.62 cents**	RMB26.35 cents

Consolidated Statement of Financial Position

At 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Investment properties	15	**33,800**	18,600
Property, plant and equipment	16	**189,278**	182,730
Land use rights	17	**65,401**	69,883
Available-for-sale investments	18	**20,000**	20,000
		308,479	291,213
Current assets			
Inventories	19	**122,845**	145,312
Trade and other receivables	20	**1,633,082**	1,274,475
Pledged bank deposits	21	**131,739**	129,782
Bank balances and cash	21	**438,247**	480,705
		2,325,913	2,030,274
Current liabilities			
Trade and other payables	22	**273,169**	311,608
Bank borrowings — due within one year	23	**735,828**	877,784
Tax payables		**16,461**	14,026
		1,025,458	1,203,418
Net current assets		**1,300,455**	826,856
Total assets less current liabilities		**1,608,934**	1,118,069
Non-current liabilities			
Government grants	24	**1,752**	2,092
Bank borrowings — due after one year	23	**80,000**	90,000
Deferred taxation	25	**22,938**	21,219
		104,690	113,311
Net assets		**1,504,244**	1,004,758
Capital and reserves			
Share capital	26	**9,051**	8,140
Reserves		**1,495,193**	996,618
Total equity		**1,504,244**	1,004,758

The consolidated financial statement on pages 35 to 82 were approved and authorised for issue by the Board of Directors on 27 March 2014 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 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 2012	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 26)*	6,430	(6,430)	–	–	–	–	–	–
Issue of shares pursuant to initial public offering *(note 26)*	1,628	193,718	–	–	–	–	–	195,346
Expenses incurred in connection with the issue of shares	–	(15,853)	–	–	–	–	–	(15,853)
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
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**313,570**	**313,570**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**2,626**	**–**	**2,626**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**2,626**	**313,570**	**316,196**
Issue of new shares *(note 26)*	**911**	**286,063**	**–**	**–**	**–**	**–**	**–**	**286,974**
Expenses incurred in connection with the issue of shares	**–**	**(7,801)**	**–**	**–**	**–**	**–**	**–**	**(7,801)**
Dividends recognised as distribution *(note 13)*	**–**	**–**	**–**	**–**	**–**	**–**	**(95,883)**	**(95,883)**
Transfer	**–**	**–**	**48,426**	**–**	**–**	**–**	**(48,426)**	**–**
At 31 December 2013	**9,051**	**641,507**	**162,529**	**62,947**	**24**	**3,248**	**624,938**	**1,504,244**

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 represents the difference between the aggregate consideration of US$30,000,000 (equivalent to RMB204,906,000) and the net fair value of assets and liabilities of Jiangsu Trigiant as a result of the acquisition of Jiangsu Trigiant on 29 December 2009 by Trigiant (HK) Limited, a subsidiary of the Company, pursuant to an equity transfer agreement.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 RMB'000	2012 RMB'000
Operating activities		
Profit before taxation	**380,121**	303,055
Adjustments for:		
Gain on disposal of property, plant and equipment	**(80)**	–
Interest income	**(3,939)**	(7,818)
Government grants	**(340)**	(339)
Fair value changes on investment properties	**(1,800)**	(300)
Exchange gain	**(278)**	(528)
Finance costs	**55,019**	79,918
Depreciation of property, plant and equipment	**17,565**	17,245
Operating lease rentals in respect of land use rights	**1,731**	1,800
Operating cash flows before movements in working capital	**447,999**	393,033
Decrease (increase) in inventories	**22,467**	(33,561)
Increase in trade and other receivables	**(361,301)**	(104,256)
Decrease in trade and other payables	**(35,543)**	(170,548)
Cash from operations	**73,622**	84,668
PRC Enterprise Income Tax paid	**(58,241)**	(41,363)
PRC withholding tax paid	**(5,032)**	(2,585)
Net cash from operating activities	**10,349**	40,720
Investing activities		
New pledged bank deposits placed	**(168,476)**	(377,212)
Purchase of property, plant and equipment	**(31,700)**	(18,388)
Payment for acquisition of land use rights	**(5,502)**	(8,000)
Release of pledged bank deposits	**166,519**	489,831
Interest received	**4,492**	8,408
Proceeds from disposal of property, plant and equipment	**123**	–
Net cash (used in) from investing activities	**(34,544)**	94,639

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 RMB'000	2012 RMB'000
Financing activities		
Repayment of bank borrowings	**(1,557,784)**	(1,551,000)
Dividends paid	**(95,883)**	(40,564)
Interest paid	**(51,912)**	(80,335)
Expenses incurred in connection to issue of shares	**(7,801)**	(15,853)
Repayment to a director	**–**	(14,680)
New bank borrowings raised	**1,408,143**	1,468,884
Proceeds on issue of shares	**286,974**	195,346
Net cash used in financing activities	**(18,263)**	(38,202)
Net (decrease) increase in cash and cash equivalents	**(42,458)**	97,157
Cash and cash equivalent at beginning of the year	**480,705**	383,548
Cash and cash equivalent at end of the year, represented by bank balances and cash	**438,247**	480,705

1. GENERAL

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 telecommunication equipment.

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 new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Hong Kong Accounting Standard ("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 HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC*)-INT 20	Stripping costs in the production phase of a surface mine

* IFRIC represents the International Financial Reporting Interpretations Committee.

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

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

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (please see note 15 for the 2013 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Furthermore, 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 option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory deferral accounts[4]
HK(IFRIC)-INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014 with earlier application permitted.

3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2011 includes the requirements for the classification and measurement of financial liabilities for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

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 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.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for available-for-sale investments, the directors anticipate that the application of HKFRS 9 will not affect the classification and measurement of the Group's other financial assets and liabilities as at 31 December 2013. Regarding the Group's available-for-sale investments, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Other than those disclosed above, the directors of the Company anticipate that the application of the other new and revised standards will have no material impact on the results and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Construction in progress include property, plant and equipment in the course of construction for production or for its own use purpose. Construction in progress are carried at cost less any recognised impairment loss. Such properties are classified to the appropriate categories 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.

Depreciation is recognised so as to write off the cost of items of assets 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.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidence by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On subsequent sale on retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, including staff costs, is recognised as an expense in the period in which it is incurred.

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

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

The 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 of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 in profit or loss.

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

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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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)

Financial assets (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 method.

Financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

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 profit or loss and other 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

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. CRITICAL ACCOUNTING JUDGMENTS AND 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.

Critical judgement in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that 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, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has not recognised deferred taxes on land appreciation taxes in respect of changes in fair value of investment properties situated in the People's Republic of China (the "PRC") but has recognised deferred tax on income tax on the assumption that these investment properties will be recovered through use.

Key sources of estimation uncertainty

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 2013, the carrying amount of inventories are approximately RMB122,845,000 (2012: RMB145,312,000).

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

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 2013, the carrying amount of trade receivables are approximately RMB1,592,501,000 (2012: RMB1,251,396,000).

Fair value measurement and valuation process

The Group's investment properties are measured at fair value for financial reporting purposes. The board of directors of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Company. Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed in note 15.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2013 **RMB'000**	2012 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**2,200,199**	1,879,704
Available-for-sale investments	**20,000**	20,000
Financial liabilities		
Amortised cost	**1,074,569**	1,264,484

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 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") and London Interbank Offered Rate ("LIBOR") from its RMB denominated borrowings and United States Dollars denominated borrowings, respectively.

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 (2012: 5 basis points) lower and bank borrowings had been 25 basis points (2012: 25 basis points) lower and all other variables were held constant, the Group's post tax profit for the year would be increased by RMB744,000 (2012: RMB709,000).

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 2013 approximately 0.3% (2012: 0.4%) 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:

	2013		2012	
	Assets RMB'000	**Liabilities RMB'000**	Assets RMB'000	Liabilities RMB'000
Hong Kong Dollars	**23,617**	**422**	8,573	184
United States Dollars	**30,020**	**240,828**	6,640	50,839

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% (2012: 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% (2012: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances, trade and other receivables, trade and other payables and bank borrowings.

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

	2013 RMB'000	2012 RMB'000
Hong Kong Dollars	**(870)**	(315)
United States Dollars	**7,905**	1,657

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.

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 RMB1,560,994,000 (2012: RMB1,209,310,000) representing approximately 96.3% (2012: 95.9%) of the total trade and bills receivables at 31 December 2013. The largest trade receivable from a customer by itself accounted for approximately 55.1% (2012: 54.8%) of the total trade and bills receivables at 31 December 2013. 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 2013						
Trade and other payables	–	258,741	–	–	258,741	258,741
Bank borrowings						
— variable rate	4.00	261,274	184,692	80,427	526,393	510,828
— fixed rate	6.27	309,505	–	–	309,505	305,000
		829,520	184,692	80,427	1,094,639	1,074,569

6. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Weighted average effective interest rate %	Repayable on demand or less than 6 months RMB'000	6 months to 1 year RMB'000	Over 1 year but not more than 2 years RMB'000	Over 2 years but not more than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2012							
Trade and other payables	–	296,700	–	–	–	296,700	296,700
Bank borrowings							
— variable rate	5.93	272,817	153,180	6,210	90,138	522,345	500,284
— fixed rate	6.49	404,717	70,850	–	–	475,567	467,500
		974,234	224,030	6,210	90,138	1,294,612	1,264,484

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 of the Company (the "Executive Directors") 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 when making decisions about allocating resources and assessing performance of the Group.

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 and losses, 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 2013

	RF coaxial cable series RMB'000	Flame-retardant flexible cable series RMB'000	New-type electronic components RMB'000	Other accessories RMB'000	Total RMB'000
Revenue	**1,805,847**	**500,956**	**73,112**	**78,085**	**2,458,000**
Cost of goods sold	**(1,377,750)**	**(394,543)**	**(50,756)**	**(69,984)**	**(1,893,033)**
Segment result	**428,097**	**106,413**	**22,356**	**8,101**	**564,967**

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

7. TURNOVER AND SEGMENT INFORMATION (continued)

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

	2013 **RMB'000**	2012 RMB'000
Reportable segment results	**564,967**	521,825
Unallocated income and expenses		
— Other income	**8,297**	12,843
— Other gains and losses	**2,078**	828
— Selling and distribution costs	**(63,764)**	(72,790)
— Administrative expenses	**(52,693)**	(52,114)
— Research and development costs	**(23,745)**	(14,344)
— Other expenses	**–**	(13,275)
— Finance costs	**(55,019)**	(79,918)
Profit before taxation	**380,121**	303,055
Taxation	**(66,551)**	(50,757)
Profit for the year	**313,570**	252,298

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 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 2013, there were two customers which contributed revenue of RMB1,454,012,000 (2012: RMB1,300,029,000) and RMB723,980,000 (2012: RMB744,606,000) 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

	2013 RMB'000	2012 RMB'000
Government grants *(Note)*	**2,246**	3,460
Interest income	**3,939**	7,818
Rental income	**1,387**	725
Others	**725**	840
	8,297	12,843

Note: As at 31 December 2013, included in government grants is RMB1,906,000 (2012: RMB3,121,000) 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 RMB340,000 (2012: RMB339,000), they are government subsidies received for the acquisition of property, plant and equipment as disclosed in note 24.

9. FINANCE COSTS

	2013 RMB'000	2012 RMB'000
Interest on bank loans wholly repayable within five years	**55,019**	79,918

10. TAXATION

	2013 RMB'000	2012 RMB'000
The charge comprises:		
PRC Enterprise Income Tax	**65,708**	47,937
Deferred taxation *(note 25)*	**843**	2,820
Taxation for the year	**66,551**	50,757

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"), the principal subsidiary of the Company, 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 which had expired at the end of 2012. Jiangsu Trigiant was endorsed as an Advanced Technology Enterprise on 4 March 2009 (renewed on 21 May 2012) and therefore entitled to a preferential tax rate of 15% from 2013 to 2015 pursuant to the Enterprise Income Tax Law ("EIT Law") of the PRC.

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

10. TAXATION (continued)

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:

	2013 RMB'000	2012 RMB'000
Profit before taxation	**380,121**	303,055
Tax at the applicable income tax rate of 25%	**95,030**	75,764
Tax effect on income not taxable for tax purpose	**(3,058)**	(694)
Tax effect on expenses not deductible for tax purpose	**7,366**	15,511
Tax effect of tax concession	**(38,392)**	(45,352)
Withholding tax on undistributed earnings	**5,605**	5,528
Taxation for the year	**66,551**	50,757

11. PROFIT FOR THE YEAR

	2013 RMB'000	2012 RMB'000
Profit for the year has been arrived at after charging:		
Directors' remuneration *(note 12)*	**2,227**	1,906
Other staff costs:		
Salaries and other benefits	**44,460**	42,384
Retirement benefit scheme contributions	**3,370**	4,648
Total staff costs	**50,057**	48,938
Auditor's remuneration	**1,472**	1,215
Cost of inventories recognised as expenses	**1,893,033**	1,708,730
Depreciation of property, plant and equipment	**17,565**	17,245
Expenses in relation to initial public offering of the Company's shares (include in other expenses)	**–**	13,275
Operating lease payment in respect of warehouses and office premises	**1,345**	1,249
Operating lease rentals in respect of land use rights	**1,731**	1,800
and after crediting:		
Exchange gain (include in other gains)	**278**	528
Gain on disposal of property, plant and equipment	**80**	–
Gain on fair value changes on investment properties (include in other gains)	**1,800**	300
Gross rental income from investment properties (net of nil direct operating expenses)	**1,387**	725

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEE'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:

	2013 RMB'000	2012 RMB'000
Directors' fees	**431**	381
Other emoluments to executive directors		
— basic salaries and allowances	**1,776**	1,505
— performance related incentive payments	**–**	–
— retirement benefits scheme contributions	**20**	20
	2,227	1,906

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

For the year ended 31 December 2013

	Mr. Qian Lirong RMB'000 *(note a)*	**Mr. Jiang Wei RMB'000** *(note b)*	**Professor Jin Xiao Feng RMB'000**	**Mr. Poon Yick Pang, Philip RMB'000**	**Mr. Ng Wai Hung RMB'000**	**Ms. Jia Lina RMB'000**	**Total RMB'000**
— directors' fee	**–**	**–**	**64**	**159**	**144**	**64**	**431**
— basic salaries and allowances	**968**	**808**	**–**	**–**	**–**	**–**	**1,776**
— retirement benefits scheme contribution	**10**	**10**	**–**	**–**	**–**	**–**	**20**
	978	**818**	**64**	**159**	**144**	**64**	**2,227**

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEE'S EMOLUMENTS (continued)

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	Mr. Poon Yick Pang, Philip RMB'000	Mr. Ng Wai Hung RMB'000	Ms. Jia Lina RMB'000	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

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.

Of the five highest paid individuals of the Group, two (2012: three) were the directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining three (2012: two) individuals were as follows:

	2013 RMB'000	2012 RMB'000
Basic salaries and allowances	**2,120**	1,318
Performance related incentive payments	**–**	–
Retirement benefits scheme contributions	**22**	19
	2,142	1,337

Their emoluments were within the following bands:

	2013 No. of employees	2012 No. of employees
HK$nil to HK$1,000,000	**2**	1
HK$1,000,001 to HK$1,500,000	**1**	1

During the year ended 31 December 2013 and 2012, 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.

13. DIVIDENDS

	2013 RMB'000	2012 RMB'000
Dividends recognised as distribution during the year:		
2012 final — HK5 cents (2012: nil for 2011) per share	**39,830**	–
2013 interim — HK7 cents (2012: HK5 cents) per share	**56,053**	40,564
	95,883	40,564

Subsequent to the end of the reporting period, a final dividend of HK7 cents in respect of the year ended 31 December 2013 (2012: HK5 cents) per share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

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

	2013 RMB'000	2012 RMB'000
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**313,570**	252,298
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,023,945,205**	957,377,049

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2012 has been retrospectively adjusted to reflect the capitalisation issue completed on 19 March 2012 (note 26).

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

15. INVESTMENT PROPERTIES

	2013 RMB'000	2012 RMB'000
AT FAIR VALUE		
At 1 January	**18,600**	18,300
Reclassified from land use rights and property, plant and equipment	**13,400**	–
Changes in fair value recognised in profit or loss	**1,800**	300
At 31 December	**33,800**	18,600

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

During the year ended 31 December 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, respectively, to investment properties. The respective buildings and land use rights were revalued at fair value on the date of transfer 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 31 December 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 based on income method on the basis of capitalisation of net income based on a schedule provided by the management of the Group with due allowance for reversionary income potential of the property, and where appropriate, also considered direct comparison approach by making reference to the comparable market transactions as available in the market.

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

15. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair value of the Group's investment properties is determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurement is categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurement is observable.

Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Level 3	Income method The key inputs are: (1) Term yield; (2) Reversionary yield; and (3) Market unit rent of individual unit.	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 6%.	The higher the term yield, the lower the fair value.	If the term yield to the valuation model is 1% higher/lower, while all the other variables were held constant, the carrying value of the investment properties would decrease by approximately RMB78,000 and increase by approximately RMB12,000 respectively.
		Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 7%.	The higher the reversionary yield, the lower the fair value.	If the reversionary yield to the valuation model is 1% higher/lower, while all the other variables were held constant, the carrying value of the investment properties would decrease by approximately RMB3,699,000 and increase by approximately RMB4,423,000 respectively.
		Market unit rent, using direct market comparables and taking into account of location and other individual factors such as size of property and facilities, of RMB11.2/sq.m./month.	The higher the market unit rent, the higher the fair value.	If the market unit rent to the valuation model is 5% higher/lower, while all the other variables were held constant, the carrying value of the investment properties would increase by RMB1,503,000 and decrease by approximately RMB1,570,000 respectively.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2012	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
Additions	–	24,888	658	3,679	1,974	31,199
Reclassified to investment properties *(Note 15)*	(7,932)	–	–	–	–	(7,932)
Transfer	14,516	1,228	115	–	(15,859)	–
Disposal	–	–	–	(430)	–	(430)
At 31 December 2013	**97,031**	**141,713**	**5,544**	**9,922**	**274**	**254,484**
DEPRECIATION						
At 1 January 2012	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
Provided for the year	4,163	11,359	927	1,116	–	17,565
Reclassified to investment properties *(Note 15)*	(889)	–	–	–	–	(889)
Eliminated on disposal	–	–	–	(387)	–	(387)
At 31 December 2013	**14,807**	**43,069**	**3,244**	**4,086**	**–**	**65,206**
CARRYING VALUES						
At 31 December 2013	**82,224**	**98,644**	**2,300**	**5,836**	**274**	**189,278**
At 31 December 2012	78,914	83,887	2,454	3,316	14,159	182,730

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

At 31 December 2013, none of the Group's buildings and machinery were pledged to banks to secure credit facilities granted to the Group. At 31 December 2012, the Group pledged its buildings and machines with carrying value of RMB38,309,000 and RMB20,693,000, respectively, to banks to secure credit facilities granted to the Group.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

17. LAND USE RIGHTS

	2013	2012
	RMB'000	RMB'000
CARRYING AMOUNT		
At beginning of the year	**71,683**	73,483
Transferred to investment properties *(note 15)*	**(2,855)**	–
Charge to profit or loss for the year	**(1,731)**	(1,800)
At the end of the year	**67,097**	71,683
Analysed for reporting purposes as:		
Current portion *(note 20)*	**1,696**	1,800
Non-current portion	**65,401**	69,883
	67,097	71,683

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 2013, the Group pledged its land use rights with carrying value of approximately RMB12,177,000 (2012: RMB34,521,000) to secure general banking facilities granted to the Group.

18. AVAILABLE-FOR-SALE INVESTMENTS

	2013 RMB'000	2012 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

	2013 RMB'000	2012 RMB'000
Raw materials	**20,790**	20,511
Work in progress	**18,546**	14,698
Finished goods	**83,509**	110,103
	122,845	145,312

20. TRADE AND OTHER RECEIVABLES

	2013 RMB'000	2012 RMB'000
Trade receivables		
— Jiangsu Opto-electrical	14	1,132
— Others	1,592,487	1,250,264
Bills receivables	28,096	9,978
	1,620,597	1,261,374
Current portion of land use rights *(note 17)*	1,696	1,800
Interest receivables	876	1,429
Other receivables	3,082	4,485
Prepaid expenses	1,173	3,458
Staff advances	5,658	1,929
	1,633,082	1,274,475

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:

	2013 RMB'000	2012 RMB'000
Age		
0–90 days	644,508	625,489
91–180 days	691,201	443,501
181–365 days	271,620	179,217
Over 365 days	13,268	13,167
	1,620,597	1,261,374

Included in trade and bills receivables balance are amounts of RMB625,463,000 (2012: RMB534,277,000) which goods were delivered but invoices not yet issued.

20. TRADE AND OTHER RECEIVABLES (continued)

At 31 December 2013, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB215,069,000 (2012: RMB126,177,000), 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:

	2013 **RMB'000**	2012 RMB'000
Age		
181–365 days	**201,801**	113,010
Over 365 days	**13,268**	13,167
	215,069	126,177

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

	2013 **RMB'000**	2012 RMB'000
United States Dollars	**1,784**	2,736

21. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

At 31 December 2013, 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% (2012: 0.01% to 2.80%) per annum.

At 31 December 2013, the pledged bank deposits carry interest at the prevailing market rate ranging from approximately 2.8% to 3.5% (2012: 2.8% 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 balances and cash are the following amounts denominated in currencies other than functional currency of the group entities which it relates:

	2013 **RMB'000**	2012 RMB'000
Hong Kong Dollars	**23,617**	8,573
United States Dollars	**28,236**	3,904

22. TRADE AND OTHER PAYABLES

	2013 **RMB'000**	2012 RMB'000
Trade payables		
— Jiangsu Opto-electrical	**44,470**	12,186
— Jiangsu Sensing	**735**	5,672
— Others	**67,692**	74,143
Bills payables	**120,000**	174,000
	232,897	266,001
Accrued expenses	**11,354**	5,051
Deposits from suppliers	**8,340**	9,710
Other payables	**5,144**	5,220
Other tax payables	**3,074**	9,857
Payable for acquisition of land use rights	**–**	5,502
Payable for acquisition of property, plant and equipment	**648**	1,149
Payroll and welfare payables	**11,712**	9,118
	273,169	311,608

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:

	2013 **RMB'000**	2012 RMB'000
Age		
0–90 days	**219,288**	154,985
91–180 days	**11,242**	96,016
181–365 days	**–**	15,000
Over 365 days	**2,367**	–
	232,897	266,001

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

	2013 **RMB'000**	2012 RMB'000
Hong Kong Dollars	**422**	184
United States Dollars	**–**	555

23. BANK BORROWINGS

	2013 RMB'000	2012 RMB'000
Secured *(note)*	**140,000**	112,500
Unsecured	**675,828**	855,284
	815,828	967,784
The bank borrowings are payable as follows:		
Within one year	**735,828**	877,784
More than one year, but not exceeding two years	**80,000**	–
More than two years, but not exceeding five years	**–**	90,000
	815,828	967,784
Less: Amounts due within one year shown under current liabilities	**(735,828)**	(877,784)
	80,000	90,000
The bank borrowings comprise:		
Variable rate borrowings	**510,828**	500,284
Fixed rate borrowings	**305,000**	467,500

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

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

	2013 RMB'000	2012 RMB'000
United States Dollars	**240,828**	50,284

As at 31 December 2013, fixed rate bank borrowings carried interests ranging from 4.22% to 6.60% (2012: 5.47% to 6.56%) per annum.

As at 31 December 2013, variable-rate RMB denominated bank borrowings which carried interests ranging from 100% of PBOC rate to 110% of PBOC rate (2012: 100% of PBOC rate to 110% of PBOC rate) per annum.

As at 31 December 2013, variable-rate United States Dollar denominated bank borrowings which carried interests ranging from LIBOR plus 1.80% to LIBOR plus 2.30% (2012: LIBOR plus 2.00% to LIBOR plus 2.30%) per annum.

24. GOVERNMENT GRANTS

	2013 RMB'000	2012 RMB'000
At beginning of the year	**2,092**	2,431
Release to profit or loss for the year	**(340)**	(339)
At the end of the year	**1,752**	2,092

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.

25. DEFERRED TAXATION

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

	Fair value adjustment on acquisition RMB'000	**Tax on undistributed earnings** RMB'000	**Revaluation of properties** RMB'000	**Total** RMB'000
At 1 January 2012	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
Charge to other comprehensive income	–	–	876	876
(Credited) charged to profit or loss for the year	(180)	5,605	450	5,875
Withholding tax paid	–	(5,032)	–	(5,032)
At 31 December 2013	**8,694**	**12,435**	**1,809**	**22,938**

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% (2012: 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.

26. SHARE CAPITAL

	Number of shares	Amount in HK$	Shown in the financial statements as RMB'000
Ordinary shares at HK$0.01 each			
Authorised:			
At 1 January 2012, 31 December 2012 and 31 December 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	1,000,000,000	10,000,000	8,140
Issue of shares *(note c)*	115,000,000	1,150,000	911
At 31 December 2013	**1,115,000,000**	**11,150,000**	**9,051**

The movements in the Company's authorised and issued share capital during are as follows:

(a) 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 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.

(c) On 8 October 2013, the Company entered into a subscription agreement with Trigiant Investments to allot and issue 115,000,000 ordinary shares of HK$0.01 each (the "Subscription Shares") at a subscription price of HK$3.15 per share. The subscription agreement is conditional upon completion of the placing of 115,000,000 ordinary shares of HK$0.01 each of the Company made by the placing agent on behalf of Trigiant Investments. On 17 October 2013, following the completion of the placing, the Subscription Shares were issued under the general mandate granted to the directors of the Company on 27 May 2013.

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

27. 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:

	2013 RMB'000	2012 RMB'000
Within one year	578	273
In the second to fifth years inclusive	127	–
	705	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 year was RMB1,387,000 (2012: 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 two years (2012: one year).

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

	2013 RMB'000	2012 RMB'000
Within one year	1,519	121
In the second to fifth years inclusive	1,772	–
	3,291	121

28. RELATED PARTY TRANSACTIONS

Other than the transactions and balances with related parties disclosed in the respective notes, the Group has no other 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 12.

29. 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 per month for each employee.

30. CAPITAL COMMITMENTS

	2013 **RMB'000**	2012 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

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2013 **RMB'000**	2012 RMB'000
Non-current assets		
Investment in a subsidiary	**255,114**	255,114
Loan to a subsidiary *(note a)*	**82,990**	82,990
	338,104	338,104
Current assets		
Other receivables	**97**	241
Amount due from a subsidiary *(note b)*	**291,887**	67,642
Bank balances	**15,975**	8,132
	307,959	76,015
Current liabilities		
Other payables	**1,879**	1,498
Net current assets	**306,080**	74,517
Net assets	**644,184**	412,621
Capital and reserves		
Share capital	**9,051**	8,140
Reserves *(note 32)*	**635,133**	404,481
Total equity	**644,184**	412,621

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.

32. RESERVES OF THE COMPANY

	Share premium RMB'000	Accumulated (losses) profits RMB'000	Total RMB'000
At 1 January 2012	191,810	(869)	190,941
Profit and total comprehensive income for the year	–	82,669	82,669
Capitalisation issue *(note 26)*	(6,430)	–	(6,430)
Issue of shares pursuant to initial public offering *(note 26)*	193,718	–	193,718
Expenses incurred in connection with the issue of shares	(15,853)	–	(15,853)
Dividend recognised as distribution *(note 13)*	–	(40,564)	(40,564)
At 31 December 2012	363,245	41,236	404,481
Profit and total comprehensive income for the year	–	48,273	48,273
Issue of shares *(note 26)*	286,063	–	286,063
Expenses incurred in connection with the issue of shares	(7,801)	–	(7,801)
Dividends recognised as distribution *(note 13)*	–	(95,883)	(95,883)
At 31 December 2013	**641,507**	**(6,374)**	**635,133**

In August 2013, the Company distributed the interim dividend of 2012 of HK$70,000,000 (approximately RMB56,053,000) and the accumulated profits of the Company immediately before the distribution was in excess of the amount of such dividend.

33. 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 2013	2012	Attributable equity interest of the Company 2013	2012	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$70,000,000**	US$40,000,000	**100%**	100%	Manufacture and sales of RF cable series and related products for mobile telecommunications and telecommunication equipment

* 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 both years.

34. EVENT AFTER THE REPORTING PERIOD

On 12 February 2014, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent agreed to exercise its best efforts to place a maximum of 200,000,000 warrants to not less than six placees who are independent third parties at a price of HK$0.01 each. Each warrant above entities the holder to subscribe for one new share of the Company, at an exercise price of HK$3.15 (subject to anti-dilutive adjustments) at any time for a period of three years from the date of issue of such warrant.

The net proceeds of the placing of the above warrants, after deducting the placing commission and other related expenses, will be approximately HK$1,500,000 (approximately RMB1,179,000). The net proceeds from the full exercise of the above warrants will be approximately HK$630,000,000 (approximately RMB495,306,000). The Company intends to use such proceeds for the repayment of debts and general working capital.

An ordinary resolution will be proposed at the extraordinary general meeting of the Company approving the issue of warrants. At the date of issuance of these consolidated financial statements, the transactions contemplated under the above placement agreement are not yet completed.

Further details of the above are set out in the Company's announcement dated 12 February 2014 and circular dated 13 March 2014.

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)*	**2013 (RMB'000)** *(Note 1)*
Turnover	865,009	1,405,039	1,822,747	2,230,555	**2,458,000**
Cost of goods sold	(654,888)	(1,116,350)	(1,425,436)	(1,708,730)	**(1,893,033)**
Gross profit	210,121	288,689	397,311	521,825	**564,967**
Other income	6,207	4,880	7,512	12,843	**8,297**
Other gains and losses	(498)	7,229	6,561	828	**2,078**
Selling and distribution costs	(72,375)	(37,089)	(47,999)	(72,790)	**(63,764)**
Administrative expenses	(31,980)	(41,514)	(45,296)	(52,114)	**(52,693)**
Research and development costs	(4)	(867)	(1,075)	(14,344)	**(23,745)**
Other expenses	–	(2,605)	(12,867)	(13,275)	**–**
Finance costs	(26,217)	(39,386)	(57,440)	(79,918)	**(55,019)**
Profit before tax	85,254	179,337	246,707	303,055	**380,121**
Taxation	–	(28,225)	(39,922)	(50,757)	**(66,551)**
Profit for the year/period	85,254	151,112	206,785	252,298	**313,570**

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)*	**2013 (RMB'000)** *(Note 1)*
Non-current assets	228,367	302,269	291,953	291,213	**308,479**
Current assets	1,101,718	1,270,715	1,908,381	2,030,274	**2,325,913**
Total assets	1,330,085	1,572,984	2,200,334	2,321,487	**2,634,392**
Current liabilities	1,007,249	1,186,938	1,455,973	1,203,418	**1,025,458**
Non-current liabilities	85,397	171,209	130,830	113,311	**104,690**
Total liabilities	1,092,646	1,358,147	1,586,803	1,316,729	**1,130,148**
Net assets	237,439	214,837	613,531	1,004,758	**1,504,244**

Financial Summary

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.