TRIGIANT GROUP LIMITED
俊知集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1300)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

Annual results for the year ended 31 December 2012 compared with the annual results for the year ended 31 December 2011:

- Turnover increased by approximately RMB407.9 million, or 22.4%, to RMB2,230.6 million (2011: RMB1,822.7 million)
- Gross profit margin increased by approximately 1.6 percentage point to 23.4% (2011: 21.8%)
- Profit for the year attributable to owners of the Company increased by approximately RMB45.5 million, or 22.0%, to RMB252.3 million (2011: RMB206.8 million)
- Net profit margin maintained at approximately 11.3% for both years
- Earnings per share increased to RMB26.35 cents (2011: RMB25.85 cents)
- Proposed final dividend was HK5 cents per share (2011: nil), together with the interim dividend of HK5 cents paid, total dividend for the year ended 31 December 2012 was HK$0.1 per share (2011: nil)

The board (the "Board") of directors (the "Directors") of Trigiant Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with the comparative figures for the corresponding period in 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012** *RMB'000*	2011 *RMB'000*
Turnover	*3*	**2,230,555**	1,822,747
Cost of goods sold		**(1,708,730)**	(1,425,436)
Gross profit		**521,825**	397,311
Other income	*4*	**12,843**	7,512
Other gains		**828**	6,561
Selling and distribution costs		**(72,790)**	(47,999)
Administrative expenses		**(52,114)**	(45,296)
Research and development costs		**(14,344)**	(1,075)
Other expenses		**(13,275)**	(12,867)
Finance costs	*5*	**(79,918)**	(57,440)
Profit before taxation		**303,055**	246,707
Taxation	*7*	**(50,757)**	(39,922)
Profit and total comprehensive income for the year attributable to owners of the Company	*6*	**252,298**	206,785
Earnings per share			
– Basic	*9*	**RMB26.35 cents**	RMB25.85 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	NOTES	**2012** **RMB'000**	2011 RMB'000
Non-current assets			
Investment properties		**18,600**	18,300
Property, plant and equipment		**182,730**	181,970
Land use rights		**69,883**	71,683
Available-for-sale investments		**20,000**	20,000
		291,213	291,953
Current assets			
Inventories		**145,312**	111,751
Trade and other receivables	*10*	**1,274,475**	1,170,681
Pledged bank deposits		**129,782**	242,401
Bank balances and cash		**480,705**	383,548
		2,030,274	1,908,381
Current liabilities			
Trade and other payables	*11*	**311,608**	490,956
Amount due to a director		**–**	14,680
Bank borrowings – due within one year		**877,784**	940,300
Tax payables		**14,026**	10,037
		1,203,418	1,455,973
Net current assets		**826,856**	452,408
Total assets less current liabilities		**1,118,069**	744,361
Non-current liabilities			
Government grants		**2,092**	2,431
Bank borrowings – due after one year		**90,000**	110,000
Deferred taxation		**21,219**	18,399
		113,311	130,830
Net assets		**1,004,758**	613,531
Capital and reserves			
Share capital		**8,140**	82
Reserves		**996,618**	613,449
Total equity		**1,004,758**	613,531

NOTES

1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company of the Company is Trigiant Investments Limited and Abraholme International Limited, respectively, both companies were incorporated in the British Virgin Islands.

The principal activity of the Company is to act as an investment holding company. The Group is mainly engaged in the manufacture and sales of Radio Frequency ("RF") coaxial cable series and related products for mobile telecommunications and telecommunications equipment.

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

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

The shares of the Company were listed on the Stock Exchange on 19 March 2012 (the "Listing Date").

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

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

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

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

Amendments to HKAS 12 Deferred tax: Recovery of underlying assets

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

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

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

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

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

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

* IFRIC represents the International Financial Reporting Interpretations Committee.

3. TURNOVER AND SEGMENT INFORMATION

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

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

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

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

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

The segment results represent the gross profits earned by each segment (segment revenue less segment cost of goods sold). Other income, other gains, selling and distribution costs, administrative expenses, research and development costs, other expenses, finance costs and taxation are not allocated to each reportable segment. This is the measure reported to the Executive Directors for the purpose of resource allocation and assessment of segment performance.

The information of segment results are as follows:

For the year ended 31 December 2012

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

For the year ended 31 December 2011

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

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

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

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

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

Information about major customers

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

4. OTHER INCOME

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

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

5. FINANCE COSTS

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

6. PROFIT FOR THE YEAR

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

7. TAXATION

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

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

Pursuant to the relevant laws and regulations, Jiangsu Trigiant Technology Co., Ltd. ("Jiangsu Trigiant"), the PRC subsidiary of the Company, was entitled to exemption from Foreign Enterprise Income Tax ("FEIT") for the first two years commencing from its first profit-making year in 2008, followed by a 50% reduction on the FEIT for the following three years ("Tax Holiday").

On 16 March 2007, the Enterprise Income Tax Law (the "EIT Law") was passed at the Fifth session of the Tenth National People's Congress of the PRC, the income tax rate for both domestic and foreign-investment enterprise would be unified at 25% effective from 1 January 2008 (Order of the President [2007] No. 63). Jiangsu Trigiant which was entitled to Tax Holiday would continue to enjoy such treatment until the exemption and reduction period expired, at the end of 2012. Pursuant to the approval published on the website of the Yixing Provincial Commission of Science and Technology, Jiangsu Trigiant was also endorsed as a High and New Technology Enterprise on 4 March 2009 (renewed on 21 May 2012) and was entitled to apply for a reduced PRC income tax rate of 15% from 2013 to 2015.

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

8. DIVIDEND

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

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

9. EARNINGS PER SHARE

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

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

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

10. TRADE AND OTHER RECEIVABLES

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

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

The following is an aged analysis of the trade and bill receivables presented based on the invoice date, or otherwise, delivery date, at the end of the reporting period, which approximated the respective revenue recognition dates:

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

11. TRADE AND OTHER PAYABLES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

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

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

Turnover by products:

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

Major Customers and Sales Network

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

Manufacturing Base and Production Capacity

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

Patents, Awards and Recognition

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

- According to the statistics from the China Electronics Components Association, Optical Fiber and Electric Cable Sub-association (中國電子元件行業協會光電線纜分會), the Group ranked first in terms of sales volume of RF coaxial cable among the RF cables manufacturer in the PRC for three consecutive years from 2010 to 2012;

- The Group's trademark "俊知技術 TRIGIANT" has been named "China Famous Trademark" (中國馳名商標) by the Trademark Office of the State Administration for Industry and Commerce of the People's Republic of China;

- Jiangsu Trigiant has been recognised as an Advanced Technology Enterprise since 2009. Such status was reassessed and re-confirmed in 2012 for a period of three years. Jiangsu Trigiant is therefore entitled to apply for a preferential income tax rate of 15% from 2013 to 2015.

Prospects and Future Plans

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

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

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

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

Financial Performance Review

Turnover

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

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

Cost of goods sold

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

Gross profit and gross profit margin

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

Other income

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

Other gains

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

Selling and distribution costs

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

Administrative expenses

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

Research and development costs

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

Other expenses

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

Finance costs

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

Taxation

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

Profit for the year

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

Liquidity, financial resources and capital structure

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

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

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

As at 31 December 2012, the Group had bank balances and cash of approximately RMB480.7 million and the majority of which were denominated in RMB. As at 31 December 2012, the Group had total bank borrowings of approximately RMB967.8 million comprising bank borrowings repayable within one year of approximately RMB877.8 million and bank borrowings repayable more than two years but not more than five years of approximately RMB90.0 million. As at 31 December 2012, approximately RMB467.5 million of the total bank borrowings were fixed rate borrowings which carried interests ranging from 5.47% to 6.56% per annum and approximately RMB500.3 million were variable rate borrowings which carried interests ranging from 100% of the People's Bank of China ("PBOC") rate to 110% of PBOC rate. As at 31 December 2012, bank borrowings of approximately RMB917.5 million were denominated in RMB and approximately RMB50.3 million were denominated in United States dollars.

In 2012, the majority of the Group's transactions were denominated in RMB and, accordingly, the Group did not enter into any financial instrument for hedging foreign currency exposure. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

Gearing Ratio

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

Pledge of Assets

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

As at 31 December 2012, the Group also pledged bank deposits of approximately RMB129.8 million to certain banks to secure certain credit facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2012.

Employee Information

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

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

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

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

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

- approximately RMB16.8 million has been utilised for the expansion of the production capacity and advancement of production facilities;

- approximately RMB5.0 million has been utilised for the expansion of research and development of new products and upgrading existing product functions and related technologies;

- approximately RMB30.0 million has been utilised for the repayment of bank borrowings; and

- approximately RMB15.0 million has been utilised for general working capital.

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

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK5 cents per share for the year ended 31 December 2012 (2011: nil) to the shareholders whose names appear on the register of members of the Company on 14 June 2013. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company, the final dividend is expected to be payable on or about 28 June 2013.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the “2013 AGM”) is scheduled to be held on 27 May 2013. To ascertain shareholders’ entitlement to attend and vote at the 2013 AGM, the register of members of the Company will be closed from Thursday, 23 May 2013 to Monday, 27 May 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the 2013 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F Tesbury Centre, 28 Queen’s Road East, Hong Kong by 4:30 p.m on Wednesday, 22 May 2013.

To ascertain the entitlement to the proposed final dividend for the year ended 31 December 2012, the register of members of the Company will be closed from Tuesday, 11 June 2013 to Friday, 14 June 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed final dividend for the year ended 31 December 2012, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F Tesbury Centre 28 Queen’s Road East, Hong Kong by 4:30 p.m. on Monday, 10 June 2013.

CORPORATE GOVERNANCE

Before the Listing Date, the day on which the shares of the Company commenced dealing on the Stock Exchange, the Company was not required to comply with the requirements under the code provisions set out in Code on Corporate Governance Practices or, as the case may be, those set out in the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Nevertheless, prior to the Listing Date, the Company has adopted the Code on Corporate Governance Practices as its own code of corporate governance. On 30 March 2012, the Company adopted the CG Code as its own code of corporate governance.

Save for the deviation stated below, the Directors consider that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Code on Corporate Governance Practices or, as the case may be, the CG Code during the period from the Listing Date to 31 December 2012 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.

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

AUDIT COMMITTEE

An audit committee has been established with written terms of reference to, among other matters, review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises all independent non-executive Directors, namely Mr. Poon Yick Pang Philip, Ms. Jia Lina, Mr. Ng Wai Hung and Professor Jin Xiaofeng. Mr. Poon Yick Pang Philip is the chairman of the audit committee. The annual results of the Group for the year ended 31 December 2012 have been reviewed by the audit committee of the Company.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities since the Listing Date.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in the preliminary announcement have been agreed by the Group's auditor, Messr. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messr. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messr. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.trigiant.com.hk). The annual report for the year ended 31 December 2012 of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the same website in due course.

On behalf of the Board
Trigiant Group Limited
Qian Lirong
Chairman

Hong Kong, 26 March 2013

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Qian Lirong and Mr. Jiang Wei; and four independent non-executive directors, namely Professor Jin Xiaofeng, Mr. Poon Yick Pang Philip, Mr. Ng Wai Hung and Ms. Jia Lina.

* *For identification purpose only*