TRIGIANT GROUP LIMITED
俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1300

Annual Report 2015

* For identification purposes only

Contents

Corporate Information

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

NON-EXECUTIVE DIRECTOR
Fung Kwan Hung

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
Leung Siu Kei

AUTHORISED REPRESENTATIVES
Qian Lirong
Leung Siu Kei
Poon Yick Pang Philip *(alternate to Qian Lirong)*

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

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

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

INVESTOR RELATIONS
Trigiant Group Limited
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

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE 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 ("Company") and its subsidiaries (collectively the "Group") is one of the leading manufacturers in the People's Republic of China ("PRC") engaged in research, development and sales of feeder cable (formerly known as Radio Frequency (RF) coaxial cable) series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components and other accessories for mobile communications and telecommunications transmission.

The Group is established based on the solid foundation of its expertise in manufacturing and sales of feeder cable series. Since inception, the Group has dedicated its effort to broaden its market segments and customer base within the telecommunication industry. In 2010, the Group introduced its new product series — flame-retardant flexible cable series, which was well received by its customers. Further in late 2014, the Group acquired a fast-growing optical fibre cable manufacturer, namely Jiangsu Trigiant Optic-Electric Communication Co., Ltd., where the Group owns 65.0% effective interest, so as to further broaden its product portfolio within the telecommunication industry.

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.

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 United Network Communications Limited* (中國聯合網絡通信有限公司) and China Telecommunications Corporation* (中國電信集團公司), as well as China Tower Corporation Limited* (中國鐵塔股份有限公司) and major telecommunications equipment manufacturers, including Huawei Technologies Co., Ltd and ZTE Kangxun Telecom Company Limited* (深圳市中興康訊電子有限公司), a subsidiary of ZTE Corporation.

* *For identification only*

SUMMARY OF MAJOR PRODUCTS

Feeder cable series

(a) Feeder cable

Feeder cable are mainly for transmitting and receiving radio signals and are also essential components for telecommunications transmission equipment.

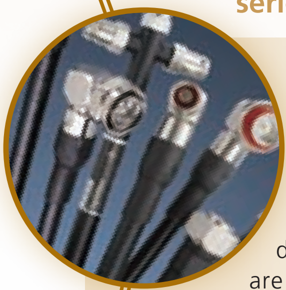
(b) Leaky cables

Leaky cables are mainly used for wireless mobile communications, wireless remote control and wireless alarm systems. They can transmit radio frequency 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.

Optical fibre cable series and related products

Optical fibre cables are mainly used for long haul telecommunication transmission in fixed and wireless telecommunications networks.

Flame-retardant flexible cable series



Flame-retardant flexible cables are widely used as internal connection cables for power systems or mobile cable transmission and distribution systems and are especially suitable for communications switch systems requiring uninterrupted power.

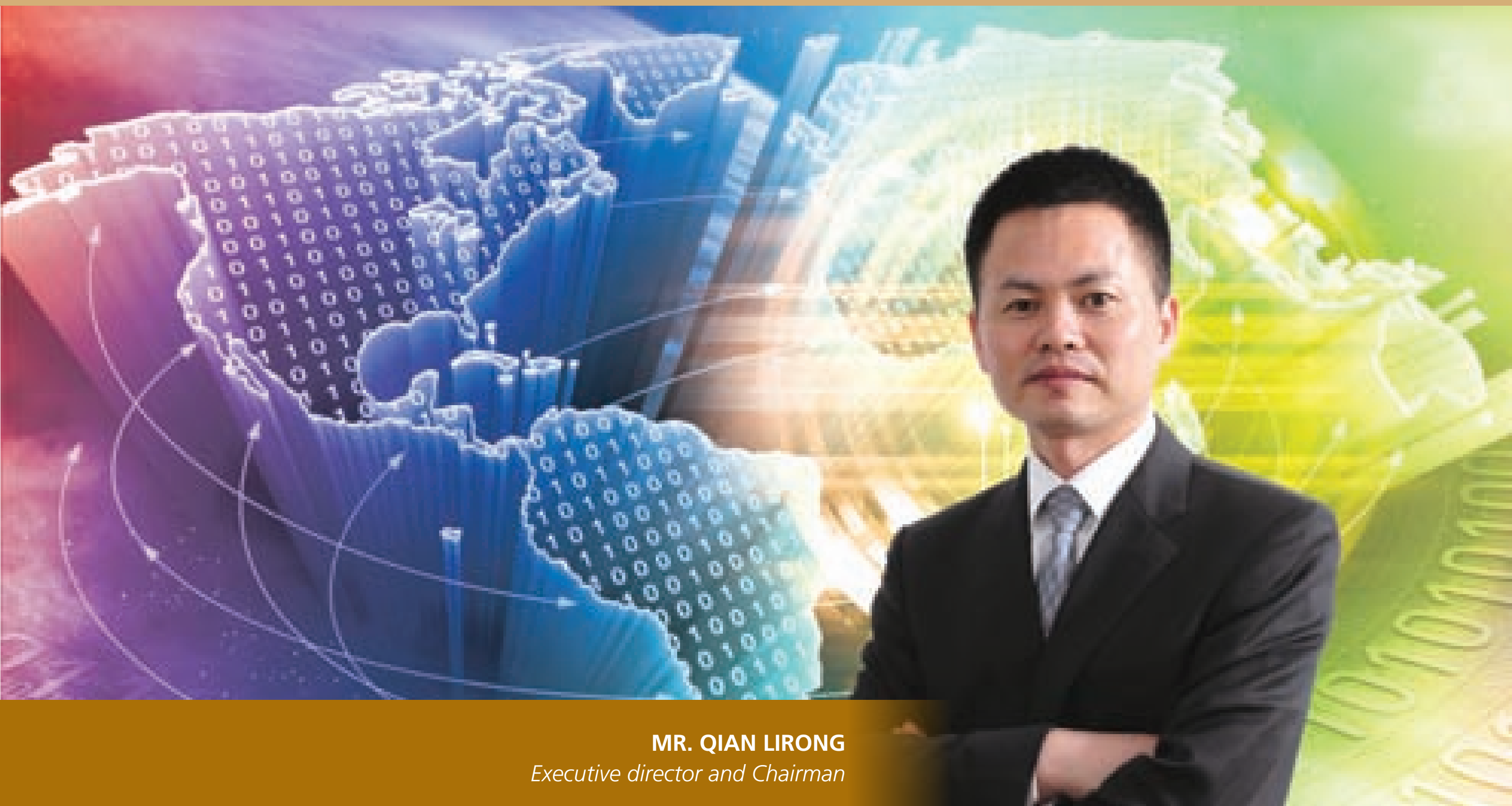
New-type electronic components

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

Chairman's Statement



Dear valued shareholders,

On behalf of the board ("Board") of directors ("Directors") of Trigiant Group Limited ("Company") and its subsidiaries (collectively the "Group"), I am pleased to present the audited consolidated results of the Group for the year ended 31 December 2015 ("Year").

During the Year under review, the Group continued to concentrate on promoting business development in response to the changing market. Meanwhile, various policies in the mobile communications industry, including "lower costs at a higher internet speed" and "rollover data plan", have contributed to a healthy development of the industry. The overall demand for feeder cable (formerly known as Radio Frequency (RF) coaxial cable) remained strong. By virtue of the stable and long-term collaboration with the three major telecommunications operators in the People's Republic of China ("PRC" or "China"), the Group's sales volume of feeder cable ranked first in the PRC market for six consecutive years from 2010 to 2015. However, given that the selling price of feeder cable and flame-retardent flexible cable is based on cost plus pricing model, a declining copper price that dropped to a new low level over the last six years has resulted in a year-on-year decrease in average selling price and therefore affected the feeder cable business. Nonetheless, driven by the excellent performance of the optical fibre cable and flame-retardent flexible cable business which was acquired by the Group on 30 December 2014, the Group's overall business is therefore improved. By capitalising on its optimal quality and services, the Group was the seventh bidding candidate of the ordinary optical fibre cable section of China Mobile Communications Corporation* (中國移動通信集團公司) ("China Mobile") in its centralised tender of optical fibre and cable products for 2015 to 2016, and thus its ranking and market shares continued to ascend.

Optical fibre cable products — the new growth impetus

In 2015, the 3G and 4G networks continued to develop, 3G and 4G mobile phone users accounting for 60.1% of the total mobile phone users, as well as representing an increase of approximately 14.8 percentage points over 2014; of which, 4G mobile phone users increased by approximately 290 million, accounting for approximately 29.6% of the total mobile phone users; 4G base stations also increased by nearly 100% or approximately 920,000 to approximately 1.77 million. The Group's sales volume of feeder cable, which is a major component for the base stations and interior coverage system, steadily increased approximately 2.2% to approximately 151,000 kilometres during the Year. However, the year-on-year decrease of approximately 16.9% in the average copper price led to a year-on-year decrease in the average selling price, the turnover of the feeder cable during the Year therefore decreased by approximately 16.3% to approximately RMB1,529.4 million, accounting for approximately 52.5% of the total turnover of the Group. With an expanding coverage of optical networks on the other hand, the newly-built optical fibre cable length across China amounted to approximately 4.41 million kilometres, representing a year-on-year increase of approximately 21.6% to a total length of approximately 24.87 million kilometres. The Group grasped the opportunity for expansion such that optical fibre cable product series demonstrated outstanding performance, which contributed turnover of approximately RMB765.3 million during the Year, accounting for approximately 26.3% of the total turnover of the Group.

The results of the Year included a foreign exchange loss of approximately RMB28.9 million due to foreign currency bank borrowings of the Group and an allowance on bad and doubtful debts of approximately RMB62.7 million made to trade receivables due to extension of the payment period of customers, therefore offsetting the profit contribution from the optical fibre cable business. As a result, profit attributable to the owners of the Company decreased by approximately 25.4% to approximately RMB275.3 million. The Board proposed to declare a final dividend of HK3.5 cents per share as an expression of thanks to shareholders for their continued trust and support.

Industrial prospect in 2016 promising

Throughout 2015, the telecommunications industry in the PRC continued to focus on the 4G network and broadband business. Under the requirement of policies such as "lower costs at a higher internet speed", telecommunications operators were required to strengthen their competitiveness to maintain their market leading position. In particular, China Telecommunications Corporation* (中國電信集團公司) ("China Telecom") and China United Network Communications Corporation Limited* (中國聯合網絡通信有限公司) ("China Unicom") entered into a strategic cooperation agreement in January 2016, whereby formulating the proactive development strategy for the 4G network and unfolding cooperation in aspects such as base stations. China Telecom and China Unicom also issued bidding announcements on centralised tender projects for new equipment to strengthen competitiveness. While China Mobile, which has the largest 4G network user base in the PRC, also announced that it would continue to increase 4G base stations to maintain its competitive advantages. It is expected that the three major telecommunications operators in the PRC will accelerate the construction and tender process in 2016 to further strengthen the demand for feeder cable and flame-retardant flexible cable. Besides, the Ministry of Industry and Information Technology of the PRC launched "the initiation meeting for 5G technology research and development" in January 2016 and declared that it would conduct trials from 2016 to 2018. The Group will closely monitor the latest market trend in the future to seize a head start for the 5G network development.

On the other hand, China will speed up the development of "Broadband China" to promote the construction of telecommunication network infrastructure. In view of the substantial market demands for optical fibre cable products, the Group considers that optical fibre cable business can be further expanded.

In addition to its dedicated business cooperation with the three major telecommunications operators in the PRC, the Group actively expands and maintains the business development with China Tower Corporation Limited* (中國鐵塔股份有限公司) ("China Tower"). The three major telecommunications operators in the PRC completed the transferring of tower and related assets to China Tower in January 2016. Meanwhile, the Group successfully establishes cooperation with 21 provincial subsidiaries of China Tower and pays close attention to tender updates in other provinces. In addition, the Group looks aboard to strive for customer expansion and seize business opportunities brought by the PRC government policies. The One-Belt-One-Road initiative will reach Europe via central Asia, Russia and connect to the Asia-Pacific economic circle. By taking pre-emptive strikes, the Group successfully established cooperation with Russian partners, while committing itself to business presence in South East Asia, Middle East and other markets. In the coming year, the Group will continue to participate in exhibitions held around the world to boost the Group's reputation at abroad.

On behalf of the Board, I would like to express heartfelt thanks to shareholders and business partners for their full and long-term support and management and employees for their efforts and contributions to the Group, with which the Group obtained satisfactory achievements in the Year. In the following year, I look forward to working together with all my colleagues for better results!

Qian Lirong
Chairman

Hong Kong, 14 March 2016

* *For identification only*

Financial Highlights

TURNOVER
(RMB'000)

2015	**2,913,379**
2014	2,658,093
2013	2,458,000
2012	2,230,555
2011	1,822,747

PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RMB'000)

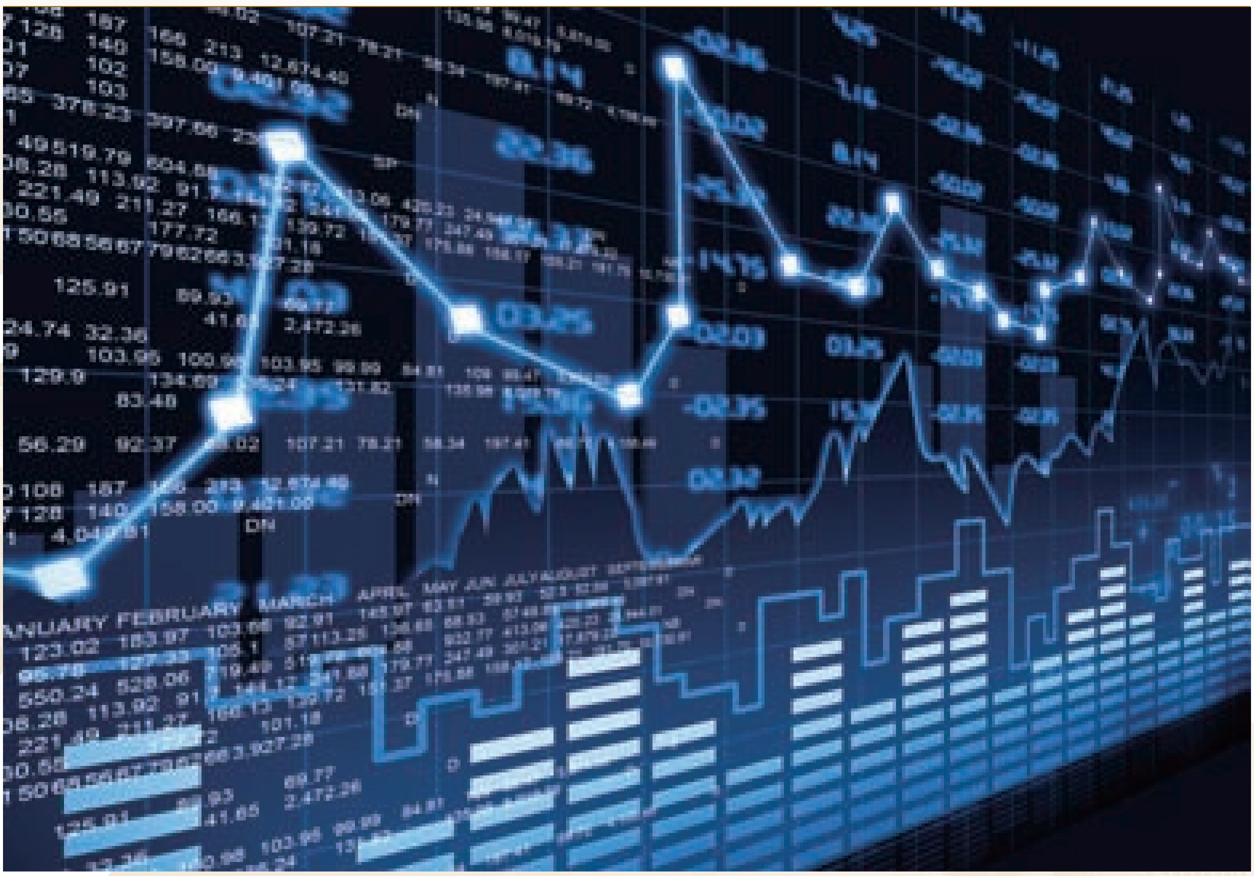
2015	**275,253**
2014	369,069
2013	313,570
2012	252,298
2011	206,785

EARNINGS PER SHARE
(RMB cents)

2015	**19.45**
2014	33.07
2013	30.62
2012	26.35
2011	25.85

TOTAL EQUITY
(RMB'000)

2015	**2,651,065**
2014	2,062,022
2013	1,504,244
2012	1,004,758
2011	613,531



Financial Highlights

Results performance for the year ended 31 December	2015	2014
Total turnover *(RMB'000)*	**2,913,379**	2,658,093
Turnover of feeder cable series *(RMB'000)*	**1,529,449**	1,827,426
Turnover of optical fibre cable series and related products *(RMB'000)*	**765,280**	–
Turnover of flame-retardant flexible cable series *(RMB'000)*	**493,756**	559,941
Gross profit *(RMB'000)*	**650,059**	592,867
Gross profit margin	**22.3%**	22.3%
Profit for the year attributable to owners of the Company *(RMB'000)*	**275,253**	369,069
Net profit margin	**9.4%**	13.9%
Basic earnings per share	**RMB19.45 cents**	RMB33.07 cents
Diluted earnings per share	**RMB19.45 cents**	RMB33.07 cents

Liquidity and gearing ratios	2015	2014
Inventories turnover days *(Note 1 and 2)*	**20 days**	21 days
Trade and bills receivables turnover days *(Note 1 and 3)*	**291 days**	226 days
Trade and bills payables turnover days *(Note 1 and 4)*	**45 days**	37 days
Current ratio	**2.2**	1.9
Gearing ratio *(Note 5)*	**19.9%**	25.7%

Operating cash flow and capital expenditure for the year ended 31 December	2015	2014
Net cash used in operating activities *(RMB'000)*	**(116,374)**	(93,269)
Capital expenditure *(RMB'000)*	**35,706**	43,799

Notes:

1. The acquisition of Jiangsu Trigiant Optic-Electric Communication Co., Ltd. ("Trigiant Optic-Electric") was completed on 30 December 2014 and there was no contribution from it to the Group's operation for the year ended 31 December 2014. Therefore, the calculation of the respective turnover days for the year ended 31 December 2014 excluded this subsidiary's related assets and liabilities.

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. The calculation excluded inventory of Trigiant Optic-Electric amounting to approximately RMB41.0 million (see note 33 of the Notes to the consolidated financial statements of this Annual Report) as at 31 December 2014.

3. Calculation was based on the average of the trade and bills receivables balance, net of value-added tax, at the beginning and the end of the relevant year divided by turnover for the year and then multiplied by 365 days. The calculation excluded trade and bills receivables of Trigiant Optic-Electric amounting to approximately RMB178.4 million (see note 33 of the Notes to the consolidated financial statements of this Annual Report) as at 31 December 2014.

4. Calculation was based on the average of the trade and bills payables balance, net of value-added tax, 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. The calculation excluded trade and bills payables of Trigiant Optic-Electric amounting to approximately RMB50.9 million (see note 33 of the Notes to the consolidated financial statements of this Annual Report) as at 31 December 2014.

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.

MARKET REVIEW

In 2015, the 4G network gradually improved, spurring a rapid growth in the mobile network traffic. According to the Statistical Report on 2015 Telecommunication Operation issued by the Ministry of Industry and Information Technology of the People's Republic of China ("PRC" or "China"), 4G mobile phone users grew by approximately 290 million in 2015 to a total of approximately 390 million, representing a penetration rate of approximately 29.6% amongst mobile phone users. In addition, 4G base stations grew by approximately 920,000 to a total of approximately 1.77 million. The enhanced internet speed of the 4G network brought tremendous changes to the mobile communications field. With the improved internet speed, mobile phone users have increased their demands from simply communications and texting to multimedia applications in the recent years. The growing popularity of mobile gaming, photo and video sharing, internet-based movies and TV shows, and many other multimedia applications require extremely high standards for speed and network coverage density, which in return boosted the demands for feeder cable (formerly known as Radio Frequency (RF) coaxial cables) and flame-retardant flexible cable as both are required by mobile communications for transmission purposes.

Amid changes and upgrades of the mobile communications network, "Broadband China" is also advancing forward in full swing. In 2015, the newly-built optical cable length amounted to approximately 4.41 million kilometres, representing a year-on-year increase of approximately 21.6% to a total length of approximately 24.87 million kilometres. The number of internet-based access portals had a net growth by approximately 73.2 million to approximately 470 million, representing a year-on-year increase of approximately 18.3%. Amongst which, the optical fibre access (FTTH/0) grew by approximately 110 million to approximately 270 million. As a result, the Group's optical fibre cable product business in 2015 progressed significantly, becoming the major momentum for its business growth.

RESULTS ANALYSIS

For the year ended 31 December 2015 ("Year"), the optical fibre cable business of Jiangsu Trigiant Optic-Electric Communication Co., Ltd. (江蘇俊知光電通信有限公司) ("Trigiant Optic-Electric"), an optical cable company acquired by the Group at the end of 2014, contributed a turnover of approximately RMB765.3 million, and was a growth driver for the Group's business. Meanwhile, the average copper price during the Year had a year-on-year decrease, which in return resulted in a drop in the turnover and average selling prices of the Group's two major products, namely, feeder cables and flame-retardant flexible cables. As such, the Group's turnover only increased by approximately 9.6% from approximately RMB2,658.1 million in 2014 to approximately RMB2,913.4 million in 2015, while the gross profit grew by approximately 9.6% from approximately RMB592.9 million in 2014 to approximately RMB650.1 million in 2015. The overall gross profit margin remained at approximately 22.3% during the two years ended 31 December 2015.

During the Year, the Group continued to implement cost control plans. At the same time, to enhance the Group's funding base, the Group had increased its bank borrowings during the Year. As a result, the finance costs of the Group climbed by approximately 57.5% from approximately RMB46.5 million in 2014 to approximately RMB 73.3 million in 2015. In addition, since certain foreign currency borrowings of the bank borrowings were affected by the Renminbi exchange fluctuations, the Group recorded a foreign exchange loss of approximately RMB28.9 million during the Year. During the Year, there was an extension of the payment period of certain customers on certain trade receivables, the Group therefore recognised an allowance for bad and doubtful debts of approximately RMB62.7 million to trade receivables and hence offset the profit contribution made by the optical fibre cable business to the Group. With the abovementioned factors taken into consideration, profit attributable to owners of the Company decreased from approximately RMB369.1 million in 2014 to approximately RMB275.3 million in 2015 and the basic earnings per share decreased from approximately RMB33.07 cents in 2014 to approximately RMB19.45 cents in 2015.

BREAKDOWN OF TURNOVER BY PRODUCTS

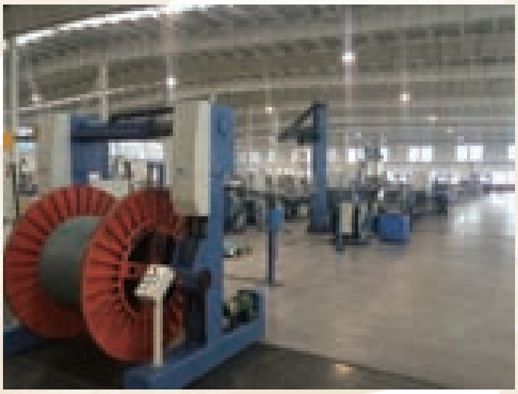
Year ended 31 December	**2015 RMB'000**	2014 RMB'000	Change RMB'000	Change Percentage
Feeder cable series	**1,529,449**	1,827,426	–297,977	–16.3%
Optical fibre cable series and related products	**765,280**	–	+765,280	N/A
Flame-retardant flexible cable series	**493,756**	559,941	–66,185	–11.8%
New-type electronic components	**98,522**	108,398	–9,876	–9.1%
Other accessories	**26,372**	162,328	–135,956	–83.8%
Total	**2,913,379**	2,658,093	+255,286	+9.6%

Feeder cable series — approximately 52.5% of the total turnover

Due to the considerable demands arising from the 3G network expansion and the growing 4G network coverage, sales volume of feeder cable series increased by approximately 2.2% from approximately 147,700 kilometres in 2014 to approximately 151,000 kilometres in 2015. However, since a decrease of approximately 16.9% in the copper price during the Year led to a year-on-year decrease in the average selling price, the turnover of the feeder cable series decreased by 16.3% year-on-year to approximately RMB1,529.4 million, which accounted for approximately 52.5% of the total turnover of the Group. As a costs plus pricing model was adopted for the feeder cable series products, the gross profit margin of feeder cable series continued to remain at approximately 23.4% in 2015 despite a declining copper price. In comparison with a gross profit margin of approximately 23.6% in 2014, a slight decrease of approximately 0.2 percentage points in 2015 was reported.

The annual production capacity of feeder cable series was 200,000 kilometres. By closely monitoring the market demands, the Group will adjust its production capacity of feeder cable series to accommodate the capacity expansion and construction of mobile communication networks.

Optical fibre cable series and related products — approximately 26.3% of the total turnover



In 2015, China witnessed a fast growth in the optical fibre cable coverage. By capitalising on the opportunities in the market development, the Group significantly boosted the annual production capacity of optical fibre cable products by approximately 57.1% to 11 million fibre kilometres. With its optimal quality and services, the Group was the seventh bidding candidate of the ordinary optical fibre cable section of China Mobile Communications Corporation* (中國移動通信集團公司) ("China Mobile") in its central tender of optical fibre and cable products from 2015 to 2016, and thus the ranking and market share of the Group continued to ascend. In addition to the growing market share, this product series also secured several customers' additional projects during the Year, thus becoming the Group's second main product. In 2015, the turnover of optical fibre cable series and related products amounted to approximately RMB765.3 million, with a gross profit margin of approximately 21.5%.

Flame-retardant flexible cable series — approximately 16.9% of the total turnover

As construction of base stations continued to increase, another main product of the Group, the flame-retardant flexible cable series, also benefited from a stable growth in its sales volume. As the declining copper price caused a downward adjustment to the average selling price, the turnover of the flame-retardant flexible cable series decreased to approximately RMB493.8 million, representing a year-on-year decrease of approximately 11.8%. In 2015, the gross profit margin of the flame-retardant flexible cable series was approximately 19.7%, representing a decrease of approximately 0.9 percentage points as compared to approximately 20.6% in 2014. The decrease in the gross profit margin was mainly caused by more aggressive pricing strategies.

Other accessories — approximately 0.9% of the total turnover

In 2015, the turnover of other accessories of the Group decreased by approximately 83.8% to approximately RMB26.4 million. In 2014, sales of other accessories included the Group's resales of optical fibre cable products purchased from Trigiant Optic-Electric by the Group, but as Trigiant Optic-Electric became a subsidiary of the Company at the end of 2014, such resales were eliminated in the consolidated financial statements in 2015. Therefore, the turnover of other accessories during the Year declined.

MAJOR CUSTOMERS AND SALES NETWORK

In 2015, the Group maintained sound cooperation with the three major telecommunications operators in the PRC leveraging on its excellent product quality, comprehensive and efficient after-sales services, and good proven track record. During the Year, the Group maintained business relationships with all 31 provincial subsidiaries of China United Network Communications Corporation Limited* (中國聯合網絡通信有限公司) ("China Unicom"), 25 out of the 31 provincial subsidiaries of China Mobile and 25 out of the 31 provincial subsidiaries of China Telecommunications Corporation* (中國電信集團公司) ("China Telecom"). Turnover derived from China Mobile, China Unicom and China Telecom accounted for approximately 38.4%, 28.2% and 20.9% of the Group's overall turnover, respectively. In addition to the close cooperation with the three major telecommunication operators in the PRC, the Group also continued to deepen its business relationship with China Tower Corporation Limited* (中國鐵塔股份有限公司) ("China Tower"). As at 31 December 2015, the Group was a supplier to 21 provincial subsidiaries of China Tower.

PATENTS, AWARDS AND RECOGNITION

As at 31 December 2015, the Group had obtained 72 patents and developed 70 new products in the PRC. 41 products of the Group were granted Advanced Technology Product Certificate by the Science and Technology Department of Jiangsu Province. During the Year, the Group received various awards and honours which included the following:

- according to the statistics from the Optical Fiber and Electric Cable Sub-association of the China Electronics Components Association (中國電子元件行業協會光電線纜分會), Jiangsu Trigiant Technology Co., Ltd. ("Trigiant Technology"), a major subsidiary of the Group, ranked first in terms of sales volume of feeder cables among the feeder cable manufacturers in the PRC for six consecutive years from 2010 to 2015;

- Trigiant Technology and Trigiant Optic-Electric, the major subsidiaries of the Group, passed their review in 2015, and were entitled to the preferential tax rate of 15% from 2016 to 2018;

- Trigiant Technology ranked 14th in the 28th Session of Top 100 PRC Electronic Component Enterprises 2015 (中國電子元件百強); and

- according to the 9th China Telecommunication Rankings (中國通信產業榜) in 2015, Trigiant Technology and Trigiant Optic-Electric were rated as China Wireless Telecommunication Leading Enterprise (中國無線通信領軍企業) and Customer Satisfaction Enterprise in China Telecommunication Industry (中國通信產業用戶滿意企業), respectively.

PROSPECTS AND FUTURE PLANS

Looking forward to 2016, amongst the mobile phone users in the PRC, 2G network users are expected to continue to switch to subscribe for 3G network or even 4G network services, therefore driving the fast development of the mobile network. In addition to a year-on-year growth of approximately 109.9% in 2015, mobile internet traffic is expected to increase further in 2016. As a result, mobile communication network in the PRC is in urgent need of capacity construction and expansion. The three major telecommunication operators in the PRC have vigorously commenced their network development to capture the market shares, resulting in constant demands for feeder cable and flame-retardant flexible cable.

On the other hand, the booming development in computer/information technology applications during the new era, including cloud computing, Internet of Things, smart transportation, and smart cities, provides great drive to the upgrade of internet infrastructure. According to the "Guidelines on the Facilitation of High-Speed Broadband Network with Lower Costs and Higher Speed" issued by the General Office of the State Council of the PRC, it is estimated that investments in the network construction in 2015 will exceed RMB430 billion. It is expected that investments in the network construction will continue to rise in 2016, amongst which investments in the 4G network and the optical fibre network will take the dominant role.

The promising market prospect has laid a foundation for the long-term development of the Group. In 2016, the Group will continue to expand its market shares through its well-accepted products and strategies of vigorous market expansion. By deepening business cooperation with three major telecommunication operators in the PRC and China Tower through enhanced product performance, well-developed aftersales services, and development of new products, the Group anticipates that it can capture excellent development opportunities arising from the facilitated grid network development for its feeder cable and flame-retardant flexible cable businesses.

The outstanding performance of our optical fibre business in 2015 has substantiated the market recognition of such product series. To further capture market opportunities, the Group will further improve its annual production capacity by approximately 36.4% from 11 million fibre kilometres to 15 million fibre kilometres in 2016. Meanwhile, the Group will also proactively improve its quality and services for optical fibre products, which will lay a solid foundation for the long-term development of this business.

While consolidating the current market in the PRC, the Group will vigorously explore overseas markets to diversify its product portfolio and elevate its position in the industry chain of telecommunication equipment. Over years of commitments, the Group has marketed its products in many countries. In 2015, the Group has collaborated with local partners in the Southeast Asia and the Middle East to develop the telecommunication equipment market. In addition, the Group will vigorously participate in telecommunication product exhibitions in India, Spain, Russia, Singapore, United Arab Emirates, and South Africa. By virtue of such strategies, the Group wishes to further raise its reputation for its brand in the international market, thereby steadily expanding into the global market.

FINANCIAL PERFORMANCE REVIEW

Turnover

Total turnover of the Group increased by approximately RMB255.3 million, or approximately 9.6%, from approximately RMB2,658.1 million in 2014 to approximately RMB2,913.4 million in 2015. Turnover of optical fibre cable series and related products amounted to approximately RMB765.3 million in 2015 whereas no such sales were recorded in 2014. The increase in turnover contributed by the sale of optical fibre cable series and related products was offset by the decrease in turnover of feeder cable series, flame-retardant flexible cable series, and other accessories of approximately RMB298.0 million, RMB66.2 million and RMB136.0 million, respectively. Decrease in turnover of feeder cable series and flame-retardant flexible cable series is primarily driven by the decrease in average copper price in 2015. Sales of other accessories in 2014 included resale of optic fibre cable series purchased from Trigiant Optic-Electric by Trigiant Technology and such resale was eliminated on consolidation in 2015 resulting in the decrease in turnover during the Year.

Overall sales to the three major telecommunications operators in the PRC increased by approximately RMB63.9 million from approximately RMB2,485.3 million in 2014 to approximately RMB2,549.2 million in 2015.

Cost of goods sold

Cost of goods sold increased by approximately RMB198.1 million, or approximately 9.6%, from approximately RMB2,065.2 million in 2014 to approximately RMB2,263.3 million in 2015. Cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 96.4% and 97.9% of the total cost of goods sold in 2015 and 2014, respectively. The increase in cost of goods sold was in line with the increase in turnover in 2015.

Gross profit and gross profit margin

Gross profit increased by approximately RMB57.2 million, or approximately 9.6%, from approximately RMB592.9 million in 2014 to approximately RMB650.1 million in 2015. Such increase was mainly attributable to the increase in turnover of the optical fibre cable series and related products. Overall gross profit margin remained at approximately 22.3%.

Other income

Other income increased by approximately RMB7.5 million, or approximately 50.9%, from approximately RMB14.9 million in 2014 to approximately RMB22.4 million in 2015. Such increase was primarily due to the increase in interest income by approximately RMB6.8 million.

Other gains and losses

Other gains of approximately RMB1.2 million was recognised in 2014 while other losses of approximately RMB91.7 million was recognised in 2015. Such change in 2015 was primarily due to (i) allowance for bad and doubtful debts of approximately RMB62.7 million made to trade receivables due to extension of the payment period of customers; (ii) exchange losses of approximately RMB28.9 million recognised due to the Renminbi exchange fluctuations in foreign currency borrowings amongst bank borrowings and; (iii) loss on fair value changes on investment properties of approximately RMB0.1 million.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB9.6 million, or approximately 18.4%, from approximately RMB52.3 million in 2014 to approximately RMB61.9 million in 2015. Such increase was mainly due to selling and distribution costs of the optical fibre cable business which was acquired by the Group at the end of 2014 and recognition of share based payment expense relating to share options granted in June 2014 partially offset by the decreased marketing and entertainment costs as a result of the continued cost curb program.

Administrative expenses

Administrative expenses increased by approximately RMB5.6 million, or approximately 11.9%, from approximately RMB47.2 million in 2014 to approximately RMB52.8 million in 2015. Such increase was primarily as a result of administrative expenses in respect of the optical fibre cable business which was acquired by the Group at the end of 2014 and recognition of share based payment expense relating to share options granted in June 2014.

Research and development costs

Research and development costs increased by approximately RMB20.3 million, or approximately 76.2%, from approximately RMB26.7 million in 2014 to approximately RMB47.0 million in 2015. Such increase was attributable to research and development costs of the optical fibre cable business which was acquired by the Group at the end of 2014.

Fair value change of warrants

The Company issued 200,000,000 warrants ("Warrants") in April 2014 and re-measures the Warrants at fair value at each statement of financial position date with the change in fair value recorded in the profit or loss. As such, such fair value change was not related to the Group's operating results. These Warrants are recognised in the consolidated statement of financial position at their fair values using binomial model. A gain on change in fair value of the Warrants of approximately RMB13.1 million was recognised in 2015 whereas a loss on change in fair value of the Warrants of approximately RMB18.3 million was recognised in 2014.

Gain recognised on deemed disposal of an available-for-sale investment

On 30 December 2014, the Group acquired 60% of the issued share capital of Jiang Mei Limited, which held 87.5% interest in the optical fibre cable manufacturer, Trigiant Optic-Electric. The remaining 12.5% interest of Trigiant Optic-Electric was owned by the Group and was accounted for as available-for-sale investment. After the acquisition, the Group's effective interest in Trigiant Optic-Electric increased from 12.5% to 65.0% such that Trigiant Optic-Electric became a non-wholly owned subsidiary of the Company and the available-for-sale investment was deemed disposed of resulting in a gain of approximately RMB23.8 million in 2014.

Finance costs

Finance costs increased by approximately RMB26.8 million, or approximately 57.5%, from approximately RMB46.5 million in 2014 to approximately RMB73.3 million in 2015. Such increase was mainly attributable to the increase in average bank borrowing in 2015.

Taxation

Taxation charge decreased by approximately RMB15.4 million, or approximately 21.2%, from approximately RMB72.6 million in 2014 to approximately RMB57.2 million in 2015. The Group's Enterprise Income Tax arises from its principle subsidiaries in the PRC, which enjoy a reduced Enterprise Income Tax rate of 15% as they are qualified as a High and New Technology Enterprise. The decrease in taxation charge in 2015 is primarily attributable to decrease in taxable profit of Trigiant Technology and offset by the additional taxable profit of Trigiant Optic-Electric.

Profit for the year

As a combined result of the foregoing and profit attributable to non-controlling interests, the profit for the year attributable to owners of the Company decreased by approximately RMB93.8 million, or approximately 25.4%, from approximately RMB369.1 million in 2014 to approximately RMB275.3 million in 2015. The net profit margin decreased by 4.5 percentage points from approximately 13.9% in 2014 to approximately 9.4% in 2015.

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 2015 and 2014:

	2015 **RMB'000**	2014 RMB'000
Net cash used in operating activities	**(116,374)**	(93,269)
Net cash used in investing activities	**(221,080)**	(147,401)
Net cash from financing activities	**83,565**	290,137

As at 31 December 2015, the Group had bank balances and cash and pledged bank deposits of approximately RMB775.3 million and the majority of which were denominated in Renminbi ("RMB"). As at 31 December 2015, the Group had total bank borrowings of approximately RMB1,302.3 million which were repayable within one year. As at 31 December 2015, approximately RMB376.9 million of the total bank borrowings were fixed rate borrowings and approximately RMB925.4 million were variable rate borrowings. As at 31 December 2015, bank borrowings of approximately RMB886.0 million were denominated in RMB, approximately RMB134.0 million were denominated in Hong Kong dollars, approximately RMB35.5 million were denominated in Euro and approximately RMB246.8 million were denominated in United States dollars.

In 2015, the majority of the Group's transactions were denominated in RMB except for the bank borrowings denominated in United States dollars, Euro and Hong Kong dollars and 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.

ISSUE OF SHARES

On 6 June 2015, the Company and Eternal Asia (HK) Limited ("Subscriber") entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 261,000,000 subscription shares ("Subscription Shares") at the subscription price of HK$2.27 per Subscription Share. The Subscriber is a wholly-owned subsidiary of 深圳市怡亞通供應鏈股份有限公司 (Eternal Asia Supply Chain Management Ltd.*) ("Eternal Asia"). Eternal Asia is a joint stock company established in the PRC with limited liability whose shares are listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange.

Subsequently on 14 July 2015, the Group issued an aggregate of 261,000,000 Subscription Shares to the Subscriber and received net proceeds of approximately HK$562.0 million. The quoted closing price of the Company's shares on 14 July 2015 was HK$1.98. The net price to the Company of each Subscription Share was HK$2.16. The net proceeds received had been fully utilised for the Group's general working capital and repayment of bank borrowings.

GEARING RATIO

Gearing ratio of the Group, calculated as total bank borrowings net of pledged bank deposits and bank balances and cash divided over total equity, decreased from approximately 25.7% as at 31 December 2014 to approximately 19.9% as at 31 December 2015. Such decrease was primarily due to the increase in total equity of approximately RMB589.1 million from approximately RMB2,062.0 million as at 31 December 2014 to approximately RMB2,651.1 million as at 31 December 2015. Increase in total equity as at 31 December 2015 was mainly attributable to (i) profit for the year of approximately RMB275.3 million; (ii) issue of shares of the Company for approximately RMB457.7 million; and (iii) payment of the 2014 final dividend of approximately RMB72.1 million and the 2015 interim dividend of approximately RMB91.3 million.

PLEDGE OF ASSETS

As at 31 December 2015, the following assets were pledged to certain banks to secure certain credit facilities granted to the Group.

	2015 **RMB'000**	2014 RMB'000
Land use rights	**–**	11,854
Bank deposits	**541,428**	354,343
Total	**541,428**	366,197

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2015.

EMPLOYEE INFORMATION

As at 31 December 2015, the Group had approximately 1,000 (2014: 900) employees. In order to enhance the morale and productivity of employees, employees are remunerated based on their performance, experience and prevailing industry practices. Compensation policies and packages of management staff and functional heads are being reviewed on a yearly basis. In addition to basic salary, performance related salary may also be awarded to employees based on internal performance evaluation. Moreover, the Company adopted a share option scheme in May 2014 which allows the Company to grant share options to, among other persons, Directors and employees of the Group in order to retain elite personnel to stay with the Group and to provide incentives for their contribution to the Group.

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

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year ended 31 December 2015, the Group had no material acquisition or disposal of subsidiaries or associated companies. In addition, the Group had no significant investments held during the year ended 31 December 2015.

* *For identification only*

Mr. Qian Lirong, aged 51, 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 Technology Co., Ltd. 江蘇俊知技術有限公司 ("Trigiant Technology") in November 2007. Mr. Qian is also the chairman and general manager of Trigiant Technology and a director of certain 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 ("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, Most Influential Entrepreneurs in Chinese Telecommunication Optical Industry (獲中國通信光電纜最具影響力企業家) in 2015, 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 Information 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 Jiangsu Enterprise Information Association (江蘇省企業信息化協會), and Executive President of Jiangsu Optical & Electric Cable Industry Chamber of Commerce (江蘇光電線纜商會), 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), Vice President of Yixing General Chamber of Commerce (宜興市總商會), 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 is a director of many education institutions, including Changshu Institute of Technology (formerly known as Changshu Machinery and Industrial Employees' University (常熟市機械工業職工大學)) and Yixing Middle School Jiangsu Province.

Mr. Qian graduated from Changshu Institute of Technology 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. In 2012, he also obtained a bachelor degree from China University of Petroleum, Beijing. Mr. Qian is a senior engineer, senior economist, and a visiting professor of Changshu Institute of Technology and an exemplary worker of Jiangsu Province.

Mr. Jiang Wei, aged 57, 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 Trigiant Technology in November 2007. Mr. Jiang is also an executive deputy general manager of Trigiant Technology and a director of certain 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.

MR. FUNG KWAN HUNG

Non-Executive Director

Mr. Fung Kwan Hung, aged 47, is a non-executive Director. Mr. Fung has over 20 years of experience in audit, finance and accounting. Since August 2003, Mr. Fung joined 深圳市怡亞通供應鏈股份有限公司 (in English, for identification only, Shenzhen Eternal Asia Supply Chain Management Ltd.) ("Eternal Asia"), a company with shares listed on the Shenzhen Stock Exchange. Mr. Fung is currently a director, vice president and chief financial officer of Eternal Asia and directors of various subsidiaries of Eternal Asia. From November 1997 to April 2003, Mr. Fung served as a financial controller of MUI Hong Kong Limited (now known as Morning Star Resources Limited). From August 1992 to November 1997, he worked in an international accounting firm.

Mr. Fung holds a Bachelor degree in Accountancy from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). He is currently a fellow of each of The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants.

PROFESSOR JIN XIAOFENG
Independent Non-Executive Director

Professor Jin Xiaofeng, aged 47, is an independent non-executive Director. Prof. Jin is currently the professor of the Faculty of Information Science and Electrical Engineering, Zhejiang University (浙江大學). Prof. Jin is also an independent director of Zhongli Sci-Tech Group Co., Ltd (中利科技集團股份有限公司), a company with shares listed on the Shenzhen Stock Exchange. In February 2007, he was appointed as a Doctor of Philosophy supervisor in the 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 2003, Prof. Jin worked in Oplink Communications Inc., LightMatix Inc. and Agiltron Inc in the U.S..

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 Faculty of Information Science and Electrical 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 46, is an independent non-executive Director. Mr. Poon has over 20 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). Mr. Poon joined Real Nutriceutical Group Limited (stock code: 2010), a company listed on the Stock Exchange, in June 2008 as chief financial officer and company secretary. Prior to that, he served senior financial positions in a number of companies listed in Hong Kong and the U.S. Mr. Poon also served various positions in Advent International Corporation, a global private equity firm, Lenovo Group Limited (stock code: 992) and Sun Hung Kai Properties Limited (stock code: 16), both companies are listed on the Stock Exchange.

Mr. Poon obtained a bachelor's degree in commerce from the University of New South Wales in 1993 and is a holder of a Chartered Financial Analyst Charter of the CFA Institute, a Certified Practising Accountant (Australia) and a fellow of The Hong Kong Institute of Certified Public Accountants.

MR. NG WAI HUNG

Independent Non-Executive Director

Mr. Ng Wai Hung, aged 52, is an independent non-executive Director. Mr. Ng is a practising solicitor and a partner in Iu, Lai & Li, a Hong Kong firm of solicitors and notaries. He has extensive experience in the areas of securities law, corporate law and commercial law in Hong Kong and China trades 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 in Hong Kong. Mr. Ng is also an independent non-executive director of seven companies listed on the Stock Exchange, namely Fortune Sun (China) Holdings Limited (stock code: 352), Gome Electrical Appliances Holding Limited (stock code: 493), Sustainable Forest Holdings Limited (stock code: 723), Kingbo Strike Limited (stock code: 1421), Tech Pro Technology Development Limited (stock code: 3823), On Time Logistics Holdings Limited (Stock Code: 6123) and Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited) (stock code: 8172). Between January 2008 and September 2014, Mr. Ng served as an independent non-executive director of another listed companies in Hong Kong namely Qingdao Holdings International Limited (formerly known as HyComm Wireless Limited) (stock code: 499). Between January 2013 and August 2014, Mr. Ng served as an independent non-executive director of another listed companies in Hong Kong namely E-Rental Car Company Limited (formerly known as Perception Digital Holdings Limited) (Stock Code: 1822).

MS. JIA LINA

Independent Non-Executive Director

Ms. Jia Lina, aged 48, is an independent non-executive Director. She has over 20 years of experience in accounting. 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. Between February 2011 and April 2013, Ms. Jia was an independent director of a company with shares listed on the Suzhou Tianma Fine Chemicals Co., Ltd (蘇州天馬精細化學品股份有限公司), a company with shares listed on the Shenzhen Stock Exchange.

Ms. Jia graduated with a bachelor's degree in economic trade in July 1989 and a master's in economics from Dongbei University of Finance and Economics (東北財經大學) in October 1992. Ms. Jia was qualified as an accountant in December 1996 by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部).

MR. LIU XIANGRONG
Chief Technology Officer

Mr. Liu Xiangrong, aged 65, is the 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 Trigiant Technology 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. LEUNG SIU KEI
Chief Financial Officer and Company Secretary

Mr. Leung Siu Kei, aged 39 is the chief financial officer and company secretary of the Company. Mr. Leung is primarily responsible for company secretarial, corporate finance, financial reporting and investor relations management affairs of the Group. Mr. Leung has over 17 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 each of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

The board ("Board") of directors ("Directors") of the Company is pleased to present this Corporate Governance Report for the year ended 31 December 2015.

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 ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of the Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("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 in this report 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 2015 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 ("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 2015.

BOARD OF DIRECTORS

(i) Board composition

The Board currently comprises a combination of two executive Directors, one non-executive Director and four independent non-executive Directors. There are no relationship (including financial, business, family or other material relevant relationships) among members of the Board.

Throughout the year ended 31 December 2015, the Board consisted of the following Directors:

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

Non-executive Director
Mr. Fung Kwan Hung (appointed on 31 August 2015)

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 2015, eight 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 20 years of experience in corporate finance and accounting. Mr. Poon is a holder of a Chartered Financial Analyst Charter of the CFA Institute, a Certified Practising Accountant (Australia) and a fellow of The Hong Kong Institute of Certified Public Accountants.

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

(v) Continuous professional development

During the year ended 31 December 2015, the Company has arranged the following Directors to develop and refresh their knowledge and skills:

Name of Directors	Attending management briefings, trainings, seminars, giving speech or other professional development	Reading articles, researches, journals and updates
Mr. Qian Lirong	✓	✓
Mr. Jiang Wei	✓	✓
Mr. Fung Kwan Hung	✓	✓
Professor Jin Xiaofeng	✓	✓
Mr. Poon Yick Pang Philip	✓	✓
Mr. Ng Wai Hung	✓	✓
Ms. Jia Lina	✓	✓

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.

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 2014.

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 risk management, 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 2015, the audit committee has held five meetings, at which the members of audit committee principally reviewed and discussed with the external auditor of the Company about the Group's annual results and audited consolidated financial statements for the year ended 31 December 2014, the interim review scope and process for the Group's result for the six months ended 30 June 2015, the interim results for the six months ended 30 June 2015 and audit scope and process for the Group's annual results for the year ended 31 December 2015, 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. Poon Yick Pang Philip and Mr. Ng Wai Hung, 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 2015, the remuneration committee has held three meetings, at which the members of remuneration committee principally reviewed and recommended the remuneration agreement, 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.

According to the diversity policy of the Board adopted by the Company, the Board takes into account various elements of diversity including but not limited to age, gender, cultural and educational background, skills, professional knowledge, and industry experience in determining the appointment and reappointment of the Directors and proposed candidates. All Directors appointments are based on meritocracy and due regard is given to the Board's diversity to ensure the Company can obtain the benefits of such diversity. The nomination committee is responsible for the monitoring and review of the policy. During the year ended 31 December 2015, the nomination committee was satisfied with the diversity of the existing Board composition and did not, for the time being, set up any measurable objective regarding board diversity.

During the year ended 31 December 2015, the nomination committee has held two meeting, at which the members of nomination committee principally reviewed and recommended the diversity, 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 2015, the corporate governance committee has held one meeting, at which the members of the corporate governance committee principally reviewed the policies and practices on the corporate governance adopted by the Company and made recommendation on the necessary revision in response to the changes in the relevant rules and regulations.

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 effectiveness of the internal control system of the Group including recommendations to enhance the overall internal control system for the year ended 31 December 2015. 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.

DIRECTORS' ATTENDANCE RECORDS AT MEETINGS

The attendance records of each Director at various meetings held during the year ended 31 December 2015 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)*	8/8	N/A	N/A	N/A	N/A	2/2
Mr. Jiang Wei *(Group chief executive officer)*	8/8	N/A	3/3	N/A	1/1	2/2
Non-executive Directors						
Mr. Fung Kwan Hung *(Note)*	1/1	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Professor Jin Xiaofeng	8/8	5/5	N/A	2/2	N/A	2/2
Mr. Poon Yick Pang Philip	8/8	5/5	3/3	2/2	1/1	1/2
Mr. Ng Wai Hung	6/8	4/5	3/3	N/A	1/1	2/2
Ms. Jia Lina	6/8	4/5	N/A	1/2	N/A	2/2

Note: Mr. Fung Kwan Hung attended the Company's board meeting after being appointed as the Company's non-executive director on 31 August 2015.

AUDITOR'S REMUNERATION

For the year ended 31 December 2015, 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	1,464
Non-audit services	
Review of the interim consolidated financial statements	325
Internal control review	163
Tax services	47

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.

COMPANY SECRETARY

During the year ended 31 December 2015, 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 2015.

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 address of company secretary is the Company's principal place of business as stated above.

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 2015, there was no change in the Company's constitutional documents.

On behalf of the Board
Qian Lirong
Chairman

Hong Kong, 14 March 2016

The board ("Board") of directors ("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 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is to act as an investment holding company. The Group's operations are substantially conducted through its subsidiaries in the PRC. The Group is mainly engaged in the manufacture and sales of feeder cable (formerly known as Radio Frequency (RF) coaxial cable) series, flame-retardant flexible cable series, optical fibre cable series and related products for mobile communications and telecommunication equipment. Particulars of the principal activities of its principal subsidiaries are set out in note 39 of the Notes to the consolidated financial statements of this annual report.

Further discussion and analysis of these activities, including a discussion of likely future developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 49 of this annual report.

An interim dividend of HK7 cents per share amounting to HK$109,445,000 in aggregate was paid to the shareholders of the Company ("Shareholders") whose names appeared on the register of member of the Company on 18 September 2015 during the year ended 31 December 2015. The Board recommended the payment of a final dividend of HK3.5 cents per share for the year ended 31 December 2015 and the retention of the remaining profit for the year.

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 in the section headed "Financial Summary" of this annual report.

FIXED ASSETS

Details of the movements during the year ended 31 December 2015 in the Group's investment properties and property, plant and equipment are set out in notes 16 and 17, respectively, of the Notes to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements during the year ended 31 December 2015 in the issued share capital of the Company are set out in note 31 of the Notes to the consolidated financial statements of this annual report.

During the year ended 31 December 2015, the Company issued 261,000,000 ordinary shares of the Company at HK$2.27 per share and the Company raised gross proceeds and net proceeds of approximately HK$592.5 million (RMB481.9 million) and HK$562.0 million (RMB457.7 million), respectively. The Company has applied the net proceeds raised for general working capital of the Group and repayment of debts.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for distribution to Shareholders amounted to approximately RMB1,330.9 million.

DIRECTORS

The Directors during the year ended 31 December 2015 and up to the date of this annual report were as follows:

Executive Directors
Mr. Qian Lirong
Mr. Jiang Wei

Non-executive Directors
Mr. Fung Kwan Hung (appointed on 31 August 2015)

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

In accordance with article 83(3) of the articles of association of the Company, Mr. Fung Kwan Hung shall retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

In accordance with articles 84(1) and 84(2) of the articles of association of the Company, Mr. Jiang Wei and Ms. Jia Lina shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Details of the Directors' profiles are set out in the section headed "Directors and Senior Management Profile" of this annual report.

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 19 March 2015.

Each of the non-executive Director and independent non-executive Directors has been appointed for a fixed term of three years with effect from 31 August 2015 and 23 August 2014, respectively.

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).

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has arranged Directors' and officers' liability insurance throughout the year ended 31 December 2015 to indemnify the Directors and officers for their liabilities arising from their lawful discharge of duties. The insurance coverage and premium is reviewed on an annual basis.

The articles of association of the Company provide that the Directors for the time being acting in relation to any of the affairs of the Company and every one of them shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. Save for the above, during the year ended 31 December 2015 and up to the date of this annual report, there was or is, no permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) being in force for the benefit at any of the Directors (whether made by the Company or otherwise) or any of the directors of an associated company (if made by the Company).

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 ("Listing Rules"). Based on such confirmations, the Company considers all the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

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

As at 31 December 2015, 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

Interests in the shares and underlying shares of the Company

Name of Director	Nature of interest	Interest in ordinary shares	Interest in underlying shares	Total of shares and underlying shares	Approximate percentage of interest
Mr. Qian Lirong	Interest in controlled corporation	516,189,750 *(Note a)*	–	516,189,750	33.02%
	Interest in controlled corporation	250,000 *(Note b)*	–	250,000	0.01%
	Beneficial owner	6,582,000	–	6,582,000	0.42%
Mr. Jiang Wei	Beneficial owner	60,000	2,000,000 *(Note c)*	2,060,000	0.13%
Professor Jin Xiaofeng	Beneficial owner	–	400,000 *(Note c)*	400,000	0.03%
Mr. Poon Yick Pang Philip	Beneficial owner	–	400,000 *(Note c)*	400,000	0.03%
Mr. Ng Wai Hung	Beneficial owner	–	400,000 *(Note c)*	400,000	0.03%
Ms. Jia Lina	Beneficial owner	–	400,000 *(Note c)*	400,000	0.03%

Notes:

(a) These shares are registered in the name of Trigiant Investments Limited ("Trigiant Investments"), a company owned as to 91.79% by Abraholme International Limited ("Abraholme"), which is in turn wholly owned by Mr. Qian Lirong. By virtue of the provisions in Part XV of 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 are registered in the name of Abraholme.

(c) These interests in underlying shares represent interests in options granted on 20 June 2014 under the Company's share option scheme conditionally adopted on 27 May 2014 which were accepted on 4 July 2014. Please refer to note 31 of the Notes to the consolidated financial statements of this annual report for further details of the share options granted.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executives of the Company, or any of their associates had any interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations.

SHARE OPTION SCHEME OF THE COMPANY

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 27 May 2014, the Company adopted its first share option scheme ("Share Option Scheme") to allow the Group to grant options to eligible participants to entitle them to subscribe for new shares as incentives or rewards for their contribution to the Group. Further details of the Share Option Scheme and the share options granted are disclosed in note 32 of the Notes to the consolidated financial statements in this annual report.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31 December 2015, 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 the chief executive of the Company 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 2015.

CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or 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 or a controlling shareholder of the Company 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 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2015, none of the Directors had an interest in any business which competes or may compete with the business in which the Group is engaged.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2015, the Group had entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards but these transactions were either not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. Details of these related party transactions are disclosed in note 35 of the Notes to the consolidated financial statements of this annual report.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, 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

Name of shareholder	Nature of interest	Total of shares and underlying shares	Approximate percentage of interest
Trigiant Investments	Beneficial owner	516,189,750	33.02%
Abraholme	Beneficial owner	250,000	0.01%
	Interest in controlled corporation	516,189,750 *(Note a)*	33.02%
Madam Qian Jundi	Interest of spouse	523,021,750 *(Note b)*	33.45%
Eternal Asia (HK) Limited	Beneficial owner	261,000,000 *(Note c)*	16.69%
Shenzhen Eternal Asia Investment Holding Limited ("Eternal Asia Investment")* 深圳市怡亞通投資控股有限公司	Interest in controlled corporation	261,000,000 *(Note c)*	16.69%
Shenzhen Eternal Asia Supply Chain Management Ltd. ("Eternal Asia")* 深圳市怡亞通供應鏈股份有限公司	Interest in controlled corporation	261,000,000 *(Note c)*	16.69%
Zhou Guohui	Interest in controlled corporation	261,000,000 *(Note c)*	16.69%
Easy Beauty Limited	Beneficial owner	200,000,000 *(Note d)*	12.79%
Zhu Xujun	Interest in controlled corporation	200,000,000 *(Note d)*	12.79%

* *For identification only*

Note:

(a) These shares are registered in the name of Trigiant Investments, a company owned as to 91.79% by Abraholme, which is 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.

(c) Based on the notices of disclosure of interests of Eternal Asia (HK) Limited, Eternal Asia, Eternal Asia Investment and Mr. Zhou Guohui each filed with the Stock Exchange on 15 July 2015, these interest are registered in the name of Eternal Asia (HK) Limited, a company wholly owned by Eternal Asia, which in turn is owned as to 38.12% by Eternal Asia Investment, which in turn is wholly owned by Mr. Zhou Guohui.

(d) Based on the notices of disclosure of interests of Easy Beauty Limited and Mr. Zhu Xujun each filed with the Stock Exchange on 24 September 2015, these interests in shares are registered in the name of Easy Beauty Limited, a company owned as to 40.00% by Mr. Zhu Xujun.

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

During the year ended 31 December 2015, the Company repurchased a total of 12,500,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK$20,429,826.4 for enhancing the net asset value and earnings per share of the Company. All 12,500,000 shares of the Company repurchased were cancelled and details of the repurchases are as follows:

Date of repurchase	No. of ordinary shares Repurchased	Price paid per share		Aggregate consideration
		Highest (HK$)	Lowest (HK$)	(HK$)
19 January 2015	4,470,000	1.65	1.63	7,367,904.0
20 January 2015	874,000	1.66	1.65	1,450,015.2
21 January 2015	1,772,000	1.67	1.64	2,938,507.6
22 January 2015	1,692,000	1.70	1.61	2,777,925.6
23 January 2015	840,000	1.66	1.61	1,372,644.0
26 March 2015	352,000	1.80	1.80	633,600.0
1 September 2015	800,000	1.59	1.54	1,243,200.0
2 September 2015	800,000	1.58	1.50	1,238,880.0
4 September 2015	900,000	1.60	1.55	1,407,150.0
	12,500,000			20,429,826.4

Save as disclosed above, 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 2015.

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 2015 and up to the date of this report.

MAJOR RISKS OF THE GROUP

The Group has formulated a variety of management policies and framework for the past few years for sustainable development of the Group. The Group attaches great importance to risks management to ensure that the Group can be able to cope with changing industrial and economic environment. To minimise the impact of various risks on the Group's operation, the Group designated the Board, the audit committee of the Board and management of the Group as the responsible party of risks management.

The Group's management conducts corporate risk assessment on a regular basis and monitors risks continuously and takes appropriate actions targeted to different risks. The management reports the risk assessment and updates of relevant measures taken against material risks to the Board regularly, and the Board subsequently review and approve the risk assessment, marketing strategies, business plan and budgets submitted by the management, while the audit committee of the Board review the Group's finance, operation and compliance matters and the results of risks management and internal control system as well as the effectiveness of compliance with the Listing Rules.

The Group exposes to various risks and uncertainties. The effects of such risks may vary over time. The following table sets forth material risks classified by the Group according to its status quo and relevant alleviating measures for each material risk for the management of such risks.

Risks profile	Major relevant alleviating measures
Business risks The major customers of the Group are the three major telecommunications operators in the People's Republic of China ("PRC" or "China"), any changes of business strategies and capital expenditures of these customers and development changes of telecom industry of China will therefore have an impact on sales of the Group.	• Proactively develop customers other than telecommunications operators. • Expand overseas market and increase the proportion of overseas sales. • Diversify product portfolio and reduce the impact of change in sales of individual product on the Group's overall business.
A majority of the Group's turnover are derived from sales of products to provincial subsidiaries of the three major telecommunications operators in the PRC. The three major telecommunications operators in the PRC usually invited equipment suppliers including the Group to participate in the tender activities held by each of them. As a result, the tender results of the Group in these tender activities will impact the operation and financial performance of the Group.	• Continue to review competitive edges of the Group in the industry and market trend. • Enhance after-sales services for customers and improve product quality to raise the Group's competitiveness in bidding activities. • Develop more new products to meet customers demand.

Risks profile	Major relevant alleviating measures
The telecommunications industry develops with each passing day and advances in technology may make certain products of the Group being obsolete. Therefore, it's expected that technology transformation and capabilities to cope with these transformation, launch new products and improve product quality will have a material impact on the Group's position in the industry.	• Invest resources to develop new products and upgrade existing products to cater to the changing market demand. • Actively recruit and train skillful and experienced technicians to enhance research and development capabilities.
Financial risks Delayed payments of customers who were granted credit period by the Group will add the Group's exposure to financial risks and have an impact on financial performance and operating cash flows of the Group.	• Review accounts receivable due from major customers on a regular basis and control over it to an appropriate level. • Manage and control strictly internally and put additional efforts to collect trade receivables overdue.
The Group's major raw materials are copper-based materials and optical fibre and the Group procures raw materials from domestic suppliers. Increases in price of raw materials or any shortage of raw materials in China market will have material impact on profitability and production of the Group.	• Among the framework agreements we entered into with main customers according to tender results, pricing for the Group's main products (including feeder cables (formerly known as Radio Frequency (RF) coaxial cable), flame-retardant flexible cables and optical cable products) are determined with reference to prices of its major raw materials such as copper and optical fibre, so as to minimise the impact of fluctuation in prices of raw materials on gross profit margin. • With respect to supply, conduct investigation and assessment on suppliers periodically to ensure stable supply source of raw materials.
Composite risk Recently, China's economy growth has slowed down and as a result, the demand for products of the Group may significantly reduce, which may have a material adverse impact on business, financial condition and operating results of the Group.	• Expand overseas market and increase the proportion of overseas sales to reduce the dependence on individual country or region.

CUSTOMER AND SUPPLIER RELATIONSHIP

The major customers of the Group, the three major telecommunications operators in the PRC, usually select their suppliers through the tendering process. They generally invite the Group and its competitors to participate in the tender and submit bids. If the Group wins the tender, the relevant customer will enter into a framework agreement with the Group setting out the general terms of the supply of products. The Group will then enter into specific sales contracts with the subsidiaries of such customer which set out the details and specific terms of each purchase. All qualified suppliers of feeder cable series, flame-retardant flexible cable series and optical fibre cable series to the three major PRC telecommunications operators can participate in the tender organised by them. The three major telecommunications operators in the PRC primarily consider pricing, quality and service offerings when selecting the winning bidder. The Group has been dedicated to offering quality products and services to increase the Group's share in various tender activities rather than through low-price strategy.

The Group conducts satisfaction survey on its main customers in relation to the quality of products and services offered annually and makes improvement according to satisfaction questionnaire.

The Group has formulated relevant procedures to select its suppliers. The Group mainly selects its suppliers for materials other than optical fibre through tenders and invites potential suppliers to submit bids. The suppliers for optical fibre are designated by respective major telecommunication operators in the PRC. When selecting potential supplier candidates, the Group takes into consideration their reputation, product quality, prices, reliability, delivery time and credit terms offered by the candidates. Before the Group invites a candidate to submit a bid, its procurement personnel usually reviews the necessary permits, licenses and certificates of such candidate and requires the candidate to complete a questionnaire on its background and the quality and technical standard of the raw materials it supplies. With respect to the procurement of its major raw materials, such as copper-based materials, the Group will, if necessary, conduct an onsite visit at the candidate's premises and carry out sample inspection and testing before inviting the candidate to participate in the tender. According to the internal control guidelines of the Group, there shall be at least two or more candidates for each type of raw materials who the Group will invite to submit bids at open tenders so as to lower the costs of its purchases of raw materials.

In addition, the Group maintains a list of qualified suppliers, which is subject to annual review conducted jointly by its procurement, production, quality control and technology departments. Only those suppliers who pass such annual joint review are able to continue to be a supplier to the Group in the following year. The procurement department collects monthly information on quality and delivery updates of each kind of material and organises production, technology, quality and purchasing and other departments to make integrated appraisal on major material suppliers annually, so as to delete those unqualified and make rectifications to the controversial ones and put more orders to favourable ones at next round of tender.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2015, purchases from the single largest supplier of the Group and the five largest suppliers of the Group in aggregate accounted for approximately 49.0% (2014: 65.5%) and 65.7% (2014: 82.1%) of the Group's total purchases, respectively.

For the year ended 31 December 2015, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 38.4% (2014: 42.4%) and 94.8% (2014: 96.8%) of the Group's total turnover, respectively.

At all time during the year ended 31 December 2015, 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.

SUSTAINABLE DEVELOPMENT

The Group was established in 2007 and become one of the largest feeder cables manufacturers of China in less than 10 years. It developed into one of the leading communication products manufacturers mainly by virtue of feeder cable business since its inception and then further diversified its business. The Group grew at a rapid rate and meanwhile, attached much importance to sustainable development.

The Group targeted to be a responsible corporate citizenship of local community. The Group lays its foundation for sustainable development through raising corporate governance level, improving production environment, enhancing product quality, assuming social responsibilities and safeguarding shareholders rights, thus becoming one of the major telecommunication cable manufacturers in the world.

The Group has stipulated corresponding commitments and relevant measures targeted to different major categories of sustainable development, including environmental protection, product quality and innovation, work environment and security, integrity management, employee policy and social responsibility. The Group believes that the aforementioned measures, which are further elaborated below, will drive the sustainable development of the Group.

Environmental Protection

Environmental protection within the enterprise culture

The Group believes that the combination of common awareness, values, occupational ethics and code of conduct that all the employees followed will determine the behaviour of the employees. Therefore, the Group strives for developing a corporate culture that takes ecological responsibility into consideration through various measures. The Group hopes to enhance social responsibility and merges ecological philosophy into corporate mission.

The Group produced and distributed an environmental protection brochure to each employee so as to popularise the knowledge of environmental protection. Besides, an environmental protection team with over 60 volunteers was established to build up environmental protection consciousness among all the employees to protect the environment of our production plant. In addition, we established ecological civilisation building team with campuses, communities and hospitals to carry out communication, cooperation and practices relating to ecological civilisation development.

To strengthen the utilisation and management of energy and resources of the Group, reasonably and effectively making use of energy, resources and reduce costs as well as achieve sustainable development while saving energy and resources, the Group formulated environmental management systems, including management manual, procedures documents, three levels documents and records, according to ISO14001:2004 environmental management standard and with reference to relevant laws and regulations such as Environmental Protection Law of the PRC, which have been audited and inspected by TL Certification Centre.

Greening Coverage

The Group positioned its production base as garden-like plant since its inception in 2007. The Group has invested over RMB200,000 each year into plant greening since its full production. To date, the Group has afforested area of approximately 38,000 square meters, wetlands area of approximately 19,000 square meters and landscape lake area of approximately 5,000 square meters, representing approximately 31% of the production base area. The Group also planted over 3,000 trees and over 20,000 shrubs of various kinds in its production base.

Energy Conservation and Emission Reduction

In addition to afforestation within the factory areas, the Group incorporates energy-saving practices into the ordinary course of its production activities, including (i) using time switches for energy-saving lightings, applying frequency conversion technology in production equipment, and maintaining continuity of production activities to reduce power consumption; (ii) using recycling water in production activities; (iii) recycling leftover materials; and (iv) delivering copper waste and scrap to suppliers for reprocessing and reuse.

The Group has separate pipe systems for sewage and rainwater at its factories, and invested approximately RMB800,000 in building rainwater collection pools for storing rainwater. Rainwater collected in the rainwater collection pools is used for irrigating lawns and plants at the factories. Environmental sanitation trainings are organised regularly for employees. Waste is classified into recyclable and unrecyclable and should be placed at the designated places. Pursuant to the agreement entered into with the environmental sanitation office of Yixing City and other relevant parties, hazardous waste will be collected and managed by qualified waste management and recycling companies, while general waste will be collected and managed by the environmental sanitation office.

Environmentally friendly is the Group's prerequisite for devices and tools used at its offices and logistics systems. For instance, hand sanitizers used by employees and detergents used at logistics systems are phosphorus-free green products. The Group has management rules in place to reduce energy consumption in almost every aspect, such as office lighting and air-conditioning temperature restrictions. The Group's canteens also advocate "Waste No Food".

Since its inception, the Group has attached much importance ecological civilisation in its business activities, including production, office work, research and development, sale and marketing activities. As such, the Company has received number of honorary titles, including "Clean Production Enterprise" of Wuxi City, "Environment-friendly Enterprise", "Green Enterprise" of Yixing City and "Ecological Civilisation Model Enterprise" of Yixing City.

Product Quality and Innovation

To ensure that the Group's products meet the requirements of customers under different national or industry standards and mandatory requirements for product certification, the Group has been adhering to strict product quality control and performing such control primarily in accordance with relevant requirements under ISO9001 quality management system. The quality department of the Group is responsible for product quality inspection, including raw materials testing, semi-product inspection, finished product inspection, delivery inspection and model testing.

The Group has attached much importance to product innovation since its inception, in particular in view of the rapid development of communications industry, the Group developed a new product, flame-retardant flexible cable in 2010 and introduced new optical cable business in 2014 to cater to the customers' demand. These two major products have made great contribution to the Group's results, which consolidated the sustainable development of the Group in communication cable industry.

The Group invested significant resources into its research and development department and continuously developed new products after its establishment to cope with customers' changing needs. As of 31 December 2015, the Group has obtained 72 patents in China and has developed 70 new products, of which 41 products were granted Advanced Technology Product Certificate by the Science and Technology Department of Jiangsu Province.

Work Environment and Security

To protect employee's legal rights, safeguard their health and safety during production process and improve occupational safety, the Group formulated management manual, procedures documents, three levels documents, records and other occupational health and safety requirements according to GB/T28001-2011 Occupational Health and Safety Management System and with reference to relevant laws and regulations such as the Labour Contract Law of the PRC, which have been audited and inspected by TL Certification Centre.

The Group strictly manages safe production and conducts second check at company, department, workshop and team levels. The Group also emphasises on safety performance and assesses results and effectiveness of safety management of each department through honouring and awarding employees who made contribution to ensure production safety so as to create a sound atmosphere of full participation. Meanwhile, the Group formulated various contingency plans and conducts exercises regularly.

For the past few years, the Group did not experience significant, material or deathly incidents or fire disaster or other incidents, and all employee undergone regular physical examination. The Group passed the examination on work safety standardisation conducted by the government in 2012. The Group also obtained various honours, such as "Safe Production and Integrity Unit in Jiangsu Province", "Safe Production and Integrity Unit in Wuxi City" and "Safe Production and Integrity Unit in Yixing City".

Integrity Management

To create a fair, transparent and highly standardised management atmosphere within the Group and promote trust relationship among employees as well as keeping honest and legal cooperation between relevant departments of the Company and its external customers/suppliers, the Group specially formulated an integrity and self-discipline management system to govern the behaviours of its employees and prevent occurrence of any bribe, blackmail and fraud. In addition, the Group required its employees who were team leaders or at higher levels to sign an integrity and self-discipline undertaking.

The Company received no accusation of non-compliance and corruption in 2015.

Employee Policy

Basic information

As at 31 December 2015, the Group had a total of 1,013 employees. The basic information of existing employees by age and education level is as follows:

By age:

25 year old or below		Aged 26-35		Aged 36-45		Above 46	
Number of individuals	Percentage	Number of individuals	Percentage	Number of individuals	Percentage	Number of individuals	Percentage
452	44.7%	378	37.4%	124	12.2%	59	5.7%

By education level:

Bachelor degree or above		Associate diploma		Polytechnic school level		High school level		Junior high school level or below	
Number of individuals	Percentage	Number of individuals	Percentage	Number of individuals	Percentage	Number of individuals	Percentage	Number of individuals	Percentage
154	15.2%	251	24.8%	300	29.6%	92	9.1%	216	21.3%

Employee Rights

The Group convenes staff congress annually and put forward its decisions at such conference for employees to approve. In addition, the Group set up general manager's mailbox to enhance the communications between employees and the management.

The Group's female employees in China are entitled to 90 days of maternity leave, during which they will receive basic salaries, and they may apply for postpartum breastfeeding leave once a week when they return to work after the maternity leave. Female employees with infants under one year old can arrange for breast-feed break once during each work shift.

Recruitment, Training and Assessment

Open and fair selection on the basis of merits is the Group's recruitment principle. No ethnic groups, gender, age, region, religious discrimination is allowed during recruitment process. The Group has external and internal recruitment programs. To give more promotion opportunities to its existing employees, the Group would first consider internal promotion to fill up vacancy, and selects candidates through external recruitment only when if there is no suitable internal candidate.

Employees get promoted usually through an internal competitive selection process. During the selection process, the Group would consider their occupational capabilities and performance, undertaking of additional responsibilities, occupational skills and other aspects.

The Group offers relevant occupational trainings for employees of different positions to enable them to play to their strengths. Occupational training systems have established by the Company according to operating features to provide planned vocational trainings to its employees, including induction training, trainee training, on-the-job training, job-change training and other occupational trainings.

The Group has established a sound performance evaluation system, pursuant to which, deputy department managers or higher level shall conduct self-evaluation first and then be appraised by respective division leaders and evaluation teams; while the directors of workshops or lower level are subject to level-by-level evaluations from immediate leaders up to division leaders.

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 Company also adopted the Share Option Scheme as an incentive to directors and eligible employees.

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 2015 are set out in note 12 of the Notes to the consolidated financial statements of this annual report.

Retirement schemes

The Group participates in state-managed retirement benefit schemes operated by the PRC government which covers the Group's eligible employees in the PRC and the Mandatory Provident Fund Scheme for the employees in Hong Kong. Please refer to note 36 of the Notes to the consolidated financial statements of this annual report.

Social Responsibility

The Group fulfills its social responsibilities while endeavouring to operate its business. It regards "helping the needy" as an important social obligation to promote the development of the Group and carries out charity activities regularly since its establishment. The Group made charitable donations totalling approximately RMB140,000 during the year ended 31 December 2015.

The Group cooperated with various communities and campuses in Yixing city since 2010 and arranged employee representatives to visit and help the elderly at nursing houses at Spring Festival. Besides, poverty-relief and heart-warming activities are carried out each year within the Group to assist financially difficult employees and boost their morale. The Group also donates to charities and launches activities to assist the impoverished students regularly.

In 2015, the Group launched "Learning from Leifeng — Promoting Road Civility Volunteer Service Week" activity throughout the Yixing city to further engage in volunteer services and actively participate in civilised city promotion. More than 100 volunteers joined to help traffic police in road civility persuasion activities, such as persuading pedestrians and drivers not to cross the streets casually or jump the light, and guiding passengers to line up for buses, which created safe, smooth and orderly traffic environment for citizens.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted and committed to the code provisions of the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules and has prepared the corporate governance report, which is set out in the section headed "Corporate Governance Report" of this annual report. The Board will continue to review and monitor the practices of the Company with an aim to maintaining the highest standard of corporate governance.

USE OF NET PROCEEDS FROM ISSUE OF SECURITIES OF THE COMPANY

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 ("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 2015, 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 2015, the remaining net proceeds of approximately RMB22.5 million were deposited with certain licensed financial institutions.

In April 2014, the Company completed the issuance of the 200,000,000 warrants ("Warrants"). The net proceeds from the issuance of the Warrants of approximately RMB1.6 million were utilised as general working capital of the Group. The Warrants entitles the holders thereof to subscribe in cash for up to an aggregate amount of HK$630,000,000 for new shares of the Company ("Warrant Shares") upon the exercise of the subscription rights attached to the Warrants at a subscription price of HK$3.15 per Warrant Share (subject to adjustments) at any time for the period commencing from 10 April 2014, the date of issue of the Warrants, and ending on the third anniversary thereof. Based on the initial subscription price of HK$3.15 per Warrant Share, upon the exercise of the subscription rights attached to the Warrants in full, 200,000,000 Warrant Shares will be issued. The Company intends to use the proceeds, if any, from the exercise of the subscription rights attached to the Warrant for repayment of debts and general working capital. None of the Warrants were exercised as at 31 December 2015.

In July 2015, the Company completed the issuance of 261,000,000 ordinary share of the Company. The net proceeds from the issuance of share was approximately HK$562.0 million which was utilised as general working capital of the Group and for repayment of debts.

AUDITOR

The Company has appointed Deloitte Touche Tohmatsu as the auditor of the Company for the year ended 31 December 2015. 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, 14 March 2016

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 49 to 107, which comprise the consolidated statement of financial position as at 31 December 2015, 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 financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

14 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Turnover	7	**2,913,379**	2,658,093
Cost of goods sold		**(2,263,320)**	(2,065,226)
Gross profit		**650,059**	592,867
Other income	8	**22,440**	14,869
Other gains and losses	9	**(91,671)**	1,230
Selling and distribution costs		**(61,849)**	(52,258)
Administrative expenses		**(52,837)**	(47,224)
Research and development costs		**(47,049)**	(26,709)
Fair value change of warrants	30	**13,149**	(18,317)
Gain recognised on deemed disposal of an available-for-sale investment	21	**–**	23,769
Finance costs	10	**(73,293)**	(46,538)
Profit before taxation	11	**358,949**	441,689
Taxation	13	**(57,183)**	(72,620)
Profit and total comprehensive income for the year		**301,766**	369,069
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**275,253**	369,069
Non-controlling interests		**26,513**	–
		301,766	369,069
Earnings per share	15		
— Basic		**RMB19.45 cents**	RMB33.07 cents
— Diluted		**RMB19.45 cents**	RMB33.07 cents

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Investment properties	*16*	**6,900**	6,970
Property, plant and equipment	*17*	**283,211**	275,346
Land use rights	*18*	**75,842**	64,760
Intangible asset	*19*	**108,904**	121,005
Goodwill	*20*	**41,773**	41,773
Available-for-sale investments	*21*	**6,375**	6,375
		523,005	516,229
Current assets			
Inventories	*22*	**95,686**	154,925
Trade and other receivables	*23*	**3,055,860**	2,431,234
Pledged bank deposits	*24*	**541,428**	354,343
Bank balances and cash	*24*	**233,825**	487,714
		3,926,799	3,428,216
Current liabilities			
Trade and other payables	*25*	**418,106**	366,185
Amount due to a related party	*26*	**–**	39,739
Bank borrowings — due within one year	*27*	**1,302,315**	1,372,722
Tax payables		**39,444**	33,780
		1,759,865	1,812,426
Net current assets		**2,166,934**	1,615,790
Total assets less current liabilities		**2,689,939**	2,132,019
Non-current liabilities			
Government grants	*28*	**1,073**	1,413
Deferred taxation	*29*	**30,184**	48,658
Warrants	*30*	**7,617**	19,926
		38,874	69,997
Net assets		**2,651,065**	2,062,022
Capital and reserves			
Share capital	*31*	**12,651**	10,629
Reserves		**2,506,167**	1,945,659
Equity attributable to owners of the Company		**2,518,818**	1,956,288
Non-controlling interests		**132,247**	105,734
Total equity		**2,651,065**	2,062,022

The consolidated financial statement on pages 49 to 107 were approved and authorised for issue by the Board of Directors on 14 March 2016 and are signed on its behalf by:

QIAN LIRONG
DIRECTOR

JIANGWEI
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000 *(Note a)*	Statutory surplus reserve fund RMB'000 *(Note b)*	Special reserve RMB'000 *(Note c)*	Other reserve RMB'000	Property revaluation reserve RMB'000	Share option reserve RMB'000	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014	9,051	641,507	–	162,529	62,947	24	3,248	–	624,938	1,504,244	–	1,504,244
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	–	369,069	369,069	–	369,069
Non-controlling interests arising on the acquisition of subsidiaries *(Note 33)*	–	–	–	–	–	–	–	–	–	–	105,734	105,734
Issue of shares in respect of acquisition of subsidiaries *(Notes 31 and 33)*	1,578	198,795	–	–	–	–	–	–	–	200,373	–	200,373
Expenses incurred in connection with the issue of shares	–	(127)	–	–	–	–	–	–	–	(127)	–	(127)
Reclassification upon transfer of investment properties to property, plant and equipment	–	–	–	–	–	–	(2,626)	–	2,626	–	–	–
Recognition of equity-settled share based payment *(Note 32)*	–	–	–	–	–	–	–	5,663	–	5,663	–	5,663
Dividends recognised as distribution *(Note 14)*	–	–	–	–	–	–	–	–	(122,934)	(122,934)	–	(122,934)
Transfer	–	–	–	71,990	–	–	–	–	(71,990)	–	–	–
At 31 December 2014	10,629	840,175	–	234,519	62,947	24	622	5,663	801,709	1,956,288	105,734	2,062,022
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**275,253**	**275,253**	**26,513**	**301,766**
Issue of shares *(Note 31)*	**2,123**	**479,748**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**481,871**	**–**	**481,871**
Expenses incurred in connection with the issue of shares	**–**	**(24,198)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(24,198)**	**–**	**(24,198)**
Repurchase of shares *(Note 31)*	**(101)**	**(16,514)**	**101**	**–**	**–**	**–**	**–**	**–**	**(101)**	**(16,615)**	**–**	**(16,615)**
Recognition of equity-settled share based payment *(Note 32)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,531**	**–**	**9,531**	**–**	**9,531**
Dividends recognised as distribution *(Note 14)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(163,312)**	**(163,312)**	**–**	**(163,312)**
Transfer	**–**	**–**	**–**	**55,807**	**–**	**–**	**–**	**–**	**(55,807)**	**–**	**–**	**–**
At 31 December 2015	**12,651**	**1,279,211**	**101**	**290,326**	**62,947**	**24**	**622**	**15,194**	**857,742**	**2,518,818**	**132,247**	**2,651,065**

Notes:

(a) During the current year, 12,500,000 shares of HK$0.01 each were repurchased at a total consideration of approximately HK$20,430,000 (approximately RMB16,615,000). All of the shares repurchased during the year were cancelled and the nominal value of such cancelled shares was credited to capital redemption reserve and paid out from the Company's accumulated profits, and the relevant premium was paid out from the Company's share premium.

(b) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China ("PRC"), the PRC subsidiaries of the Company are 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 the PRC subsidiaries while the amount and allocation basis are decided by directors of those subsidiaries 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.

(c) The special reserve represents the deemed contribution arising from acquisition of a subsidiary in 2009.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Operating activities			
Profit before taxation		**358,949**	441,689
Adjustments for:			
Gain on disposal of property, plant and equipment		**(33)**	(66)
Interest income		**(16,504)**	(9,740)
Government grants		**(340)**	(339)
Allowance for bad and doubtful debts		**62,719**	–
Amortisation of intangible asset		**12,101**	–
Fair value changes on investment properties		**70**	(900)
Exchange loss (gain)		**28,882**	(330)
Finance costs		**73,293**	46,538
Depreciation of property, plant and equipment		**27,835**	21,017
Operating lease rentals in respect of land use rights		**1,873**	1,723
Fair value change of warrants	*30*	**(13,149)**	18,317
Expense recognised in respect of equity-settled share-based payments	*32*	**9,531**	5,663
Gain recognised on deemed disposal of an available-for-sale investment	*21*	**–**	(23,769)
Operating cash flows before movements in working capital		**545,227**	499,803
Decrease in inventories		**59,239**	8,882
Increase in trade and other receivables		**(710,846)**	(566,507)
Increase in trade and other payables		**59,999**	24,386
Cash used in operations		**(46,381)**	(33,436)
PRC Enterprise Income Tax paid		**(69,518)**	(59,570)
PRC withholding tax paid		**(475)**	(263)
Net cash used in operating activities		**(116,374)**	(93,269)
Investing activities			
New pledged bank deposits placed		**(952,095)**	(432,005)
Purchase of property, plant and equipment		**(39,716)**	(40,372)
Payment for acquisition of land use rights		**(13,352)**	–
Release of pledged bank deposits		**765,010**	209,401
Interest received		**19,034**	5,408
Proceeds from disposal of property, plant and equipment		**39**	144
Investment in an available-for-sale investment		**–**	(375)
Acquisition of subsidiaries	*33*	**–**	110,398
Net cash used in investing activities		**(221,080)**	(147,401)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Financing activities		
Repayment of bank borrowings	**(2,245,086)**	(1,608,135)
Dividends paid	**(163,312)**	(122,934)
Interest paid	**(77,361)**	(45,307)
Repayment to a related party	**(39,739)**	–
Expenses incurred in connection with the issue of shares	**(24,198)**	(127)
Repurchase of shares	**(16,615)**	–
New bank borrowings raised	**2,168,005**	2,065,053
Proceeds from issue of shares	**481,871**	–
Proceeds from issue of warrants	**–**	1,587
Net cash from financing activities	**83,565**	290,137
Net (decrease) increase in cash and cash equivalents	**(253,889)**	49,467
Cash and cash equivalent at beginning of the year	**487,714**	438,247
Cash and cash equivalent at end of the year, represented by bank balances and cash	**233,825**	487,714

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 ("Stock Exchange"). Up to 29 December 2014, the immediate and ultimate holding company of the Company was Trigiant Investments Limited ("Trigiant Investments") and Abraholme International Limited, respectively, both companies were incorporated in the British Virgin Islands ("BVI"). On 30 December 2014, 200,000,000 ordinary shares of the Company with par value of HK$0.01 each were issued in respect of the acquisition of subsidiaries (details as set out in note 33). Subsequently, in the opinion of the directors of the Company, the Company does not have an immediate and ultimate holding company. The addresses of the registered office and 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 feeder cable (formerly known as Radio Frequency (RF) coaxial cable) series, flame-retardant flexible cable series, optical fibre cable series and related products for mobile communications 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")

The Group has applied for the first time in the current year the following amendments to HKFRSs (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

The application of the new and revised HKFRSs in the current year has had no material effect 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)

New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Lease[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

HKFRS 9 Financial instruments (continued)

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

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- 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.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. The Group's unlisted equity investments that are currently classified as available-for-sale investments measured at cost less impairment may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Changes in fair value of financial liabilities (i.e. warrants) attributable to change in credit risk of financial liabilities that are designated at fair value through profit or loss are disclosed in note 30.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared 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 by the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("CO").

The provisions of the CO which became effective on 3 March 2014 regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Companies Ordinance or Listing Rules but not under the CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Business combinations

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

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

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

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For the goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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 titles have 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

If there is a transfer from investment property carried at fair value to owner-occupied property evidenced by the commencement of owner occupation, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

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

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent 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 assets (other than construction in progress) less their residual values over their estimated useful lives, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Land use rights

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as operating lease. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight line basis, except for those that are classified and accounted for as investment properties under the fair value model.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Impairment losses

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) 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 when the entity becomes a party to the contractual provisions of the instruments.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Loans and receivables

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

Available-for-sale financial assets

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

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 each 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 each reporting period. Financial assets are considered to be 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 investment 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment 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 in accordance with the substance of the contractual arrangements 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Warrants

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

Financial liabilities

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the 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 they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's 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 temporary 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

For the purposes of measuring deferred tax liabilities and deferred tax assets 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.

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 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 are recognised in profit or loss, except when they relate 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Leasing

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

The Group as lessor

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

The Group as lessee

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 32.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

4. CRITICAL ACCOUNTING JUDGEMENTS 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 judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

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 may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

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 2015, the carrying amount of inventories are approximately RMB95,686,000 (2014: RMB154,925,000).

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. At 31 December 2015, the carrying amount of trade receivables are approximately RMB3,015,106,000 (2014: RMB2,400,312,000) (net of allowance for bad and doubtful debts of RMB62,719,000 at 31 December 2015 (2014: Nil)).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

During the year ended 31 December 2015, no impairment loss is recognised and information relating to the estimates used in assessing the carrying amount of goodwill is set out in note 20.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Recoverable amount of intangible asset

Management reconsidered the recoverability of intangible asset arising on acquisition of subsidiaries (details as set out in note 33). The carrying amount included in the consolidated statement of financial position is RMB108,904,000 (2014: RMB121,005,000) (note 19). Impairment losses are made if recoverable amount fall short of the carrying amount. Recoverable amount is estimated based on value in use. The estimated value in use is in turn based on cash flow forecasts consistent with the most up-to-date budgets and plans formally approved by the management and on reasonable and supportable assumptions, including the discount rates and useful lives. The estimation of the number of years that future economic benefits can be generated by intangible asset takes into account the expected changes in market demand for the products and the expected actions of competitors and potential competitors. This situation will be closely monitored, and adjustments made in future periods, if future market activity indicates that such adjustments are appropriate.

Fair value measurement and valuation process

The Group's investment properties and warrants 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 an asset or a liability, 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. 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 and liabilities, 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 and warrants are disclosed in notes 16 and 30, respectively.

5. 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.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 **RMB'000**	2014 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**3,814,909**	3,262,041
Available-for-sale investments	**6,375**	6,375
Financial liabilities		
Amortised cost	**1,697,957**	1,751,124
Warrants	**7,617**	19,926

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, available-for-sale investments, pledged bank deposits, bank balances and cash, trade and other payables, amount due to a related party, warrants 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"), London Interbank Offered Rate ("LIBOR") and Hong Kong Interbank Offered Rate ("HIBOR") from its RMB denominated borrowings, United States Dollars denominated borrowings and Hong Kong 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.

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

If interest rates on pledged bank deposits and bank balances had been 5 basis points (2014: 5 basis points) lower and bank borrowings had been 25 basis points (2014: 25 basis points) lower and all other variables were held constant, the Group's post tax profit for the year would be increased by RMB1,444,000 (2014: RMB1,399,000).

There would be an equal and opposite impact on the post tax profit for the year where there had been 5 basis points (2014: 5 basis points) higher for pledged bank deposits and bank balances and 25 basis points (2014: 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.

Currency risk

The Group have foreign currency sales during the year which exposed to foreign currency risk. During the year ended 31 December 2015 approximately 0.6% (2014: 0.7%) of the Group's sales are denominated in currency other than the functional currency of the group entity which it relates.

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

	2015		2014	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	**RMB'000**	RMB'000	RMB'000
Hong Kong Dollars	**39,696**	**134,436**	4,082	51,697
United States Dollars	**73,494**	**246,794**	93,108	478,445
Euro	**33,631**	**35,476**	–	–

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% (2014: 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% (2014: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances, trade and other receivables, trade and other payables and bank borrowings.

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

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

	2015 RMB'000	2014 RMB'000
Hong Kong Dollars	3,553	1,786
United States Dollars	6,499	14,450
Euro	69	–

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 one (2014: one) PRC local enterprise (details are disclosed in note 21). 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.

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 RMB2,754,273,000 (2014: RMB2,265,287,000) representing approximately 91.0% (2014: 93.8%) of the total net trade and bills receivables at 31 December 2015. The largest trade receivable from a customer by itself accounted for approximately 41.4% (2014: 39.5%) of the total trade and bills receivables at 31 December 2015. 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.

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

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	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2015					
Trade and other payables	**–**	**395,642**	**–**	**395,642**	**395,642**
Bank borrowings					
— variable rate	**3.33**	**475,989**	**500,667**	**976,656**	**925,366**
— fixed rate	**4.61**	**166,578**	**217,291**	**383,869**	**376,949**
		1,038,209	**717,958**	**1,756,167**	**1,697,957**
At 31 December 2014					
Trade and other payables	–	338,663	–	338,663	338,663
Amount due to a related party	–	39,739	–	39,739	39,739
Bank borrowings					
— variable rate	4.35	638,366	292,939	931,305	914,722
— fixed rate	5.89	288,753	184,195	472,948	458,000
		1,305,521	477,134	1,782,655	1,751,124

6. FINANCIAL INSTRUMENTS (continued)

Fair value measurements of financial instruments

Other than the financial liability at fair value through profit or loss ("FVTPL"), the fair value of other 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.

The Group's warrants are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the warrants is determined (in particular, the valuation technique and inputs used).

Financial liability	**Fair value at**		**Fair value hierarchy**	**Valuation technique and key inputs**	**Significant unobservable inputs and relationship**
	31.12.2015 **RMB'000**	31.12.2014 RMB'000			
Financial liability at FVTPL: Warrants	**7,617**	19,926	Level 2	Binomial model Key inputs: (1) Share price (2) Exercise price (3) Risk free rate (4) Dividend yield (5) Expected volatility (6) Expected life	The higher the risk free rate, dividend yield and expected volatility, the higher the fair value.

There were no transfers between levels 1, 2 and 3 during the year ended 31 December 2015 and 2014.

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 ("Executive Directors") who review the business with the following reportable and operating segments by products:

- Feeder cable series
- Optical fibre cable series and related products
- Flame-retardant flexible cable series
- New-type electronic components
- Other accessories (including splitters, couplers and combiners)

7. TURNOVER AND SEGMENT INFORMATION (continued)

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.

On 30 December 2014, the Group acquired a new business which engages in the manufacture and sales of optical fibre cable series and related products (details as set out in note 33).

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, fair value change of warrants, gain recognised on deemed disposal of an available-for-sale investment, 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 2015

	Feeder cable series RMB'000	Optical fibre cable series and related products RMB'000	Flame-retardant flexible cable series RMB'000	New-type electronic components RMB'000	Other accessories RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Turnover							
— External sales	1,529,449	765,280	493,756	98,522	26,372	–	2,913,379
— Inter-segment sales	–	311,643	385	–	–	(312,028)	–
	1,529,449	1,076,923	494,141	98,522	26,372	(312,028)	2,913,379
Cost of goods sold	(1,171,572)	(912,219)	(397,040)	(71,810)	(22,707)	312,028	(2,263,320)
Segment result	357,877	164,704	97,101	26,712	3,665	–	650,059

For the year ended 31 December 2014

	Feeder cable series RMB'000	Flame-retardant flexible cable series RMB'000	New-type electronic components RMB'000	Other accessories RMB'000	Optical fibre cable series and related products RMB'000	Total RMB'000
Turnover						
— External sales	1,827,426	559,941	108,398	162,328	–	2,658,093
Cost of goods sold	(1,394,879)	(444,488)	(75,190)	(150,669)	–	(2,065,226)
Segment result	432,547	115,453	33,208	11,659	–	592,867

7. TURNOVER AND SEGMENT INFORMATION (continued)

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

	2015 RMB'000	2014 RMB'000
Reportable segment results	**650,059**	592,867
Unallocated income and expenses		
— Other income	**22,440**	14,869
— Other gains and losses	**(91,671)**	1,230
— Selling and distribution costs	**(61,849)**	(52,258)
— Administrative expenses	**(52,837)**	(47,224)
— Research and development costs	**(47,049)**	(26,709)
— Fair value change of warrants	**13,149**	(18,317)
— Gain recognised on deemed disposal of an available-for-sale investment	**–**	23,769
— Finance costs	**(73,293)**	(46,538)
Profit before taxation	**358,949**	441,689
Taxation	**(57,183)**	(72,620)
Profit for the year	**301,766**	369,069

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

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

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total turnover of the Group are as follows:

	2015 RMB'000	2014 RMB'000
Customer A	**1,117,981**	1,126,485
Customer B	**822,806**	1,017,711
Customer C	**608,419**	341,143

The three customers purchased goods from all segments during the year ended 31 December 2015 while during the year ended 31 December 2014, the three customers purchased goods from all segments except from the optical fibre cable series and related products segment.

8. OTHER INCOME

	2015 **RMB'000**	2014 RMB'000
Government grants *(note)*	**4,243**	3,366
Interest income	**16,504**	9,740
Rental income	**400**	1,519
Others	**1,293**	244
	22,440	14,869

Note: As at 31 December 2015, included in government grants is approximately RMB3,903,000 (2014: RMB3,027,000) 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 amount of approximately RMB340,000 (2014: RMB339,000), they are government subsidies received for the acquisition of property, plant and equipment as disclosed in note 28.

9. OTHER GAINS AND LOSSES

	2015 **RMB'000**	2014 RMB'000
Allowance for bad and doubtful debts	**(62,719)**	–
Exchange (loss) gain	**(28,882)**	330
(Loss) gain on fair value changes on investment properties	**(70)**	900
	(91,671)	1,230

10. FINANCE COSTS

	2015 **RMB'000**	2014 RMB'000
Interest on bank loans	**73,293**	46,538

11. PROFIT BEFORE TAXATION

	2015 RMB'000	2014 RMB'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration *(note 12)*	**2,761**	2,476
Other staff costs:		
Salaries and other benefits	**47,051**	44,808
Retirement benefit scheme contributions	**4,640**	4,075
Share-based payment	**6,470**	5,391
Total staff costs	**60,922**	56,750
Auditor's remuneration	**1,789**	1,693
Amortisation of intangible asset	**12,101**	–
Cost of inventories recognised as expenses	**2,263,320**	2,065,226
Depreciation of property, plant and equipment	**27,835**	21,017
Operating lease payment in respect of warehouses and office premises	**1,330**	1,247
Operating lease rentals in respect of land use rights	**1,873**	1,723
and after crediting:		
Gain on disposal of property, plant and equipment	**33**	66
Gross rental income from investment properties (net of nil direct operating expenses)	**400**	1,519

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

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

For the year ended 31 December 2015

	Mr. Qian Lirong RMB'000 *(note a)*	Mr. Jiang Wei RMB'000 *(note b)*	Mr. Fung Kwan Hung RMB'000 *(note c)*	Professor Jin Xiaofeng 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	–	–	33	73	171	163	73	513
— basic salaries and allowances	978	815	–	–	–	–	–	1,793
— retirement benefits scheme contributions	12	12	–	–	–	–	–	24
— share-based payment	–	239	–	48	48	48	48	431
	990	1,066	33	121	219	211	121	2,761

For the year ended 31 December 2014

	Mr. Qian Lirong RMB'000 *(note a)*	Mr. Jiang Wei RMB'000 *(note b)*	Professor Jin Xiaofeng 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	–	–	63	158	142	63	426
— basic salaries and allowances	958	798	–	–	–	–	1,756
— retirement benefits scheme contributions	11	11	–	–	–	–	22
— share-based payment	–	152	30	30	30	30	272
	969	961	93	188	172	93	2,476

Notes:

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

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

(c) Mr. Fung Kwan Hung was appointed as a non-executive director of the Company with effect from 31 August 2015.

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

Of the five highest paid individuals of the Group, two (2014: two) were the directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining three (2014: three) individuals were as follows:

	2015 **RMB'000**	2014 RMB'000
Basic salaries and allowances	**2,572**	2,570
Retirement benefits scheme contributions	**38**	34
Share-based payment	**670**	426
	3,280	3,030

Their emoluments were within the following bands:

	2015 **No. of employees**	2014 No. of employees
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	1

During the year ended 31 December 2015 and 2014, no emoluments were paid by the Group to the directors of the Company and any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during both years.

13. TAXATION

	2015 **RMB'000**	2014 RMB'000
The charge (credit) comprises:		
PRC Enterprise Income Tax	**75,657**	77,152
Deferred taxation *(note 29)*	**(18,474)**	(4,532)
Taxation for the year	**57,183**	72,620

The PRC Enterprise 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, the principal subsidiaries of the Company in the PRC were endorsed as an Advanced Technology Enterprise and entitled to a preferential tax rate of 15% pursuant to the Enterprise Income Tax Law ("EIT Law") of the PRC.

13. TAXATION (continued)

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

No provision for Hong Kong Profits Tax was made in the 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:

	2015 **RMB'000**	2014 RMB'000
Profit before taxation	**358,949**	441,689
Tax at the applicable income tax rate of 25%	**89,737**	110,422
Tax effect on income not taxable for tax purpose	**(4,855)**	(6,079)
Tax effect on expenses not deductible for tax purpose	**5,651**	7,623
Tax effect of tax concession	**(43,778)**	(44,768)
Withholding tax on undistributed earnings	**10,428**	5,422
Taxation for the year	**57,183**	72,620

14. DIVIDENDS

	2015 **RMB'000**	2014 RMB'000
Dividends recognised as distribution during the year:		
2014 final — HK7 cents (2013: HK7 cents) per share	**72,051**	61,987
2015 interim — HK7 cents (2014: HK7 cents) per share	**91,261**	60,947
	163,312	122,934

Subsequent to the end of the reporting period, a final dividend of HK3.5 cents per share in respect of the year ended 31 December 2015 (2014: HK7 cents per share) has been proposed by the directors of the Company. Such final dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

15. EARNINGS PER SHARE

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

	2015 RMB'000	2014 RMB'000
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic and diluted earnings per share	**275,253**	369,069
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,415,362,378**	1,116,095,890

The computation of diluted earnings per share does not assume the exercise of the Company's share options and warrants because the exercise price of those share options and warrants were higher than the average market price of the Company's share during both years.

16. INVESTMENT PROPERTIES

	2015 RMB'000	2014 RMB'000
AT FAIR VALUE		
At 1 January	**6,970**	33,800
Reclassified to land use rights and property, plant and equipment	**–**	(27,730)
Changes in fair value recognised in profit or loss	**(70)**	900
At 31 December	**6,900**	6,970

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

During the year ended 31 December 2014, the Group acquired 60% interest in the holding company of Jiangsu Trigiant Optic-Electric Communication Co., Ltd. 江蘇俊知光電通信有限公司 ("Trigiant Optic-Electric") (details as set out in note 33). As a result, Trigiant Optic-Electric became a non-wholly owned subsidiary of the Group. Upon the acquisition, the properties originally rented to Trigiant Optic-Electric became owner-occupied properties and the Group reclassified these investment properties to property, plant and equipment and land use rights with fair value at the time of transfer of RMB26,621,000 and RMB1,109,000, respectively. Property revaluation reserve of approximately RMB2,626,000 previously recognised in respect of these properties was transferred to accumulated profits.

16. INVESTMENT PROPERTIES (continued)

The fair value of the Group's investment properties at 31 December 2015 and 31 December 2014 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.

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.

Carrying value of investment properties	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Industrial properties in the PRC RMB6,900,000 (2014: RMB6,970,000)	Level 3	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% (2014: 6%).	The higher the term yield, the lower the fair value.
			Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 7% (2014: 7%)	The higher the reversionary yield, the lower the fair value.
			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 RMB11.6/square metre/month (2014: RMB11.3/square metre/month).	The higher the market unit rent, the higher the fair value.

17. 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 2014	97,031	141,713	5,544	9,922	274	254,484
Additions	40,100	86	1,462	372	1,779	43,799
Acquisition of subsidiaries *(Note 33)*	–	35,812	931	–	–	36,743
Reclassified from investment properties *(Note 16)*	26,621	–	–	–	–	26,621
Transfer	–	132	100	–	(232)	–
Disposals	–	–	(5)	(767)	–	(772)
At 31 December 2014	163,752	177,743	8,032	9,527	1,821	360,875
Additions	–	561	393	369	34,383	35,706
Transfer	–	29,966	(548)	–	(29,418)	–
Disposals	–	(7)	–	–	–	(7)
At 31 December 2015	**163,752**	**208,263**	**7,877**	**9,896**	**6,786**	**396,574**
DEPRECIATION						
At 1 January 2014	14,807	43,069	3,244	4,086	–	65,206
Provided for the year	5,272	13,682	683	1,380	–	21,017
Eliminated on disposal	–	–	(4)	(690)	–	(694)
At 31 December 2014	20,079	56,751	3,923	4,776	–	85,529
Provided for the year	7,771	17,817	1,078	1,169	–	27,835
Transfer	–	316	(316)	–	–	–
Eliminated on disposal	–	(1)	–	–	–	(1)
At 31 December 2015	**27,850**	**74,883**	**4,685**	**5,945**	**–**	**113,363**
CARRYING VALUES						
At 31 December 2015	**135,902**	**133,380**	**3,192**	**3,951**	**6,786**	**283,211**
At 31 December 2014	143,673	120,992	4,109	4,751	1,821	275,346

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

17. 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%

18. LAND USE RIGHTS

	2015 **RMB'000**	2014 RMB'000
CARRYING AMOUNT		
At beginning of the year	**66,483**	67,097
Addition	**13,352**	–
Transferred from investment properties *(note 16)*	**–**	1,109
Charge to profit or loss for the year	**(1,873)**	(1,723)
At the end of the year	**77,962**	66,483
Analysed for reporting purposes as:		
Current portion *(note 23)*	**2,120**	1,723
Non-current portion	**75,842**	64,760
	77,962	66,483

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

At 31 December 2014, the Group pledged its land use rights with carrying value of approximately RMB11,854,000 to secure general banking facilities granted to the Group. The pledge has been released during the current year.

19. INTANGIBLE ASSET

	RMB'000
COST	
At 1 January 2014	–
Acquisition of subsidiaries *(note 33)*	121,005
At 31 December 2014 and 2015	121,005
AMORTISATION	
At 1 January 2014 and 31 December 2014	–
Amortisation	12,101
At 31 December 2015	12,101
CARRYING VALUES	
At 31 December 2015	108,904
At 31 December 2014	121,005

The intangible asset represents customer relationship acquired by the Group as part of a business combination during the year and has finite useful life and is amortised on a straight line basis over 10 years.

20. GOODWILL

	2015 **RMB'000**	2014 RMB'000
At cost, arising on acquisition of subsidiaries *(note 33)*	**41,773**	41,773

During the year ended 31 December 2014, the Group acquired 60% of the issued share capital of Jiang Mei Limited ("Jiang Mei), a company incorporated in BVI. Trigiant Optic-Electric is the subsidiary of Jiang Mei and is engaged in the manufacture and sales of optical fibre cable and related products business (including cables series, electronic components and equipment for communication uses) (details of the acquisition are set out in note 33). The goodwill is allocated to the respective cash generating unit ("CGU").

20. GOODWILL (continued)

At 31 December 2015, the directors of the Company conducted a review of the carrying value of goodwill and determine that there is no impairment of the CGU containing that goodwill. The recoverable amount of this CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management covering a period of 5 year period and discount rate of 16.43% (2014: 16.46%). The CGU's cash flows beyond the 5 year period are extrapolated using a steady 3% (2014: 3%) growth rate. This growth rate is based on the relevant industry growth rate forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the CGU's past performance and management's expectations for the market development. The directors of the Company believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of this CGU to exceed the aggregate recoverable amount of this CGU.

21. AVAILABLE-FOR-SALE INVESTMENTS

	2015 **RMB'000**	2014 RMB'000
Unlisted equity investment, at cost		
Name of investee		
江蘇俊知傳感技術有限公司 (Jiangsu Trigiant Sensing Technology Co., Ltd.) ("Trigiant Sensing")	**6,375**	6,375

At 31 December 2015, the above unlisted equity investment represents 12.5% equity interest in one (2014: one) private entity established in the PRC. Trigiant Sensing is principally engaged in the research, development, manufacture and sales of radio frequency identification system, new electronic components, optoelectronic integrated components, optoelectronic integrated subsystems, microelectronic devices, sensor and micro smart label products. It is 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.

During the year ended 31 December 2014, the Group acquired 60% interest in Jiang Mei, the holding company of Trigiant Optic-Electric (details as set out in note 33). As a result, Trigiant Optic-Electric became a non-wholly owned subsidiary of the Group and the Group derecognised the related investment cost of RMB14,000,000 upon the acquisition. The difference between the carrying value of the investment and the fair value of the interest in Trigiant Optic-Electric of approximately RMB23,769,000 was recognised in profit or loss as gain recognised on deemed disposal of an available-for-sale investment during the year ended 31 December 2014.

22. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	**28,977**	34,584
Work in progress	**17,193**	33,345
Finished goods	**49,516**	86,996
	95,686	154,925

23. TRADE AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables, net	**3,015,106**	2,400,312
Bills receivables	**12,388**	13,514
	3,027,494	2,413,826
Current portion of land use rights *(note 18)*	**2,120**	1,723
Interest receivables	**7,738**	5,208
Other receivables	**12,132**	6,158
Prepaid expenses	**4,254**	1,273
Staff advances	**2,122**	3,046
	3,055,860	2,431,234

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 bills 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:

	2015 RMB'000	2014 RMB'000
Age		
0–90 days	**831,608**	900,991
91–180 days	**748,358**	616,164
181–365 days	**1,239,015**	888,833
Over 365 days	**208,513**	7,838
	3,027,494	2,413,826

23. TRADE AND OTHER RECEIVABLES (continued)

Included in trade and bills receivables balance are amounts of RMB784,524,000 (2014: RMB746,354,000) which goods were delivered but invoices not yet issued.

At 31 December 2015, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB819,935,000 (2014: RMB757,762,000), 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:

	2015 RMB'000	2014 RMB'000
Age		
181–365 days	**611,422**	749,924
Over 365 days	**208,513**	7,838
	819,935	757,762

The Group has provided fully for all receivables over four years because historical experience is such that receivables that are past due beyond four years are generally not recoverable. For all receivables aged over one year but not more than four years, provision has been made individually with no subsequent settlements as historical evidence shows that such amounts are not recoverable.

No interest is charged on trade receivables. Allowance on trade receivables are made based on estimated irrecoverable amounts from sale of goods by reference to past default experience and objective evidence of impairment determined by the difference between the carrying amount and the present value of the estimated future cash flow discounted at the original effective interest rate.

Movement in the allowance for bad and doubtful debts:

	2015 RMB'000	2014 RMB'000
At 1 January	**–**	–
Allowance for the year	**62,719**	–
At 31 December	**62,719**	–

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

	2015 RMB'000	2014 RMB'000
United States Dollars	**3,033**	3,862

24. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

At 31 December 2015, 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 1.35% (2014: 0.01% to 2.80%) per annum.

At 31 December 2015, the pledged bank deposits carry interest at the prevailing market rate ranging from approximately 2.0% to 4.0% (2014: 2.8% to 3.5%) per annum.

At 31 December 2015, the entire pledged bank deposits represent deposits pledged to banks to secure bills payables and letters of credit issued by the Group.

At 31 December 2014, the entire pledged bank deposits represent deposits pledged to banks to secure bank borrowings, bills payables and letters of credit issued by the Group.

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

	2015 **RMB'000**	2014 RMB'000
Hong Kong Dollars	**39,696**	4,082
United States Dollars	**70,461**	89,246
Euro	**33,631**	–

25. TRADE AND OTHER PAYABLES

	2015 **RMB'000**	2014 RMB'000
Trade payables	**132,704**	112,782
Bills payables	**223,922**	190,000
	356,626	302,782
Accrued expenses	**9,695**	17,600
Deposits from suppliers	**11,860**	10,824
Other payables	**10,003**	6,113
Other tax payables	**12,770**	9,923
Payable for acquisition of property, plant and equipment	**65**	4,075
Payroll and welfare payables	**17,087**	14,868
	418,106	366,185

25. TRADE AND OTHER PAYABLES (continued)

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

	2015 RMB'000	2014 RMB'000
Age		
0–90 days	138,489	180,266
91–180 days	216,993	119,094
181–365 days	1,144	3,419
Over 365 days	–	3
	356,626	302,782

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:

	2015 RMB'000	2014 RMB'000
Hong Kong Dollars	391	420

26. AMOUNT DUE TO A RELATED PARTY

As at 31 December 2014, the balance represented an amount due to Mr. Zhu Xujun, a director of a subsidiary of the Company. The amount was non-trade in nature and represented advance from Mr. Zhu Xujun for the purpose of daily operation of that subsidiary. The amount was unsecured, non-interest bearing and repayable on demand. The amount was fully settled during the current year.

27. BANK BORROWINGS — DUE WITHIN ONE YEAR

	2015 **RMB'000**	2014 RMB'000
Secured *(note)*	**–**	40,000
Unsecured	**1,302,315**	1,332,722
	1,302,315	1,372,722
The bank borrowings comprise:		
Variable rate borrowings	**925,366**	914,722
Fixed rate borrowings	**376,949**	458,000

Note: As at 31 December 2014, the bank borrowings were secured by certain land use rights and bank balances owned by the Group as set out in notes 18 and 24, respectively.

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

	2015 **RMB'000**	2014 RMB'000
Hong Kong Dollars	**134,045**	51,277
United States Dollars	**246,794**	478,445
Euro Dollars	**35,476**	–

As at 31 December 2015, fixed rate bank borrowings carried interests ranging from 2.55% to 6.30% (2014: 4.40% to 6.30%) per annum.

As at 31 December 2015, variable-rate RMB denominated bank borrowings carried interests ranging from 95% of PBOC rate to 110% of PBOC rate (2014: 95% of PBOC rate to 110% of PBOC rate) per annum.

As at 31 December 2015, variable-rate United States Dollars denominated bank borrowings carried interests ranging from LIBOR plus 1.80% to LIBOR plus 2.70% (2014: LIBOR plus 2.00% to LIBOR plus 2.70%) per annum.

As at 31 December 2015, variable-rate Hong Kong Dollars denominated bank borrowings carried interests of HIBOR plus 1.05% to HIBOR plus 1.85% (2014: HIBOR plus 1.85%) per annum.

As at 31 December 2015, variable-rate Euro denominated bank borrowings carried interests of LIBOR plus 1.08% per annum.

28. GOVERNMENT GRANTS

	2015 **RMB'000**	2014 RMB'000
At beginning of the year	**1,413**	1,752
Release to profit or loss for the year	**(340)**	(339)
At the end of the year	**1,073**	1,413

Government grants represent government subsidies received by the Group in relation to the acquisition of property, plant and equipment in prior years. The amounts have been treated as deferred income and were transferred to income over the useful lives of the relevant assets.

29. DEFERRED TAXATION

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

	Intangible asset RMB'000	**Fair value adjustment on acquisition** RMB'000	**Tax on undistributed earnings** RMB'000	**Revaluation of properties** RMB'000	**Allowance for bad and doubtful debts** RMB'000	**Total** RMB'000
At 1 January 2014	–	8,694	12,435	1,809	–	22,938
Acquisition of subsidiaries *(Note 33)*	30,252	–	–	–	–	30,252
(Credited) charged to profit or loss for the year	–	(179)	5,422	225	–	5,468
Withholding tax paid	–	–	(10,000)	–	–	(10,000)
At 31 December 2014	30,252	8,515	7,857	2,034	–	48,658
(Credited) charged to profit or loss for the year	(3,025)	(179)	10,428	(18)	(15,680)	(8,474)
Withholding tax paid	–	–	(10,000)	–	–	(10,000)
At 31 December 2015	**27,227**	**8,336**	**8,285**	**2,016**	**(15,680)**	**30,184**

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 the PRC subsidiaries earned during the year have been accrued at the tax rate of 10% (2014: 10%) on the expected dividend stream of the undistributed earnings of the PRC subsidiaries for each year which is determined by the directors of the Company.

30. WARRANTS

	Number of underlying shares upon exercise of Warrants	Exercise price HK$
Balance at 31 December 2014 and 2015	**200,000,000**	**3.15**
Exercisable at 31 December 2014 and 2015	**200,000,000**	**3.15**

On 10 April 2014, the Company issued unlisted warrants ("Warrant(s)") at an issue price of HK$0.01 per unit of Warrant (approximately RMB0.008 each) entitling the holders thereof to subscribe in cash for up to an aggregate amount of HK$630,000,000 for new shares ("Warrant Shares") of the Company upon the exercise of the subscription rights attached to the Warrants at a subscription price of HK$3.15 per Warrant Share (subject to adjustments) at any time for the period commencing from the date of issue of the Warrants (i.e. 10 April 2014) and ending on the third anniversary thereof (or if that is not a business day, the first business day immediately following such date (both days inclusive)). Based on the initial subscription price of HK$3.15 per Warrant Share, upon the exercise of the subscription rights attached to the Warrants in full, 200,000,000 Warrant Shares will be issued.

The ascribed values of the Warrants at the issue date and at the end of the reporting period were determined using binomial option pricing model and the inputs used are as follows:

	Date of issue 10 April 2014	31 December 2014	**31 December 2015**
Share price	HK$2.28	HK$1.29	**HK$1.57**
Exercise price	HK$3.15	HK$3.15	**HK$3.15**
Risk rate	0.77%	0.69%	**0.24%**
Dividend yield	6.14%	6.63%	**7.84%**
Volatility	54.98%	63.13%	**50.46%**
Remaining life	3 years	2.28 years	**1.28 years**

The movement of the carrying amount of warrants during the year is set out below.

	2015 RMB'000	2014 RMB'000
At 1 January	**19,926**	–
Issued during the year	**–**	1,587
Change in fair value	**(13,149)**	18,317
Exchange realignment	**840**	22
At 31 December	**7,617**	19,926

30. WARRANTS (continued)

At 31 December 2015, the fair value of the Warrants outstanding was HK$9,092,000 (approximately RMB7,617,000) (2014: HK$25,259,000 (approximately RMB19,926,000)). A fair value gain of RMB13,149,000 (2014: fair value loss of RMB18,317,000) is recognised in the current year and the amount has been charged to profit or loss. None of the Warrants have been exercised during the current year. Issuance expense of HK$300,000 (approximately RMB238,000) representing the placing agent fee was charged to profit or loss during the year ended 31 December 2014.

31. 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 2014, 31 December 2014 and 31 December 2015	**10,000,000,000**	**100,000,000**	
Issued and fully paid:			
At 1 January 2014	1,115,000,000	11,150,000	9,051
Issue of shares *(note a)*	200,000,000	2,000,000	1,578
At 31 December 2014	1,315,000,000	13,150,000	10,629
Repurchase of shares *(note b)*	(12,500,000)	(125,000)	(101)
Issue of shares *(note c)*	261,000,000	2,610,000	2,123
At 31 December 2015	**1,563,500,000**	**15,635,000**	**12,651**

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

(a) On 30 December 2014, the Group acquired 60% of the issued share capital of Jiang Mei. The fair value of the consideration for acquisition was approximately RMB200,373,000 (equivalent to HK$254,000,000). The consideration was fully settled by the issue of 200,000,000 ordinary shares of the Company with par value of HK$0.01 each were issued (details as set out in note 33).

(b) During the current year, 12,500,000 shares of HK$0.01 each were repurchased at a total consideration of approximately HK$20,430,000 (equivalent to approximately RMB16,615,000). The price of repurchases was ranging from HK$1.50 to HK$1.80 for each share.

31. SHARE CAPITAL (continued)

(c) On 6 June 2015, the Company entered into a subscription agreement ("Subscription Agreement") with an independent third party to allot and issue 261,000,000 ordinary shares of HK$0.01 each ("Subscription Shares") at a subscription price of HK$2.27 per Subscription Share, further particulars of which are set out in the announcement of the Company dated 7 June 2015. The completion of the Subscription Agreement took place on 14 July 2015.

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

32. SHARE OPTIONS

Share option scheme of the Company

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2014, the Company adopted a share option scheme ("Scheme").

Under the Scheme which is valid for a period of ten years commencing on 29 May 2014, the board of directors of the Company may, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contribute to the long term growth and profitability of the Company. The Eligible Participants include (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest; (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, in order to provide incentives or rewards for the Eligible Participants' contribution to the Group.

The subscription price for the Company's shares shall be a price at least equal to the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted on the Stock Exchange on the five trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The options must be taken up within 21 business days from the date of grant upon payment of HK$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than ten years from the date of adoption of the Scheme.

32. SHARE OPTIONS (continued)

Share option scheme of the Company (continued)

The initial total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Company's shares in issue as at the date of adoption of the Scheme. The maximum number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Group must not exceed 30% of the Company's shares in issue from time to time. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

A total of 74,400,000 share options were granted on 20 June 2014 under the Scheme and a total of 72,800,000 share options remained outstanding as at 31 December 2015. The closing price of the shares of the Company immediately before the date of grant of share options was HK$2.0. The fair value of the share options on date of grant was approximately HK$33,019,000 (approximately RMB26,085,000) which is calculated using Black-Scholes Pricing Model based on risk free rate of 0.742% to 1.724%, expected volatility of 53.663%, expected life of 3 to 7 years and expected dividend rate of 7.0%. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The Group recognised a share-based payment expense of approximately RMB9,531,000 during the year ended 31 December 2015 (2014: RMB5,663,000). In respect of each grantee, the share options shall vest in five equal tranches over five years commencing from the date falling on first anniversary of 4 July 2014, being the date of acceptance, as to 20% of the share options for the first tranche (4 July 2015) and 20% of the share options on each of the following four tranches (that is, 4 July 2016, 2017, 2018 and 2019 respectively), subject to the relevant grantee remaining as an eligible person under the Scheme at the time of each vesting of the share options, and the share options vested are exercisable during a two years period commencing from the date of vesting of the relevant share options.

As at 31 December 2015, 14,560,000 shares were issuable under the Scheme (2014: Nil).

32. SHARE OPTIONS (continued)

Share option scheme of the Company (continued)

A summary of the movements of the number of share options under the Scheme for the year is as follows:

Date of grant	Balance at 31 December 2014	Lapsed during the year	Balance at 31 December 2015	Exercise price	Exercisable period
Granted to directors on					
20 June 2014	720,000	–	720,000	HK$3.15	4 July 2015 to 3 July 2017
20 June 2014	720,000	–	720,000	HK$3.15	4 July 2016 to 3 July 2018
20 June 2014	720,000	–	720,000	HK$3.15	4 July 2017 to 3 July 2019
20 June 2014	720,000	–	720,000	HK$3.15	4 July 2018 to 3 July 2020
20 June 2014	720,000	–	720,000	HK$3.15	4 July 2019 to 3 July 2021
Sub-total	3,600,000	–	3,600,000		
Granted to employees on					
20 June 2014	14,160,000	(320,000)	13,840,000	HK$3.15	4 July 2015 to 3 July 2017
20 June 2014	14,160,000	(320,000)	13,840,000	HK$3.15	4 July 2016 to 3 July 2018
20 June 2014	14,160,000	(320,000)	13,840,000	HK$3.15	4 July 2017 to 3 July 2019
20 June 2014	14,160,000	(320,000)	13,840,000	HK$3.15	4 July 2018 to 3 July 2020
20 June 2014	14,160,000	(320,000)	13,840,000	HK$3.15	4 July 2019 to 3 July 2021
Sub-total	70,800,000	(1,600,000)	69,200,000		
Total	74,400,000	(1,600,000)	72,800,000		

33. ACQUISITION OF SUBSIDIARIES

On 30 December 2014, the Group acquired 60% of the issued share capital of Jiang Mei. The acquisition has been accounted for using the acquisition method. Jiang Mei and its subsidiaries are principally engaged in manufacture and sales of optical fibre cable series and related products (including cable series and electronic components for communication uses). Details of the acquisition are set out in the Company's announcement dated 12 December 2014.

At the date of completion of the acquisition, 200,000,000 ordinary shares of the Company with par value of HK$0.01 each were issued as consideration for the acquisition. The fair value of the consideration for acquisition was approximately RMB200,373,000 (equivalent to HK$254,000,000) and the amount of goodwill arising as a result of the acquisition was approximately RMB41,773,000. The fair value of each ordinary share of the Company of HK$1.27 was determined using the quoted closing price of the Company's share at the date of completion of the acquisition.

	RMB'000
Consideration	
Consideration transferred, satisfied by issue of shares	200,373

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	36,743
Intangible asset	121,005
Inventories	40,962
Trade receivables	178,379
Amount due from Trigiant Technology	44,736
Other receivables	3,843
Bank balances and cash	110,398
Trade payables	(50,914)
Other payables	(13,058)
Amount due to a related party	(39,739)
Bank borrowings	(100,000)
Deferred taxation	(30,252)
	302,103

Goodwill arising on acquisition:

Consideration transferred	200,373
Fair value of equity interest in an available-for-sale investment held before the business combination *(note 21)*	37,769
Plus: Non-controlling interests	105,734
Less: Fair value of identifiable net assets acquired	(302,103)
Goodwill arising on acquisition	41,773

33. ACQUISITION OF SUBSIDIARIES (continued)

The non-controlling interests recognised at the acquisition date was measured with reference to the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets and amounted to approximately RMB105,734,000.

Goodwill arose in the acquisition of Jiang Mei principally because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Jiang Mei and its subsidiaries. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

	RMB'000
Cash inflow on acquisition of Jiang Mei:	
Bank balances and cash acquired	110,398

Had the acquisition been completed on 1 January 2014, the Group's total revenue for the year would have been RMB3,223,215,000, and profit for the year would have been RMB405,757,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

34. 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:

	2015 **RMB'000**	2014 RMB'000
Within one year	**849**	603
In the second to fifth years inclusive	**101**	–
	950	603

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

34. OPERATING LEASE COMMITMENTS (continued)

The Group as lessor

Property rental income earned during the current year was RMB400,000 (2014: RMB1,519,000). The Group's properties are expected to generate rental yield of 4.0% on an ongoing basis. All of the properties held have a committed tenant, Trigiant Sensing, for the next two years (2014: two years).

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

	2015	2014
	RMB'000	RMB'000
Within one year	**67**	400
In the second to fifth years inclusive	**–**	67
	67	467

35. 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.

36. 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 ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme 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$1,500 per month for each employee.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 RMB'000	2014 RMB'000
Non-current assets		
Investment in a subsidiary	**785,160**	639,760
Loan to a subsidiary *(note a)*	**85,746**	82,990
	870,906	722,750
Current assets		
Other receivables	**30**	97
Amount due from a subsidiary *(note b)*	**726,308**	293,106
Bank balances	**3,141**	3,501
	729,479	296,704
Current liabilities		
Other payables	**2,475**	2,050
Bank borrowings — due within one year	**231,486**	112,406
	233,961	114,456
Net current assets	**495,518**	182,248
Total assets less current liabilities	**1,366,424**	904,998
Non-current liability		
Warrants	**7,617**	19,926
Net assets	**1,358,807**	885,072
Capital and reserves		
Share capital	**12,650**	10,629
Reserves *(note 38)*	**1,346,157**	874,443
Total equity	**1,358,807**	885,072

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.

38. RESERVES OF THE COMPANY

	Share premium RMB'000	Capital redemption reserve RMB'000	Share option reserve RMB'000	Accumulated (losses) profits RMB'000	Total RMB'000
At 1 January 2014	641,507	–	–	(6,374)	635,133
Profit and total comprehensive income for the year	–	–	–	157,913	157,913
Issue of shares in respect of acquisition of subsidiaries *(notes 31 and 33)*	198,795	–	–	–	198,795
Expenses incurred in connection with the issue of shares	(127)	–	–	–	(127)
Recognition of equity-settled share based payment *(note 32)*	–	–	5,663	–	5,663
Dividends recognised as distribution *(note 14)*	–	–	–	(122,934)	(122,934)
At 31 December 2014	840,175	–	5,663	28,605	874,443
Profit and total comprehensive income for the year	–	–	–	186,459	186,459
Issue of shares *(note 31)*	479,748	–	–	–	479,748
Expenses incurred in connection with the issue of shares	(24,198)	–	–	–	(24,198)
Repurchase of shares *(note 31)*	(16,514)	101	–	(101)	(16,514)
Recognition of equity-settled share based payment *(note 32)*	–	–	9,531	–	9,531
Dividends recognised as distribution *(note 14)*	–	–	–	(163,312)	(163,312)
At 31 December 2015	**1,279,211**	**101**	**15,194**	**51,651**	**1,346,157**

39. SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ establishment	Issue and fully paid share capital/ registered capital		Attributable equity interest of the Company		Principal activities
		2015	2014	**2015**	2014	
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
Trigiant Technology*	PRC	**US$80,000,000**	US$70,000,000	**100%**	100%	Manufacture and sales of feeder cable series and related products for mobile communications and telecommunication equipment
Board Vision Investments Limited	BVI	**US$1**	–	**100%**	–	Inactive
Trigiant Optic-Electric#	PRC	**RMB200,000,000**	RMB112,000,000	**65%**	65%	Research and development, manufacturing and sale of optical fibre, optical cables, special cable services, electronics components and communication equipment
Jiang Mei	BVI	**US$280**	US$280	**60%**	60%	Investment holding
China Information Communication Group Limited	Hong Kong	**HK$1**	HK$1	**60%**	60%	Investment holding

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

Trigiant Optic-Electric is a limited liability company established in the PRC.

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

Financial Summary

Results	2011	2012	2013	2014	**2015**
(Note)	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Turnover	1,822,747	2,230,555	2,458,000	2,658,093	**2,913,379**
Cost of goods sold	(1,425,436)	(1,708,730)	(1,893,033)	(2,065,226)	**(2,263,320)**
Gross profit	397,311	521,825	564,967	592,867	**650,059**
Other income	7,512	12,843	8,297	14,869	**22,440**
Other gains and losses	6,561	828	2,078	1,230	**(91,671)**
Selling and distribution costs	(47,999)	(72,790)	(63,764)	(52,258)	**(61,849)**
Administrative expenses	(45,296)	(52,114)	(52,693)	(47,224)	**(52,837)**
Research and development costs	(1,075)	(14,344)	(23,745)	(26,709)	**(47,049)**
Other expenses	(12,867)	(13,275)	–	–	**–**
Fair value change of warrants	–	–	–	(18,317)	**13,149**
Gain recognised on deemed disposal of available-for-sale investment	–	–	–	23,769	**–**
Finance costs	(57,440)	(79,918)	(55,019)	(46,538)	**(73,293)**
Profit before tax	246,707	303,055	380,121	441,689	**358,949**
Taxation	(39,922)	(50,757)	(66,551)	(72,620)	**(57,183)**
Profit for the year	206,785	252,298	313,570	369,069	**301,766**
Profit attributable to:					
Owners of the Company	206,785	252,298	313,570	369,069	**275,253**
Non-controlling interests	–	–	–	–	**26,513**
	206,785	252,298	313,570	369,069	**301,766**

Assets and liabilities	2011	2012	2013	2014	**2015**
(Note)	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Non-current assets	291,953	291,213	308,479	516,229	**523,005**
Current assets	1,908,381	2,030,274	2,325,913	3,428,216	**3,926,799**
Total assets	2,200,334	2,321,487	2,634,392	3,944,445	**4,449,804**
Current liabilities	1,455,973	1,203,418	1,025,458	1,812,426	**1,759,865**
Non-current liabilities	130,830	113,311	104,690	69,997	**38,874**
Total liabilities	1,586,803	1,316,729	1,130,148	1,882,423	**1,798,739**
Net assets	613,531	1,004,758	1,504,244	2,062,022	**2,651,065**

Notes: 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.