



# TRIGIANT GROUP LIMITED

## 俊知集團有限公司\*

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



ANNUAL REPORT  
**2024**

\* For identification purposes only

TRIGIANT GROUP LIMITED  
ANNUAL REPORT 2024

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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Qian Lirong (*Chairman and Group chief executive officer*)  
Qian Chenhui

### NON-EXECUTIVE DIRECTOR

Zhang Dongjie

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Jin Xiaofeng  
Zhao Huanqi  
Yau Wai

### AUDIT COMMITTEE

Yau Wai (*Chairman*)  
Professor Jin Xiaofeng  
Zhao Huanqi

### REMUNERATION COMMITTEE

Professor Jin Xiaofeng (*Chairman*)  
Qian Chenhui  
Yau Wai

### NOMINATION COMMITTEE

Professor Jin Xiaofeng (*Chairman*)  
Zhao Huanqi  
Yau Wai

### CORPORATE GOVERNANCE COMMITTEE

Qian Chenhui (*Chairman*)  
Zhao Huanqi  
Yau Wai

### COMPANY SECRETARY

Lee Yiu Wai William

### AUTHORISED REPRESENTATIVES

Qian Lirong  
Lee Yiu Wai William  
Yau Wai (*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

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Industrial Park for Environmental Protection  
Science & Technology  
Yixing City  
Jiangsu Province  
PRC

### COMPANY WEBSITE

[www.trigiant.com.hk](http://www.trigiant.com.hk)

### HKEX STOCK CODE

1300

### INVESTOR RELATIONS

Trigiant Group Limited  
Email: [ir@trigiant.com.cn](mailto:ir@trigiant.com.cn)

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

## CORPORATE INFORMATION

### AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants and  
Registered Public Interest Entity Auditor*  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

### LEGAL ADVISER

LCH Lawyers LLP (*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  
Postal Savings Bank of China

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers 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  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

\* For identification purpose only




## CORPORATE PROFILE



Trigiant Group Limited and its subsidiaries (collectively the “Group”) is one of the leading manufacturers in the People’s Republic of China (“PRC” or “China”) engaged in research, development and sales of feeder 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 its 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. In 2014, the Group extended its businesses in the telecommunication industry to manufacturing and sales of optical fibre cable business by acquiring 65% effective interest in a fast-growing optical fibre cable manufacturer, namely Jiangsu Trigiant Optic-Electric Communication Co., Ltd\*, and the Group acquired its remaining interest in 2017. In 2018, the Group seized the opportunity in the booming sensing business and acquired 87.5% effective interest in Jiangsu Trigiant Sensing Technology Co., Ltd\* (“Trigiant Sensing”), which together with the 12.5% effective interest already owned by the Group, Trigiant Sensing became a wholly-owned subsidiary of the Group.

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

## CORPORATE PROFILE

### SUMMARY OF MAJOR PRODUCTS



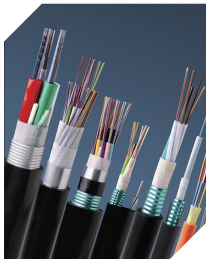
#### FEEDER CABLE SERIES

##### (a) *Feeder cables*

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

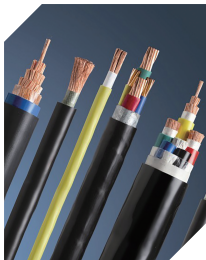
##### (b) *Leaky cables*

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 include sensing products, optical splitters, 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 include couplers, combiners, feeder wall plates, adjustable stands, waterproof clay, insulating tape, cable ties and feeder hoisting grips.

## CHAIRMAN'S STATEMENT



**MR. QIAN LIRONG**

*(Chairman and Group Chief Executive Officer)*

### **Dear valued shareholders,**

On behalf of the board ("Board") of directors ("Directors") of Trigiant Group Limited and its subsidiaries (collectively, the "Group"), I present the annual report of the Group for the year ended 31 December 2024 ("Year").

In 2024, China's 5G construction continued to proceed stably. As of December 2024, China built more than 4.25 million 5G base stations and had more than 1 billion 5G mobile phone subscribers, 2.3 times the global average level. This means that it achieved the targets concerning 5G and GPON in the 14th Five-Year Plan ahead of schedule, and ranked among the world's top countries in terms of network coverage and subscriber penetration rate. According to estimates by the China Academy of Information and Communications Technology, 5G commercialisation has directly spurred a total economic output of approximately RMB5.6 trillion over five years, and indirectly boosted a total output of approximately RMB14 trillion, which has significantly promoted the high-quality development of the economy and the society. Currently, 5G applications have been integrated into 80 out of the 97 major categories of the national economy, becoming an important engine to push forward industrial upgrading and digital transformation. As an active response to the national strategy, the Group invested in the research and development (R&D) of 5G-related products. In particular, it made presence in the millimetre-wave ("mmWave") field to meet the market demand for high-performance communication technologies and consolidate its competitive edge.



## CHAIRMAN'S STATEMENT



Products above: (Left) K Band Doppler Radar Sensor, (Middle) 18–50 GHz Up/Down Frequency Converter, (Right) 18–50 GHz Balanced Mixer

### Millimetre wave empowers 5G-A, promoting its large-scale application

The year 2024 marks the first year of 5G-A commercialisation. In June, 3GPP Release 18, the first version of the 5G-Advanced (5G-A) standard, was officially frozen, marking a new stage of development for 5G. As an evolved and enhanced version of 5G, 5G-A is an important direction for the future development of mobile communications technology with its tenfold increase in capacity over existing networks. 5G-A not only expands the application of spectrum, but also offers higher capacity, more connections, lower latency, and full-situational awareness, providing strong technical support for frontier fields such as low-altitude economy, intelligent transportation, and digital manufacturing. As a key enabler for 5G-A, mmWave featuring large bandwidth, low latency, and high-precision sensing has become the core driving force to accelerate the large-scale application of 5G-A. Seizing market opportunities, the Group has developed and manufactured a series of new mmWave products, including 24 GHz power amplifiers, 75–110 GHz low-noise amplifiers, 1–40 GHz broadband low-noise amplifiers, in response to customer needs. It has gained wide recognition in the market and from customers in the industry, and has successfully secured a batch of new orders. Moreover, the Group actively attended industry exhibitions in China and beyond and further increased the number of its domestic and overseas cooperative customers through product demonstrations and technical exchanges, laying a solid foundation for its sustainable development in the mmWave arena.

### 5G indoor application scenarios continue to increase, driving demand for hybrid optical and electrical cables

With the rapid development of 5G technology, the number of indoor application scenarios increased. 5G small cells, which are key to supporting extensive 5G network coverage, have been deployed on a large scale in a variety of scenarios, including urban public areas, business centres and transportation hubs. The Group, catering to market demand, developed photoelectric composite cable based on the new antenna technology and networking technology of 5G, which can solve the coverage problem for 5G small cells. The photoelectric composite cable was supplied to industry leading customers in batches in 2024. In order to further satisfy the market demand, the Group has been upgrading and refining its products and technologies and continuously increasing its investment in R&D of

## CHAIRMAN'S STATEMENT

products and technologies, such as outdoor photoelectric composite cable components for digital communications, optical cables for high-speed optical connectivity for 5G indoor coverage, and ultra-low-loss optical fibre cable assemblies, so as to gain insights into the market dynamics, keep abreast with the technological advancements, and enhance its competitive edge by meeting customer needs.

### IoT business sees steady and orderly development

In recent years, countries around the world have attached great importance to the development of the Internet of Things (IoT) industry, and governments have released policies to promote the R&D and application of IoT technology. With the rapid popularisation of mobile IoT terminals, the number of mobile IoT (cellular) terminal users amounted to 2.656 billion as at the end of 2024, a year-on-year growth of 13.9%. In order to further advance the industry development, the Ministry of Industry and Information Technology ("MIIT") released the Notice on Promoting the Development of Mobile IoT "Intelligent Connectivity of Everything", according to which China aims to have 3.6 billion-plus mobile IoT terminal connections by 2027. In response to the national policies, the Group participated in the innovation alliance for IoT and AI applications in forestry and grassland, which is now developing steadily. In the future, the Group will step up its presence in the IoT business, grasp market opportunities and identify suitable investment opportunities to further expand its business territory.

### Outlook

Moving into 2025, the global economy is expected to be fuelled by a rebound in consumption and investment in advanced economies as the world's major central banks ease monetary tightening. With the continuous improvement of 5G networks and the widespread popularization of terminal devices, 5G is booming in industrial Internet, smart city, smart healthcare, smart transportation and more. Additionally, the next-generation 5G-A technology has further broadened the scope of 5G applications by supporting higher-speed and lower-latency services, bringing more innovation possibilities to various industries. At present, the three major carriers have already initiated the commercial deployment of 5G-A network in many places, and the Chinese government has also actively introduced a number of policies to expedite the development of 5G-A. For instance, as stated in the 5G Scalable Application "Sail" Action Upgrade Plan, the 5G network will be upgraded and evolved to 5G-A as needed, and the 5G-A ultra-wideband coverage will be realised in the prefecture-level and above cities across the country. ABI Research expects that 75% of the world's 5G base stations will be upgraded to support 5G-A between 2024 and 2030, demonstrating the broad prospect of 5G-A. The Group will keep abreast of the times, keep a close eye on the latest progress of 5G-A technology and increase investment in R&D to meet the changing needs of the industry.

With the accelerated standardisation of 6G technology, active efforts are made to invest in R&D of 6G worldwide. The commercialisation of 6G communications is expected to be further accelerated. According to the development timeline of the International Organization for Standardization, 6G is expected to be commercially available around 2030, and the next three to five years will be a critical window for technological breakthroughs and industrial deployment. As set out in the Guidelines for the Development of National Data Infrastructure released by MIIT, the 5G network will be upgraded to 5G-A in an orderly manner, and technology R&D and innovation of 6G network will be comprehensively pushed forward. The Group kept abreast of the latest developments in global communications technology and paid active attention to the progress of 6G technology. It initiated the pre-research and development of 6G products.

With breakthroughs continuously made in 5G mmWave technology, its innovative applications are expanded to more industries and domains, showing great commercial potential. In early 2025, MIIT approved the use of 5G mmWave test frequency in the 26 GHz band by relevant basic telecommunication enterprises during the 9th Asian Winter Games ("AWG"), marking the first time that mmWave was applied on a large scale to an international comprehensive sports event. During AWG, mmWave was widely used in live broadcasts, venue security, intelligent

## CHAIRMAN'S STATEMENT

transportation and other areas, indicating that the technological bottleneck of such technology is gradually broken through for full commercialisation. The Group is dedicated to increasing its presence in 5G and mmWave, and continues to promote the R&D of new products and technology reserves to meet the growing needs of customers. It has completed the expansion of mmWave equipment and R&D team. Maintaining in-depth partnerships with the three major telecom operators, the Group actively participated in the tender projects of China Broadcasting, China Tower and other industry leaders, in order to seize the opportunities arising from 5G and vie for a considerable market share. In addition, the Group continued to boost the development of overseas markets such as South Korea, Thailand and Vietnam, actively participated in the bidding projects of local operators, and consolidated its long-term cooperative relationships with overseas customers by visiting them to gain an in-depth insight into their needs and business development dynamics.

Looking ahead, the Group will continually deepen its core business, enhance its competitive edge and capitalise on the opportunities brought about by a wave of new technologies. In the capital market, the Group will optimise its market capitalisation management strategy and further boost market confidence through its share buyback program. Finally, on behalf of the Directors, I would like to express my sincere gratitude to our partners, customers and shareholders for their long-term support. In the meantime, I would also like to express my special thanks to the management team and all employees for their dedication and outstanding contributions. I believe that with the concerted efforts, we will achieve excellent results and continuously give back to our shareholders and the society.

**Qian Lirong**  
*Chairman*

Hong Kong, 27 March 2025



Shanghai



Singapore



Australia

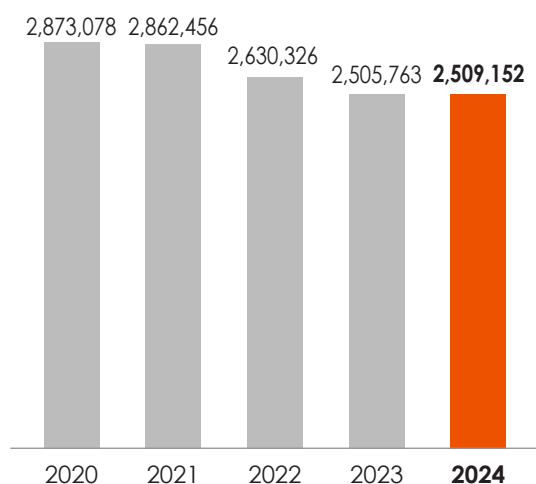
**Trigiant joining several exhibitions in 2024**



## FINANCIAL HIGHLIGHTS

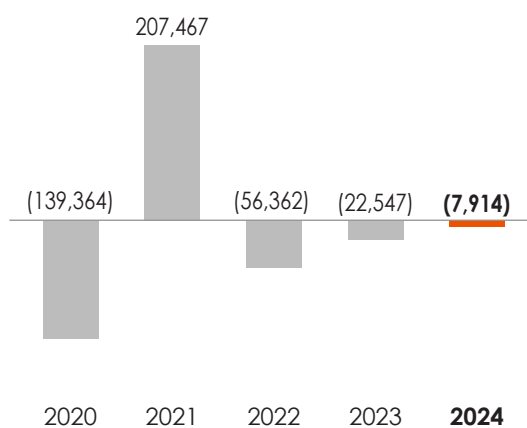
### TURNOVER

(RMB'000)



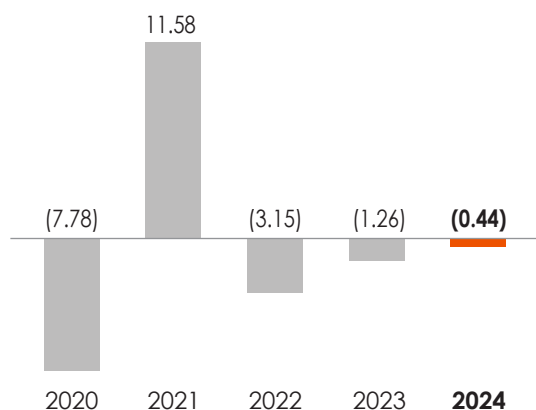
### PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RMB'000)



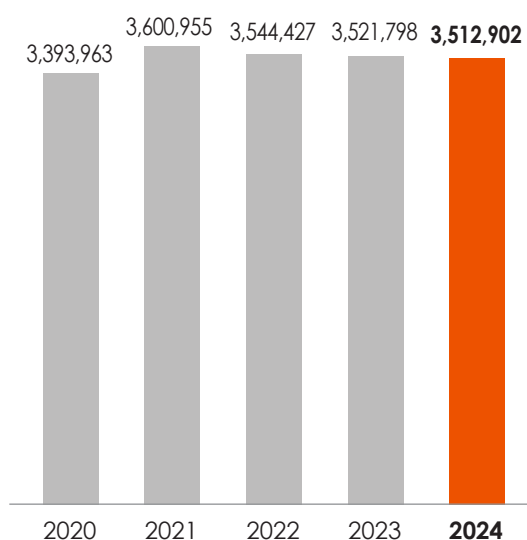
### EARNINGS/(LOSS) PER SHARE

(RMB cents)



### TOTAL EQUITY

(RMB'000)



## FINANCIAL HIGHLIGHTS

Results performance for the year ended 31 December	2024	2023
Total revenue (RMB'000)	2,509,152	2,505,763
Revenue of feeder cable series (RMB'000)	1,115,011	1,200,305
Revenue of flame-retardant flexible cable series (RMB'000)	1,047,802	970,347
Revenue of optical fibre cable series and related products (RMB'000)	212,312	201,769
Gross profit (RMB'000)	293,609	316,521
Gross profit margin	11.7%	12.6%
Loss for the year (RMB'000)	(7,914)	(22,547)
Net loss margin	(0.3%)	(0.9%)
Basic loss per share	RMB(0.44) cents	RMB(1.26) cents
Diluted loss per share	N/A	N/A
Liquidity and gearing ratios	2024	2023
Inventories turnover day (Note 1)	28 days	29 days
Trade and bills receivables turnover day (Note 2)	658 days	640 days
Trade and bills payables turnover day (Note 3)	11 days	7 days
Current ratio	2.9	2.6
Gearing ratio (Note 4)	26.3%	27.4%
Operating cash flow and capital expenditure for the year ended 31 December	2024	2023
Net cash from operating activities (RMB'000)	469,988	668,322
Capital expenditure (RMB'000)	8,337	1,445

Notes:

1. 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.
2. Calculation was based on the average of the trade and bills receivables balance, excluding 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.
3. Calculation was based on the average of the trade and bills payables balance, excluding 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.
4. Calculation was based on total bank borrowings net of pledged bank deposits and bank balances and cash at the end of the relevant year over total equity at the end of the relevant year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET REVIEW

Reviewing 2024, the global economy was affected by multiple factors, including changes in the Federal Reserve's policies, inflation trends, unemployment rate fluctuations, and international policy uncertainties. The U.S. economy performed better than expected due to strong domestic demand, while Europe faced manufacturing weakness and geopolitical pressures. In late September, the Chinese government announced a series of fiscal stimulus policies, including the issuance of ultra-long-term special treasury bonds to support large state-owned commercial banks in replenishing their core tier-one capital, increasing efforts to resolve local debt risks, and to alleviate local debt pressure, with the aim of expanding domestic demand and stimulating economic growth. Driven by export growth and stimulus measures, China's gross domestic product (GDP) grew by 5.0% year-on-year in 2024, achieving the government's annual growth target.

2024 marked the fifth year of 5G commercialisation. China has actively improved the construction of 5G infrastructure and has completed the "14th Five-Year Plan" ahead of schedule regarding the construction goals for 5G and gigabit optical networks, achieving the goal of providing gigabit access to every county, 5G access to every township, and 5G access to more than 90% of administrative villages. As of the end of December 2024, China has cumulatively built and opened 4.251 million 5G base stations, accounting for 33.6% of all mobile phone base stations, and has built 207 gigabit cities, with the number of gigabit users exceeding 200 million. China leads the world in the number of mobile phone users, with 1.014 billion 5G mobile phone users, accounting for 56.7% of all mobile phone users, which is 2.3 times the global average. Currently, 5G applications have been integrated into 80 major categories of the national economy and are being promoted on a large scale in key areas such as industrial, mining, power, and healthcare. The Group's 5G-related products have been supplied to customers in batches, and the Group will continue to seize the development opportunities of the 5G industry and deepen its market layout.

2024 is regarded as the first year of commercial use for 5G-Advanced (5G-A), representing a crucial leap from 5G towards 6G. As a critical period for the development of 5G-A, the three major operators are accelerating the deployment of 5G-A networks and exploring applications. China Mobile has deployed carrier aggregation technology nationwide and achieved 5G-A network coverage in more than 300 cities, improving downlink speeds and stability, laying the foundation for multi-scenario applications, and promoting the commercial popularisation of 5G-A. China Telecom has completed the large-scale deployment of RedCap and carrier aggregation in major cities across the country, jointly formulated new technology standards with its partners, and promoted the implementation of 5G-A applications in various industries and scenarios. China Unicom and its partners have completed the commercial deployment of 5G-A industrial base stations at the Zhuhai Gree Gaolan Port factory, marking a breakthrough in the application of 5G-A technology in smart manufacturing. The Group continues to follow up on the latest developments in 5G-A and closely monitors market trends and customer needs.

Millimeter wave ("mmWave"), as a key technology and application of 5G-A, has the characteristics of high transmission rate, low latency, and wide connection, and can be applied to the networking needs of large, high-density crowds gathering places such as subway stations, conference rooms, and stadiums with high mobility, large bandwidth, and high density. During the Year, the Group developed a series of new millimeter wave products based on customer needs, including 37–42 GHz phase shifters, 24 GHz power amplifiers, 55–71 GHz up and down converters, 8–40 GHz SP6T solid-state switches, etc. These products have been widely recognised and praised by customers in the industry, further consolidating the Group's technological advantages in the mmWave field.



## MANAGEMENT DISCUSSION AND ANALYSIS

With the continuous advancement of 5G network construction, the demand for high-density and high-quality network coverage in indoor scenarios is becoming increasingly prominent, and 5G small cells have become the key to promoting comprehensive network signal coverage. In order to seize this market opportunity, the Group is actively deploying 5G small cell transmission solutions, closely following market trends, and promptly following up on relevant bidding. The construction and upgrading of 5G base stations will remain an important task for operators. Domestic operators continue to promote the construction of network communications, including the three major telecommunications operators, which contributed approximately 90% of the Group's sales, and China Tower Corporation Limited (中國鐵塔股份有限公司) ("China Tower"). During the Year, the Group won bids in multiple centralised procurement projects, including winning the bids for China Mobile's centralised procurement (second batch) project of communications power cable products from 2023 to 2025 (two-year period), China Mobile's supplementary centralised procurement project of feeder cable products bidding section in 2024, and China Unicom's centralised procurement project of power cables in 2024, contributing to the Group's long-term sustainable development.

### Results analysis

For the year 2024 the Group maintained a steady operation. In particular, the operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net <sup>(Note)</sup> amounted to approximately RMB171,400,000 (2023: RMB194,600,000).

*Note:* Our operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net was calculated based on the profit for the year before (1) taxation, (2) finance cost and (3) impairment losses/reversal of impairment losses under expected credit loss model, net.

Operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net is not a standard measure under HKFRS. Operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net is one of financial indicators that measure a company's ability to repay and assume debts. The Board believes that such data is a useful supplement to cash flow data as a measure of our performance and our ability to cover finance cost and taxation. The figure may not be comparable to similarly titled measures presented by other companies.

Total turnover of the Group slightly increased by approximately RMB3.4 million, or approximately 0.1%, from approximately RMB2,505.8 million in 2023 to approximately RMB2,509.2 million in 2024. The increase in turnover was contributed by the increase in the turnover of flame-retardant flexible cable series, optical fibre cable series and related products and others of approximately RMB77.5 million, RMB10.5 million and RMB9.8 million respectively, partially offset by the decrease in turnover of feeder cable series and new-type electronic components of approximately RMB85.3 million and RMB9.1 million respectively. The Group's overall gross profit decreased by approximately 7.2% from approximately RMB316.5 million in 2023 to RMB293.6 million in 2024. The overall gross profit margin was approximately 11.7% in 2024, representing a decrease of approximately 0.9 percentage points as compared with 2023, mainly due to market competition, the Group adopted a more competitive pricing strategy to secure more orders.

During the Year, the average price of copper, being the main raw materials for the flame-retardant flexible cable series and feeder cable series, increased by approximately 9.7%. However, as the Group adopted the cost plus pricing model for the pricing of its main products, it can still operate steadily even under the fluctuation of commodity prices.

## MANAGEMENT DISCUSSION AND ANALYSIS

Impairment losses under expected credit loss model, net of reversal or provision, on trade receivables, decreased by approximately RMB39.9 million, or approximately 24.1% from a loss of approximately RMB165.6 million in 2023 to a loss of approximately RMB125.6 million in 2024. The Group's loss for the year significantly decreased by approximately RMB14.6 million or approximately 64.9%, from approximately RMB22.5 million in 2023 to approximately RMB7.9 million mainly due to the decrease in impairment losses under expected credit loss model, net of reversal or provision, on trade receivables. Loss per share significantly decreased to RMB0.44 cents (2023: RMB1.26 cents).

### Breakdown of turnover by products

Year ended 31 December	2024 RMB'000	2023 RMB'000	Change RMB'000	Change Percentage
Feeder cable series	1,115,011	1,200,305	(85,294)	(7.1)
Flame-retardant flexible cable series	1,047,802	970,347	77,455	8.0
Optical fibre cable series and related products	212,312	201,769	10,543	5.2
New-type electronic components	117,800	126,882	(9,082)	(7.2)
Others	16,227	6,460	9,767	151.2
Total	2,509,152	2,505,763	3,389	0.1

#### **Feeder cable series — approximately 44.4% of the total turnover**

The turnover of feeder cable series decreased by approximately 7.1% year on year to approximately RMB1,115.0 million for the Year. The sales volume of the Group's feeder cable series products decreased by approximately 7,800 kilometres to approximately 91,600 kilometres year on year. The gross profit margin decreased by approximately 1.0 percentage point to approximately 12.2% as compared to that of last year, mainly due to market competition, the Group adopted a more competitive pricing strategy to secure more orders.

#### **Flame-retardant flexible cable series — approximately 41.8% of the total turnover**

Flame-retardant flexible cable series, a major product of the Group, are mainly used as an internal connection cable for power systems or mobile cable transmission and distribution systems. The turnover of flame-retardant flexible cable series increased by approximately 8.0% year on year to approximately RMB1,047.8 million for the Year. The gross profit margin decreased by approximately 1.1 percentage points to approximately 9.7% as compared to that of last year, mainly due to market competition, the Group adopted a more competitive pricing strategy to secure more orders.

#### **Optical fibre cable series and related products — approximately 8.5% of the total turnover**

The turnover of optical fibre cable series and related products increased by approximately 5.2% year on year to approximately RMB212.3 million. Sales volume of optical fibre cable increased by approximately 1,505,000 fibre kilometres year on year to approximately 4,448,000 fibre kilometres. The gross profit margin decreased by approximately 0.8 percentage points to approximately 13.8% as a result of change in sales mix.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Major customers and sales network

Apart from pricing, the three major telecommunications operators in the PRC continued to take other important factors into consideration, including comprehensive strength, delivery capacities, guaranteed service quality, an extensive network coverage in the region when selecting business partners. In addition, developed provinces in the PRC have set higher standards for business partners in terms of their comprehensive quality. The Group has a good track record, diverse product portfolio, excellent product quality and comprehensive and efficient after-sales services and therefore maintains its leading position in terms of comprehensive strength and market share amongst business partners with the three major telecommunications operators in the PRC. The Group also succeeded in obtaining additional share of variation order projects on top of its existing market share, fully proving the strength and market leadership of the Group.

As at 31 December 2024, the Group maintained business relationships with all 31 provincial subsidiaries of China Unicom, 29 out of the 31 provincial subsidiaries of China Mobile, 29 out of the 31 provincial subsidiaries of China Telecom and 30 out of the 31 provincial subsidiaries of China Tower.

The turnover derived from China Mobile, China Unicom, and China Telecom accounted for approximately 53.2%, 24.0%, and 13.3% of the Group's turnover during the Year, respectively. Besides having close cooperation with the three major telecommunications operators in the PRC, the Group also maintained a good business relationship with other customers. By closely following the latest movements of its business partners, the Group will timely adjust its business strategy.

### Marketing strategy

***Leveraging on finance cost advantages to actively support the development of China's telecommunications industry; focusing on expansion of telecommunications business through scientific research capability and winning customer trust with quality***

Since the inception of the Group, approximately 90% or more of its annual sales have been made to the three major telecommunications operators in the PRC and (the subsequently established) China Tower. From the 3G and 4G eras to the official kick-off of the era of 5G commercialisation in China, the Group, as a supplier of base station and communication network construction products including feeder cable, optical and electrical hybrid cables and flame-retardant flexible cables, has been benefiting from China's rapid development of the telecommunications industry and is one of the key beneficiary enterprises in the industry. In view of the Group's low financing costs with its years of credibility and its understanding that China's telecommunications operators require substantial capital for network construction in the course of their rapid network construction, to promote the efficiency and effectiveness of telecommunications infrastructure construction as well as to provide strong support to the high-quality development of China's telecommunications industry, as part of its marketing strategies, the Group has granted additional credit to the key customers of the Group, being China's three major telecommunications operators and China Tower, in line with the high growth of their network construction, so as to gain market share and maintain a long-term sound cooperative relationship with them. Since the establishment of the Company and up to date, as part of its marketing strategies, the Group generally grants its customers a credit period ranging from 180 days to 360 days, leading to the Group's relatively longer period of turnover days of accounts receivables. In recent years, the turnover days for trade and bills receivables is above one year. Meanwhile, the proportion of trade receivables in the total assets of the Group is relatively high as a result of the said marketing strategy for supporting the network investment of China's three major telecommunications operators and China Tower. With an emphasis on scientific research and development in the telecommunications industry, the Group makes significant annual



## MANAGEMENT DISCUSSION AND ANALYSIS

investment in research and development, and focuses on the sales of telecommunications equipment to improve the competitiveness of the Group. In terms of overseas sales, the Group strives to win the trust of customers with quality, and is highly cautious in handling accounts receivable from overseas customers. It is expected that the Group will maintain the relevant policies in the 5G era, while expanding sales channels of the Group and seeking growth opportunities for business development.

### Patents, awards and recognition

As at 31 December 2024, the Group had obtained 277 patents, comprising 113 invention patents and 164 utility model patents in the PRC.

- according to the statistics from the Optical Fiber and Electric Cable Sub-association of the China Electronic Components Association (中國電子元件行業協會光電線纜分會), Trigiant Technology ranked first in terms of sales volume of feeder cable among the feeder cable manufacturers in the PRC for several consecutive years since 2010;
- Trigiant Technology was awarded the National Enterprise Technology Center and the Jiangsu Outstanding Contribution Manufacturer Award;
- Trigiant Optic-Electric was awarded as Jiangsu Enterprise Technology Center; and
- Trigiant Technology and Trigiant Optic-Electric have been rated AAA (Integrated Credit) by China's Lianhe Credit Information Service Co., Ltd, Jiangsu Branch in September 2024.

### Prospects and Future Plans

Looking ahead to 2025, the global economy is expected to continue to grow steadily, inflation will further ease, and the Federal Reserve and major central banks around the world will generally enter a cycle of interest rate cuts to stimulate the market economy. According to the latest forecast by the International Monetary Fund (IMF), global economic growth in 2025 will reach 3.3%, an upward revision of 0.1 percentage points compared to the October 2024 forecast. Specifically, China's economic growth forecast has been revised up to 4.6%, driven by fiscal stimulus policies. However, the U.S. trade tariff policy and increased geopolitical risks have added to the uncertainties facing the global economic outlook. The Chinese economy also faces multiple challenges, with sluggish consumer spending and a continued downturn in the real estate sector putting pressure on economic recovery. The Chinese government has introduced a series of measures to boost domestic demand and promote economic growth.

China continues to increase investment in the information and communication industry, actively promoting 5G infrastructure construction, and laying a solid foundation for the development of the digital economy. The Ministry of Industry and Information Technology ("MIIT") has proposed a new target for 2025, striving to achieve a cumulative construction of more than 4.5 million 5G base stations, further expanding the coverage and depth of 5G networks, and promoting the application of 5G technology in more scenarios. According to estimates by the Global System for Mobile Communications Association (GSMA), the number of 5G connections in China will increase to 1.6 billion by 2030, accounting for nearly one-third of the global total, highlighting the enormous development potential of 5G. In order to seize the development opportunities brought by 5G, the Group actively invests in innovation and research and development ("R&D"), continuously strengthens its technology reserves and product development in the 5G field, to meet the diverse needs of customers and expand its business footprint.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the field of optical fibre cables, China will continue to regard it as a key deployment direction. The National Conference on Industry and Information Technology proposed to improve the “dual gigabit” network development policies and measures, and pilot the deployment of 10-gigabit optical networks to further enhance the carrying capacity of network infrastructure. The Group actively participates in bidding for domestic and foreign customers. In 2025, the orders on hand are full, and optoelectronic hybrid cables continue to be supplied to industry customers in batches. In addition, in order to accelerate industrial development, the MIIT expects to increase the number of 5G base stations per 10,000 people from the current 30 to 38 by the end of 2027, and achieve 100 million 5G Internet of Things connections, further promoting the deep integration of 5G and Internet of Things technologies. The Group’s Internet of Things business is progressing in an orderly manner, and the management will closely monitor market trends and look for suitable opportunities to deploy.

### ***Seize 5G-A commercial opportunities and promote 6G technology research and development***

In the face of increasing demands for network capacity, network latency, and connection capabilities, wireless network technology is gradually evolving towards 5G-A. As 5G-A, an upgraded version of 5G, begins commercial use, a number of 5G-A pilot projects has been launched in China, and the three major operators have successively promoted 5G-A deployment plans in key cities. China Mobile has successfully built the world’s first commercial 5G-A converged signaling network, and plans to coordinate 6G, artificial intelligence and other technologies to continuously optimise evolution and accelerate the maturity of the 5G-A industry. China Unicom released the “5G-A Action Plan”, which will fully launch 5G-A services in the main urban areas of 39 key cities, promote the implementation of 5G-A in key scenarios in more than 300 other cities, and strengthen the construction of the industrial ecosystem. China Telecom continues to promote the construction and application of 5G-A networks, coordinate RedCap and carrier aggregation technologies, deploy them on a scale of more than 100 cities, and comprehensively upgrade 5G-A capabilities. The Group will pay close attention to 5G-A development and actively follow up on market demand.

The National Development and Reform Commission and other departments issued the “National Data Infrastructure Construction Guidelines” (《國家資料基礎設施建設指引》), proposing to promote the optimisation and upgrading of traditional network infrastructure, promote the evolution of 5G to 5G-A, and comprehensively promote 6G technology R&D and innovation. According to estimates by the China Academy of Information and Communications Technology, 5G has indirectly driven a total output of approximately RMB14 trillion in the five years since its commercialisation, and 5G-A is expected to usher in a market scale of trillions of yuan, with broad prospects for future development. Facing the transformation of future communication technologies, the Group continues to pay attention to 6G development, actively invests resources in higher frequency technologies required for 6G, and accelerates the pace of technology R&D. According to forecasts, by 2030, the size of China’s 6G market will reach RMB1.3 trillion, becoming the world’s largest 6G market. The Group continues to pay attention to the development trends of 6G and contributes to the development of the future communication industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ***Cultivate the mmWave field and create a new engine for business growth***

With the gradual development of the domestic mmWave industry chain, the commercialisation of 5G-A is accelerating, and emerging applications such as extended reality (XR), drones, and industrial digitisation are placing increasingly higher demands on the capacity, sensing accuracy, and latency of mobile networks. With its high bandwidth and low latency characteristics, mmWave is suitable for high latency-sensitive business scenarios such as augmented reality (AR), virtual reality (VR), cloud gaming, and real-time computing. In the future, the Group will continue to increase its investment in 5G mmWave R&D, continue to innovate, and enrich product types to meet the diversified needs of the market. The Group will develop products with unique advantages in low frequencies, focus on developing new products such as V-band and W-band, enhance competitiveness in these bands, further widen the technological gap with peers, and actively expand domestic and foreign markets. At present, the Group has completed the capacity expansion of mmWave equipment and the expansion of the R&D team. With the continuous enrichment of the Group's mmWave product line, steady growth in orders, and high profit margin advantages, it is expected that the mmWave business will make a significant contribution to the Group's performance, and the proportion of business will continue to increase.

### ***Expand global business opportunities and deepen overseas market deployment***

The world is actively promoting the deployment and commercial use of 5G networks. In order to further enhance market competitiveness, the Group actively promotes customised products with batch demand from customers and actively participates in well-known international exhibitions, including the Asia Tech x Singapore, the Vietnam International Communications & Electronics Assembly, and the IMS International Microwave Symposium in the United States. Through these exhibitions, the Group showcases the latest technological achievements, expands global partners, and enhances the brand's international influence. In terms of customer cooperation, the Group focuses on maintaining and developing long-term cooperative customers in Thailand, South Korea and other places. In response to the customised needs of South Korean operators and construction associations, the Group has independently developed ultra-high temperature fire-resistant special radio frequency coaxial cables. This product is mainly used in special scenarios such as building fire protection and has broad market prospects. South Korean customers plan to gradually replace their previous aluminum cable orders with this new product, bringing new business growth points to the Group. Looking forward to the future, the Group will continue to focus on expanding overseas markets, tailoring solutions to the technical needs and market characteristics of each region, while diversifying its customer portfolio and increasing market share. At the same time, the Group will continue to strengthen technological innovation and product R&D to meet customers' needs for high-quality products and services.

### **Financial performance review**

#### ***Turnover***

Total turnover of the Group slightly increased by approximately RMB3.4 million, or approximately 0.1%, from approximately RMB2,505.8 million in 2023 to approximately RMB2,509.2 million in 2024. The increase in turnover was contributed by the increase in the turnover of flame-retardant flexible cable series, optical fibre cable series and related products and others of approximately RMB77.5 million, RMB10.5 million and RMB9.8 million respectively, partially offset by the decrease in turnover of feeder cable series and new-type electronic components of approximately RMB85.3 million and RMB9.1 million respectively, further particulars of which are set out in the section headed "Management discussion and analysis — Breakdown of turnover by products" above.

Overall sales to the three major telecommunications operators in the PRC increased by approximately RMB49.3 million from approximately RMB2,221.7 million in 2023 to approximately RMB2,271.0 million in 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Cost of goods sold**

Cost of goods sold increased by approximately RMB26.3 million, or approximately 1.2%, from approximately RMB2,189.2 million in 2023 to approximately RMB2,215.5 million in 2024. The cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 94.8% and 92.9% of the total cost of goods sold in 2023 and 2024 respectively.

### **Gross profit and gross profit margin**

Gross profit decreased by approximately RMB22.9 million, or approximately 7.2%, from approximately RMB316.5 million in 2023 to approximately RMB293.6 million in 2024. The overall gross profit margin was approximately 11.7% in 2024, representing a decrease of approximately 0.9 percentage points as compared with 2023. The decrease in overall gross profit margin is mainly due to market competition, the Group adopted a more competitive pricing strategy to secure more orders.

### **Other income**

Other income decreased by approximately RMB5.3 million, or approximately 18.5%, from approximately RMB28.6 million in 2023 to approximately RMB23.3 million in 2024. Such decrease was primarily due to the decrease in interest income and value added tax credit concessions.

### **Impairment losses**

The aging of trade receivable increased but with a decreasing rate, therefore, impairment losses under expected credit loss model, net of reversal or provision, on trade receivables, decreased by approximately RMB39.9 million, or approximately 24.1% from a loss of approximately RMB165.6 million in 2023 to a loss of approximately RMB125.6 million in 2024.

### **Other gain**

The Group recorded other gain of approximately RMB0.4 million in 2024 as compared to of approximately RMB0.5 million in 2023, mainly attributable to an exchange gain of approximately RMB0.4 million recorded in 2024 as compared to an exchange gain of approximately RMB0.5 million recorded in 2023.

### **Selling and distribution costs**

Selling and distribution costs decreased by approximately RMB7.0 million, or approximately 12.5%, from approximately RMB56.0 million in 2023 to approximately RMB49.0 million in 2024, mainly due to the decrease in promotion expenses.

### **Administrative expenses**

Administrative expenses decreased by approximately RMB2.5 million, or approximately 5.5%, from approximately RMB44.9 million in 2023 to approximately RMB42.5 million in 2024. Such decrease was primarily due to the decrease in legal and professional fee.

### **Research and development costs**

Research and development costs increased by approximately RMB4.3 million, or approximately 8.6%, from approximately RMB50.0 million in 2023 to approximately RMB54.3 million in 2024, primarily due to the increase in research expenses in communication-related technologies.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Finance costs

Finance costs decreased by approximately RMB5.4 million, or approximately 9.8%, from approximately RMB54.5 million in 2023 to approximately RMB49.2 million in 2024. Such decrease was primarily due to decrease in average bank borrowings balance in 2024.

### Taxation

The Group recorded a taxation charge of approximately RMB4.6 million for the Year, as compared to taxation credit of RMB2.9 million for 2023. The increase in taxation charge in 2024 was due to the decrease in impairment losses under expected credit loss model during the Year and therefore the related deferred tax credit also decreased.

### Loss for the year

As a combined result of the foregoing, the Group's loss for the year decreased by approximately RMB14.6 million or approximately 64.9%, from approximately RMB22.5 million in 2023 to approximately RMB7.9 million in 2024. The net loss margin decreased by 0.6 percentage points from approximately 0.9% in 2023 to approximately 0.3% in 2024.

### Liquidity, financial resources and capital structure

During the Year, 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 2024:

	2024 RMB'000	2023 RMB'000
Net cash from operating activities	469,988	668,322
Net cash from investing activities	104,933	16,726
Net cash used in financing activities	(659,861)	(672,414)

As at 31 December 2024, the Group had bank balances and cash and pledged bank deposits of approximately RMB555.3 million and the majority of which were denominated in RMB. As at 31 December 2024, the Group had total borrowings of approximately RMB1,479.3 million which included bank borrowings of RMB1,089.5 million, borrowings under bills payables financing arrangements of RMB394.0 million, which are repayable within one year, partially offset by prepaid interest of approximately RMB4.2 million. As at 31 December 2024, RMB452.0 million of the total bank borrowings were fixed rate borrowings, approximately RMB637.5 million were variable rate borrowings and approximately RMB394.0 million were variable rate discounted bills payables classified as borrowings. As at 31 December 2024, bank borrowings of approximately RMB1,089.5 million were denominated in RMB.

During the Year, the majority of the Group's transactions were denominated in RMB 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 instrument but will consider hedging its foreign currency exposure should the need arise.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Gearing ratio

Gearing ratio of the Group, calculated as total bank borrowings net of pledged bank deposits and bank balances and cash divided by total equity, decreased from approximately 27.4% as at 31 December 2023 to approximately 26.3% as at 31 December 2024. Such decrease was primarily resulted from the impact of decrease in bank borrowings.

### Pledge of assets

As at 31 December 2024, the Group pledged bank deposits of approximately RMB90.9 million (2023: RMB180.7 million) to secure certain credit facilities granted to the Group, those credit facilities include letter of credit and bills factoring.

### Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2024.

### Employee information

As at 31 December 2024, the Group had a total of 684 full time employees (2023: 721). 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.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year ended 31 December 2024, the Group had no material acquisition or disposal of subsidiaries or associated companies. The Group had no significant investments held during the year ended 31 December 2024.

## DIRECTORS AND SENIOR MANAGEMENT PROFILE

### MR. QIAN LIRONG

#### *Executive Director, Chairman and Group Chief Executive Officer*

**Mr. Qian Lirong**, aged 60, is an executive Director, the chairman of the Board and Group Chief Executive Officer and a substantial shareholder of the Company. 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 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 is an uncle of Mr. Qian Chenhui, an executive Director.

Mr. Qian has over 30 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), a company incorporated in Singapore whose shares are listed on 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 Technology Ltd. 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), a wholly-owned subsidiary of Hengxin Technology Ltd. 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). 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, Jiangsu Science and Technology Entrepreneur (江蘇省科技企業家) in 2018, Outstanding Entrepreneur Leadership Award (傑出企業家領馭獎) and Wuxi Top 100 Entrepreneurs (無錫市百名錫商人物) in 2017, Outstanding People in the Fibre Optic Communication Industry in China (中國光纖通信業界優秀人物) and The Third Jiangsu "Top 100 Stars of Honesty" (第三屆江蘇省「百名誠信之星」) in 2016, Most Influential Entrepreneurs in Chinese Telecommunication Optical Industry (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銳人物) 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, 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 and an exemplary worker of Jiangsu Province. Mr. Qian is a senior member of China Institute of Communications, Vice President of the Jiangsu Foreign Investment Enterprise Association (江蘇省外商投資企業協會), 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), 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),

## DIRECTORS AND SENIOR MANAGEMENT PROFILE

the representative of the Wuxi Municipal People's Congress of the Communist Party of China for several terms, as well as the member of The Chinese People's Political Consultative Conference of Yixing City Committee and the representative of the Yixing Municipal People's Congress for several terms. 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, as well as the chairman of the editorial board of Year Book of China Fibre Optic Communication.

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的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.

### MR. QIAN CHENHUI

#### *Executive Director*

**Mr. Qian Chenhui**, aged 39, is an executive Director. Mr. Qian Chenhui joined the Group in March 2011 and has been serving as the general manager of the Investment Securities Department of Trigiant Technology since January 2017 and has been promoted as the group vice general manager of the Company since March 2019. Mr. Qian Chenhui has served as the chairman and general manager of Jiangsu Trigiant Sensing Technology Co., Ltd. (江蘇俊知傳感技術有限公司), a subsidiary of the Company, since June 2019. Mr. Qian Chenhui read Engineering Science at Brasenose College, University of Oxford from October 2006 and obtained a Master degree with Honour in Engineering Science from University of Oxford in June 2011. Mr. Qian Chenhui was an alternate director to Mr. Qian Lirong, an executive Director, from 13 September 2016 to 31 December 2019. Mr. Qi Lirong is an uncle of Mr. Qian Chenhui.

### MR. ZHANG DONGJIE

#### *Non-Executive Director*

**Mr. Zhang Dongjie (former name: Zhang Donghui)**, aged 51, is currently a deputy general manager of Shenzhen Eternal Asia Supply Chain Management Ltd.\* (深圳市怡亞通供應鏈股份有限公司) ("Eternal Asia"), a joint stock company established in the People's Republic of China with limited liability whose shares are listed on the Shenzhen Stock Exchange (stock code: 002183) and the holding company of Eternal Asia (HK) Limited, which owns approximately 16.35% of the issued share capital of the Company as at the date of this report. Mr. Zhang has extensive financial and management experience in corporations and enterprises and previously worked in various PRC companies and Hong Kong listed company. Prior to joining Eternal Asia in January 2020, from September 2013 to February 2020, Mr. Zhang was a director of Shenzhen Leaguer Co., Ltd.,\* (深圳市力合科創股份有限公司) (formerly known as Shenzhen Beauty Star Co., Ltd.\* (深圳市通產麗星股份有限公司)), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002243). Mr. Zhang is a non-executive director of VSTECS Holdings Limited (stock code: 856) since January 2023, a company whose shares are listed on the Main Board of the Stock Exchange. Mr. Zhang obtained a professional qualification as senior accountant in the People's Republic of China in January 2005 and obtained a degree of master of economics from Xiamen University in June 2005.

## DIRECTORS AND SENIOR MANAGEMENT PROFILE

### PROFESSOR JIN XIAOFENG

#### *Independent Non-Executive Director*

**Professor Jin Xiaofeng**, aged 56, is an independent non-executive Director. Professor Jin is currently the professor of the Faculty of Information Science and Electrical Engineering, Zhejiang University (浙江大學). From September 2013 to August 2019, Professor Jin was 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 doctoral supervisor in the Zhejiang University. Between January 2004 and February 2006, Professor Jin worked in Hengtong Group Technology Center (亨通集團技術中心). During the period from October 2000 to 2003, Professor Jin worked in Oplink Communications Inc., LightMatix Inc. and Agiltron Inc in the U.S.

Professor 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. Professor 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 degree in engineering from Zhejiang University in September 1996. From December 1996 to April 2000, Professor 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. ZHAO HUANQI

#### *Independent Non-executive Director*

**Mr. Zhao Huanqi**, aged 53, was appointed as an independent non-executive Director on 28 March 2023. Mr. Zhao has extensive experience in the auditing, accounting and financial industry. Mr. Zhao is currently a managing partner of Beijing Crowe International Certified Public Accountants\* (北京德皓國際會計師事務所) (formerly known as Beijing Da Hua International Certified Public Accountants\* (北京大華國際會計師事務所)) since December 2023 and prior to that, since April 2020, Mr. Zhao was a partner of Da Hua Certified Public Accountants LLP\* (大華會計師事務所 (特殊普通合夥)). Mr. Zhao has been a partner in an international accounting firm and has worked in company and accounting firm. From October 2014 to January 2021, Mr. Zhao served as an independent director at Suzhou Yangtze New Materials Co., Ltd.\* (蘇州揚子江新型材料股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002652). From March 2017 to February 2021, he served as an independent director at Boya Bio-pharmaceutical Group Co., Ltd\* (博雅生物製藥集團股份有限公司) (now known as China Resources Boya Biopharmaceutical Group Co., Ltd\* (華潤博雅生物製藥集團股份有限公司)), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 300294). From December 2018 to December 2021, he served as an independent director at Jiangsu Baichuan High-Tech New Materials Co., Ltd\* (江蘇百川高科技新材料股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002455).

Mr. Zhao graduated from the faculty of auditing majoring in auditing at Nanjing Audit Institute\* (南京審計學院) (now known as Nanjing Audit University (南京審計大學)) in July 1993, and obtained a degree of master of professional accountancy from The Chinese University of Hong Kong in December 2008. Mr. Zhao obtained the professional qualifications in the People's Republic of China as a certified public accountant in October 1998, an intermediate accountant in May 1999, a certified tax agent in September 2000, and a certified public valuer in May 2002.

## DIRECTORS AND SENIOR MANAGEMENT PROFILE

### MS. YAU WAI

#### *Independent Non-executive Director*

**Ms. Yau Wai**, aged 52, was appointed as an independent non-executive Director on 15 April 2024. She has more than 25 years of experience in auditing, internal control, corporate finance, compliance and operation management. She is currently a responsible officer of Akron Corporate Finance Limited since March 2021. From August 1994 to November 1997 Ms. Yau worked in KPMG Peat Marwick (now known as KPMG), where her last position was supervisor. From November 1997 to September 2000, Ms. Yau was employed by AIG Finance (Hong Kong) Limited, where her last position was assistant manager of the internal control department. From September 2000 to April 2004, Ms. Yau was employed by CU Corporate Finance Limited, where her last position was associate director. From April 2004 to March 2005, Ms. Yau worked at First Shanghai Capital Limited as assistant manager of the corporate finance division. From March 2005 to August 2006, Ms. Yau was employed by Asian Capital (Corporate Finance) Limited, where her last position was associate director. From August 2006 to March 2008, Ms. Yau worked at Baron Capital Limited as director. From April 2008 to May 2016, Ms. Yau was employed by DBS Asia Capital Limited, where her last position was senior vice president and chief operating officer. From June 2016 to March 2021, Ms. Yau worked at VBG Capital Limited, where her last position was managing director.

Ms. Yau obtained a degree of Bachelor of Arts from The University of Hong Kong in January 1995 and a degree of Master of Business Administration from The Chinese University of Hong Kong in December 2002. She was admitted as an associate of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) in February 1998 and a Fellow of The Association of Chartered Certified Accountants in October 2002. Ms. Yau is a responsible officer licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### MR. LEE YIU WAI WILLIAM

#### *Chief Financial Officer and Company Secretary*

**Mr. Lee Yiu Wai William**, is the Chief Financial Officer and Company Secretary of the Company. Mr. Lee is primarily responsible for company secretarial, corporate finance, finance reporting and investor relations management affairs of the Group. Mr. Lee has over 17 years of experience in corporate finance, accounting and auditing. He was a senior manager of PricewaterhouseCoopers before joining the Group in 2017.

Mr. Lee obtained a degree of Bachelor of Business Administration in Accounting and Finance from The University of Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and a chartered professional accountant member of the Chartered Professional Accountants of British Columbia, Canada. Mr. Lee is an associate of The Chartered Governance Institute and an associate of The Hong Kong Chartered Governance Institute.



## CORPORATE GOVERNANCE REPORT

The board ("Board") of directors ("Directors") of the Company is pleased to present this Corporate Governance Report for the year ended 31 December 2024.

### 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 Part 2 of Appendix C1 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.

The Board considers that save for the deviation from code provision C.2.1 of the CG Code as described in the section headed "Chairman and chief executive officer" of this report, 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 2024 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 C3 to the Listing Rules as the code of conduct for Directors in their dealings in Company's securities. Having made specific enquiry with 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 2024.

### BOARD OF DIRECTORS

#### (I) Board composition

The Board currently comprises a combination of two executive Directors, one non-executive Director and three independent non-executive Directors. Save that Mr. Qian Lirong is an uncle of each of Mr. Qian Chenhui, there is no relationship (including financial, business, family or other material relevant relationships) among other members of the Board.

During the year ended 31 December 2024 and up to the date of this report, the Board consisted of the following members:

#### Executive Directors

Mr. Qian Lirong (*Chairman and Group chief executive officer*)  
Mr. Qian Chenhui

#### Non-executive Director

Mr. Zhang Dongjie

#### Independent Non-executive Directors

Professor Jin Xiaofeng  
Mr. Chan Fan Shing (resigned on 1 January 2024)  
Mr. Zhao Huanqi  
Ms. Hoi Sao Leng (appointed on 1 March 2024 and resigned on 15 April 2024)  
Ms. Yau Wai (appointed on 15 April 2024)

## CORPORATE GOVERNANCE REPORT

### (II) Board meetings

During the year ended 31 December 2024, six 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.

The Board is also responsible for evaluating and determining the nature and significance of identified risks and determines how these risks can be properly alleviated so as to achieve the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. In addition, the Board, with the assistance from audit committee, oversees management in the design, implementation and monitoring of the risk management and internal control systems.

### (IV) Independence of independent non-executive Directors

Pursuant to Rule 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed at least three independent non-executive Directors from 1 March 2024. Following the resignation of Mr. Chan Fan Shing as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee with effect from 1 January 2024, the Company had failed to comply with the relevant requirements under Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules until the appointment of Ms. Hoi Sao Leng as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee on 1 March 2024 within the prescribed time period in Rules 3.11, 3.23 and 3.27 of the Listing Rules.

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. Mr. Chan Fan Shing, an independent non-executive Director until his resignation on 1 January 2025, had extensive experience in auditing, accounting and financial management. He was a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the CPA Australia. Ms. Hoi Sao Leng, an independent non-executive Director in office from 1 March 2024 to 15 April 2024, had extensive experience in accounting and corporate finance. She was a member of the Hong Kong Institute of Certified Public Accountants. Ms. Yau Wai, an independent non-executive Director in office from 15 April 2024, has extensive experience in auditing, internal control, corporate finance, compliance and operation management. She is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

## CORPORATE GOVERNANCE REPORT

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Board as well as the nomination committee of the Board are committed to assessing the independence of the Directors annually with regards to all relevant factors relating to independent non-executive Directors including: (i) the diversity, industry or finance experience, qualifications, character and integrity to carry out their roles; (ii) the contribution to the Company's strategy and policies through independent, constructive and informed comments; (iii) the commitment to devote sufficient time and attention to the Company's affairs; (iv) the chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors; and (v) no financial, business or family or other material relationships with other members of the Board or substantial Shareholders or circumstances which would interfere with the exercise of their independent judgment.

The Company has also received an annual written confirmation from each of the independent non-executive Directors in respect of their independence. The Board and the nomination committee have assessed their independence and consider that all independent non-executive Directors are independent.

### (V) Continuous professional development

During the year ended 31 December 2024, the Directors, namely, Mr. Qian Lirong, Mr. Qian Chenhui, Mr. Zhang Dongjie, Professor Jin Xiaofeng, Ms. Hoi Sao Leng (resigned on 15 April 2024), Ms. Yau Wai (appointed on 15 April 2024) and Mr. Zhao Huanqi, had participated in continuous professional development and updated and refreshed their knowledge and skills through various means including but not limited to attending management briefings, trainings, seminars, giving speech or attending other professional development like reading articles, researches, journals and legal and regulatory updates provided by the Company. In addition, the 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. The Company has received confirmation from the Directors in respect of their training records for the year ended 31 December 2024.

### (VI) Insurance on Director's and officers' liabilities

The Company has arranged for liability insurance cover to indemnify the Directors and the senior management of the Company during the year ended 31 December 2024.

### (VII) Appointments during the year

Ms. Hoi Sao Leng was appointed on 1 March 2024 as an independent non-executive Director and in relation to her appointment she had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 26 February 2024, and she had confirmed she understood her obligations as a director of a listed issuer. Ms. Hoi Sao Leng resigned as an independent non-executive Director on 15 April 2024.

Ms. Yau Wai was appointed on 15 April 2024 as an independent non-executive Director and in relation to her appointment she had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 10 April 2024, and she had confirmed she understood her obligations as a director of a listed issuer.

## CORPORATE GOVERNANCE REPORT

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. With the appointment of Mr. Qian Lirong as the Group chief executive officer with effect from 31 December 2019 upon the retirement of Mr. Jiang Wei, the roles of the chairman and the chief executive officer of the Group is not separated and are performed by the same individual, Mr. Qian Lirong. Mr. Qian Lirong joined the Group in 2007 and, as executive Director and chairman of the Board, is principally responsible for the overall strategic development of the Group's operation as well as overall management of the Group. The Board believes that vesting both the roles of chairman and chief executive officer in the same person can ensure consistent leadership and enables more effective and efficient overall strategic planning for the Group. In addition, the Board is of the view that the balanced composition of executive and non-executive Directors (including the independent non-executive Directors) on the Board and the various committees of the Board (primarily comprising independent non-executive Directors) in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

### TERMS OF NON-EXECUTIVE DIRECTORS

Mr. Zhang Dongjie, non-executive Director, was appointed for a term of three years commencing from 9 January 2023.

Professor Jin Xiaofeng, independent non-executive Director, was appointed for a term of three years commencing from 23 August 2023. Ms. Yau Wai, independent non-executive Director, was appointed for a term of three years commencing from 15 April 2024. Mr. Zhao Huanqi, independent non-executive Director, was appointed for a term of three years commencing from 28 March 2023.

Each of the above appointments is subject to the rotation and retirement provisions in the articles of association of the Company.

### 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 Ms. Yau Wai, Professor Jin Xiaofeng and Mr. Zhao Huanqi, all being independent non-executive Directors. Ms. Yau Wai is the chairman of the audit committee.

## CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2024, the audit committee has held four meetings, at which the members of audit committee principally reviewed and discussed with the external auditor of the Company about the Group's annual results and audited consolidated financial statements for the year ended 31 December 2023, the interim review scope and process for the Group's results for the six months ended 30 June 2024, the interim results for the six months ended 30 June 2024 and audit scope and process for the Group's annual results for the year ended 31 December 2024 and discussed with the management about the effectiveness of the risk management and assessment, financial reporting process and internal control system, respectively.

Following the resignation of Mr. Chan Fan Shing as an independent non-executive Director and the chairman of the Audit Committee, the Audit Committee consisted of only two members, until the appointment of Ms. Hoi Sao Leng as an independent non-executive Director and the chairman of the Audit Committee on 1 March 2024 in compliance with the relevant requirements under Rule 3.21 of the Listing Rules and within the prescribed time period in Rule 3.23 of the Listing Rules. Ms. Hoi Sao Leng resigned as and Ms. Yau Wai was appointed as an independent non-executive Director and the chairman of the Audit Committee on 15 April 2024.

### 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 with reference to the market data. 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 Ms. Yau Wai and Professor Jin Xiaofeng, and one executive Director, namely Mr. Qian Chenhui. Professor Jin Xiaofeng is the chairman of the remuneration committee.

During the year ended 31 December 2024, the remuneration committee has held three meetings, at which the members of remuneration committee principally reviewed and made recommendations on the remuneration agreement, structure and policy for the Directors and senior management. The remuneration committee made recommendation based on performance of the Directors and senior management.

Following the resignation of Mr. Chan Fan Shing as an independent non-executive Director and a member of the remuneration committee, the remuneration committee consisted of only two members and did not comprise a majority of independent non-executive Director until the appointment of Ms. Hoi Sao Leng as an independent non-executive Director and a member of the remuneration committee on 1 March 2024 in compliance with the relevant requirements under Rule 3.25 of the Listing Rules and within the prescribed time period in Rule 3.27 of the Listing Rules. Ms. Hoi Sao Leng resigned as and Ms. Yau Wai was appointed as an independent non-executive Director and a member of the remuneration committee on 15 April 2024.

### 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 succession of the management of the Board. The members of the nomination committee are Professor Jin Xiaofeng, Mr. Zhao Huanqi and Ms. Yau Wai, all being independent non-executive Directors. Professor Jin Xiaofeng is the chairman of the nomination committee.



## CORPORATE GOVERNANCE REPORT

The Board has adopted a board diversity policy to set out the approach to achieve diversity on the Board. According to the Board diversity policy, 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 2024, 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 2024, the nomination committee has held three meetings, at which the members of nomination committee principally reviewed and recommended the diversity, structure, size and composition of the Board, the effectiveness of the diversity practices under the board diversity policy of the Company, reviewed the nomination of directors policy and assessed the independence of the independent non-executive Directors.

### 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 to 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. Qian Chenhui, and two independent non-executive Directors, namely Mr. Zhao Huanqi and Ms. Yau Wai. Mr. Qian Chenhui is the chairman of the corporate governance committee.

During the year ended 31 December 2024, 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.

### NOMINATION POLICY

A director nomination policy ("Nomination Policy") has been adopted by the Board with effect from 1 January 2020 for the purpose of enhancing transparency and accountability of the nomination process of Directors and enabling the Company to ensure the Board has a balance of skills and experience and diversity of perspectives appropriate to the requirements of the Company's business.

Under the Nomination Policy, the nomination committee of the Board is responsible for selecting suitable candidates and giving recommendations to the Board on appointment of Directors. The selection criteria for assessing the suitability of a proposed candidate which shall be taken as reference by the nomination committee includes: (i) integrity and reputation; (ii) accomplishment and experience; (iii) commitment in respect of available time and relevant interest; (iv) diversity of the Board, including but not limited to gender, age, professional experience, cultural and educational background, skills and knowledge; (v) not being prohibited by law from being a Director; and (vi) any other factors as the nomination committee may deem fit to consider in the best interests of the Company and its Shareholders. These above selection criteria are not exhaustive and conclusive and the nomination committee has the discretion to nominate any person as it considers appropriate.

## CORPORATE GOVERNANCE REPORT

Under the Nomination Policy, upon obtaining the required information from the candidate, the nomination committee shall convene a meeting to discuss and consider the recommendation of the candidate to the Board for appointment as a Director. The nomination committee shall review whether the candidate is qualified to be appointed, elected or re-elected into the Board under the relevant Listing Rules and the policies of the Company. In particular, the nomination committee shall consider the potential contribution a Candidate can bring to the Board in terms of qualification, skills, experience, independence and gender diversity.

For procedures for Shareholders' nomination of any proposed candidate for election as a Director, please refer to the section headed "Shareholder rights and investor relations" of this report.

### GENDER DIVERSITY

#### Board level

During the year ended 31 December 2024, from 1 March 2024 and as at the date of this report, the Board consists of six Directors, five of which are male and one of which is female.

To achieving gender diversity on the Board, the Board has (i) set a target to have at least one female Director by 31 December 2024, and (ii) placed emphasis on hiring practices to ensure that qualified female candidates are given equal consideration alongside male counterparts. From 1 March 2024 and as at the date of this report, female Director(s) comprise approximately 16.67% of the members of the Board and the Board is satisfied that the right direction to achieve an adequate level of gender diversity has been recognised in respect of the Board. It is worth noting that achieving gender diversity is an ongoing process, and the Company will ensure, by placing emphasis on gender diversity in the succession planning process, to have a diverse pipeline of candidates ready to step into leadership positions when vacancies arise.

#### Workforce level

The details of the workforce composition are disclosed in the section headed "Environmental, Social and Governance Report" of this annual report.

The Group is committed to employing the appropriate staff for a suitable position regardless of the gender as its recruitment strategy. The Group has various departments which are led by different male and female staff, and in order to enhance efficiency, the Company has not set a measurable objective for achieving gender diversity at workforce level. The Company is committed to providing equal opportunities to its staff in respect of recruitment, salary, training and promotion. The Group will continue to recruit its employees based on a meritocratic approach and ensure that by adopting a fair, just and open recruitment process, and developing relevant policies to eliminate discrimination in the recruitment process to ensure there is no discrimination regardless of race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and nationality.

## CORPORATE GOVERNANCE REPORT

### DIRECTORS' ATTENDANCE RECORDS AT MEETINGS

The attendance records of each Director at various meetings held during the year ended 31 December 2024 are set out below:

	Board Meeting	Audit committee meeting	Remuneration committee meeting	Nomination committee meeting	Corporate governance committee meeting	General Annual meeting
<b>Executive Directors</b>						
Mr. Qian Lirong ( <i>Chairman and Group chief executive officer</i> )	6/6	N/A	N/A	N/A	N/A	1/1
Mr. Qian Chenhui	6/6	N/A	3/3	N/A	1/1	1/1
<b>Non-executive Director</b>						
Mr. Zhang Dongjie	6/6	N/A	N/A	N/A	N/A	1/1
<b>Independent Non-executive Directors</b>						
Professor Jin Xiaofeng	6/6	4/4	3/3	3/3	N/A	1/1
Mr. Chan Fan Shing (resigned on 1 January 2024)	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Zhao Huanqi	6/6	4/4	N/A	3/3	1/1	1/1
Ms. Hoi Sao Leng (appointed on 1 March 2024 and resigned on 15 April 2024)	2/2	1/1	1/1	1/1	N/A	N/A
Ms. Yau Wai (appointed on 15 April 2024)	3/3	3/3	1/1	1/1	1/1	1/1

### AUDITOR'S REMUNERATION

For the year ended 31 December 2024, 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
<b>Audit service</b>	
Audit of the annual consolidated financial statements	1,713
<b>Non-audit services</b>	
Review of the interim consolidated financial statements	401
Internal control review	183
Tax services	43

## CORPORATE GOVERNANCE REPORT

### **Directors' and auditor's responsibilities on the financial statements**

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

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

### **INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT**

The business units and management identified the business risk through day to day operation. The Group's major risks and the measures to mitigate such risks are set out in the section headed "Directors' Report — Principal risks and uncertainties facing the Group" of this annual report.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system and risk management. The Board carried out a review on the implemented system and procedures, covering internal control, financial, operational and legal compliance controls and risk management functions and considered that they are effective and adequate. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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 Group currently does not have an internal audit function. Nonetheless, the Company has engaged a consulting firm to conduct an annual review of the effectiveness of the internal control system of the Group including making recommendations to enhance the overall internal control system for the year ended 31 December 2024. The internal control review report has been approved by the 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 and no internal audit function is considered necessary in consideration of the Group's current operation size and organisation structure. 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, as well as those relating to the Company's environmental, social and governance performance and reporting, and considered that they are effective and adequate.

Management of the Group, with support of the audit committee, is responsible for performing ongoing monitoring of identified risks, designing measures to alleviate risks and resolve any material internal control defects and monitoring the implementation and effectiveness of the same, and performing regular risk management process. The Board and audit committee performed annual review and assessment of the risks identified and risk management process based on the report from the management of the Group during the year ended 31 December 2022 and considered the risk management process is adequate and effective.

## CORPORATE GOVERNANCE REPORT

### Three-Tier Risk Management Approach

The Group has adopted a three-tier risk management approach to identify, assess, mitigate and handle risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defence, establishes rules, provides continuous support and oversees the internal control system. It ensures that risks are within the acceptable range and that the first line of defence is effective. As the final line of defence, the audit committee of the Board, with the professional advices and opinions from the external professional consulting firm by whom internal audit work of the Group was conducted on annual basis, ensures that the first and second lines of defence are effective through constant inspection and monitoring.

### Whistleblowing Policy

The Company has adopted a whistleblowing policy ("Whistleblowing Policy") on 28 March 2022 which is available on the website of the Company. The purpose of the Whistleblowing Policy is to establish a mechanism to enable staff and other members of the Group to voice concerns in a responsible and effective manner so as to promote the highest standards of openness, probity and accountability, and encourage the reporting of misconduct, unlawful and unethical behaviour. The Board has reviewed the implementation of the Whistleblowing Policy and considered that it has been effectively implemented during the year ended 31 December 2024.

### Anti-corruption Policy

The Company has adopted an anti-corruption policy ("Anti-corruption Policy") on 28 March 2022 which is available on the website of the Company. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption and demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its operations. The Anti-corruption Policy is subject to review by the Board and the management as and when appropriate to ensure its continued effectiveness.

## DISCLOSURE OF INSIDE INFORMATION

The Group has established systems and procedures for disseminating inside information as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) so as to ensure inside information is promptly identified and escalated. Directors and management of the Group received relevant trainings to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made with the assistance of the company secretary and, when necessary, external lawyer.

The procedures and internal controls for the handling and dissemination of inside information include the following:

- the Group conducts its affairs with reference to the disclosure requirement under the Listing Rules as well as the guidance of Securities and Futures Commission of Hong Kong;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements, circulars and its website;



## CORPORATE GOVERNANCE REPORT

- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has regularly reminded the Directors, officers and employees of the Group about the compliance with the securities dealing restrictions as set out in the Model Code and the notification of the relevant blackout periods applicable to the publication of the interim and full-year results of the Company respectively.

### COMPANY SECRETARY

During the year ended 31 December 2024, 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 2024.

### DIVIDEND POLICY

The Board has adopted a dividend policy ("Dividend Policy") in compliance with code provision F.1.1 of the CG Code with effect from 1 January 2020. Declaration and payment of dividends by the Company is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the articles of association of the Company.

Under the Dividend Policy, the Company can declare interim dividends or special dividends from time to time in addition to the final dividends. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the financial condition of the Group, the prevailing economic climate, the Group's earnings and cash flow, the Group's expected capital requirements, the statutory fund reserve requirements, the accumulated profits and distributable reserves of the Company and each of the members of the Group, and any other factors that the Board deems appropriate.

The Dividend Policy will continue to be reviewed and updated from time to time by the Board and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that any dividend will be proposed or declared in any given period.

### SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

Pursuant to article 58 of the Company's articles of association (a copy of which can be downloaded from 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.

## CORPORATE GOVERNANCE REPORT

In order to provide Shareholders with information about the Company and enable them to engage actively with the Company and exercise their rights as Shareholders in an informed manner, the Company has adopted a shareholders communication policy, a copy of which is available on the Company's website. Pursuant to the shareholders communication policy, the Company has established various channels for communication with the Shareholders including corporate communication, provision of corporate information and periodic announcements and holding of general meetings and branch share registrar services, and the Board will review the policy on a regular basis to ensure its implementation and continued effectiveness. The Board has reviewed the shareholders' communication policy and considered that it has been effectively implemented during the year.

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 Act 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 Company has established a procedure for the Shareholders to appoint a person for election as a Director at a general meeting (either an annual general meeting or extraordinary general meeting) of the Company. Details of the procedures for nominating a director are set out in the "Procedures for Nomination of Directors of Trigiant Group Limited", a copy of which can be downloaded from the "Information for Shareholders" sub-section under the "Investor Relations" section in the Company's website.

### CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, there was no change in the Company's constitutional documents. The amended and restated memorandum and articles of association of the Company adopted by a special resolution passed by the Shareholders on 23 May 2022 is available on the websites of the Company and the Stock Exchange.

On behalf of the Board

**Qian Lirong**  
*Chairman*

Hong Kong, 27 March 2025

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### INTRODUCTION AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

The Environmental, Social and Governance Report (“ESG Report”) of Trigiant Group Limited (“Company”) illustrates the Environmental, Social and Governance (“ESG”) initiatives, plans and performance of the Company and its subsidiaries (collectively the “Group” or “we”). The Group adheres to the management policies of sustainable ESG development and is committed to handling the Group’s ESG affairs effectively and responsibly.

#### Corporate Philosophy

The Group is one of the leading manufacturers in the People’s Republic of China (“PRC” or “China”) engaged in research, development and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components (including sensing products) and other accessories for mobile communications and telecommunications transmission. The Group always practises its core value of “Talent Pool, Knowledge Power, Harmony and Prosperity” (「集俊以知·和諧共榮」) and has evolved into a high-tech powerhouse with numerous patents and high-tech products through constant innovation.

The Group’s production base is located at the Industrial Park for Environmental Protection Science & Technology, Yixing City, Jiangsu Province, the PRC. The Group’s products are mainly used for mobile communications and long-distance transmission systems required by telecommunications operators and major equipment manufacturers. Mobile communication products can be applied in highways, railways, tunnels, underground facilities, high-rise buildings, etc., optical fibre cable products are mainly applied to telecommunication operators’ main communication networks, and sensing products are mainly applied in the Internet of Things.

The Group highly emphasises product quality, we have been strictly inspecting and improving all the processes from raw materials to semi-finished and finished products to ensure that products are aligned with industry and national standards, and contribute to China’s communications industry.

#### Board Statement — ESG Governance Structure

While striving to create value for its shareholders, the Group also strives to fulfil its corporate social responsibilities. We are committed to incorporating ESG considerations into our decision-making process. To achieve this goal, we have developed a core governance structure to ensure that ESG remains aligned with our strategic growth and advocate for the integration of ESG into our business operations. Our ESG governance structure is divided into two parts, the Board of Directors (the “Board”) and the ESG Taskforce.

The Board retains ultimate oversight over the Group’s ESG issues, including its ESG approaches, strategies and policies. In order to better manage the Group’s performance in these aspects and identify potential risks, the Board, with the assistance of the ESG Taskforce, regularly conducts materiality assessments to assess and prioritise material ESG-related issues, taking into account the views of different stakeholders.

The ESG Taskforce comprises core members from different departments and facilitates the Board’s oversight of ESG issues. The ESG Taskforce is responsible for collecting and analysing ESG data, monitoring and evaluating the Group’s ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. The ESG Taskforce arranges regular meetings to evaluate the effectiveness of current policies and procedures, and formulate appropriate solutions to improve the efficiency. The ESG Taskforce reports regularly to the Board, assists in assessing and identifying the Group’s ESG risks and opportunities, evaluates the implementation and effectiveness of the internal control mechanism, and reviews the progress of established goals and targets.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### STAKEHOLDER ENGAGEMENT

Stakeholders' participation is an integral part of the Group's continuous improvement in sustainable development performance, therefore, we value all stakeholders' views (including but not limited to shareholders and investors, customers, suppliers, employees, government and regulatory bodies, peers and industry chambers of commerce and communities, non-governmental organisations and media). To fully understand, respond and address the core concerns of different stakeholders, we have been closely communicating with different stakeholders. The Group invited the stakeholders below by questionnaire to understand their expectations of the Group and we actively brought their expectations into our operations:

Types of Stakeholder	Communication Channels	Expectations*
Shareholders/Investors	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Annual report and interim report</li> <li>Announcements and circulars</li> <li>Investor conferences</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure and transparency</li> <li>Protect shareholders' rights and treat shareholders fairly</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer satisfaction surveys</li> <li>Customer service centre</li> <li>Account managers</li> </ul>	<ul style="list-style-type: none"> <li>Safe and high-quality products</li> <li>Stable cooperation relationship</li> <li>Integrity</li> <li>Business ethics</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Supplier management conferences and activities</li> <li>On-site supplier auditing and management system</li> </ul>	<ul style="list-style-type: none"> <li>Long-term cooperation relationship</li> <li>Honest cooperation, fairness and openness</li> <li>Information resource sharing</li> <li>Supply quality</li> <li>Reduce business risks</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee surveys</li> <li>Employee communication channels (e.g. suggestion forms and boxes)</li> <li>Regular management communication and performance appraisals</li> <li>Staff newsletters and broadcasts</li> <li>Intranet</li> </ul>	<ul style="list-style-type: none"> <li>Protection of employees' rights and interests</li> <li>Comfortable working environment</li> <li>Career development opportunities and self-realisation</li> <li>Occupational health and safety</li> </ul>
Governments/Regulators	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Regular performance reports</li> <li>Written replies to public consultations</li> <li>On-site inspection</li> </ul>	<ul style="list-style-type: none"> <li>Comply with laws and regulations</li> <li>Pay taxes, operate according to law, accept government supervision and evaluation</li> <li>Participate in the formulation of industry standards</li> <li>Promote economic development and employment</li> </ul>
Peers and industry chambers of commerce	<ul style="list-style-type: none"> <li>Industry conferences and lectures</li> <li>Industry chambers of commerce conferences</li> </ul>	<ul style="list-style-type: none"> <li>Experience sharing</li> <li>Fair competition</li> <li>Collaboration</li> </ul>
Communities, Non-governmental Organisations and Media	<ul style="list-style-type: none"> <li>Community investment plan</li> <li>ESG Report</li> </ul>	<ul style="list-style-type: none"> <li>Community participation</li> <li>Social responsibility</li> <li>Provide employment opportunities</li> </ul>

\* Stakeholders in all categories may not necessarily respond directly to the questionnaire. The Group collects market data through experts to understand their expectations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### REPORTING SCOPE

The ESG Report covers the overall ESG issues and relevant information of the Group from 1 January 2024 to 31 December 2024 ("Year").

The information disclosed in the ESG Report is limited to the three major subsidiaries of the Group located at the headquarters in the Industrial Park for Environmental Protection Science & Technology, Yixing City, Jiangsu Province, the PRC, namely Jiangsu Trigiant Technology Co., Ltd., Jiangsu Trigiant Optic-Electric Communication Co., Ltd. and Jiangsu Trigiant Sensing Technology Co., Ltd. and the office of the Group's principal place of business in Hong Kong except when otherwise indicated. These three companies are responsible for production and sales, and their volume of sales equals the revenue of the Group.

### REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix C2 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

### REPORTING PRINCIPLES

#### Materiality:

The ESG Report shall disclose the process and criteria for identifying ESG issues that have a significant impact on the Group's business and stakeholders' decisions and assessments. Stakeholder engagement required to be disclosed in the ESG Report shall contain the category of stakeholders and the result of stakeholder engagement.

#### Quantitative:

The ESG Report shall include the reporting criteria, methods, assumptions of the ESG matters and/or calculation tools used to report the emission of air and greenhouse gas and energy consumption. Key Performance indicators (KPIs) shall be disclosed in the form of quantitative information.

#### Consistency:

The Company shall disclose any changes in methods or KPIs applied in the ESG report. Any changes in material factors shall be mentioned to ensure that all disclosed information is comparable.

#### Balance:

The Company shall fairly prepare the ESG Report and state in facts the positive and negative impact of the Group's business on the environment and society. This is to ensure that stakeholders can be provided with accurate information to make an appropriate assessment of the Group's performance.

### FORWARD-LOOKING STATEMENT

This is a forward-looking statement that includes current views and assumptions used by the management to assess and identify risks and opportunities brought by material ESG issues for the Group's performance, and such risks and opportunities may result in certain exposures and uncertainties leading to the material difference between the actual result and the expected one.

### CONFIRMATION AND APPROVAL

The information in the ESG Report is sourced from official documents and the Group's statistics. This ESG Report is reviewed and approved by the Board of Directors.

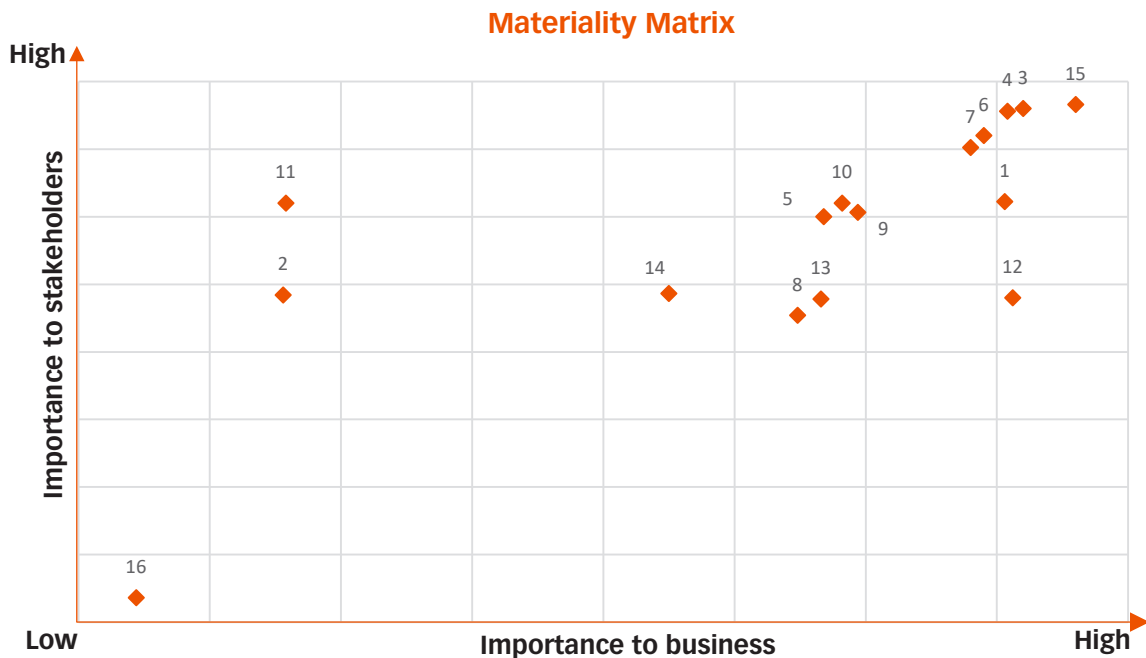


## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### MATERIALITY ASSESSMENT

The Group values stakeholders' opinions, and identifies and determines material topics included in the ESG Report through feedback from relevant stakeholders. The Group's management and staff in major functions are involved in the preparation of the ESG Report, so as to assist the Group in reviewing its operations and identifying the relevant ESG issues, and assess the materiality of those relevant issues to our business and stakeholders. The Group has compiled a survey with open-ended questions in accordance with the identified material ESG issues, and invited various stakeholders to assess the materiality of these issues by enabling them to provide their feedback on the ESG issues of the Group.

The following chart illustrates the materiality matrix compiled by the Group based on the feedback as to the materiality assessment for the Year:



- |   |   |
|---|---|
| 1. Emissions Management                         | 9. Labour Standards                         |
| 2. Use of Resources                             | 10. Safe Production Management Mechanism    |
| 3. Environment and Natural Resources Management | 11. Supply Chain Management                 |
| 4. Climate Change                               | 12. Product Responsibility                  |
| 5. Use of Green Packaging Materials             | 13. Research and Development                |
| 6. Employment Regulations                       | 14. Intellectual Property Rights Protection |
| 7. Employee Health and Safety                   | 15. Anti-corruption                         |
| 8. Career Development and Training              | 16. Community Investment                    |

During the Year, the Group confirmed that appropriate and effective management policies and internal control systems for ESG issues are in place and confirmed the information disclosed in the ESG Report meets the ESG Reporting Guide.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A. ENVIRONMENT

#### A1. Emissions

Since the production process may affect the environment, we focus on strengthening environmental protection measures to comply with relevant local laws and regulations and implement environmental policies. Through continuous enhancement of measures and promoting clean production to reduce the emission of pollutants, the Group commits itself to fulfilling the responsibility for ecological and environmental protection during its pursuit of economic benefits. The Group also continues to focus on regulating the Group's environmental management by establishing an environmental management system for the Group's subsidiaries, which complies with the GB/T 24001-2016/ISO 14001:2015 Environmental Management System certification.

During the Year, the Group was not aware of any material non-compliance with laws and regulations related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, that would have a significant impact on the Group including but not limited to "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Control of Water Pollution", "Law of the People's Republic of China on the Prevention and Control of Atmosphere Pollution" and "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste" and Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong).

The supervisors of the Group will strictly supervise the implementation of the above measures, comply with the relevant environmental protection policies, and ensure that all operational processes meet the relevant laws and regulations. Supervisors at all levels will continue their supervision and submit reports to the management with proposed suggestions. If there is an emergency affecting the environment during the production process, supervisors at all levels may immediately implement the response plans to prevent further effects and report to the management in a timely manner in order to coordinate the work.

In addition, the Group was awarded with the "Yixing Green Enterprise" and "Yixing Ecological Civilisation Demonstration Unit", fully reflecting our commitment to environmental protection.

#### **Exhaust Gas Emissions**

Exhaust gas emissions generated from business operations of the Group mainly include nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) and particulate matter (PM), the major sources of which are vehicle exhaust gas and the level of relevant gas emissions generated by the Group during production is not material. To reduce the exhaust gas emissions from the abovementioned source, the Group has formulated related policies and implemented various reduction measures.

The following table summarises the exhaust gas emissions of the Group:

Exhaust Gas Category	2024	2023
	Total Emissions (in kilogram)	Total Emissions (in kilogram)
Nitrogen oxides (NO <sub>x</sub> )	14.00	12.66
Sulphur oxides (SO <sub>x</sub> )	0.31	0.28
Particulate Matter (PM)	1.03	0.93

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have adopted the following measures to reduce exhaust gas emissions generated from emission of vehicles:

- Switch off the engine whenever the vehicle is idling;
- Use unleaded fuel and low sulphur content fuel in accordance with laws and regulations;
- Phase out substandard vehicles in accordance with national emission policies and standards;
- Plan routes in advance to optimise fuel consumption;
- Provide maintenance services to vehicles on a regular basis to ensure engine performance and efficient use of fuels; and
- Optimise operational procedures to increase the loading rate and reduce the idling rate of vehicles.

We have implemented the following measures to reduce industrial exhaust gas emissions:

- Enhance facilities management and maintain treatment facilities on a regular basis to keep the facilities in normal operation;
- Prioritise the adoption of clean production techniques with energy efficiency and reduce exhaust gas emissions; and
- Review the safety and environmental performances of production equipment on a regular basis, and select advanced production machinery and equipment.

By adopting the abovementioned measures, the Group's concentration of industrial exhaust gas emissions met the emission limits as required by the National Occupational Health Standards of the People's Republic of China during the Year.

### Greenhouse Gas Emissions

The Group's Greenhouse Gas ("GHG") emissions are generated from refrigerants, diesel for mobile machinery, gasoline for transportation and natural gas for cooking (Scope 1), purchased electricity (Scope 2), and business travels and paper disposal (Scope 3).

The GHG emissions of the Group were as follows:

Indicator <sup>1</sup>	2024 CO <sub>2</sub> e (calculated by tonnes)	2023 CO <sub>2</sub> e (calculated by tonnes)
Direct GHG emissions (Scope 1)	658.41	553.82
Indirect GHG emissions (Scope 2)	5,185.66	5,468.18
Other indirect GHG emissions (Scope 3) <sup>2</sup>	193.50	158.57
Total GHG emissions (Scopes 1, 2 and 3)	6,037.56	6,180.56

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the average GHG emissions intensity by producing a thousand kilometres of feeder cable and cable with a thousand kilometres of optical fibre was approximately 29.29 (2023: 29.78) tonnes of CO<sub>2</sub>e and 0.11 (2023: 0.17) tonnes of CO<sub>2</sub>e respectively.<sup>3</sup>

*Notes:*

1. Greenhouse gas emission data are presented in terms of CO<sub>2</sub> equivalent, with reference to, including but not limited to, the reporting requirements of the "GHG Protocol A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, 2006 IPCC Guidelines for National Greenhouse Gas Carbon Emission Reference Coefficients and Calculation Methods and Formulas issued by the Carbon Emission Trading, the latest released average carbon dioxide emission factor for national electricity in China, published by the Ministry of Ecology and Environment on December 2024. "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and "Global Warming Potential Values" from the Intergovernmental Panel on Climate Change Fifth Assessment Report.
2. The carbon emission of business travel is calculated by the International Civil Aviation Organization Carbon Emissions Calculator ("ICAO Carbon Emissions Calculator") issued by the International Civil Aviation Organization ("ICAO").
3. Management makes an assumption to calculate the average environmental damage per unit of major production volume. The environmental damages were apportioned to each major product based on revenue. Optical fibre cable has a wide range of product series, for example, a kilometre of an optical fibre cable with 16 fibres represents a cable with 16,000 kilometres of optical fibre.

To minimise the GHG emissions, the Group has proactively implemented the following measures:

- Actively adopting environmental conservation and water-saving measures, which are referred in the sections headed "Energy Consumption" and "Water Consumption" of Aspect A2 of the ESG Report;
- Actively adopting paper-saving measures, which are referred to in the section headed "Waste Disposal" of this Aspect;
- Actively promoting the greenery of production plants, which is referred in the section headed "Plant Afforestation" of Aspect A3 of the ESG Report;
- Reducing the emission of vehicles, which are referred to in the section "Exhaust Gas Emissions" of this Aspect; and
- Business trips are minimised and are replaced by video conferences, online meetings and other electronic communications.

The Group has set a target that the average intensity of the average GHG emissions by producing a thousand kilometres of feeder cable and cable with a thousand kilometres optical fibre in 2025 decreased as compared to the year ended 31 December 2022, and it is expected that it will achieve this target by continuously reviewing the above waste-reduction measures.

### **Wastewater Discharge**

The water consumed by the Group equalled the wastewater discharge during the Year. The information of sewage discharge shall be described under the section headed "Water Consumption" in Aspect A2.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To reduce the impacts of domestic wastewater discharge on the environment, we appointed third-party testing organisations to monitor the water quality at the discharge outlet to ensure the discharged domestic sewage of our production plant is in compliance with the requirements of the “Wastewater Quality Standards for Discharge to Municipal Sewers”(CJ 343-2010).

In addition, we have implemented a rainwater-sewage separation system at our production plant and taken measures to recycle and reuse rainwater and cooling water, so as to reduce wastewater discharge effectively.

### Waste Disposal

The Group will also generate hazardous and non-hazardous wastes over its course of operation and production. To reduce the impact of waste on the environment, the Group has continued to implement various measures with respect to waste management and emission reduction in strict compliance with laws and regulations, including the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” and the “Standard for Pollution Control on Hazardous Waste Storage”.

### Hazardous Waste

The hazardous waste generated from the Group’s business operations mainly includes waste mineral oil, and waste activated carbon. The emissions of hazardous waste of the Group and its intensity were as follows:

Year	Total waste emissions (kilogram)	Intensity (kilogram/1,000 km feeder cable) <sup>3</sup>	Intensity (kilogram/cable with 1,000 km optical fibre) <sup>3</sup>
2024	354	1.72	0.01
2023	503	2.42	0.01

Note:

\* This data has been restated due to the updated calculation model

To effectively identify and dispose of hazardous wastes, all departments have specified certain areas for the sorting, separating and storing of such wastes; hazardous wastes are centralised and collected by the material department after reaching a certain amount. The time, name, format and amount of wastes transferred are recorded in detail in our waste recycling record. Designated staff would be arranged to be responsible for the collection of solid waste, maintenance of the storage areas and the prevention of spillage of hazardous wastes inside the plant. Hazardous wastes are collected and stored in warehouses for dangerous and hazardous goods, and the Group entrusts companies with relevant hazardous waste disposal qualifications to manage on a regular basis. We enter into regular contracts with these qualified waste collectors according to the requirements of the local environmental department and report these engagements to the department every year.

The Group centralises and labels hazardous wastes for classification in accordance with local laws and regulations, and stores them in designated locations. The departments that produce hazardous wastes put them into special boxes in production workshops, warehouses, and office areas. The employees of the Group arrange to deliver them to qualified third-party collectors for disposal. Based on the business nature, the Group did not generate a significant amount of hazardous waste during the Year.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Non-hazardous Waste

Non-hazardous waste generated from our business operations was mainly domestic waste and paper. The non-hazardous waste emissions of the Group and their intensity were as follows:

Year	Total waste emissions (kilogram)	Intensity (kg/1,000 km feeder cable) <sup>3</sup>	Intensity (kg/cable with 1,000 km optical fibre) <sup>3</sup>
2024	47,500.00	230.44	0.90
2023	48,900.00	235.65	1.34

The Group strives to reduce and recycle waste, through the adoption of different measures during daily operations. The Group has developed a number of measures to properly control the generation of waste at source, including but not limited to:

- Conducting regular staff environmental education and promotion, and encouraging reusing and recycling;
- Appointing the Yixing Environmental and Sanitation Management Office to collect various types of domestic waste for disposal at designated treatment facilities;
- Standardising the collection of scraps generated from production processes such as copper scraps and passing them to relevant companies for recycling and processing into raw materials, achieving waste recycling;
- Sorting, recycling and reusing waste generated by each department and factory according to the relevant waste management system of the Group in order to reduce demand for disposal; and

The Group has set a target for the average intensity of non-hazardous waste emissions by producing a thousand kilometres of feeder cable and cable with a thousand kilometres optical fibre in 2025 to decrease as compared to the year ended 31 December 2022, and it is expected that it will achieve this target by continuously reviewing the above waste-reduction measures.

The Group has implemented the following measures to minimise consumption of paper during its operations:

- Employees are required to use double-sided copying or printing;
- Dissemination of documents, general business notices, and data transmissions through the online system is encouraged to minimise copying of documents;
- Waste paper generated from the operation of the Group will be centrally collected and recycled by the administrative department and offices, while the use of paper is under regular supervision; and
- Posters are attached on show windows, and electronic pamphlets about the Group are delivered to relevant personnel and customers, rather than delivering paper pamphlets for publicity and promotion purposes, so as to reduce paper waste.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A2. Use of Resources

The Group incorporates resource efficiency and eco-friendly measures into the Group's operations, and is committed to optimising the use of resources in all of its business and production operations.

The entire operations involve consumption of fuel, electricity, and water. We are committed to improving the efficient use of resources so as to reduce our carbon footprint. We closely monitor and evaluate the amounts of electricity and water consumed by collecting monthly consumption data. We carry out investigations immediately for any abnormal or excessive consumption to find out the reason and look for rectification measures. We are committed to continuously reducing energy consumption and improving energy efficiency across our facilities in the future.

#### **Energy Consumption**

To reduce energy consumption and exhaust emissions, and improve the sustainability of productions and operations, the Group continues to implement management rules and regulations with respect to energy conservation and emission reduction.

We evaluate the energy consumption of equipment before purchase, and avoid the use of equipment with low energy efficiency. We monitor the energy consumption of equipment after installation and commissioning operation, and request suppliers to adjust the equipment if the requirements of energy consumption are not satisfied; unsatisfying equipment will be returned as well. Furthermore, we renovate the equipment with large energy consumption, low efficiency, obsolescence and backwardness used at our plant for energy-saving purposes, such as installing a variable frequency controller to replace the fixed frequency controller at our production plant, as well as reducing electricity consumption. We have also formulated the operating procedures for production facilities, as well as regular maintenance policies, so that all environmental facilities operate in good conditions during the production process and energy will be conserved.

In addition to selecting and managing equipment, the Group formulated conservation management requirements for daily energy and resource consumption by our employees during production processes. For example:

- Electrical facilities at the production sites such as fans should be turned off if not in use;
- The lighting systems at our production plant are replaced from traditional light bulbs with LED lights or low-power bulbs;
- All department heads have to regulate the use of lighting power in the office area by ensuring all lights and air-conditioners are turned off after all employees leave the office;
- Computers have to be turned off if they are not in use for a long time; and
- Street lighting in the production plant shall be set based on seasonal changes.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has set a target for the average intensity of total energy consumption by producing a thousand kilometres of feeder cable and cable with a thousand kilometres optical fibre in 2025 to decrease as compared to the year ended 31 December 2022, and it is expected that it will achieve this target by continuously reviewing the above cost-saving measures. The consumption of electricity and other energy by the Group was as follows:

Types of Energy Consumption	2024 Consumption (kWh)	2023 Consumption (kWh)
<b>Direct energy</b>	<b>770,920.60</b>	767,238.82
Natural gas	<b>165,104.02</b>	161,129.64
Diesel oil	<b>402,984.50</b>	423,858.06
Gasoline	<b>202,832.08</b>	182,251.12
<b>Indirect energy</b>		
Electricity	<b>9,663,914.00</b>	9,588,251.00
<b>Total energy consumption</b>	<b>10,434,834.60</b>	10,355,489.82
<b>Total energy consumption intensity (kWh/1,000 km feeder cable)<sup>3</sup></b>	<b>50,622.35</b>	49,904.10
<b>Total energy consumption intensity (kWh/cable with 1,000 km optical fibre)<sup>3</sup></b>	<b>198.50</b>	283.33

### Water Consumption

Water is a crucial resource that permeates various aspects of sustainable development. A well-functioning water cycle is vital for the integrity of both human society and the natural environment. Maintaining a healthy water cycle is therefore essential for preserving human society and the natural environment. Apart from the measures taken to manage sewage as described in the section “Wastewater Discharge” in Aspect A1 of the ESG Report, we encourage all employees to take the initiative to conserve water and develop this into a good habit so that water consumption during office hours can be reduced. As the water consumption of the Hong Kong office is included in the management fee, the total water consumption below does not include the water consumption of the Hong Kong office. The Group has been strengthening its water-saving initiatives by promoting and posting water-saving slogans, and guiding employees to use water reasonably. In addition, our employees are required to turn off the faucets when water is not in use, and report the leakage of faucets or water pipelines to the relevant department.

The Group’s total water consumption during the Year was 59,278 m<sup>3</sup> (2023: 52,422 m<sup>3</sup>) and the average water consumption by producing a thousand kilometres of feeder cable and cable with a thousand of optical fibre was approximately 287.57 m<sup>3</sup> (2023: 252.63\* m<sup>3</sup>) and 1.13 m<sup>3</sup> (2023: 1.43\* m<sup>3</sup>) respectively. The Group has set a target for the average intensity of total energy consumption by producing a thousand kilometres of feeder cable and cable with a thousand kilometres of optical fibre in 2025 to decrease as compared to the year ended 31 December 2022, and it is expected that it will achieve this target by continuously reviewing the above cost-saving measures.

During the Year, there was no issue in sourcing water due to the geographical location of the Group’s operation and business nature.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *Use of Packaging Materials*

The packaging materials used by the Group during the Year included wood and cartons. The total amount of wood used was 3,040 m<sup>3</sup> (2023: 3,128 m<sup>3</sup>) and a total of 206,683 cartons (2023: 275,199 cartons) were used. Due to the variety of products, it is unable to calculate the amount of packaging material used per unit product.

### **A3. The Environment and Natural Resources**

The Group pursues the best practice with the environment and focuses on minimising its impact on the environment and natural resources from its business operation. In addition to complying with environmental related regulations to appropriately protect the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operational activities and is committed to achieving environmental sustainability.

During daily operation, the Group's major resource consumption is copper, while its major energy consumption comprises electricity, gasoline, diesel and natural gas. Please refer to the two sections headed "Non-hazardous Waste" and "Use of Resources" in Aspects A1 and A2 of the ESG Report for the relevant environmental measures.

### *Plant Afforestation*

We are committed to creating an eco-friendly working environment and actively promoting the greening of our factory premises. Through measures like afforestation and establishing green belts and gardens, we enhance the ecological aesthetics of our factories, promote ecological balance, and achieve a harmonious coexistence of economic benefits and environmental protection.

The green area, wetland area and landscape lake area of our production site were approximately 72,212 m<sup>2</sup>, 19,000 m<sup>2</sup>, and 5,000 m<sup>2</sup>, respectively, and the total area at our production site was 240,708 m<sup>2</sup> during the Year. In addition, approximately 3,667 trees (2023: 3,667 trees) and approximately 20,000 shrubs of all kinds are grown within our production plant premises.

### **A4. Climate Change**

Public awareness of climate change is increasing and climate change is one of the most frequently discussed topics internationally. The Group recognises the importance of identifying and mitigating significant climate-related issues, pays close attention to the potential impact of climate change on the Group's business and operations, and emphasises its efforts on managing the potential climate-related risks which may impact the Group's business activities. According to the reporting framework developed by the Taskforce on Climate-Related Financial Disclosures, climate-related risks are divided into physical and transition risks. The Group has established a risk management policy to identify and mitigate climate-related risks.

### *Physical Risks*

The increased frequency and severity of extreme weather events, such as typhoons, storms, heavy rains and extreme cold or heat, will pose immediate and long-term physical risks to the Group's business. These events could threaten the personal safety of our employees and damage the power grid or communication infrastructure, resulting in reduced capacity and productivity, or exposing the Group to the risk of non-performance and delayed performance, which will have a direct negative impact on the Group's revenue.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To minimise potential risks and hazards, the Group has taken countermeasures, including flexible work arrangements and precautionary measures in severe or extreme weather conditions. We will explore contingency plans to further avoid damage to our facilities due to extreme weather events, in a bid to improve business stability.

### **Transition Risks**

In line with the global vision of carbon neutrality, the Group expects changes in regulations, technologies and market patterns as a result of climate change, including the tightening of national policies and listing rules and the derivatives of environment-related taxes. Stricter environmental laws and regulations may expose companies to higher claims and litigation risks, which may require additional compliance costs and impact the Group's reputation.

In response to policy and legal risks as well as reputational risks, the Group continuously monitors any changes in laws or regulations and global trends in climate change to avoid increased costs, fines for non-compliance or reputational risks due to slow responses. In addition, the Group has been taking comprehensive measures to protect the environment, including measures aimed at reducing greenhouse gas emissions and setting targets to gradually reduce our energy consumption and greenhouse gas emissions in the future.

## **B. SOCIAL**

### **B1. Employment**

#### **People Oriented**

Employees are the largest and most valuable asset and the core competitive advantage of the Group. At the same time, they provide the Group with the driving force for continuous innovation. The Group adheres to a people-oriented approach, respects and safeguards the legitimate interests of every employee, standardises labour employment management, and protects employees' occupational health and safety. The Group also enhances democratic management, protects the vital interests of employees, and fully respects and focuses on their enthusiasm, initiative and creativity in order to jointly build a harmonious labour relationship.

During the Year, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China" and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong). The Group has established relevant personnel management policies to protect the welfare of employees and to enable employees to actively integrate personal pursuits into the long-term development of the Group.

As at 31 December 2024, the Group had a total of 684 employees (2023: 721 employees), all of them were full time employees.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The information of our employees was as follows:

### By Gender

	Number as at 31 December 2024	2024 Percentage	Number as at 31 December 2023	2023 Percentage
Male	495	72.4%	517	71.7%
Female	189	27.6%	204	28.3%
	684	100.0%	721	100.0%

### By Age

	Number as at 31 December 2024	2024 Percentage	Number as at 31 December 2023	2023 Percentage
Aged 25 or below	86	12.6%	88	12.2%
Aged 26 to 35	228	33.3%	295	40.9%
Aged 36 to 45	253	37.0%	225	31.2%
Aged above 46	117	17.1%	113	15.7%
	684	100.0%	721	100.0%

### By Educational Level

	Number as at 31 December 2024	2024 Percentage	Number as at 31 December 2023	2023 Percentage
Undergraduate or above	155	22.7%	147	20.4%
College	157	23.0%	167	23.2%
Technical junior high	79	11.5%	96	13.3%
Senior high (vocational school)	45	6.6%	54	7.5%
Junior high or below	248	36.3%	257	35.6%
	684	100.0%	721	100.0%

### By Geographical Region

	Number as at 31 December 2024	2024 Percentage	Number as at 31 December 2023	2023 Percentage
Mainland China	682	99.7%	719	99.7%
Hong Kong	2	0.3%	2	0.3%
	684	100.0%	721	100.0%

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ***Remuneration and Benefits***

The Group has established a fair, reasonable, and competitive remuneration system for salary payments to employees based on the principle of fairness, competition, incentives, reasonableness, and legality. The remuneration of the employees of the Group comprises basic salary, discretionary bonus and retirement benefit. In addition, the Group conducts annual assessments in accordance with changes in macroeconomic factors, industry and regional remuneration standards, changes in the Group's development strategy, and the overall efficiency of the Group, and makes corresponding adjustments to employees' remuneration.

In accordance with the law, the Group legally pays "five social insurance and one housing fund" for its employees in Mainland China, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund, to ensure that employees are covered by social insurance.

The Group sincerely safeguards the legitimate interests of labour in accordance with the requirements of the "Labour Law of the People's Republic of China" and other national and local laws and regulations, respects the rights of employees to rest and leave, and regulates their working hours and their rights for various types of rest and holidays. The Group implements the standard working hour system in which employees work no more than 8 hours a day and implements three shifts in the production unit. In addition to statutory holidays, employees are also entitled to unpaid leave, shift leave, examination leave, injury leave, sick leave, maternity leave, nursing leave, breastfeeding leave, marriage leave, and bereavement leave. We pay overtime compensation for working hours beyond the statutory working time according to Regulations on Paid Annual Leave for Employees and implement paid annual leave system for employees. In addition, the Group's female employees may be granted with special care, and enjoy paid maternity leave for 128 days per year. Female employees may apply for breastfeeding leave once a week upon the expiry of their maternity leave. Female employees whose babies are less than one year old may also leave for breastfeeding during each shift.

### ***Recruitment, Promotion and Dismissal***

The Group actively hires talents from different regions and different cultural backgrounds and qualifications to join the Group so as to form a diverse workforce and enhance its overall competitiveness. For vacancies, the Group prioritises internal recommendation. Employees can attain job transfer and promotion through the in-house competition system, preference will be given when he or she meets the requirements (such as professional level, work performance, attitude and experience, etc.) of the vacancies. To recruit talents externally, we adhere to the principle of fair appointment and meritocracy.

To enhance morale and work enthusiasm, the Group continues to offer incentives and job promotions to encourage and inspire our employees to have personal development, which will also create benefits for the Group. The Group evaluates our employees based on various aspects, including virtue, cooperation, obedience to leadership, enterprising spirit, professional knowledge, work efficiency, learning ability and work quality, and determines employees' salary based on the "Employee Ranking Assessment Table" to incentivise our employees. In addition, we have also developed an internal "Assessment Scoring Table" to conduct monthly assessment and grant bonuses according to the assessment results. In order to optimise the allocation of human resources within the Group and to provide more opportunities and platforms for employees' career development so as to meet the Group's needs of sustainable development, the Group has established a succession planning and arranged tailor-made trainings and leadership position trainings for key training targets.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following table sets forth the annual average quarterly employee turnover rate of the Group for this year.

### By Gender

Employee turnover rate	2024	2023
Male	16.8%	12.5%
Female	3.6%	8.6%

### By Age Group

Employee turnover rate	2024	2023
Aged 25 or below	49.4%	38.5%
Aged 26 to 35	9.7%	8.2%
Aged 36 to 45	3.7%	5.1%
Aged 46 or above	3.2%	4.2%

### By Geographical Region

Employee turnover rate	2024	2023
Mainland China	13.4%	11.4%
Hong Kong	0.0%	0.0%

### Equal Opportunity

The Group strictly complies with national and local government regulations by adopting a fair, just and open recruitment process, and developing relevant policies to eliminate discrimination in the recruitment process to ensure no discrimination regardless of race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and nationality, thus allowing them to enjoy fair treatment in every aspect including recruitment, salary, training and promotion, and to attract professionals with diverse backgrounds to join the Group.

### Communication with Employees

The Group also values the importance of two-way communication with employees. The Group has set up a labour union to facilitate internal communications, so that we can quickly understand and resolve our employees' issues at work whenever they arise. The management has set up a mailbox and e-mail to the general manager to broaden the channels of exchanges, so that they can learn about our employees' views by different means and continue to improve the working environment for them.

### Work-life Balance

The Group also values the balance between work and life of employees, and their sense of belonging at work. Therefore, we have organised literary contests, basketball teams, football teams and dance teams, tug of war and chess competitions to enrich their lives, as well as further enhance their sense of happiness and belonging.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B2. Health and Safety

Caring for the health and safety of our employees is our top priority. We are committed to providing a safe working environment and actively implementing occupational health and safety management measures. Through training to enhance safety awareness and making improvements in safety facilities, we prevent accidents and occupational diseases, ensuring the physical and mental well-being of our employees. Our goal is to create a safe and sustainable working environment for our employees. The existing occupational health and safety management systems of the three major subsidiaries of the Group have all complied with GB/T 28001-2011/OHSAS 18001:2007 management system certification, which demonstrates that the Group attaches great importance to the health and safety of its employees and is committed to creating a healthy, safe and comfortable working environment for employees.

During the Year, the Company was not aware of any serious violations of relevant health and safety laws and regulations that caused material impact on the Group, including but not limited to "Labour Law of the People's Republic of China", "Production Safety Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases", "Fire Protection Law of the People's Republic of China" and "The Occupational Safety and Health Ordinance" (Cap. 57 of the Laws of Hong Kong).

#### *Safe Production Management Mechanism*

The Group identifies and evaluates the potential hazards affecting the health and safety of employees and customers in the Group's operation, products and services, prioritises the level of risk, and implements effective control and management, which provides the basis for establishing target indicators and preventing hazards. In response to identified potential hazards, the Group provides trainings and drills to improve the ability of all staff to respond to emergencies in production and other experimental processes. As a result, all staff facing emergency conditions or accidents can quickly and effectively take emergency measures to reduce the impact of various types of dangers, such as personal injuries, property damages and adverse effects on the environment.

Indicators of Occupational Health and Safety	Unit	2024	2023	2022
		Total number	Total number	Total number
Numbers of work-related death	person	0	0	0
Numbers of work-related injuries	person	4	4	12
Numbers of working days lost due to work-related injuries	day	90	102	243

For employees who suffer from work-related injuries, we provide relevant treatment and subsidies to them according to the Regulations on Work-Related Injury Insurances of the People's Republic of China and relevant laws and regulations. The above data only included the records of employees' injuries and casualties.

During the Year, there were no confirmed non-compliance incidents or grievances in relation to health and safety of the employees that have a significant impact on us.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group adopts the following measures for safety production to ensure the safety and health of employees during the production:

- Operate the specialised machines and equipment by the licensed specialist operator;
- Employees must comply with all safety and sanitation regulations and wear protective supplies as required and report to their superiors in case of unusual circumstances during the operation;
- Provide physical examinations to employees whenever necessary to ensure that their physical conditions meet position requirements; and
- Provide job safety trainings for employees when their position changes due to different skills required in each post, so as to ensure that they have enough safety knowledge upon reassignments.

### **Storage of Chemicals**

The Group attaches great importance to the storage and use of chemicals, and we continue to implement management systems for storage and collection of chemicals to protect the safety of our employees. We strictly comply with relevant regulations. Hazardous goods must be stored in a separate warehouse and managed by designated personnel. To prevent accidents, employees are prohibited from using fire in warehouses storing hazardous goods, lamps and electrical appliances have to be explosion-proof, and hazard labels should be posted in noticeable places of the warehouse as a warning to our employees. The fire exits of warehouses shall remain unblocked at all times and the fire-fighting equipment shall be in good condition so that our employees can take emergency measures in time if an accident occurs. By carrying out proper storage facilities, labeling, and classification management, we effectively reduce potential risks. We also conduct regular safety inspections and provide training to ensure the safety of our employees and foster environmental protection.

### **B3. Development and Training**

The Group focuses on the construction of internal management system of training and development diversity. Through induction training, on-the-job training and job-transfer training, etc., the Group satisfies the different needs of job duties at all levels. The Group enhances its sustainable development, and enhances employees' personal growth and development at the same time.

### **Training Management**

The Group has established training-related policies to regulate the training management of employees. The management will regularly review the effectiveness of different training plans to help improve the efficiency of the Group's training system. The Group also encourages employees to participate in external trainings on their own; and subsidises employees to obtain professional qualifications related to the Group's business at the same time. Moreover, we also established a corporate training file as a basis for management to review the effectiveness of training plans.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To improve employees' knowledge, skills and corporate competitiveness, the Group formulates a training program each year based on the business development needs of the Group and the training needs of various departments. The training courses cover induction training, on-the-job training, job-transfer training and special job training for our employees. The content of our training includes a code of conduct, business profile, safety education, environmental protection, product knowledge, on-site management systems, professional ethics and skills training. The Group bears the training fees which include training or tuition fees, fees for books and materials, data fees, travel expenses, registration fees, technical fees and other expenses. Assessments will be conducted on our employees upon completion of the training to understand the training results and constantly improve our training system.

The Group has adopted a mentorship programme for our trainees, enabling such trainees to master the work or production skills and related safety knowledge within an agreed period of time. On-the-job training is provided after the trainees have taken up their positions to continuously improve their knowledge, skills and management standards as well as their knowledge about operating conditions and safety requirements of the Group. During the Year, the participation rate of our training was 100%.

### By Gender

	2024 Number of trained employees	2024 %	2023 Number of trained employees	2023 %
Male	495	72.4%	517	71.7%
Female	189	27.6%	204	28.3%

### By Employee Category

	2024 Number of trained employees	2024 %	2023 Number of trained employees	2023 %
Chief executive	13	1.9%	14	1.9%
Technicians	29	4.2%	90	12.5%
Administrative staff	48	7.0%	119	16.5%
Production staff	483	70.6%	397	55.1%
Sales staff	51	7.5%	51	7.1%
Logistical staff	60	8.8%	50	6.9%



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following table sets forth the annual average training hours arranged by the Group's PRC subsidiaries completed per employee of the Group for this year.

### By Gender

Average training hours	2024	2023
Male	2	2
Female	2	2

### By Employee Category

Average training hours	2024	2023
Chief executive	2	2
Technicians	2	2
Administrative staff	2	2
Production staff	2	2
Sales staff	2	2
Logistical staff	2	2

In addition to the aforementioned training, the Group consistently provides the Board with the latest compliance training materials to support the Directors. Members of the Board and the company secretary are required to attend further training courses, beyond those offered by the Group, to meet the specific training requirements set by their respective professional unions.

The Group also recognises the importance of safety production training to ensure the personal safety of employees. Please refer to the section headed "Health and Safety" in Aspect B2 to this ESG Report.

## B4. Labour Standards

### Prevention of Child Labour and Forced Labour

The Group strictly prohibits the employment of any child labour and forced labour. The Group clearly stipulates in recruitment guidelines that only employees reaching legal working age can be recruited, and that new recruits should provide true and accurate personal data when they join the Group. Recruiters rigorously review the entry data including identity cards to confirm the legal working age requirement is met. The Group will investigate in and deal with any incidents of illegal employment or forced labour in accordance with its relevant policies. At the same time, the Group also avoids the appointment of such vendors and contractors who are known to have engaged in child labour or forced labour in their operations to provide products and services.

The Group strictly complies with the "Abolition of Forced Labour Convention", "Labour Law of People's Republic of China" related to the employment of teenagers under 16 and their legal rights, and the "Provisions on the Prohibition of Using Child Labor" formulated and implemented since 1 December 2002.

During the Year, the Group was not aware of any material non-compliance with child labour and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China and the Employment Ordinance of Hong Kong (Cap. 57 of the Laws of Hong Kong).

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B5. Supply Chain Management

The Group believes that strict screening and management of suppliers is an important prerequisite to producing and providing premier products for customers. Meanwhile, we recognise the importance of supply chain management to reduce indirect environmental and social risks. Therefore, we have established a system related to supply chain management to enhance the level of supply chain management.

#### *Supply Chain Management Structure*

In addition to customers' designated suppliers, we mainly select suppliers through tenders and continue to implement corresponding procedures to reduce the operating risks caused by unqualified suppliers.

The Group's procurement department collects monthly information on quality and delivers updates on each kind of raw materials and other necessary production supplies, and arranges production, technology, quality and purchasing and other departments to make integrated appraisals on the major suppliers annually, so as to eliminate those unqualified suppliers, follow up on rectifications and update or replace qualified suppliers list. When raw materials and other necessary production supplies are brought to the production plant, suppliers are required to provide quality certification documents, while our inspectors will inspect the raw materials purchased from the suppliers and pass those qualified ones to our warehouse for storage. Unqualified products will be returned to the relevant suppliers.

During the Year, the Group has engaged 227 suppliers in total, comprising 226 PRC suppliers and 1 overseas suppliers. Among the suppliers in PRC, 173 are from Jiangsu Province and 53 are from other provinces and cities. The Group is committed to reducing carbon emissions arising from transportation, the Group will first consider suppliers located in Jiangsu Province during procurement. All major suppliers are assessed through standard procedures.

The Group is also concerned about the integrity of suppliers and partners. We will only select suppliers and partners who have a good business record in the past and have no serious violations of relevant laws and regulations or violations of business ethics. The Group has zero tolerance for bribery and corruption, and suppliers and partners are strictly prohibited from obtaining procurement contracts or partnerships through any form of transfer of benefits.

#### *Environmental and Social Risk Management of the Supply Chain*

The Group requires that products and raw materials used by the suppliers shall meet environmental protection requirements set out in national and local laws and regulations as well as industry standards, and encourages the usage of clean production process and equipment. For enterprises or suppliers who are likely to cause or have caused serious harm or major environmental pollution, the Group will terminate the supply contract.

Apart from environmental risks, the Group also takes measures to examine whether its major suppliers or contractors are in compliance with relevant laws and regulations and other required standards for health, safety, forced labour and child labour, and examine the suppliers' awareness in the above aspects.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### **Fair Tendering**

The Group invites at least two suppliers to public tender for all types of raw materials or production supplies. Apart from regulating the principle of local procurement, when selecting the suppliers, we also consider major factors including quality, environment, safety, pricing, supply capacity and stability, as well as whether they are directly or indirectly related to the management of the Group. We usually review the requisite approvals, business licences, certificates of the bidders and information on quality and technical standards first before such suppliers are invited to bidding. Suppliers are required to fill in the questionnaire for us to understand their background. We conduct on-site inspections, sample checks and tests before the bidding to ensure their authenticity when necessary.

### **B6. Product Responsibility**

The Group recognises the importance of product quality and corporate reputation, we actively monitor the quality of our products and services through internal controls and is committed to producing high quality products that meet industry standards. We also maintain communication with our customers to ensure we understand and meet customers' needs and expectations, while understanding customers satisfaction, so as to continuously improve our products and services.

During the Year, the Group was not aware of any material non-compliance with laws and regulations related to health and safety, advertising, labelling and privacy matters and remedies related to products and services provided and methods of redress that would have a significant impact on the Group, including but not limited to the "Product Quality Law of the People's Republic of China", "Advertising Law of the People's Republic of China", "Trademark Law of the People's Republic of China", "Patent Law of the People's Republic of China", "Copyright Law of the People's Republic of China", "Law Against Unfair Competition of the People's Republic of China", "Technology Contract Law of the People's Republic of China" and Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

### **Quality Control**

The Group has obtained GB/T 19001-2016/ISO 9001:2015 quality control system certifications for our products. To enhance production efficiency and minimise product quality issues, we actively invest in purchasing new and advanced manufacturing equipments, the majority of which imported from are countries such as Austria, Germany, Japan and the United States. In addition, we also procure advanced inspection and testing apparatuses from overseas suppliers to provide reliable support for the inspection of our production supplies and products.

The Group adopts standardised quality management systems in all production processes, finished product inspections and services. We have set up a professional quality management team for quality management and product control to ensure all relevant standards are met. In addition, we require necessary anti-dust, anti-moisture, anti-fire and anti-explosion measures and other protective measures to be taken to ensure the quality and safety of our supplies. During the Year, the Group did not receive any cases in which the products sold or shipped had to be recalled for safety and health reasons.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### **Research and Development**

The Group is committed to researching and developing innovative products. We allocate significant resources and manpower to continuously engage in scientific research and technological innovation. Our aim is to meet market demands and address environmental and social challenges. Our research and development team comprises nearly 200 professional technicians, most of which hold bachelor's degree or above, and have accumulated years of experience and expertise in China's cable industry.

We have also set up an Engineering and Technology Center to develop products such as broadband green RF cables and high-rate special optical cables for Internet of Thing systems. During the Year, the Group has obtained 277 patents and developed 233 new products. The Group has also obtained a number of honours such as "Advanced Enterprise in Technological Innovation" and "Excellent Enterprise — Leader and Driver". Our innovation and research and development results have been recognised by the industry, our partners and local government.

During the Year, the Group's products were able to meet the relevant standards and customer's requirements and there were no products recalled by the Group due to safety issues.

### **Customer Service and Privacy**

Maximising customer satisfaction is the basic criterion for the Group's customer service. We have set up a round-the-clock service hotline to provide our customers with all-round professional services including technical training, system design, engineering supervision, operation and maintenance, to achieve excellence in all aspects and earn our customer's long-term trust. Furthermore, we provide a three-year warranty service for all products, and repair or replace damages and malfunction caused by product quality issues for free. The Group is convinced that customer feedback is the key to our continued progress. In this regard, we have set up a special department to collect views and complaints from our customers and strive to listen to each of them. We reply to any complaint within 4 hours of receiving such complaint and provide a solution within 24 hours, including technical engineers to be dispatched to sites for resolving issues. During the Year, the Group did not receive any material complaints about its products and services.

The Group mainly promotes and markets products by participating in domestic and international exhibitions to attract customers and exchange ideas. We strictly comply with the relevant laws and regulations including "Advertising Law of the People's Republic of China" and "Trademark Law of the People's Republic of China". All products and business information shall be subject to strict scrutiny before being disclosed, and any misleading behaviour or false information is prohibited in the promotion, marketing and exhibition process.

The Group manages customer information under strict confidentiality to avoid data privacy leakage. As a result, we enter into confidentiality agreements with employees holding technology-based, research-based, marketing-based and other important positions and the management or above, whereby expressly defining their confidentiality obligations and liability for breach of contract. It is required that the confidential policy shall be strictly implemented during in-house communication. Customer data shall be kept by a dedicated person and the use, storage and destruction of customer's documents and other items shall be performed by such dedicated person. At the same time, as part of the Group's resources, customer information and materials will not be sold, shared or disclosed by any person for any purpose. Each employee should protect customer information and materials in accordance with the regulations of the Company and relevant laws and regulations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *Intellectual Property Rights*

The Group places a high emphasis on the protection of intellectual property rights. We have established a comprehensive intellectual property management system in accordance with national and provincial laws and regulations. This system clearly outlines the responsibilities of our employees in safeguarding the Group's patents, trade secrets and trademarks, ensuring protection for innovative products, technologies, and business confidential information. We continuously enhance awareness of intellectual property rights enforcement through internal regulations. We actively protect our own intellectual property rights and promote a fair competitive and innovative environment. In case of any infringement disputes, we promptly address and resolve them.

### **B7. Anti-corruption**

The Group believes that a corporate culture of high integrity is the key to its continuous success. Therefore, the Group recognises the importance of anti-corruption work and system establishment. Meanwhile, the Group is committed to creating a fair and honest, open and transparent, standardised and efficient internal management atmosphere. Our employees, in particular our management, are required to regard honesty, trustworthiness and integrity as the most basic code of conduct. During the Year, the Group was not aware of any material non-compliance with relevant laws and regulations related to bribery, extortion, fraud and money laundering, which would have a significant impact on the Group, including but not limited to "Criminal Law of the People's Republic of China", "Anti-Money Laundering Law of the People's Republic of China", "Company Law of the People's Republic of China", "Decision of the Standing Committee of the National People's Congress on Amending the Bidding Law of the People's Republic of China and the Metrology Law of the People's Republic of China", "Law Against Unfair Competition of the People's Republic of China" and Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong). No concluded legal cases regarding corrupt practices were brought against the Group or its employees during the Year. The Group also provided anti-corruption training to the directors and employees on how to properly address possible conflicts of interest and acceptance of benefits at work.

We continuously update the relevant policies and internal management system for preventing corruption and bribery in accordance with the above laws and regulations, thereby strengthening our employees' awareness of anti-corruption and regulating their behaviour. We also signed an integrity self-discipline commitment declaration with the Group's management or above level. In addition, we enhanced the management's and employees' integrity awareness by conducting the training related to anti-corruption. During the Year, all newly hired employees underwent induction training that included education on anti-corruption practices. Existing employees including the Group's directors also received regular anti-corruption training materials and information from the Group for self-study. These initiatives are aimed at enhancing the awareness of anti-corruption and foster a culture of integrity throughout the entire workforce.

The Group has also established a whistleblowing system to establish and maintain a clean and transparent culture of the Group. The whistleblowing system allows all employees and independent third parties (including customers, suppliers, etc.) who have contact with employees to report anonymously to the Audit Committee, including negligence, corruption, bribery and other misconduct. The Audit Committee will process the reports promptly, fairly and confidentially. On the other hand, the whistleblowing system also ensures that whistleblowers will not be treated unfairly because of reports, the whistleblowers will not face unfair dismissal, unwarranted disciplinary actions, etc.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group also attaches importance to the potential bribery and corruption in the procurement and relevant rules and regulations for management are established. Please refer to the section headed “Fair Tendering” in Aspect B5 of this ESG Report.

### **B8. Community Investment**

The Group believes that an enterprise should share the responsibility of contributing to the society. Therefore, while pursuing its own development, the Group also devotes itself to social charity and public welfare, assisting people in need and giving back to the society and people. By focusing on contributing to community welfare and working with charitable organisations, the Group organises activities to fulfill social responsibilities.

#### ***Social Responsibility Education***

The Group hopes to foster a sense of social responsibility among its employees. Therefore, we have been encouraging employees to participate in charity activities during their work and personal time to make greater contributions to the community. We have also arranged for employees to participate in environmental protection activities, donation for educational developments and social services. We believe that through directly participating in activities that contribute to the community, our staff could build up positive value and be a socially responsible citizen.

Charity events during the Year include participating Yixing Charity Association Scholarship Program, as well as the public welfare donation plan for Baisha County and Akto County Charitable Donation Program.

### **CONTACT US**

The Group welcomes all stakeholders to comment on this ESG Report or provide other valuable comments that will make the Group to develop sustainably. Please email to [ir@trigiant.com.cn](mailto:ir@trigiant.com.cn).



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory Disclosure Requirements		Chapter/Statement
Governance Structure		Board Statement — ESG Governance Structure
Reporting Principles		Reporting Principles
Reporting Boundary		Reporting Scope

Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Emissions — Exhaust Gas Emissions, Greenhouse Gas Emissions, Wastewater Discharge and Waste Disposal
KPI A1.1	The types of emissions and respective emissions data	Emissions — Exhaust Gas Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions — Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions — Hazardous Waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions — Non-hazardous Waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Emissions — Exhaust Gas Emissions and Greenhouse Gas Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Emissions — Waste Disposal

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of Resources — Energy Consumption, Water Consumption and Use of Packaging Materials
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Use of Resources — Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of Resources — Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Use of Resources — Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Use of Resources — Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Use of Resources — Use of Packaging Materials
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment and Natural Resources — Plant Afforestation
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Climate Change — Physical Risks and Transition Risks

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Employment — People Oriented
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment — Recruitment, Promotion and Dismissal
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and safety — Safe Production Management Mechanism
KPI B2.2	Lost days due to work injury	Health and safety — Safe Production Management Mechanism
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Health and Safety — Safe Production Management Mechanism and Storage of Chemicals

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Development and Training — Training Management
KPI B3.2	The average training hours completed per employee by gender and employee category	Development and Training — Training Management
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Labour standards — Prevention of Child Labour and Forced Labour
KPI B4.2	Description of steps taken to eliminate violations when discovered	Labour Standards — Prevention of Child Labour and Forced Labour
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	Supply Chain Management — Supply Chain Management Structure
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply Chain Management — Supply Chain Management Structure and Fair Tendering
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management — Environmental and Social Risk Management of the Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management — Environmental and Social Risk Management of the Supply Chain

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Responsibility — Quality Control
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Product Responsibility — Customer Service and Privacy
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Responsibility — Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures	Product Responsibility — Quality Control and Customer Service and Privacy
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored	Product Responsibility — Customer Service and Privacy
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b><i>Aspect B8: Community Investment</i></b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community Investment — Social Responsibility Education
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Community Investment — Social Responsibility Education



## DIRECTORS' REPORT

The board ("Board") of directors ("Directors") of the Company hereby presents this Directors' report together with the 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 2024.

### PRINCIPAL ACTIVITIES

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 People's Republic of China ("PRC"). The Group is mainly engaged in the manufacture and sales of feeder cable series, optical fibre cable series, flame-retardant flexible cable series and related products and other accessories for mobile communications and telecommunication equipment.

Particulars of the principal activities of the Company's subsidiaries are set out in note 37 of the Notes to the consolidated financial statements of this annual report.

### BUSINESS REVIEW

Discussion and analysis of the review of the business of the Group, particulars of important events that have occurred affecting the Company since the end of the financial year, likely future developments in the Group's business, relationship with stakeholders including customers, suppliers and employees and environmental policies and performance can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Environment, Social and Governance Report" of this annual report. These discussions form part of this Directors' report.

### PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Group has formulated a variety of management policies and framework for sustainable development of the Group. The Group attaches great importance to risks management to ensure that the Group can 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 and management of the Group as the responsible parties of risks management.

The Group's management conducts corporate risk assessment on a regular basis, 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 reviews and approves the risk assessment, marketing strategies, business plan and budgets submitted by the management, while the audit committee reviews the Group's finance, operation and compliance matters, the results of risks management and internal control system as well as the effectiveness of compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

## DIRECTORS' REPORT

The Group is exposed 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
<p><b>Business risks</b></p> <p>The major customers of the Group are the three major telecommunications operators in the PRC. Any changes of business strategies and capital expenditures of these customers and development changes of telecommunications industry of China will therefore have an impact on sales of the Group.</p> <p>A majority of the Group's turnover is 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 invite 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.</p> <p>The telecommunications industry develops constantly and advances in technology may make certain products of the Group obsolete. Therefore, the Group's capabilities to launch new products and improve product quality in order to cope with technology transformation will have a material impact on the Group's position in the industry.</p> <p>Major global trends include climate change and sustainability, technological development, demographics, digitalisation, geopolitics, etc., which may affect the speed of industry development, company supply chains and research progress.</p>	<ul style="list-style-type: none"> <li>• Proactively develop business relationship with customers other than the three major telecommunications operators in the PRC.</li> <li>• Expand overseas market and increase the proportion of overseas sales.</li> <li>• Diversify product portfolio and reduce the impact of change in sales of individual products on the Group's overall business.</li> <li>• Continue to review competitive edges of the Group in the industry and market trend.</li> <li>• Enhance after-sales services for customers and improve product quality to raise the Group's competitiveness in bidding activities.</li> <li>• Develop more new products to meet customers demand.</li> <li>• Invest resources to develop new products and upgrade existing products to cater to the changing market demand.</li> <li>• Actively recruit and train skillful and experienced technicians to enhance research and development capabilities of the Group.</li> <li>• Continuously develop new products to conform to the new normal of society.</li> <li>• Seize opportunities in artificial intelligence and increase supply chain flexibility.</li> <li>• Continue to pay attention to the impact of climate change and implement sustainable development plans.</li> </ul>

## DIRECTORS' REPORT

Risks profile	Major relevant alleviating measures
<p><b>Financial risks</b></p> <p>Delayed payments of customers who are granted credit by the Group will increase the Group's exposure to financial risks and have an impact on financial performance and operating cash flows of the Group.</p> <p>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 the PRC market will have material impact on profitability and production of the Group.</p>	<ul style="list-style-type: none"> <li>Review accounts receivable due from major customers on a regular basis and control it to an appropriate level.</li> <li>Manage and control strictly internally and put additional efforts to collect trade receivables overdue.</li> <li>Under the framework agreements we have entered into with main customers according to tender results, pricing for the Group's main products (including feeder cables, optical fibre cables and flame-retardant flexible cable products) is 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.</li> <li>With respect to supply, conduct investigation and assessment on suppliers periodically to ensure stable supply source of raw materials.</li> </ul>
<p><b>Composite risk</b></p> <p>Recently, China's economy has been in a steady development but it is affected by complex and ever-changing external factors 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.</p>	<ul style="list-style-type: none"> <li>Expand overseas market and increase the proportion of overseas sales to reduce the dependence on individual country or region.</li> </ul>

### COMPLIANCE WITH RELEVANT RULES AND REGULATIONS

During the course of the business operations, the Group shall comply with different laws and regulations, including i) laws regarding employee recruitment and benefits, such as the "Labor Law of the PRC", the "Labor Contract Law of the PRC", and the "Rulings of Implementing the Labor Contract Law of the PRC"; ii) the "Environmental Protection Law of the PRC" governing production activities and the measures implemented in Jiangsu Province under the "Work-Related Injuries Regulations"; and iii) laws that safeguard the intellectual property rights of the Group, such as the "Patent Law of the PRC", the "Trademark Law of the PRC", the "Copyright Law of the PRC", the "Anti-Unfair Competition Law of the PRC", and the "Technology Contract Law of the PRC". For the year ended 31 December 2024, the Group was in strict compliance with these said laws and regulations.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 85 of this annual report.

The Directors do not recommend the payment of dividend for the year ended 31 December 2024.

## DIRECTORS' REPORT

### 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 in the Group's property, plant and equipment during the year ended 31 December 2024 are set out in note 14 of the Notes to the consolidated financial statements of this annual report.

### SHARE CAPITAL

Details of the movements in the issued share capital of the Company during the year ended 31 December 2024 are set out in note 26 of the Notes to the consolidated financial statements of this annual report.

### DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution to Shareholders amounted to approximately RMB1,545.4 million.

### DONATION

The Group made charitable donations totalling approximately RMB160,000 during the year ended 31 December 2024.

### DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report were as follows:

#### ***Executive Directors***

Mr. Qian Lirong  
Mr. Qian Chenhui

#### ***Non-executive Director***

Mr. Zhang Dongjie

#### ***Independent non-executive Directors***

Professor Jin Xiaofeng  
Mr. Chan Fan Shing (resigned on 1 January 2024)  
Mr. Zhao Huanqi  
Ms. Hoi Sao Leng (appointed on 1 March 2024 and resigned on 15 April 2024)  
Ms. Yau Wai (appointed on 15 April 2024)

In accordance with articles 84(1) and 84(2) of the articles of association of the Company, each of Professor Jin Xiaofeng and Mr. Zhao Huanqi shall retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

## DIRECTORS' REPORT

The Company has received, from each of the independent non-executive Directors, a confirmation of his/her independence.

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

### DIRECTORS' SERVICE CONTRACTS

Mr. Qian Lirong, executive Director, 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 2024. Mr. Qian Chenhui, executive Director, 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 31 December 2022.

Mr. Zhang Dongjie, non-executive Director, was appointed for a fixed term of three years commencing from 9 January 2023. Professor Jin Xiaofeng, independent non-executive Director, was appointed for a fixed term of three years commencing from 23 August 2023. Mr. Zhao Huanqi independent non-executive Director, was appointed for a fixed term of three years commencing from 28 March 2023. Ms. Yau Wai, independent non-executive Director, was appointed for a fixed term of three years commencing from 15 April 2024.

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 2024 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.

### 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 a share option scheme as an incentive to the Directors and eligible employees.

The remuneration committee reviews and makes recommendations to the Board on terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management with reference to the market data. Details of the remuneration of the Directors for the year ended 31 December 2024 are set out in note 10 of the Notes to the consolidated financial statements of this annual report.

## DIRECTORS' REPORT

### RETIREMENT BENEFIT 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 32 of the Notes to the consolidated financial statements of this annual report.

### DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed above, since the date of the 2024 interim report of the Company and up to the date of this report, there were no changes to the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

As at 31 December 2024, 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:

Name of Director	Nature of interest	Interest in ordinary shares	Interest in underlying shares	Total of shares and underlying shares	Approximate percentage of interest (Note c)
Mr. Qian Lirong	Interest in controlled corporation	523,521,750 (Notes a and b)	–	523,521,750	29.22%

Notes:

- (a) These shares are registered in the name of Trigiant Investments Limited ("Trigiant Investments"), a company wholly owned 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 and Abraholme. Mr. Qian Lirong is a director of each of Trigiant Investments and Abraholme.
- (b) These interests are long position.
- (c) The total number of 1,791,500,000 shares of the Company in issue as at 31 December 2024 has been used for the calculation of the approximate percentage.

Save as disclosed above, as at 31 December 2024, 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 (within the meaning of Part XV of the SFO).



## DIRECTORS' REPORT

### MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2024, purchases from the single largest supplier of the Group and the five largest suppliers of the Group in aggregate accounted for approximately 22.0% (2023: 47.1%) and 73.0% (2023: 82.4%) of the Group's total purchases, respectively.

For the year ended 31 December 2024, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 53.2% (2023: 43.3%) and 91.9% (2023: 95.6%) of the Group's total turnover, respectively.

At all time during the year ended 31 December 2024, none of the Directors or any of their close 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.

The Group maintains good relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Company's success depends.

### SHARE OPTION SCHEME OF THE COMPANY

Pursuant to a resolution passed by the Shareholders 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. The Share Option Scheme has expired on 29 May 2024. Further details of the Share Option Scheme and the share options granted are disclosed in note 27 of the Notes to the consolidated financial statements in this annual report.

The number of share options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2024 and 31 December 2024 was 37,100,000 Shares and nil respectively.

During the year ended 31 December 2024 there were no options and awards granted under all schemes of the Company (i.e. the Share Option Scheme), and divided by the weighted average number of shares of the Company of 1,791,500,000 Shares for the year ended 31 December 2024, is nil.

As at 27 March 2025, being the date of this report, the total number of share options available for issue under the expired Share Option Scheme was nil.

### ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31 December 2024, 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 executives 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.

## DIRECTORS' REPORT

### MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year ended 31 December 2024.

### 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 2024.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2024, 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 2024, the Group had entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. All related party transactions were 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. The Company has complied with the applicable requirements under the Listing Rules for any related party transaction which constituted any non-fully exempt or non-exempt connected transaction or continuing connected transaction under the Listing Rules. Details of the related party transactions are disclosed in note 31 of the Notes to the consolidated financial statements of this annual report.

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, 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:

## DIRECTORS' REPORT

## LONG POSITIONS

Name of Shareholder	Nature of interest	Total of shares and underlying shares	Approximate percentage of interest (Note e)
Trigiant Investments	Beneficial owner	523,521,750	29.22%
Abraham Holme	Interest in controlled corporation	523,521,750 (Note a)	29.22%
Madam Qian Jindi	Interest of spouse	523,521,750 (Note b)	29.22%
Eternal Asia (HK) Limited	Beneficial owner	292,876,000 (Note c)	16.35%
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	292,876,000 (Note c)	16.35%
Shenzhen Investment Holding Limited* 深圳市投資控股有限公司	Interest in controlled corporation	292,876,000 (Note c)	16.35%
State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government* 深圳市人民政府國有資產監督管理委員會	Interest in controlled corporation	292,876,000 (Note c)	16.35%
Easy Beauty Limited	Beneficial owner	340,000,000 (Note d)	18.98%
Artemis Delight Limited	Interest in controlled corporation	340,000,000 (Note d)	18.98%
Mr. Dai Xiaolin	Interest in controlled corporation	340,000,000 (Note d)	18.98%

## DIRECTORS' REPORT

### Notes:

- (a) These shares are registered in the name of Trigiant Investments, a company wholly owned 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) Pursuant to the notice of disclosure of interest of State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal filed on 14 May 2021, these interests in shares are registered in the name of Eternal Asia (HK) Limited, which is wholly owned by Eternal Asia, and the controlled corporation of State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal (namely Shenzhen Investment Holding Limited ("Shenzhen Holding")) increased its interests in Eternal Asia to 18.30% after completion of share transfers on 22 August 2018 and 18 October 2018 respectively. On 24 December 2018, Eternal Asia became a controlled corporation of Shenzhen Holding as Eternal Asia and its directors were accustomed to act in accordance with Shenzhen Holding's directions. Shenzhen Holding is wholly owned by State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal.
- (d) Based on the notices of disclosure of interests dated 3 April 2023 of Easy Beauty Limited, Artemis Delight Limited and Mr. Dai Xiaolin each filed with the Stock Exchange, these interests in shares are registered in the name of Easy Beauty Limited, a company owned as to 70% by Artemis Delight Limited, which in turn is wholly owned by Mr. Dai Xiaolin.
- (e) The total number of 1,791,500,000 shares of the Company in issue as at 31 December 2024 has been used for the calculation of the approximate percentage.

## PRE-EMPTIVE RIGHTS

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

## TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

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

During the year ended 31 December 2024, the Company repurchased 3,430,000 ordinary shares of the Company on 9 December 2024 on the Stock Exchange at a purchase price of HK\$0.295 per share with an aggregate consideration of HK\$1,011,850 (before expenses). As at 31 December 2024, an outstanding number of 3,430,000 shares that were repurchased had not been cancelled.

Subsequent to 31 December 2024 and up to the date of this report, the Company had also repurchased a total of 4,280,000 ordinary shares of the Company in January 2025 on the Stock Exchange at a highest purchase price of HK\$0.310 per share and a lowest purchase price of HK\$0.300 per share with an aggregate consideration of HK\$1,314,480 (before expenses). As at the date of this report, such repurchased shares had not been cancelled.

In Year 2024, the share price of the Company has reached a new record low; the directors considered that such share repurchases would bring market confidence, increase the net asset value per share attributable to the Shareholders and would ultimately benefit the Company and create value for the Shareholders.

## DIRECTORS' REPORT

As at 31 December 2024, the Company did not hold any treasury shares.

Save as disclosed above, during the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### 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 2024 and up to the date of this report.

### 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 Part 2 of Appendix C1 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 COMPANY'S INITIAL PUBLIC OFFERING

On 19 March 2012, the Company issued 200,000,000 new shares of nominal value of HK\$0.01 each in connection with the listing of its shares on the Stock Exchange ("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 2024, the net proceeds from the IPO had been utilised in accordance with the plan as stated in the IPO prospectus for the expansion of the sales and distribution network, production capacity and advancement of production facilities of the Group and research and development of new products and upgrading product functions and related technologies, repayment of bank borrowings and for general working capital.

As at 31 December 2024, the remaining net proceeds of approximately RMB22.5 million were deposited with certain licensed financial institutions.

### AUDITOR

The Company has appointed Deloitte Touche Tohmatsu as the auditor of the Company for the year ended 31 December 2024. A resolution will be proposed for approval by Shareholders at the forthcoming annual general meeting to reappoint Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

**Qian Lirong**  
*Chairman*

Hong Kong, 27 March 2025

## INDEPENDENT AUDITOR'S REPORT

# Deloitte.

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### TO THE SHAREHOLDERS OF TRIGIANT GROUP LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

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 85 to 135, which comprise the consolidated statement of financial position as at 31 December 2024, 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 notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<b><i>Impairment assessment of trade receivables</i></b>	
<p>We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated statement of financial position and the involvement of management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period.</p> <p>As at 31 December 2024, the Group's net trade receivables amounting to RMB4,103,198,000, which represented approximately 79% of total assets of the Group.</p> <p>As disclosed in note 4 to the consolidated financial statements, trade receivables which are credit-impaired or backed by bank bills are assessed for lifetime ECL individually. In addition, the management of the Group estimates the amount of lifetime ECL of trade receivables which are not credit-impaired or not backed by bank bills based on provision matrix with appropriate groupings based on debtors' aging because these customers with common risk characteristics that are representative of the debtors' abilities to pay all amounts due. Estimated loss rates are based on historical observed loss data over the expected life of the debtors taking into consideration of aging, repayment history and/or past due status, and are adjusted for supportable forward-looking information that is reasonable and supportable available without due costs or effort.</p> <p>As disclosed in note 29 to the consolidated financial statements, the Group recorded a net impairment loss of RMB125,627,000 on trade receivables for the year and the Group's lifetime ECL on trade receivables as at 31 December 2024 amounted to RMB1,073,998,000.</p>	<p>Our procedures in relation to impairment assessment of trade receivables included:</p> <ul style="list-style-type: none"> <li>Understanding the credit risk assessment and impairment assessment process on how the management estimates the loss allowance for trade receivables;</li> <li>Testing the completeness and accuracy of information used by management to develop the provision matrix, including trade receivables aging analysis as at 31 December 2024, on a sample basis; and</li> <li>Challenging management's basis and judgment in determining credit loss allowance on trade receivables as at 31 December 2024, including the reasonableness of management's grouping of the trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical observed loss data and forward-looking information).</li> </ul>



## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Leung Chui Shan.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

27 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5	2,509,152	2,505,763
Cost of goods sold		(2,215,543)	(2,189,242)
Gross profit		293,609	316,521
Other income	6	23,284	28,559
Impairment losses under expected credit loss model, net	7	(125,627)	(165,552)
Other gain		381	537
Selling and distribution costs		(49,032)	(56,017)
Administrative expenses		(42,472)	(44,929)
Research and development costs		(54,322)	(50,023)
Finance costs	8	(49,153)	(54,520)
Loss before taxation	9	(3,332)	(25,424)
Tax (charge) credit	11	(4,582)	2,877
Loss for the year		(7,914)	(22,547)
<b>Other comprehensive expense:</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		(55)	(82)
Total comprehensive expense for the year		(7,969)	(22,629)
Loss per share	12		
— Basic		RMB(0.44) cents	RMB(1.26) cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	14	140,915	154,741
Right-of-use assets	15	59,004	61,596
Equity instruments at fair value through other comprehensive income	17	172	227
Pledged bank deposits	20	1,247	2,533
Deposits paid for acquisition of property, plant and equipment	31	21,840	21,840
Deferred tax assets	25	158,233	139,188
		<b>381,411</b>	380,125
<b>Current assets</b>			
Inventories	18	166,907	175,334
Trade and other receivables	19	4,111,480	4,118,465
Pledged bank deposits	20	89,680	178,212
Bank balances and cash	20	464,418	549,358
		<b>4,832,485</b>	5,021,369
<b>Current liabilities</b>			
Trade and other payables	21	146,669	113,760
Borrowings	22	1,418,327	1,694,361
Lease liabilities	23	127	555
Taxation payable		49,038	48,872
		<b>1,614,161</b>	1,857,548
<b>Net current assets</b>		<b>3,218,324</b>	3,163,821
<b>Total assets less current liabilities</b>		<b>3,599,735</b>	3,543,946

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
<b>Non-current liabilities</b>			
Borrowings	22	61,000	–
Lease liabilities	23	–	61
Government grants	24	482	794
Deferred tax liabilities	25	25,351	21,293
		86,833	22,148
<b>Net assets</b>		3,512,902	3,521,798
<b>Capital and reserves</b>			
Share capital	26	14,638	14,638
Reserves		3,498,264	3,507,160
<b>Total equity</b>		3,512,902	3,521,798

The consolidated financial statements on pages 85 to 135 were approved and authorised for issue by the Board of Directors on 27 March 2025 and are signed on its behalf by:

\_\_\_\_\_  
**QIAN LIRONG**  
DIRECTOR

\_\_\_\_\_  
**QIAN CHENHUI**  
DIRECTOR

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Share capital	Share premium	Fair value through other comprehensive income reserve	Share repurchased	Capital redemption reserve	Statutory surplus reserve	Special reserve	Other reserve	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000 (note c)	RMB'000	RMB'000
At 1 January 2023	14,638	1,509,764	(641)	-	101	520,936	62,947	(312,834)	1,749,516	3,544,427
Loss for the year	-	-	-	-	-	-	-	-	(22,547)	(22,547)
Fair value loss on investments in equity instrument at fair value through other comprehensive income	-	-	(82)	-	-	-	-	-	-	(82)
Loss and total comprehensive expense for the year	-	-	(82)	-	-	-	-	-	(22,547)	(22,629)
At 31 December 2023	14,638	1,509,764	(723)	-	101	520,936	62,947	(312,834)	1,726,969	3,521,798
Loss for the year	-	-	-	-	-	-	-	-	(7,914)	(7,914)
Fair value loss on investments in equity instrument at fair value through other comprehensive income	-	-	(55)	-	-	-	-	-	-	(55)
Total comprehensive expense for the year	-	-	(55)	-	-	-	-	-	(7,914)	(7,969)
Share repurchased but not yet cancelled	-	-	-	(927)	-	-	-	-	-	(927)
At 31 December 2024	14,638	1,509,764	(778)	(927)	101	520,936	62,947	(312,834)	1,719,055	3,512,902

Notes:

- As stipulated by the relevant laws and regulations in the People's Republic of China ("PRC"), the PRC subsidiaries of the Company are required to maintain a statutory surplus reserve. 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 can be used to make up prior year losses, if any, and can be applied for conversion into capital by means of capitalisation issue.
- The special reserve represents the deemed contribution arising from acquisition of a subsidiary in 2009.
- The other reserve represents the difference of fair value of consideration paid and the amount of non-controlling interests arising from acquisition of additional interests in a subsidiary in 2017.



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
<b>Operating activities</b>		
Loss before taxation	(3,332)	(25,424)
Adjustments for:		
Interest income	(9,411)	(11,590)
Finance costs	49,153	54,520
Depreciation of property, plant and equipment	17,383	20,193
Depreciation of right-of-use assets	2,601	2,599
Impairment losses under expected credit loss model, net	125,627	165,552
Impairment losses on inventories	151	3,328
(Gain) loss on disposal/written off of property, plant and equipment	(85)	10
Release of government grants	(312)	(397)
Exchange gain	(1)	–
Operating cash flows before movements in working capital	181,774	208,791
Decrease (increase) in inventories	8,276	(6,055)
Increase in trade and other receivables	(127,932)	(164,696)
Increase in trade and other payables	427,273	655,137
Cash generated from operations	489,391	693,177
PRC Enterprise Income Tax paid	(19,403)	(24,855)
Net cash from operating activities	469,988	668,322

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
<b>Investing activities</b>		
Release of pledged bank deposits	1,167,509	384,428
Interest received	18,701	7,407
Proceeds from disposal of property, plant and equipment	4,865	244
New pledged bank deposits placed	(1,077,691)	(373,597)
Purchase of property, plant and equipment	(8,451)	(1,756)
Net cash from investing activities	104,933	16,726
<b>Financing activities</b>		
Repayment of bank borrowings	(1,948,031)	(1,943,819)
Interest on bank borrowings	(49,383)	(55,076)
Payments on repurchases of shares	(927)	–
Repayment of lease liabilities	(497)	(478)
Interest on lease liabilities	(23)	(41)
New bank borrowings raised	1,339,000	1,327,000
Net cash used in financing activities	(659,861)	(672,414)
Net (decrease) increase in cash and cash equivalents	(84,940)	12,634
Cash and cash equivalents at beginning of the year	549,358	536,724
Total cash and cash equivalents at end of the year, represented by bank balances and cash	464,418	549,358

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. GENERAL INFORMATION

Trigiant Group Limited ("Company") is 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"). Mr. Qian Lirong is the major shareholder with significant influence over the Company, and he is also the Chairman, Director and Chief Executive Officer of the Company. The addresses of the registered office and principal place of business of the Company and information of shareholders are disclosed in the corporate information section and directors' report, respectively, to the annual report.

The principal activity of the Company is to act as an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in the manufacture and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components and others for mobile communications and telecommunication equipment.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

**Amendments to HKFRSs that are mandatorily effective for the current year** (Continued)

**Impacts on application of Amendments to HKAS 7 and HKFRS 7 "Supplier Finance Arrangements"**

The Group has applied the amendments for the first time in the current year. The amendments add a disclosure objective to HKAS 7 "Statement of Cash Flows" stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 "Financial Instruments: Disclosures" was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7: 44(b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Group has provided additional disclosures related to the amendments in notes 22, 29 and 30.

#### **New and amendments to HKFRSs in issue but not yet effective**

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

HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

**New and amendments to HKFRSs in issue but not yet effective** (Continued)

#### **HKFRS 18 "Presentation and Disclosure in Financial Statements"**

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7. Minor amendments to HKAS 7 and HKAS 33 "Earnings per Share" are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

#### **Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

#### **Material accounting policy information**

##### **Basis of consolidation**

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Material accounting policy information** *(Continued)*

##### **Basis of consolidation** *(Continued)*

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

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

##### **Revenue from contracts with customers**

Information about the Group's accounting policies relating to contracts with customers is provided in note 5.

##### **Leases**

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 "Leases" at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### **The Group as a lessee**

###### *Right-of-use assets*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

##### **Property, plant and equipment**

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

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Material accounting policy information** *(Continued)*

##### **Property, plant and equipment** *(Continued)*

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 recognised in profit or loss.

##### **Research and development costs**

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

##### **Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### **Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash presented on the consolidated statement of financial position, which include:

- (a) cash, which comprises of cash on hand and demand deposits; and
- (b) cash equivalents, which comprises of short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs 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. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

##### **Impairment on property, plant and equipment and right-of-use assets**

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Material accounting policy information** *(Continued)*

#### **Impairment on property, plant and equipment and right-of-use assets** *(Continued)*

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### Material accounting policy information *(Continued)*

#### Financial instruments *(Continued)*

#### Financial assets

##### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

#### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### Material accounting policy information *(Continued)*

#### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### Classification and subsequent measurement of financial assets *(Continued)*

#### (ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

#### Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, pledged bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9 "Financial Instruments". The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. Customers are assessed for ECL by categorising into receivables fully backed by bank bills and not backed by bank bills. Except for trade receivables that are credit-impaired which are assessed individually, the ECL on trade receivables not backed by bank bills are assessed collectively using a provision matrix with appropriate groupings based on debtors' aging. Trade receivables backed by bank bills are assessed individually taking into consideration of the credit rating and reputation of the banks issuing the bank bills.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Financial instruments** *(Continued)*

**Financial assets** *(Continued)*

*Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

#### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### Material accounting policy information *(Continued)*

#### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

*Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(i) Significant increase in credit risk *(Continued)*

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### Material accounting policy information *(Continued)*

#### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

#### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, and tries to adjust for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

#### **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

#### **Financial liabilities and equity**

#### *Classification as debt or equity*

Debt and equity instruments are classified as either 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Material accounting policy information** *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Financial liabilities and equity** *(Continued)*

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities at amortised cost*

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

##### *Derecognition of financial liabilities*

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

#### **Taxation**

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable loss for the year. Taxable profit differs from loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on 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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### Material accounting policy information *(Continued)*

##### **Taxation** *(Continued)*

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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 current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### **Employee benefits**

##### **Retirement benefit costs**

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (“MPF Scheme”) are recognised as an expense when employees have rendered service entitling them to the contributions.

##### **Short-term employee benefits**

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

#### **Impairment assessment of trade receivables**

The Group estimates the amount of lifetime ECL of trade receivables which are not credit-impaired or not backed by bank bills based on provision matrix with appropriate groupings based on debtors' aging because these customers with common risk characteristics that are representative of the debtors' abilities to pay all amounts due. In addition, the trade receivables which are credit-impaired or backed by bank bills are assessed individually. Estimated loss rates are based on the historical observed loss data over the expected life of the debtors taking into consideration of aging, repayment history and/or past due status, and are adjusted for supportable forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed loss data are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 29 and 19 respectively.

The carrying amount of trade receivables at 31 December 2024 is RMB4,103,198,000 (2023: RMB4,097,807,000) (net of allowance for impairment losses of RMB1,073,998,000 (2023: RMB948,371,000)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 5. REVENUE AND SEGMENT INFORMATION

#### Performance obligations for contracts with customers and revenue recognition policies

The Group is principally engaged in the manufacture and sales of feeder cable series, flame-retardant flexible cable series, optical fibre cable series and related products, new-type electronic components and others for mobile communication and telecommunication equipment. All of the Group's revenue is recognised when the control of goods is transferred, being when the goods are delivered to the customer's specific location. A receivable is recognised by the Group when the goods are delivered to the customer's premises as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 180 to 360 days upon delivery. The customers have neither rights of return nor rights to defer or avoid payment for the goods once they are accepted by the customers upon receipt of goods. The contracts signed with the customers are short-term and fixed price contracts.

For contracts where the credit period provided to customers and transfer of the associated goods is less than one year, the Group applies the practical expedient of not adjusting the transaction price for significant financing component, if any.

All sales are provided for periods for one year or less. As permitted under HKFRS 15, the transactions price allocated to the unsatisfied contracts is not disclosed.

#### Segment information

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

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

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

The segment results represent the gross profit earned by each segment (segment revenue less segment cost of goods sold). Other income, impairment losses under ECL model, net, other gain, selling and distribution costs, administrative expenses, research and development costs, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 5. REVENUE AND SEGMENT INFORMATION (Continued)

The information of segment results is as follows:

For the year ended 31 December 2024

	Feeder cable series RMB'000	Flame- retardant flexible cable series RMB'000	Optical fibre cable series and related products RMB'000	New-type electronic components RMB'000	Others RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Revenue							
— External sales	1,115,011	1,047,802	212,312	117,800	16,227	—	2,509,152
— Inter-segment sales*	—	—	61,481	17,207	—	(78,688)	—
	1,115,011	1,047,802	273,793	135,007	16,227	(78,688)	2,509,152
Cost of goods sold	(978,439)	(946,602)	(244,405)	(115,388)	(9,397)	78,688	(2,215,543)
Segment results	136,572	101,200	29,388	19,619	6,830	—	293,609

For the year ended 31 December 2023

	Feeder cable series RMB'000	Flame- retardant flexible cable series RMB'000	Optical fibre cable series and related products RMB'000	New-type electronic components RMB'000	Others RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Revenue							
— External sales	1,200,305	970,347	201,769	126,882	6,460	—	2,505,763
— Inter-segment sales*	—	—	56,606	16,046	—	(72,652)	—
	1,200,305	970,347	258,375	142,928	6,460	(72,652)	2,505,763
Cost of goods sold	(1,042,106)	(865,897)	(228,931)	(120,300)	(4,660)	72,652	(2,189,242)
Segment results	158,199	104,450	29,444	22,628	1,800	—	316,521

\* Inter-segment sales are entered into in accordance with the relevant agreements, if any, governing those transactions, in which the pricing was determined with reference to the cost incurred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**5. REVENUE AND SEGMENT INFORMATION** *(Continued)*

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

	2024 RMB'000	2023 RMB'000
Reportable segment results	293,609	316,521
Unallocated income and expenses		
— Other income	23,284	28,559
— Impairment losses under ECL model, net	(125,627)	(165,552)
— Other gain	381	537
— Selling and distribution costs	(49,032)	(56,017)
— Administrative expenses	(42,472)	(44,929)
— Research and development costs	(54,322)	(50,023)
— Finance costs	(49,153)	(54,520)
Loss before taxation	(3,332)	(25,424)
Tax (charge) credit	(4,582)	2,877
Loss for the year	(7,914)	(22,547)

No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment.

**Geographical information**

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

**Information about major customers**

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

	2024 RMB'000	2023 RMB'000
Customer A	1,335,404	1,084,288
Customer B	601,850	832,175
Customer C	333,725	305,273

The three major customers, including the three major telecommunications operators in PRC, purchased goods from all segments during both years. The group of entities under common control of a reporting entity are considered as a single customer.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 6. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants ( <i>note</i> )	2,959	2,940
Value added tax credits concessions	9,356	10,812
Interest income	9,411	11,590
Others	1,558	3,217
	<b>23,284</b>	<b>28,559</b>

*Note:* Included in government grants is RMB2,647,000 (2023: RMB2,543,000) 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 receipt. In respect of the remaining amount of RMB312,000 (2023: RMB397,000), they are government subsidies received for the acquisition of property, plant and equipment as disclosed in note 24.

### 7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2024 RMB'000	2023 RMB'000
Impairment losses on trade receivables, net	125,627	165,552

Details of impairment assessment on trade receivables are set out in note 29.

### 8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	49,130	54,479
Interest on lease liabilities	23	41
	<b>49,153</b>	<b>54,520</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9. LOSS BEFORE TAXATION

	2024 RMB'000	2023 RMB'000
Loss before taxation has been arrived at after Charging (crediting):		
Directors' remuneration (note 10)	2,312	2,261
Other staff costs:		
Salaries and other benefits	80,316	78,475
Retirement benefit schemes contributions (note 32)	6,585	6,370
Total staff costs	89,213	87,106
Less: capitalised in cost of inventories manufactured	(35,885)	(35,440)
	53,328	51,666
Auditor's remuneration	2,340	2,561
Cost of inventories recognised as expenses	2,207,762	2,181,696
Impairment losses on inventories (included in selling and distribution costs)	151	3,328
Depreciation of right-of-use assets	2,601	2,599
Exchange gain (included in other gain)	381	537
(Gain) loss on disposal/written off of property, plant and equipment	(85)	10
Depreciation of property, plant and equipment	17,383	20,193
Less: capitalised in cost of inventories manufactured	(10,587)	(13,499)
	6,796	6,694

## 10. 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 2024

	Executive directors		Non-executive directors	Independent non-executive directors					
	Mr. Qian Lirong	Mr. Qian Chenhui	Mr. Zhang Dongjie	Professor Jin Xiaofeng	Mr. Chan Fan Shing <sup>a</sup>	Mr. Zhao Huanqi	Ms. Yau Wai <sup>aa</sup>	Ms. Hoi Sao Leng <sup>aaa</sup>	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors' fee	110	-	110	82	-	82	97	18	499
Basic salaries and allowances	984	795	-	-	-	-	-	-	1,779
Retirement benefit schemes contributions	16	18	-	-	-	-	-	-	34
	1,110	813	110	82	-	82	97	18	2,312



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEE'S EMOLUMENTS (Continued)

For the year ended 31 December 2023

	Executive directors		Non-executive directors		Independent non-executive directors				Total
	Mr. Qian Lirong	Mr. Qian Chenhui	Mr. Zhang Dongjie*	Mr. Xia Bin**	Professor	Mr. Chan Fan Shing*	Mr. Zhao Huanqi†	Mr. Chen Gang##	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors' fee	110	–	107	3	82	137	63	8	510
Basic salaries and allowances	975	744	–	–	–	–	–	–	1,719
Retirement benefit schemes contributions	16	16	–	–	–	–	–	–	32
	1,101	760	107	3	82	137	63	8	2,261

\* Appointed on 9 January 2023

\*\* Resigned on 9 January 2023

# Appointed on 28 March 2023

## Resigned on 7 February 2023

^ Resigned on 1 January 2024

^^ Appointed on 15 April 2024

^^^ Appointed on 1 March 2024 and resigned on 15 April 2024

Mr. Qian Lirong has been appointed as the chief executive officer of the Company and is also the chairman of the board of directors of the Company. His emoluments disclosed above include those services rendered by him as the chairman of the board of directors of the Company.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the non-executive directors and independent non-executive directors shown above were paid for their services as directors of the Company.

Of the five highest paid individuals of the Group, two (2023: two) was the directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining three (2023: three) individuals were as follows:

	2024 RMB'000	2023 RMB'000
Basic salaries and allowances	2,893	2,875
Retirement benefit schemes contributions	51	49
	2,944	2,924

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEE'S EMOLUMENTS** *(Continued)*

Their emoluments were within the following bands:

	2024 No. of employees	2023 No. of employees
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	2	2
	3	3

During both years, 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 for both years. None of the directors of the Company has waived any emoluments during both years.

**11. TAXATION**

	2024 RMB'000	2023 RMB'000
The taxation (charge) credit comprises:		
Current tax:		
PRC Enterprise Income Tax	(19,569)	(24,096)
Deferred taxation credit ( <i>note 25</i> )	14,987	26,973
Taxation (charge) credit for the year	(4,582)	2,877

The PRC Enterprise Income Tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Of the following subsidiaries of the Company in the PRC, 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.) ("Trigiant Technology"), 江蘇俊知光電通信有限公司 (Jiangsu Trigiant Optic-Electric Communication Co., Ltd.) ("Trigiant Optic-Electric") and 江蘇俊知傳感技術有限公司 (Jiangsu Trigiant Sensing Technology Co., Ltd.) ("Trigiant Sensing") were endorsed as a High and New Technology Enterprises by relevant authorities in the PRC were charged income tax in the PRC at a reduced income tax rate of 15%.

Certain research and development costs of the Company's PRC subsidiaries are qualified for 100% (2023: 100%) additional deduction for tax purpose.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 11. TAXATION (Continued)

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

The taxation charge for the year can be reconciled to the loss before taxation per the consolidated statement of loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Loss before taxation	(3,332)	(25,424)
Tax credit at the applicable income tax rate of 25%	833	6,356
Tax effect on income not taxable for tax purpose	748	769
Tax effect on expenses not deductible for tax purpose	(3,589)	(6,081)
Tax effect of tax concession	657	(346)
Withholding tax	(4,058)	1,463
Super Deduction for research and development expenses	867	1,102
Others	(40)	(386)
Taxation (charge) credit for the year	(4,582)	2,877

### 12. LOSS PER SHARE

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

	2024 RMB'000	2023 RMB'000
<b>Loss</b>		
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	(7,914)	(22,547)

	2024 '000	2023 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares (excluding shares repurchased) for the purpose of basic loss per share	1,791,284	1,791,500

No diluted loss per share have been presented as there are no potential ordinary shares outstanding for both years.

### 13. DIVIDEND

The Board does not recommend final dividend for the year ended 31 December 2024 (2023: nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**14. PROPERTY, PLANT AND EQUIPMENT**

	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Furniture, fixtures and equipment</b>	<b>Motor vehicles</b>	<b>Construction in progress</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>COST</b>						
At 1 January 2023	199,173	241,686	18,264	8,190	3,124	470,437
Additions	–	430	729	3	283	1,445
Transfer	–	2,367	25	–	(2,392)	–
Disposal/written off	–	(84)	(423)	–	–	(507)
At 31 December 2023	199,173	244,399	18,595	8,193	1,015	471,375
Additions	–	4,862	3,180	–	295	8,337
Transfer	–	–	125	–	(125)	–
Disposal/written off	–	(15,504)	(537)	(1,880)	(637)	(18,558)
At 31 December 2024	<b>199,173</b>	<b>233,757</b>	<b>21,363</b>	<b>6,313</b>	<b>548</b>	<b>461,154</b>
<b>DEPRECIATION</b>						
At 1 January 2023	90,490	188,335	10,821	7,048	–	296,694
Provided for the year	9,255	9,344	1,514	80	–	20,193
Eliminated on disposal/ written off	–	(76)	(177)	–	–	(253)
At 31 December 2023	99,745	197,603	12,158	7,128	–	316,634
Provided for the year	9,245	6,416	1,642	80	–	17,383
Eliminated on disposal/ written off	–	(11,836)	(250)	(1,692)	–	(13,778)
At 31 December 2024	<b>108,990</b>	<b>192,183</b>	<b>13,550</b>	<b>5,516</b>	<b>–</b>	<b>320,239</b>
<b>CARRYING VALUES</b>						
At 31 December 2024	<b>90,183</b>	<b>41,574</b>	<b>7,813</b>	<b>797</b>	<b>548</b>	<b>140,915</b>
At 31 December 2023	99,428	46,796	6,437	1,065	1,015	154,741

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

The above items of 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%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 15. RIGHT-OF-USE ASSETS

	Leasehold lands <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2024			
Carrying amount	<b>58,882</b>	<b>122</b>	<b>59,004</b>
As at 31 December 2023			
Carrying amount	61,002	594	61,596
<b>For the year ended 31 December 2024</b>			
Depreciation charge	<b>2,120</b>	<b>481</b>	<b>2,601</b>
<b>For the year ended 31 December 2023</b>			
Depreciation charge	2,120	479	2,599

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Expense relating to short term leases	<b>1,168</b>	1,168
Total cash outflow for leases	<b>1,688</b>	1,687

For both years, the Group leases office premises, staff quarters and warehouses for its operations. Lease contracts are entered into for fixed term of 1 year to 3 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold land. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for staff quarters and warehouses. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Details of the lease maturity analysis of lease liabilities are set out in note 23.

#### Restrictions or covenants on leases

In addition, lease liabilities of RMB127,000 are recognised with related right-of-use assets of RMB122,000 as at 31 December 2024 (2023: lease liabilities of RMB616,000 are recognised with related right-of-use assets of RMB594,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**16. INTANGIBLE ASSETS**

	RMB'000
COST	
At 1 January 2023	195,005
Written off	(195,005)
At 31 December 2023 and 2024	—
AMORTISATION AND IMPAIRMENT	
At 1 January 2023	195,005
Written off	(195,005)
At 31 December 2023 and 2024	—
CARRYING VALUES	
At 31 December 2024	—
At 31 December 2023	—

The intangible assets represent customer relationships from business acquisitions. Taken into account that these customer relationships are no longer able to generate future economic benefits, the intangible assets have been written off during the year ended 31 December 2023.

**17. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE EXPENSE**

At 31 December 2024, the unlisted equity investments represent 19% (2023: 19%) equity interests in 江蘇俊知智慧網絡工業有限公司 Jiangsu Trigiant Intelligent Network Co., Ltd, ("Trigiant Intelligent"), which is a private entity established in the PRC. Trigiant Intelligent is principally engaged in the manufacture and sales of automated system and others.

**18. INVENTORIES**

	2024 RMB'000	2023 RMB'000
Raw materials	45,118	46,414
Work in progress	25,392	22,086
Finished goods	96,397	106,834
	166,907	175,334

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 19. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables, net	4,103,198	4,097,807
Interest receivables	122	9,412
Other receivables	2,953	2,057
Tender deposits	2,740	5,852
Prepaid expenses	443	1,241
Staff advances	2,024	2,096
	4,111,480	4,118,465

Included in the Group's trade receivables at 31 December 2024 are bills received by the Group of RMB22,596,000 (2023: RMB1,152,000).

At 1 January 2023, trade receivables from contracts with customers amounted to HK\$4,092,946,000 (after deducting the allowance for credit losses of HK\$782,819,000).

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 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:

	2024 RMB'000	2023 RMB'000
Age		
0 – 90 days	690,531	535,179
91 – 180 days	479,118	499,636
181 – 365 days	708,257	887,858
Over 365 days	2,225,292	2,175,134
	4,103,198	4,097,807

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**19. TRADE AND OTHER RECEIVABLES** *(Continued)*

At 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,230,499,000 (2023: RMB2,175,280,000) which are past due as at the reporting date and balance of RMB1,958,975,000 (2023: RMB1,676,075,000) which are past due 90 days or more. Other than the bills received, the Group does not hold any collateral over these balances.

The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the long term relationship and continuous business with the Group.

Details of impairment assessment are set out in note 29.

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

	2024 RMB'000	2023 RMB'000
United States dollars ("USD")	7,652	10,125

**20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH**

At 31 December 2024, the pledged bank deposits carry interest at the prevailing market rate ranging from approximately 1.00% to 1.60% (2023: 1.15% to 3.25%) per annum.

The Group's pledged bank deposits amounting to RMB90,927,000 (2023: RMB180,745,000) being pledged to banks, except for the amount of RMB1,247,000 (2023: RMB2,533,000) which are classified as non-current assets as the period pledged is longer than one year, the remaining balances are classified as current assets.

At 31 December 2024, 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 0.001% to 0.35% (2023: ranging from 0.001% to 2.50%) per annum.

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

	2024 RMB'000	2023 RMB'000
Hong Kong Dollars ("HKD")	1,565	1,777
USD	137	8,555

Details of impairment assessment are set out in note 29.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 21. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	91,446	61,909
Accrued expenses	12,260	13,119
Deposits from suppliers	13,159	13,044
Other payables	9,909	8,665
Other tax payables	3,044	208
Payable for acquisition of property, plant and equipment	98	212
Payroll and welfare payables	16,753	16,603
	<b>146,669</b>	<b>113,760</b>

Included in the Group's trade payables at 31 December 2024 are bills payables issued by the Group to relevant creditors of RMB30,943,000 (2023: nil). All bills presented by the Group are aged within 365 days and not yet due at the end of the reporting period.

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

	2024 RMB'000	2023 RMB'000
Age		
0 – 90 days	77,602	61,768
91 – 180 days	13,806	35
181 – 365 days	38	106
	<b>91,446</b>	<b>61,909</b>

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

	2024 RMB'000	2023 RMB'000
HKD	2,188	1,345

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**22. BORROWINGS**

	2024 RMB'000	2023 RMB'000
The carrying amount of the bank borrowings are repayable based on the scheduled payment dates set out in the loan agreements:		
Within one year	1,418,327	1,694,361
Within a period of more than one year but not exceeding two years	61,000	–
	1,479,327	1,694,361
Less: Amount due within one year shown under current liabilities	(1,418,327)	(1,694,361)
Amounts shown under non-current liabilities	61,000	–

The Group's borrowings represents bank borrowings of RMB1,089,500,000 (31 December 2023: RMB1,203,000,000) and bank borrowings under supplier finance arrangements of RMB389,827,000 (31 December 2023: RMB491,361,000).

During the years ended 31 December 2024 and 2023, the Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group in advance of the original due dates of the bills payables issued by the Group at a discount offered by the suppliers.

The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks within one year after settlement by the banks with interest ranges from 0.7% to 3.35% (2023: 1.06% to 3.95% per annum), which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short term borrowing rates.

Taking into consideration of the nature and substance of the above arrangements, the Group presents payables to the banks under these arrangements as "borrowings" in the consolidated statement of financial position. In the consolidated statement of cash flows, repayments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks of RMB393,997,000 (2023: RMB626,080,000) are disclosed as non-cash transactions. All of the borrowings are unsecured.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 22. BORROWINGS (Continued)

	2024 RMB'000	2023 RMB'000
The borrowings comprise:		
Variable rate borrowings	1,027,327	1,021,361
Fixed rate borrowings	452,000	673,000

At 31 December 2024, fixed rate borrowings carry interests ranging from 2.95% to 3.35% (2023: 3.20% to 3.60%) per annum.

As at 31 December 2024 and 2023, variable rate bank borrowings carry interest at a premium or discount the one year Loan Prime Rate (LPR) published by the National Interbank Offered Rate Centre by a certain number of basis points. The effective interest rates on bank borrowings range from 0.70% to 3.35% (2023: 3.35% to 3.60%) per annum.

### 23. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable		
Within one year	127	555
Within a period of more than one year but not more than two years	–	61
	127	616
Less: Amount due for settlement within 12 months shown under current liabilities	(127)	(555)
Amount due for settlement after 12 months shown under non-current liabilities	–	61

The weighted average incremental borrowing rates applied to lease liabilities was 3.70% (2023: 3.70%).

### 24. GOVERNMENT GRANTS

	2024 RMB'000	2023 RMB'000
At beginning of the year	794	1,191
Release to profit or loss for the year	(312)	(397)
At the end of the year	482	794

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 other income over the useful lives of the relevant assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**25. DEFERRED TAXATION**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
Deferred tax assets	<b>158,233</b>	139,188
Deferred tax liabilities	<b>(25,351)</b>	(21,293)
	<b>132,882</b>	117,895

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

	<b>Tax on undistributed earnings</b> <i>RMB'000</i>	<b>Allowance for impairment loss on trade receivables</b> <i>RMB'000</i>	<b>Others</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2023	22,756	(117,422)	3,744	(90,922)
Credited to profit or loss for the year	(1,463)	(24,833)	(677)	(26,973)
At 31 December 2023	21,293	(142,255)	3,067	(117,895)
Charged/(credited) to profit or loss for the year	4,058	(18,844)	(201)	(14,987)
At 31 December 2024	<b>25,351</b>	<b>(161,099)</b>	<b>2,866</b>	<b>(132,882)</b>

Others represented the fair value adjustment on property, plant and equipment and allowance for impairment losses on inventories.

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 Enterprise Income Tax 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% (2023: 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.

At 31 December 2024, no deferred tax liability has been recognised in respect of the undistributed profits amounting to RMB942 million (2023: RMB710 million) as management is of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 26. SHARE CAPITAL

	Number of shares	Amount in HK\$	Shown in the financial statements as RMB'000
Ordinary shares at HK\$0.01 each			
Authorised:			
At 1 January 2023, 31 December 2023 and 31 December 2024	10,000,000,000	100,000,000	
Issued and fully paid:			
At 1 January 2023, 31 December 2023 and 31 December 2024	1,791,500,000	17,915,000	14,638

In December 2024, the Company repurchased 3,430,000 of its own ordinary shares through the Stock Exchange at a price of HK\$0.295, with aggregate consideration of HK\$1,012,000 (equivalent to RMB927,000). These shares were not yet cancelled at 31 December 2024 and deducted from equity as "shares repurchased".

### 27. SHARE OPTIONS

#### Share option scheme of the Company

The Company's share option scheme (the "Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2014 and expired on 29 May 2024.

Under the Scheme which was valid for a period of ten years commencing on 29 May 2014, before the Scheme expired on 29 May 2024, the board of directors of the Company might, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contributed to the long term growth and profitability of the Company. The Eligible Participants included (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 held 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 provided 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 had contributed or might 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. Since the Scheme expired on 29 May 2024, no more share options can be granted under the Scheme.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 27. SHARE OPTIONS *(Continued)*

#### Share option scheme of the Company *(Continued)*

The subscription price for the Company's shares should 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 should 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 might commence from the date of acceptance of the offer of the grant of the options but should end in any event not later than ten years from the date of adoption of the Scheme.

The initial total number of the Company's shares which might 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) should 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 might be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Group should 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 should 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.

No share options were granted, exercised or cancelled under the Scheme during both years, nor any share options remained outstanding at 31 December 2024 and 2023. At 31 December 2023, 37,100,000 shares are issuable under the Scheme (2024: nil).

### 28. 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 from prior years.

The capital structure of the Group consists of net debt, which includes the borrowings and lease liabilities disclosed in notes 22 and 23 respectively, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 29. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	2024 RMB'000	2023 RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost	4,664,358	4,845,231
Equity instruments at FVTOCI	172	227
<b>Financial liabilities</b>		
Amortised cost	1,610,692	1,794,794

#### Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, equity instruments at FVTOCI, pledged bank deposits, bank balances, trade and other payables and 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 other 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 in 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 borrowings at variable interest rates. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and lease liabilities. 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 National Interbank Offered Rate Centre.

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing pledged bank deposits, bank balances and variable rate borrowings at the end of the reporting period and assumed that the amount of assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates on pledged bank deposits and bank balances had been 5 basis points (2023: 5 basis points) lower and borrowings had been 25 basis points (2023: 25 basis points) lower and all other variables were held constant, the Group's post tax loss for the year would have decreased by RMB1,947,000 (2023: post tax loss for the year would have decreased by RMB1,860,000).

There would be an equal and opposite impact on the post tax loss for the year ended 31 December 2024 where there had been 5 basis points (post tax loss for the year ended 31 December 2023: 5 basis points) higher for pledged bank deposits and bank balances and 25 basis points (post tax loss for the year ended 31 December 2023: 25 basis points) higher for bank borrowings. In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposures at the end of the reporting period do not reflect the exposure during the year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**29. FINANCIAL INSTRUMENTS** *(Continued)***Financial risk management objectives and policies** *(Continued)***Market risk** *(Continued)***Currency risk**

Substantially all sales are denominated in functional currency of respective group entities.

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

	2024		2023	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
HKD	1,565	2,188	1,777	1,345
USD	7,789	–	18,680	–

The Group are mainly exposed to currency risk of USD and HKD, relative to the RMB, the functional currency of the relevant group entities. The following table details the Group's sensitivity to a 5% (2023: 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% (2023: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances, trade and other receivables and trade and other payables.

If the RMB strengthens 5% against the relevant currencies, the impact on the post tax loss for the year are as follows:

	2024 RMB'000	2023 RMB'000
(Decrease)/increase in loss for the year		
HKD	(23)	16
USD	292	701

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.

**Other price risk**

At 31 December 2024 and 2023, the Group was exposed to equity price risk in relation to its equity instruments at FVTOCI which are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The Group's equity price risk was mainly concentrated on its equity investment in a PRC local enterprise (details are disclosed in note 17). No sensitivity analysis has been presented as the amount involved is insignificant.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 29. FINANCIAL INSTRUMENTS *(Continued)*

#### Financial risk management objectives and policies *(Continued)*

##### Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bills receivables is mitigated because settlement of certain trade receivables are backed by bills issued by reputable financial institutions.

The Group performed impairment assessment for financial assets. The table below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	External credit rating	2024 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
<b>Financial assets at amortised cost</b>			
Other receivables	N/A	5,815	17,321
Pledged bank deposits	A (2023: A) Baa2 to Aa1	90,927	180,745
Bank balances	(2023: B2 to Aa3)	464,418	549,358
Trade receivables backed by bills	A1 (2023: A1)	22,596	1,152
Trade receivables	N/A	5,154,600	5,045,026

##### Other receivables

For other receivables, management of the Group make periodic individual assessment under 12m ECL on the recoverability of other receivables based on historical settlement records and past history. The management of the Group believes that there is no significant increase in credit risk in the Group's outstanding balance of other receivables, which are either not past due or have no fixed repayment terms.

##### Bank balances and pledged bank deposits

Credit risk on bank balances and deposits is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances and deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Majority of the bank balances and pledged bank deposits are placed in banks with credit ratings ranged from Baa2 to Aa1 (2023: B2 to Aa3). Based on the average loss rates, the 12m ECL on bank balances and deposits is considered to be insignificant.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 29. FINANCIAL INSTRUMENTS *(Continued)*

#### **Financial risk management objectives and policies** *(Continued)*

#### **Credit risk and impairment assessment** *(Continued)*

#### **Trade receivables arising from contracts with customers**

The Group's trade receivables from top three customers which are each a group of subsidiaries known to a reporting entity to be under common control, amounting to RMB4,011,213,000 (2023: RMB4,007,439,000) representing approximately 98.3% (2023: 97.8%) of the total net trade receivables at 31 December 2024. The largest trade receivable from a customer, which is a group of subsidiaries known to a reporting entity to be under common control, by itself accounted for approximately 59.04% (2023: 54.27%) of the total net trade receivables at 31 December 2024. For the purpose of ECL assessment, debtors under common control are assessed separately at legal entity level, based on the Company's right to recover the relevant receivables. In order to minimise the credit risk, the management has reviewed the recoverable amounts of trade 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 credit history, including default or delay in payments, settlement history and aging analysis of trade receivables. In addition, the Group performed impairment assessment under ECL model of HKFRS 9. In this regard, the directors of the Company consider that the credit risk on trade receivables is significantly reduced.

In determining the ECL for trade receivables backed by bank bills, the management of the Group considers the probability of default is negligible as the trade receivables are backed by bank bills issued by banks with high credit rating of A1 (2023: A1) and accordingly, no loss allowance made in the consolidated financial statements.

For trade receivables not backed by bank bills, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL of trade receivables based on a provision matrix based on debtors' aging.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of various customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. At the end of reporting period, among the total gross amount of trade receivables not backed by bank bills of RMB5,154,600,000 (2023: RMB5,045,026,000), out of RMB67,940,000 (2023: RMB109,599,000) is credit-impaired.

For the year ended 31 December 2024, the trade receivable turnover days keep increasing due to the late settlement from debtors as a result of the weak economic recovery, leading to increase in gross carrying amount of trade receivables aged over two years as at year end, which included those aged over four years with gross carrying amount of RMB347 million as at 31 December 2024 (2023: RMB142 million). As a result, the ECL loss rate increased compared to last year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 29. FINANCIAL INSTRUMENTS (Continued)

**Financial risk management objectives and policies** (Continued)

**Credit risk and impairment assessment** (Continued)

**Trade receivables arising from contracts with customers** (Continued)

The following table provides information about the exposure to credit risk for the not credit-impaired trade receivables not backed by bank bills which are assessed based on provision matrix at 31 December 2024 under lifetime ECL.

	2024		2023	
	Weighted average loss rate	Gross carrying amount RMB'000	Weighted average loss rate	Gross carrying amount RMB'000
Age				
Within one year	8.98%	2,038,356	9.40%	2,120,884
Over one year	27.00%	3,048,304	22.72%	2,814,543
		5,086,660		4,935,427

The estimated loss rates for not credit-impaired trade receivables are estimated based on historical observed loss data over the expected life of the debtors and are adjusted for supportable forward-looking information that is reasonable and supportable available without undue cost or effort.

The following table shows the movement in ECL that has been recognised for trade receivables under the simplified approach.

	Trade receivables under		
	Credit- impaired RMB'000	Not credit- impaired RMB'000	lifetime ECL RMB'000
At 1 January 2023	94,536	688,283	782,819
— Transfer to credit-impaired	8,812	(8,812)	—
— Impairment losses recognised (reversed), net	6,251	(40,062)	(33,811)
New financial assets originated	—	199,363	199,363
At 31 December 2023	109,599	838,772	948,371
— Impairment losses reversed, net	(41,659)	(15,758)	(57,417)
New financial assets originated	—	183,044	183,044
At 31 December 2024	67,940	1,006,058	1,073,998

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 29. FINANCIAL INSTRUMENTS (Continued)

#### Financial risk management objectives and policies (Continued)

##### Liquidity risk (Continued)

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate early settlement to the suppliers. The facility for borrowings under supplier finance arrangement is entered into for a period of 175 to 365 days. As at 31 December 2024, the Group has available unutilised facility for such supplier finance arrangement of RMB389,827,000 (2023: RMB491,361,000). Only small portion of the Group's borrowings is subject to supplier finance arrangements. Therefore, the management does not consider the supplier finance arrangement result in significant liquidity risk of the Group. Details of the arrangements are set out in note 22.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or less than 6 months RMB'000	6 months to 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2024						
Trade and other payables		131,327	38	–	131,365	131,365
Bank borrowings						
— variable rate	2.80	806,534	182,063	61,150	1,049,747	1,027,327
— fixed rate	3.12	91,291	370,851	–	462,142	452,000
Lease liabilities	3.70	142	–	–	142	127
		1,029,294	552,952	61,150	1,643,396	1,610,819

	Weighted average effective interest rate %	Repayable on demand or less than 6 months RMB'000	6 months to 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2023						
Trade and other payables		100,327	106	–	100,433	100,433
Bank borrowings						
— variable rate	3.49	851,463	187,267	–	1,038,730	1,021,361
— fixed rate	3.45	335,882	351,412	–	687,294	673,000
Lease liabilities	3.70	284	284	142	710	616
		1,287,956	539,069	142	1,827,167	1,795,410

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 29. FINANCIAL INSTRUMENTS *(Continued)*

#### Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	31 December 2024 RMB'000	31 December 2023 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at FVTOCI	Unlisted equity investments: 172	Unlisted equity investments: 227	Level 3	Share of the adjusted net asset values of the financial assets, determined with reference to the fair values of underlying assets and liabilities and adjustments of related expenses, if any.

#### Reconciliation of Level 3 fair value measurements

	Unlisted equity instruments at FVTOCI RMB'000
At 1 January 2023	309
Fair value loss recognised in other comprehensive income	(82)
At 31 December 2023	227
Fair value loss recognised in other comprehensive income	(55)
At 31 December 2024	<b>172</b>

There were no transfers between Level 1, 2 and 3 in both years.

#### Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**30A. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	<b>Borrowings</b> <i>RMB'000</i> <i>(note 22)</i>	<b>Interest payable</b> <i>RMB'000</i>	<b>Lease liabilities</b> <i>RMB'000</i> <i>(note 23)</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2023	1,685,100	1,917	1,074	1,688,091
Financing cash flows	(616,819)	(55,076)	(519)	(672,414)
Foreign exchange translation	—	—	20	20
Interest expenses	—	54,479	41	54,520
Bank borrowings under supplier finance arrangements	626,080	—	—	626,080
At 31 December 2023	1,694,361	1,320	616	1,696,297
Financing cash flows	(609,031)	(49,383)	(520)	(658,934)
Foreign exchange translation	—	—	8	8
Interest expenses	—	49,130	23	49,153
Bank borrowings under supplier finance arrangements	393,997	—	—	393,997
At 31 December 2024	<b>1,479,327</b>	<b>1,067</b>	<b>127</b>	<b>1,480,521</b>

**30B. INFORMATION OF SUPPLIER FINANCE ARRANGEMENTS**

	<b>31/12/2024</b> <i>RMB'000</i>	<b>31/12/2023</b> <i>RMB'000</i>	<b>01/01/2023</b> <i>RMB'000</i>
<b>Carrying amount of the financial liabilities that are subject to supplier finance arrangements</b>			
Presented as part of "Borrowings" (note 22)	<b>389,827</b>	491,361	N/A
— of which suppliers have already received payment from the financial provider	<b>389,827</b>	N/A	N/A
	<b>31/12/2024</b> <i>Days</i>	<b>31/12/2023</b> <i>Days</i>	<b>01/01/2023</b> <i>Days</i>
<b>Range of payment due dates</b>			
For liabilities presented as part of "Borrowings":			
— Liabilities that are part of supplier finance arrangements	<b>175 to 365</b>	N/A	N/A
— Comparable trade payables that are not part of supplier finance arrangements	<b>30 to 90</b>	N/A	N/A

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 30B. INFORMATION OF SUPPLIER FINANCE ARRANGEMENTS *(Continued)*

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. During the year, borrowings under supplier finance arrangement of RMB393,997,000 (2023: RMB626,080,000) represent the payments to the suppliers by the relevant banks directly.

### 31. RELATED PARTY TRANSACTIONS

On 9 September 2022, the Group, through an indirectly owned subsidiary, entered into a sales and purchase agreement to acquire a property in the PRC between an indirectly owned subsidiary of the Company and a vendor at a consideration of RMB43,680,000. A deposit of RMB21,840,000 was paid to the vendor as at 31 December 2022, the remaining 50% of the consideration will be paid within seven days of the completion of the filing of the assignment of the property. The owner of the vendor is Ms. Qian Xiwen ("Ms. Qian"), who is an employee of the Group. The director of the vendor is Ms. Qian Liqian, who was alternate director to Mr. Qian Lirong of the Company during the period from 31 December 2019 to 26 August 2022. Mr. Qian Lirong, an executive director, chief executive officer and chairman of the board of director of the Company, is the father of Ms. Qian Xiwen and an uncle of Ms. Qian Liqian. Mr. Qian Chenhui, executive director of the Company, is a cousin of Ms. Qian Xiwen and Ms. Qian Liqian. Details of the transaction, please refer to announcement made on 9 September 2022. As at 31 December 2024, the deposits of RMB21,840,000 (2023: RMB21,840,000) are presented under non-current assets on the consolidated statement of financial position. The transaction is yet to complete as at the date of report.

Other than the transactions and balances with related parties disclosed in the elsewhere to the consolidated financial statements, the Group has paid an amount of RMB1,416,000 (2023: 1,555,000) to a related company, which is running a hotel and owned by Ms. Qian, for renting business meeting premises fee and related expenses for the year ended 31 December 2024, and paid salary and allowance to related party, who is the close family member of Mr. Qian Lirong of RMB662,000 (2023: RMB768,000).

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 10.

### 32. RETIREMENT BENEFIT 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 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 MPF Scheme, which contribution is matched by employees but subject to a maximum amount of HK\$1,500 per month for each employee.

The total expense recognised in profit or loss of RMB6,619,000 (2023: RMB6,402,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

	2024 RMB'000	2023 RMB'000
Non-current assets		
Investment in a subsidiary	785,160	785,160
Loan to a subsidiary	89,279	87,353
	<b>874,439</b>	872,513
Current assets		
Other receivables	352	37
Amounts due from subsidiaries	821,977	815,877
Bank balances	1,545	2,818
	<b>823,874</b>	818,732
Current liabilities		
Other payables	2,320	1,515
Loan from a subsidiary	135,994	127,537
	<b>138,314</b>	129,052
Net current assets	<b>685,560</b>	689,680
Net assets	<b>1,559,999</b>	1,562,193
Capital and reserves		
Share capital	14,638	14,638
Reserves (note 34)	1,545,361	1,547,555
Total equity	<b>1,559,999</b>	1,562,193

**34. RESERVES OF THE COMPANY**

	Share premium RMB'000	Capital redemption reserve RMB'000	Shares repurchased RMB'000	Accumulated profits RMB'000	Total RMB'000
At 1 January 2023	1,509,764	101	–	42,565	1,552,430
Profit and total comprehensive income for the year	–	–	–	(4,875)	(4,875)
At 31 December 2023	1,509,764	101	–	37,690	1,547,555
Loss and total comprehensive expense for the year	–	–	–	(1,267)	(1,267)
Share repurchased but not yet cancelled	–	–	(927)	–	(927)
At 31 December 2024	<b>1,509,764</b>	<b>101</b>	<b>(927)</b>	<b>36,423</b>	<b>1,545,361</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 35. CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	21,840	21,840

### 36. PLEDGED ASSETS

As at 31 December 2024, the pledged bank deposits of RMB90,927,000 (2023: RMB180,745,000) have been pledged to secure the bills payables at the deposit of RMB86,772,000 (2023: RMB174,894,000), and quality guarantees and performance guarantees (as detailed below) at the deposit of RMB4,155,000 (2023: RMB5,851,000).

As at 31 December 2024, surety bonds of an aggregate balance of RMB74,938,000 (2023: RMB68,390,000) were given by a bank in favour of the Group's customers as security for the performance and observance of the Group's obligations under the sales contracts entered into between the Group and the customers. If the Group fails to provide satisfactory performance to the customers to whom the performance guarantees have been given, such customers may demand the bank to pay to them the sum stipulated in such demand. The Group will become liable to compensate such bank accordingly. The performance guarantees will be released upon completion of the sales contract. The performance guarantees were secured by the Group's pledged bank deposits of RMB4,155,100 (2023: RMB5,851,000). The management of the Group does not consider it is probable that a claim will be made against the Group in respect of the above quality guarantees and performance guarantees.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

**37. SUBSIDIARIES**

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

Name of subsidiaries	Place of incorporation/ establishment	Issue and fully paid share capital/ registered capital		Attributable effective equity interest held by the Company		Principal activities
		2024	2023	2024	2023	
Board Vision Investments Limited	British Virgin Islands ("BVI")	US\$1	US\$1	directly 100%	directly 100%	Inactive
China Information Communication Group Limited	Hong Kong	HK\$1	HK\$1	indirectly 100%	indirectly 100%	Investment holding
Jiang Mei Limited	BVI	US\$280	US\$280	directly 100%	directly 100%	Investment holding
Trigiant Technology*	PRC	US\$80,000,000	US\$80,000,000	indirectly 100%	indirectly 100%	Manufacture and sales of feeder cable series and related products for mobile communications and telecommunication equipment
Trigiant (HK) Limited	Hong Kong	HK\$1	HK\$1	indirectly 100%	indirectly 100%	Investment holding and trading
Trigiant Holdings Limited	BVI	US\$1,000	US\$1,000	directly 100%	directly 100%	Investment holding
Trigiant Optic-Electric#	PRC	RMB200,000,000	RMB200,000,000	indirectly 100%	indirectly 100%	Research and development, manufacturing and sale of optical fibre, optical cables, special cable services, electronics components and communication equipment
Trigiant Sensing#	PRC	RMB51,000,000	RMB51,000,000	indirectly 100%	indirectly 100%	Research, development, manufacture and sales of radio frequency identification system, new electronic components, optoelectronic integrated components, optoelectronic integrated subsystems, microelectronics devices, sensor, micro smart label products and chips
China Sensing Limited	Hong Kong	HK\$1	HK\$1	indirectly 100%	indirectly 100%	Investment holding
Rosy Elite	BVI	US\$1	US\$1	indirectly 100%	indirectly 100%	Investment holding

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

# Trigiant Optic-Electric and Trigiant Sensing are limited liabilities company established in the PRC.

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

## FINANCIAL SUMMARY

Results	2020 (RMB'000)	2021 (RMB'000)	2022 (RMB'000)	2023 (RMB'000)	2024 (RMB'000)
Revenue	2,873,078	2,862,456	2,630,326	2,505,763	<b>2,509,152</b>
Cost of goods sold	(2,361,706)	(2,438,537)	(2,278,036)	(2,189,242)	<b>(2,215,543)</b>
Gross profit	511,372	423,919	352,290	316,521	<b>293,609</b>
Other income	21,289	19,534	19,059	28,559	<b>23,284</b>
(Impairment losses)/reversal of impairment losses under expected credit loss model, net	(189,245)	24,212	(203,902)	(165,552)	<b>(125,627)</b>
Impairment loss of goodwill	(156,527)	–	–	–	–
Impairment loss of intangible assets	(92,366)	–	–	–	–
Other (losses)/gain	(5,746)	(572)	2,931	537	<b>381</b>
Selling and distribution costs	(60,750)	(71,993)	(50,146)	(56,017)	<b>(49,032)</b>
Administrative expenses	(43,906)	(41,690)	(38,665)	(44,929)	<b>(42,472)</b>
Research and development costs	(60,424)	(58,147)	(44,195)	(50,023)	<b>(54,322)</b>
Finance costs	(66,766)	(65,366)	(61,706)	(54,520)	<b>(49,153)</b>
Profit (loss) before taxation	(143,069)	229,897	(24,334)	(25,424)	<b>(3,332)</b>
Taxation (charge) credit	3,705	(22,430)	(32,028)	2,877	<b>(4,582)</b>
Profit (loss) for the year	(139,364)	207,467	(56,362)	(22,547)	<b>(7,914)</b>

Assets and liabilities	2020 (RMB'000)	2021 (RMB'000)	2022 (RMB'000)	2023 (RMB'000)	2024 (RMB'000)
Non-current assets	427,303	461,738	528,392	380,125	<b>381,411</b>
Current assets	4,935,177	5,147,903	4,861,398	5,021,369	<b>4,832,485</b>
Total assets	5,362,480	5,609,641	5,389,790	5,401,494	<b>5,213,896</b>
Current liabilities	1,946,083	1,983,910	1,820,849	1,857,548	<b>1,614,161</b>
Non-current liabilities	22,434	24,776	24,514	22,148	<b>86,833</b>
Total liabilities	1,968,517	2,008,686	1,845,363	1,879,696	<b>1,700,994</b>
Net assets	3,393,963	3,600,955	3,544,427	3,521,798	<b>3,512,902</b>