TRIGIANT
— 俊知集团 —

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 2016

HIGHLIGHTS

Annual results for the year ended 31 December 2016 compared with the annual results for the year ended 31 December 2015:

- Turnover increased by approximately RMB7.6 million, or approximately 0.3%, to approximately RMB2,921.0 million (2015: RMB2,913.4 million)
- Gross profit margin decreased by approximately 1.3 percentage points to approximately 21.0% (2015: 22.3%)
- Profit for the year attributable to owners of the Company decreased by approximately RMB82.7 million, or approximately 30.0%, to approximately RMB192.6 million (2015: RMB275.3 million)
- Net profit margin decreased by approximately 2.8 percentage points to approximately 6.6% (2015: 9.4%)
- Earnings per share decreased to RMB12.32 cents (2015: RMB19.45 cents)
- Proposed final dividend was HK1.6 cents per share (2015: HK3.5 cents per share). Together with the interim dividend of HK1.2 cents paid, total dividend for the year ended 31 December 2016 was HK2.8 cents per share (2015: HK10.5 cents per share)

* *For identification purposes only*

The board ("Board") of directors ("Directors") of Trigiant Group Limited ("Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016 together with the comparative figures for the corresponding period in 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	**2016** **RMB'000**	2015 *RMB'000*
Turnover	*4*	**2,920,995**	2,913,379
Cost of goods sold		**(2,308,791)**	(2,263,320)
Gross profit		**612,204**	650,059
Other income	*5*	**28,659**	22,440
Other losses	*6*	**(148,849)**	(91,671)
Selling and distribution costs		**(60,663)**	(61,849)
Administrative expenses		**(56,568)**	(52,837)
Research and development costs		**(51,448)**	(47,049)
Fair value change of warrants		**7,604**	13,149
Finance costs	*7*	**(59,804)**	(73,293)
Profit before taxation	*8*	**271,135**	358,949
Taxation	*9*	**(49,191)**	(57,183)
Profit and total comprehensive income for the year		**221,944**	301,766
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**192,608**	275,253
Non-controlling interests		**29,336**	26,513
		221,944	301,766
Earnings per share			
— Basic	*11*	**RMB12.32 cents**	RMB19.45 cents
— Diluted		**RMB12.32 cents**	RMB19.45 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	Notes	2016 RMB'000	2015 RMB'000
Non-current assets			
Investment properties		**6,900**	6,900
Property, plant and equipment		**293,834**	283,211
Land use rights		**73,722**	75,842
Intangible asset		**96,803**	108,904
Goodwill		**41,773**	41,773
Available-for-sale investments		**7,325**	6,375
Deferred tax assets		**30,355**	15,680
		550,712	538,685
Current assets			
Inventories		**124,928**	95,686
Trade and other receivables	*12*	**2,932,670**	3,055,860
Other financial assets	*13*	**150,000**	–
Pledged bank deposits		**476,338**	541,428
Bank balances and cash		**457,193**	233,825
		4,141,129	3,926,799
Current liabilities			
Trade and other payables	*14*	**492,120**	418,106
Bank borrowings — due within one year		**1,292,956**	1,302,315
Tax payables		**40,315**	39,444
		1,825,391	1,759,865
Net current assets		**2,315,738**	2,166,934
Total assets less current liabilities		**2,866,450**	2,705,619
Non-current liabilities			
Government grants		**4,307**	1,073
Deferred tax liabilities		**46,582**	45,864
Warrants	*15*	**–**	7,617
		50,889	54,554
Net assets		**2,815,561**	2,651,065
Capital and reserves			
Share capital		**12,651**	12,651
Reserves		**2,641,327**	2,506,167
Equity attributable to owners of the Company		**2,653,978**	2,518,818
Non-controlling interests		**161,583**	132,247
Total equity		**2,815,561**	2,651,065

Notes:

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). In the opinion of the Directors, the Company does not have an immediate and ultimate holding company.

The principal activity of the Company is to act as an investment holding company. The Group is mainly engaged in the manufacture and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series and other products for mobile communications and telecommunication equipment.

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

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

Amendments to HKFRSs that are mandatorily effective for 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 in the current year:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle

The application of the above amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Apply HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2017.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

The Directors anticipate that the application of HKFRS 15 in the future may enhance the disclosures and has no material impact on the amounts reported in the Group's consolidated financial statements.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of approximately RMB867,000. A preliminary assessment indicates that these arrangements may meet the definition of a lease under HKFRS 16 such that the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

The Directors do not anticipate that the application of the other amendments to HKFRSs will have material impact on the Group's consolidated financial performance and position.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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

Except as disclosed below, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2016 are the same as those followed in the preparation of the Group's financial statements for the year ended 31 December 2015.

Financial instruments

Financial assets

Other financial assets

The Group's policies for investments in financial assets that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the consolidated statement of financial position at cost less impairment losses. Dividend and interest income from these investments calculated using the effective interest method are recognised in profit or loss. When the investments are derecognised or impaired, the gain or loss is recognised in profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

4. 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") who review the business with the following reportable and operating segments by products:

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

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

The segment results represent the gross profits earned by each segment (segment revenue less segment cost of goods sold). Other income, other losses, selling and distribution costs, administrative expenses, research and development costs, fair value change of warrants, 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 is as follows:

For the year ended 31 December 2016

	Feeder cable series *RMB'000*	Optical fibre cable series and related products *RMB'000*	Flame-retardant flexible cable series *RMB'000*	New-type electronic components *RMB'000*	Other accessories *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Turnover							
— External sales	**1,450,555**	**851,284**	**484,824**	**109,601**	**24,731**	**–**	**2,920,995**
— Inter-segment sales	**–**	**272,673**	**218**	**–**	**–**	**(272,891)**	**–**
	1,450,555	**1,123,957**	**485,042**	**109,601**	**24,731**	**(272,891)**	**2,920,995**
Cost of goods sold	**(1,133,412)**	**(951,904)**	**(398,113)**	**(74,593)**	**(23,660)**	**272,891**	**(2,308,791)**
Segment result	**317,143**	**172,053**	**86,929**	**35,008**	**1,071**	**–**	**612,204**

For the year ended 31 December 2015

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

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

	2016 **RMB'000**	2015 *RMB'000*
Reportable segment results	**612,204**	650,059
Unallocated income and expenses		
— Other income	**28,659**	22,440
— Other losses	**(148,849)**	(91,671)
— Selling and distribution costs	**(60,663)**	(61,849)
— Administrative expenses	**(56,568)**	(52,837)
— Research and development costs	**(51,448)**	(47,049)
— Fair value change of warrants	**7,604**	13,149
— Finance costs	**(59,804)**	(73,293)
Profit before taxation	**271,135**	358,949
Taxation	**(49,191)**	(57,183)
Profit for the year	**221,944**	301,766

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

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

Information about major customers

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

	2016 **RMB'000**	2015 *RMB'000*
Customer A	**1,159,258**	1,117,981
Customer B	**942,678**	822,806
Customer C	**542,235**	608,419

5. OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
Government grants *(note)*	**10,145**	4,243
Interest income	**10,989**	16,504
Investment income from other financial assets	**5,358**	–
Rental income	**400**	400
Others	**1,767**	1,293
	28,659	22,440

Note: As at 31 December 2016, included in government grants is approximately RMB9,409,000 (2015: RMB3,903,000) incentive provided by the PRC local authorities to the Group for encouragement of business development in the Yixing region. There were no specific conditions attached to the grants, and the Group recognised the grants upon receipts. In respect of the remaining amount of approximately RMB736,000 (2015: RMB340,000), they are government subsidies received for the acquisition of property, plant and equipment.

6. OTHER LOSSES

	2016	2015
	RMB'000	*RMB'000*
Allowance for bad and doubtful debts	**(135,272)**	(62,719)
Exchange loss	**(13,328)**	(28,882)
Loss on redemption of warrant	**(249)**	–
Loss on fair value changes on investment properties	**–**	(70)
	(148,849)	(91,671)

7. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interest on bank borrowings	**59,804**	73,293

8. PROFIT BEFORE TAXATION

	2016 *RMB'000*	2015 *RMB'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**2,786**	2,761
Other staff costs:		
Salaries and other benefits	**77,600**	70,016
Retirement benefit scheme contributions	**8,155**	7,117
Share-based payment	**5,901**	9,100
Total staff costs	**94,442**	88,994
Auditor's remuneration	**1,923**	1,789
Amortisation of intangible asset	**12,101**	12,101
Cost of inventories recognised as expenses	**2,308,791**	2,263,320
Depreciation of property, plant and equipment	**30,271**	27,835
Operating lease payment in respect of warehouses and office premises	**1,398**	1,330
Operating lease rentals in respect of land use rights	**2,120**	1,873
and after crediting:		
Gain on disposal of property, plant and equipment	**64**	33
Gross rental income from investment properties (net of nil direct operating expenses)	**400**	400

9. TAXATION

	2016 *RMB'000*	2015 *RMB'000*
The charge (credit) comprises:		
PRC Enterprise Income Tax	**63,148**	75,657
Deferred taxation	**(13,957)**	(18,474)
Taxation for the year	**49,191**	57,183

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

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

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

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

10. DIVIDENDS

	2016	2015
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2016 interim — HK1.2 cents (2015: HK7 cents) per share	**16,250**	91,261
2015 final — HK3.5 cents (2014: HK7 cents) per share	**47,398**	72,051
	63,648	163,312

Subsequent to the end of the reporting period, a final dividend of HK1.6 cents per share in respect of the year ended 31 December 2016 (2015: HK3.5 cents per share) has been proposed by the Directors. Such final dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

11. EARNINGS PER SHARE

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

	2016	2015
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic and diluted earnings per share	**192,608**	275,253

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,563,500**	1,415,362

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

12. TRADE AND OTHER RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables, net	**2,896,818**	3,015,106
Bills receivables	**18,333**	12,388
	2,915,151	3,027,494
Current portion of land use rights	**2,120**	2,120
Interest receivables	**5,466**	7,738
Other receivables	**5,801**	12,132
Prepaid expenses	**597**	4,254
Staff advances	**3,535**	2,122
	2,932,670	3,055,860

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

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

	2016	2015
	RMB'000	*RMB'000*
Age		
0–90 days	**795,267**	831,608
91–180 days	**613,879**	748,358
181–365 days	**756,838**	1,239,015
Over 365 days	**749,167**	208,513
	2,915,151	3,027,494

13. OTHER FINANCIAL ASSETS

	2016	2015
	RMB'000	*RMB'000*
Available-for-sale securities — unlisted	**150,000**	–

At 31 December 2016, the Group's other financial assets represented financial products issued by a financial institution, with maturity of 6 to 12 months (2015: Nil) and non-guaranteed returns ranging from 4.8% to 6.0% per annum (2015: Nil), depending on the performance of the underlying investment of such financial products, including investments in bank savings, listed debt securities, money market bonds, bond market funds, low-risk fixed income investment in asset nature, and other fixed income in asset nature.

These financial assets are designated as available-for-sale financial assets and are measured at cost less any identified impairment losses at the end of each reporting period as these financial assets do not have a quoted market price in an active market and quoted prices in active market for similar financial assets or observable market data as significant inputs for valuation techniques are also not available.

None of the available-for-sale financial assets are past due or impaired. Subsequent to 31 December 2016, the investment period of investment products amounted to RMB40 million had ended and the Group has received related proceeds of approximately RMB41 million (including the relevant investment income) from settlement of such matured investment products.

14. TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables	**133,365**	132,704
Bills payables	**294,462**	223,922
	427,827	356,626
Accrued expenses	**8,560**	9,695
Deposits from suppliers	**12,303**	11,860
Other payables	**10,650**	10,003
Other tax payables	**9,987**	12,770
Payable for acquisition of property, plant and equipment	**2,693**	65
Payroll and welfare payables	**20,100**	17,087
	492,120	418,106

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

	2016	2015
	RMB'000	*RMB'000*
Age		
0–90 days	**294,599**	138,489
91–180 days	**51,591**	216,993
181–365 days	**81,637**	1,144
	427,827	356,626

15. WARRANTS

Pursuant to the shareholders' approval at the extraordinary general meeting of the Company held on 9 November 2016, the Company redeemed all outstanding warrants issued by the Company in April 2014 ("Warrants") in full on 5 December 2016. An aggregate sum of HK$600,000 was paid for the redemption of the Warrants.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The culmination of the 4G network construction of the mobile communications industry in the PRC started in 2016. 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") all devoted their resources on the promotions and development of the 4G network. In particular, China Mobile has built the world's largest 4G network. In mid-2016, China Unicom announced its active engagement in expanding the 4G network coverage, while China Telecom became one of the largest 4G FDD-LTE operators in the world. The market competition of the 4G network has driven and accelerated the construction of mobile communications infrastructure. According to the statistics from the Ministry of Industry and Information Technology ("MIIT") of the PRC, fixed assets investments in the mobile communications industry reached approximately RMB236 billion in 2016. The number of new mobile base stations increased by approximately 926,000, of which approximately 861,000 were 4G base stations, to approximately 5,600,000.

Alongside the mobile communication transmission network, the construction of the broadband network has also been improved. In 2016, with further implementation of the "Broadband China" initiative, new optical cable lines reached to 5.5 million kilometres nationwide, representing an increase of approximately 22.3% to a total of about 30.4 million kilometres. The number of broadband access ports also increased by approximately 19.8% to approximately 690 million.

During the year under review, commodity prices fluctuated significantly worldwide where copper price has started to rebound since October 2016. As compared with 2015, the average copper price decreased by approximately 6.8%. The main raw material of the Group's feeder cable series and flame-retardant flexible cable series is copper and the selling price of these products is linked to copper price. During 2016, as a result of the decrease in the average copper price, the average selling price of the two products had decreased, affecting the performance of their turnover and gross profit.

Result Analysis

As of 31 December 2016, benefiting from the continuous improvement in the telecommunication infrastructure construction, the overall performance of the Group's major products, including the feeder cables, optical fibre cables and flame-retardant flexible cables, was satisfactory. As the falling copper price in 2016 weighed on the selling prices of feeder cables and flame-retardant flexible cables, their turnovers declined. On the other hand, results on our optical fibre cable series and related products and new-type electronic components products still recorded a satisfying growth, and all in all, the Group's annual turnover increased slightly by 0.3% from approximately RMB2,913.4 million in 2015 to approximately RMB2,921.0 million in 2016. Gross profit decreased by approximately 5.8% from approximately RMB650.1 million in 2015 to approximately RMB612.2 million in 2016. Gross profit margin decreased by approximately 1.3 percentage points from approximately 22.3% in 2015 to approximately 21.0% in 2016. The decrease in gross profit and gross profit margin was mainly due to the Group's strategical adjustment on the selling prices of certain products to enhance competitiveness.

In addition, certain customers extended the payment period such that trade and bills receivables turnover day increased from 295 days in 2015 to 331 days in 2016. As a result, the Group recognised an allowance for bad debts of approximately RMB135.3 million to trade receivables in 2016.

As a result of the above factors, the profit attributable to owners of the Company decreased by RMB82.7 million from approximately RMB275.3 million in 2015 to approximately RMB192.6 million in 2016, and the basic earnings per share decreased by approximately RMB7.13 cents from approximately RMB19.45 cents in 2015 to approximately RMB12.32 cents in 2016.

Breakdown of Turnover by Products

Year ended 31 December	**2016** *RMB'000*	2015 *RMB'000*	Change *RMB'000*	Change Percentage
Feeder cable series	**1,450,555**	1,529,449	–78,894	–5.2%
Optical fibre cable series and related products	**851,284**	765,280	+86,004	+11.2%
Flame-retardant flexible cable series	**484,824**	493,756	–8,932	–1.8%
New-type electronic components	**109,601**	98,522	+11,079	+11.2%
Other accessories	**24,731**	26,372	–1,641	–6.2%
Total	**2,920,995**	2,913,379	+7,616	+0.3%

Feeder cable series — approximately 49.7% of the total turnover

Looking back in 2016, benefiting from the booming 4G network, the sales volume of the Group's feeder cable products recorded a steady growth. The sales of the feeder cable series increased by approximately 13,000 kilometres to approximately 164,000 kilometres on a year-on-year basis. However, a decrease in the copper price during the year under review had led to a decrease in the average selling price of the feeder cable series. Further, in order to further expand the market share and enhance product competitiveness, the Group made strategical adjustments to the selling price of the feeder cable products during the year. The turnover of feeder cable series fell by approximately 5.2% in 2016 to approximately RMB1,450.6 million as compared with 2015, and the gross profit margin fell slightly by approximately 1.5 percentage points to approximately 21.9% in 2016 as compared with 2015.

Optical fibre cable series and related products — approximately 29.1% of the total turnover

The broadband network construction in 2016 has driven the demand for optical fibre cable products in the market. Annual sales of the optical fibre cable series increased by approximately 21.6% to approximately 9,640,000 fibre kilometres even though a tight supply of optical fibre in 2016 hindered the production of optical fibre cable. Due to changes in the product mix, the turnover of optical fibre cable series increased by only approximately 11.2% in 2016 to approximately RMB851.3 million as compared with 2015. The gross profit margin fell by approximately 1.3 percentage points to about 20.2% in 2016 as compared with 2015.

Flame-retardant flexible cable series — approximately 16.6% of the total turnover

As another major product of the Group, the flame-retardant flexible cables had also benefited from the nationwide construction of a mobile communication network in 2016. However, the declined copper price during 2016 has caused a downward adjustment to the average selling price of the Group's flame-retardant flexible cables series. Nonetheless, the proportion of sales of large-size product increased in 2016 such that the turnover of flame-retardant flexible cable series only decreased slightly by approximately 1.8% in 2016 to approximately RMB485.0 million as compared with 2015.

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 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 additional projects on top of its existing market share, fully proving the strength and market leadership of the Group.

As at 31 December 2016, the Group maintained business relationships with all 31 provincial subsidiaries of China Unicom, 27 out of the 31 provincial subsidiaries of China Mobile and 26 out of the 31 provincial subsidiaries of China Telecom.

The turnover derived from China Mobile, China Unicom and China Telecom accounted for approximately 39.7%, 32.3%, and 18.6% of the Group's overall turnover, respectively. Besides having close cooperation with the three major telecommunication operators in the PRC, the Group also maintained a good business relationship with China Tower Corporation Limited* (中國鐵塔股份有限公司) and acts as a supplier to its 25 provincial subsidiaries. By closely following the latest movements of its business partners, the Group will be able to timely adjust its business strategy.

Patents, Awards and Recognition

As at 31 December 2016, the Group had obtained 80 patents and developed 88 new products in the PRC. 43 products of the Group were granted Advanced Technology Product Certificate by the Science and Technology Department of Jiangsu Province. The Group received various awards and honours which included the following:

- Jiangsu Trigiant Technology Co., Ltd. ("Trigiant Technology"), a major subsidiary of the Company, was named as Model Enterprise of Industrial Brand Development (工業品牌培育示範企業) by the MIIT; and

- Trigiant Technology ranked 14th in the 29th Session of Top 100 PRC Electronic Component Enterprises 2016 (中國電子元件百強).

Prospect and Future Plans

In October 2016, the copper price started to bounce back significantly and its strong momentum continued in early 2017. The rebound in the copper price will bring positive effects on the sales and gross profit of the Group's two major products, namely, feeder cable series and flame-retardant flexible cable series. In addition, the Group already adopted the mechanism of strategic pricing adjustments in an effort to expand its market shares. Owing to the orderly development plan of the telecommunications business sector in the PRC, the Group continues to anticipate a promising future for its major products.

The State Council of the PRC announced the "Notice on National Informatisation under the 13th Five-Year Plan" at the end of 2016, thereby stipulating definite guidelines about informatisation development in coming years. As included in these guidelines, the penetration rate of mobile broadband users will grow from 57% in 2015 to 85% in 2020. Meanwhile, the proportion of the fibre-to-the-home users over the total broadband users will increase by 24 percentage points to 80% in 2020. The emerging e-business, e-payments, and diverse social networking media in recent years require a variety of telecommunication infrastructure support. As an indispensable part of mobile telecommunication equipment, the Group's feeder cable series witnessed a robust demand. Furthermore, the optical fibre cable series as core components of the telecommunication infrastructure will also benefit from the enormous market demand.

Looking forward to 2017, the changing political and economic conditions may affect the market sentiment. However, the Group believes that it will constantly maintain its leading advantages in the market position due to various factors including quality products, well-developed after-sales services, years of production and sales experience and close partnership with the three major telecommunications operators in the PRC. In light of the outstanding performance of the optical fibre cable series, the Group will proactively seek closer collaboration with its upstream suppliers, while efficiently utilises its production capacities to boost sales.

Meanwhile, the PRC government is also actively engaged in the planning of the 5G network telecommunications, which aims to commercialise the 5G network by 2020. In addition, the three major telecommunications operators in the PRC have already devised their plans for the 5G network development. China Mobile has previously announced that a large-scale experiment on the 5G network will be conducted in 2017, and the 5G network will be put into a commercialised trial in 2018. It is expected that the 5G network with different frequencies will continue the use of independent feeder cable series for transmission purposes. The advent of the 5G network represents new market demands for feeder cable products.

Looking forward to the future, we will also look to the overseas market by expanding our business in the Middle East and the Southeast Asia under the "Belt and Road" Initiative, which will further consolidate our business foundation. By closely capitalising on opportunities arising from the rebound in the copper price, the Group will also safeguard the market position for its major products, while proactively exploring new opportunities in the telecommunications sector.

FINANCIAL PERFORMANCE REVIEW

Turnover

Total turnover of the Group increased by approximately RMB7.6 million, or approximately 0.3%, from approximately RMB2,913.4 million in 2015 to approximately RMB2,921.0 million in 2016. The increase in turnover was mainly contributed by the turnover of optical fibre cable series and related products and new-type electronic components of approximately RMB86.0 million and RMB11.1 million, respectively, which was offset by the decrease in turnover of feeder cable series and flame-retardant flexible cable series of approximately RMB78.9 million and RMB8.9 million, respectively. The increase in turnover of optical fibre cable and related products was because of the strong demand in optical fibre cable in the PRC. The decrease in turnover of feeder cable series and flame-retardant flexible cable series is largely driven by the decrease in the average copper price in 2016.

Overall sales to the three major telecommunications operators in the PRC increased by approximately RMB53.4 million from approximately RMB2,549.2 million in 2015 to approximately RMB2,602.6 million in 2016.

Cost of goods sold

Cost of goods sold increased by approximately RMB45.5 million, or approximately 2.0%, from approximately RMB2,263.3 million in 2015 to approximately RMB2,308.8 million in 2016. The cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 96.4% of the total cost of goods sold in both 2016 and 2015. The increase in cost of goods sold was in line with the increase in turnover in 2016.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB37.9 million, or approximately 5.8%, from approximately RMB650.1 million in 2015 to approximately RMB612.2 million in 2016. Such decrease was mainly attributable to strategic adjustments of the selling price of the Group's products to enhance competitiveness.

Other income

Other income increased by approximately RMB6.2 million, or approximately 27.7%, from approximately RMB22.4 million in 2015 to approximately RMB28.6 million in 2016. Such increase was primarily due to the increase in government grant of approximately RMB5.9 million and investment income from other financial assets of approximately RMB5.4 million, offset by decrease in interest income of approximately RMB5.5 million which was mainly due to decreased interest rates.

Other losses

Other losses increased by approximately RMB57.1 million, or approximately 62.4%, from approximately RMB91.7 million in 2015 to approximately RMB148.8 million in 2016. Such increase was primarily due to increase in allowance for bad and doubtful debts of approximately RMB72.6 million made to trade receivable as a result of the extension of the payment period of certain customers and offset by decrease in exchange losses of approximately RMB15.6 million recognised due to the RMB exchange fluctuations in foreign currency borrowings amongst bank borrowings.

Selling and distribution costs

Selling and distribution costs decreased by approximately RMB1.2 million, or approximately 1.9%, from approximately RMB61.9 million in 2015 to approximately RMB60.7 million in 2016. Such decrease was mainly due to the decrease in entertainment expense as a result of the continued cost curbing program and decrease in share based payment expense relating to the share options granted in June 2014.

Administrative expenses

Administrative expenses increased by approximately RMB3.8 million, or approximately 7.1%, from approximately RMB52.8 million in 2015 to approximately RMB56.6 million in 2016. Such increase was primarily due to increase in administrative staff salary.

Research and development costs

Research and development costs increased by approximately RMB4.4 million, or approximately 9.3%, from approximately RMB47.0 million in 2015 to approximately RMB51.4 million in 2016. Such increase was attributable to increase in the development of new telecommunication products to meet customers' needs.

Fair value change of Warrants

The Company issued the Warrants in April 2014 and re-measured the Warrants at fair value at each statement of financial position date with the change in fair value recorded in the profit or loss. As such, such fair value change was not related to the Group's operating results. These Warrants are recognised in the consolidated statement of financial position at their fair values using binomial model. Gain on fair value change of warrants decreased by approximately RMB5.5 million, or 42.2% from approximately RMB13.1 million in 2015 to approximately RMB7.6 million in 2016. All the Warrants were redeemed during year ended 31 December 2016.

Finance costs

Finance costs decreased by approximately RMB13.5 million, or approximately 18.4%, from approximately RMB73.3 million in 2015 to approximately RMB59.8 million in 2016. Such decrease was mainly attributable to the decrease in average bank borrowing rates in 2016.

Taxation

Taxation charge decreased by approximately RMB8.0 million, or approximately 14.0%, from approximately RMB57.2 million in 2015 to approximately RMB49.2 million in 2016. The Group's Enterprise Income Tax arises from its principal subsidiaries in the PRC, which enjoy a reduced Enterprise Income Tax rate of 15% as they are qualified as an Advanced Technology Enterprise. The decrease in taxation charge in 2016 is primarily attributable to decrease in taxable profit of Trigiant Technology.

Profit for the year

As a result of the foregoing and taking into account of the profit attributable to non-controlling interests, the profit for the year attributable to owners of the Company decreased by approximately RMB82.7 million, or approximately 30.0%, from approximately RMB275.3 million in 2015 to approximately RMB192.6 million in 2016. The net profit margin decreased by 2.8 percentage points from approximately 9.4% in 2015 to approximately 6.6% in 2016.

Liquidity, Financial Resources and Capital Structure

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

The following table summarises the cash flows for the two years ended 31 December 2016 and 2015:

	2016	2015
	RMB'000	*RMB'000*
Net cash from (used in) operating activities	**472,474**	(116,374)
Net cash used in investing activities	**(101,473)**	(221,080)
Net cash (used in) from financing activities	**(147,633)**	83,565

As at 31 December 2016, the Group had bank balances and cash and pledged bank deposits of approximately RMB933.5 million and the majority of which were denominated in RMB. As at 31 December 2016, the Group had total bank borrowings of approximately RMB1,293.0 million which were repayable within one year. As at 31 December 2016, approximately RMB356.4 million of the total bank borrowings were fixed rate borrowings and approximately RMB936.6 million were variable rate borrowings. As at 31 December 2016, bank borrowings of approximately RMB1,042 million were denominated in RMB, approximately RMB181.6 million were denominated in Hong Kong dollars and approximately RMB69.4 million were denominated in United States dollars.

In 2016, the majority of the Group's transactions were denominated in RMB except for the bank borrowings denominated in United States dollars and Hong Kong dollars and the Group did not enter into any financial instrument for hedging foreign currency exposure. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

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 19.9% as at 31 December 2015 to approximately 12.8% as at 31 December 2016. Such decrease was primarily due to the increase in bank balances and cash which was generated from operating activities and increase in total equity of approximately RMB164.5 million from approximately RMB2,651.1 million as at 31 December 2015 to approximately RMB2,815.6 million as at 31 December 2016. Such increase in total equity as at 31 December 2016 was mainly attributable to profit for the year of approximately RMB192.6 million offset by payment of the 2015 final dividend of approximately RMB47.4 million and the 2016 interim dividend of approximately RMB16.3 million.

Pledge of Assets

As at 31 December 2016, the Group pledged banks deposits of approximately RMB476.3 million (2015: RMB541.4 million) to secure certain credit facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2016.

Employee Information

As at 31 December 2016, the Group had approximately 1,000 (2015: 1,000) employees. In order to enhance the morale and productivity of employees, employees are remunerated based on their performance, experience and prevailing industry practices. Compensation policies and packages of management staff and functional heads are being reviewed on a yearly basis. In addition to basic salary, performance related salary may also be awarded to employees based on internal performance evaluation. Moreover, the Company adopted a share option scheme in May 2014 which allows the Company to grant share options to, among other persons, Directors and employees of the Group in order to retain elite personnel to stay with the Group and to provide incentives for their contribution to the Group.

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

INVESTMENT IN INVESTMENT PRODUCTS

As at 31 December 2016, the Group held an aggregate principal amount of RMB150 million of investment products ("Investment Products") issued by 陸家嘴財富管理(上海)有限公司 (LJZ Wealth Management (Shanghai) Co., Limited*), which were purchased during the year under review.

The investment scope of the Investment Products principally include investments in bank savings, listed debt securities, money market bonds, bond market funds, low-risk fixed income investment in asset nature, and other fixed income in asset nature in compliance with the regulatory requirements and provided an anticipated (but not guaranteed) annual rate of return from 4.8% to 6.0%. As at the date of this announcement, the investment period of Investment Products amounted of RMB40 million had ended and the Group has received related proceeds of approximately RMB41.0 million from settlement of such matured Investment Products.

The purchases of the Investment Products were funded by internal resources of the Group and the Group purchased the Investment Products with an intent to maximising the use of its funds with satisfactory return. The Directors believed that such purchases could increase the rate of return of its working capital and therefore improve both the investment income and the profits of the Group.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year ended 31 December 2016, the Group had no material acquisition or disposal of subsidiaries or associated companies. Save as the Investment in Investment Products disclosed above, the Group had no significant investments held during the year ended 31 December 2016.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK1.6 cents per share for the year ended 31 December 2016 (2015: HK3.5 cents) to the shareholders whose names appear on the register of members of the Company on 7 July 2017. 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 July 2017.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("2017 AGM") is scheduled to be held on 15 May 2017. To ascertain the shareholders' entitlements to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Tuesday, 9 May 2017 to Monday, 15 May 2017, 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 2017 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 8 May 2017 (Hong Kong time).

To ascertain the entitlement to the proposed final dividend for the year ended 31 December 2016, the register of members of the Company will be closed from Tuesday, 4 July 2017 to Friday, 7 July 2017, 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 2016, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 3 July 2017 (Hong Kong time).

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its code of corporate governance.

Code provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Qian Lirong, the chairman of the Board, is also an executive Director, the Company has therefore deviated from this code provision.

Save for the deviation stated above, the Board considers that, the Company has complied, to the extent applicable, with the code provisions as set out in the CG Code during the year ended 31 December 2016 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.

AUDIT COMMITTEE

An audit committee of the Board ("Audit Committee") has been established with written terms of reference to, among other matters, review and supervise the financial reporting process and internal control and risk management systems of the Group. The Audit Committee comprises all the independent non-executive Directors, namely Mr. Poon Yick Pang Philip, Professor Jin Xiaofeng, Ms. Jia Lina and Mr. Ng Wai Hung. Mr. Poon Yick Pang Philip is the chairman of the Audit Committee. The annual results of the Group for the year ended 31 December 2016 have been reviewed by the Audit Committee.

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

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2016.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in this announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by 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 HKICPA and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on this 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 2016 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 respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board
Trigiant Group Limited
Qian Lirong
Chairman

Hong Kong, 27 March 2017

As at the date of this announcement, the Board comprises the following members:

Executive Directors:	Mr. Qian Lirong *(Chairman)* Mr. Jiang Wei *(Group chief executive officer)*
Non-executive Director:	Dr. Fung Kwan Hung
Independent non-executive Directors:	Professor Jin Xiaofeng Mr. Poon Yick Pang Philip Mr. Ng Wai Hung Ms. Jia Lina
Alternate Director to Mr. Qian Lirong:	Mr. Qian Chenhui

* *For identification purpose only*