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TRIGIANT

— 俊知集團 —

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 2020**

HIGHLIGHTS

Annual results for the year ended 31 December 2020 compared with the annual results for the year ended 31 December 2019:

- Revenue decreased by approximately RMB669.0 million, or approximately 18.9%, to approximately RMB2,873.1 million (2019: RMB3,542.1 million)
- Gross profit margin decreased by approximately 1.3 percentage point to approximately 17.8% (2019: 19.1%)
- Loss for the year of approximately RMB139.4 million, as compared to profit for the year in 2019 of approximately RMB359.0 million
- Net loss margin was approximately 4.9%, as compared to net profit margin in 2019 of approximately 10.1%
- Loss per share of RMB7.78 cents as compared to earnings per share in 2019 of RMB20.04 cents
- The global outbreak of COVID-19 pandemic (“COVID-19”) has temporarily hindered the construction progress of 5G base stations of telecommunications operators in various countries in 2020, which affected the Group’s orders and temporarily disrupted the production, upstream and downstream supply chain of the Group. The pandemic has stabilised in the People’s Republic of China in the second half of 2020 and the Group’s sales has improved significantly as a result. In this regard, the Group’s turnover for the second half of 2020 was approximately RMB1,714.6 million, representing an increase of approximately 48.0% as compared to the turnover for the first half of 2020 (approximately RMB1,158.5 million), but the turnover for 2020 was still less than that for 2019
- The Board is optimistic about the development of 5G and increase products enhancement in relation to 5G network technology evolution and business development, the Board does not recommend final dividend for the year (final dividend for 2019: Nil)

The board (“Board”) of directors (“Directors”) of Trigiant Group Limited (“Company”) announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2020 (“Year”) together with the comparative figures for the corresponding period in 2019, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	<i>Notes</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	3	2,873,078	3,542,107
Cost of goods sold		(2,361,706)	(2,866,411)
Gross profit		511,372	675,696
Other income	4	21,289	25,938
Impairment losses under expected credit loss model, net of reversal	5	(189,245)	(53,019)
Impairment loss of goodwill	13	(156,527)	–
Impairment loss of intangible assets	13	(92,366)	–
Other loss	5	(5,746)	(1,873)
Selling and distribution costs		(60,750)	(60,945)
Administrative expenses		(43,906)	(42,662)
Research and development costs		(60,424)	(61,939)
Finance costs	6	(66,766)	(64,792)
(Loss) profit before taxation	7	(143,069)	416,404
Taxation credit (charge)	8	3,705	(57,435)
(Loss) profit and total comprehensive (expense) income for the year		(139,364)	358,969
(Loss) earnings per share	10		
— Basic		RMB(7.78) cents	RMB20.04 cents
— Diluted		RMB(7.78) cents	RMB20.04 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	<i>Notes</i>	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment		207,187	227,412
Right-of-use assets		67,879	70,582
Intangible assets	<i>11</i>	14,543	126,409
Goodwill	<i>12</i>	–	156,527
Equity instruments at fair value through other comprehensive income		950	950
Pledged bank deposits		57,222	–
Deferred tax assets		79,522	62,738
		427,303	644,618
Current assets			
Inventories		160,407	125,108
Trade and other receivables	<i>14</i>	3,998,677	3,977,935
Other financial assets		50,000	105,000
Pledged bank deposits		39,105	213,225
Bank balances and cash		686,988	360,119
		4,935,177	4,781,387
Current liabilities			
Trade and other payables	<i>15</i>	478,075	503,664
Bank borrowings		1,425,000	1,297,000
Lease liabilities		516	550
Taxation payable		42,492	32,276
		1,946,083	1,833,490
Net current assets		2,989,094	2,947,897
Total assets less current liabilities		3,416,397	3,592,515
Non-current liabilities			
Lease liabilities		93	603
Government grants		1,985	2,382
Deferred tax liabilities		20,356	56,203
		22,434	59,188
Net assets		3,393,963	3,533,327
Capital and reserves			
Share capital		14,638	14,638
Reserves		3,379,325	3,518,689
Total equity		3,393,963	3,533,327

NOTES:

1. GENERAL INFORMATION

Trigiant Group Limited (“Company”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The addresses of the registered office and principal place of business of the Company and information of shareholders are disclosed in the corporate information section and director’s report, respectively, to the annual report.

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

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the “Amendments to References to the Conceptual Framework in HKFRS Standard” and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statement:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the “*Amendments to References to the Conceptual Framework in HKFRS Standards*” and the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of the financial information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

3. REVENUE AND SEGMENT INFORMATION

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

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Sales-related warranties associated with sales of goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

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

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

- Feeder cable series
- Optical fibre cable series and related products
- Flame-retardant flexible cable series
- New-type electronic components
- Others (including 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 profit earned (loss charged) by each segment (segment revenue less segment cost of goods sold). Other income, impairment losses under expected credit loss ("ECL") model, net of reversal, impairment loss of goodwill, impairment loss of intangible assets, other loss, selling and distribution costs, administrative expenses, research and development costs, finance costs and taxation are not allocated to each reportable segment. This is the measure reported to the Executive Directors for the purpose of resource allocation and assessment of segment performance.

The information of segment results is as follows:

For the year ended 31 December 2020

	Feeder cable series <i>RMB'000</i>	Optical fibre cable series and related products <i>RMB'000</i>	Flame- retardant flexible cable series <i>RMB'000</i>	New-type electronic components <i>RMB'000</i>	Others <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Turnover							
— External sales	1,199,217	588,867	948,050	135,653	1,291	—	2,873,078
— Inter-segment sales*	—	24,638	—	1	—	(24,639)	—
	<u>1,199,217</u>	<u>613,505</u>	<u>948,050</u>	<u>135,654</u>	<u>1,291</u>	<u>(24,639)</u>	<u>2,873,078</u>
Cost of goods sold	(978,935)	(501,895)	(797,082)	(107,919)	(514)	24,639	(2,361,706)
	<u>(978,935)</u>	<u>(501,895)</u>	<u>(797,082)</u>	<u>(107,919)</u>	<u>(514)</u>	<u>24,639</u>	<u>(2,361,706)</u>
Segment result	<u>220,282</u>	<u>111,610</u>	<u>150,968</u>	<u>27,735</u>	<u>777</u>	<u>—</u>	<u>511,372</u>

For the year ended 31 December 2019

	Feeder cable series <i>RMB'000</i>	Optical fibre cable series and related products <i>RMB'000</i>	Flame- retardant flexible cable series <i>RMB'000</i>	New-type electronic components <i>RMB'000</i>	Others <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Turnover							
— External sales	1,517,933	1,014,392	817,774	191,888	120	—	3,542,107
— Inter-segment sales*	—	301,069	—	41,048	—	(342,117)	—
	<u>1,517,933</u>	<u>1,315,461</u>	<u>817,774</u>	<u>232,936</u>	<u>120</u>	<u>(342,117)</u>	<u>3,542,107</u>
Cost of goods sold	(1,211,273)	(1,124,682)	(682,423)	(189,979)	(171)	342,117	(2,866,411)
	<u>(1,211,273)</u>	<u>(1,124,682)</u>	<u>(682,423)</u>	<u>(189,979)</u>	<u>(171)</u>	<u>342,117</u>	<u>(2,866,411)</u>
Segment result	<u>306,660</u>	<u>190,779</u>	<u>135,351</u>	<u>42,957</u>	<u>(51)</u>	<u>—</u>	<u>675,696</u>

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

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

	2020 RMB'000	2019 <i>RMB'000</i>
Reportable segment results	511,372	675,696
Unallocated income and expenses		
— Other income	21,289	25,938
— Impairment losses under ECL model, net of reversal	(189,245)	(53,019)
— Impairment loss of goodwill	(156,527)	—
— Impairment loss of intangible assets	(92,366)	—
— Other loss	(5,746)	(1,873)
— Selling and distribution costs	(60,750)	(60,945)
— Administrative expenses	(43,906)	(42,662)
— Research and development costs	(60,424)	(61,939)
— Finance costs	(66,766)	(64,792)
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(Loss) profit before taxation	(143,069)	416,404
Taxation credit (charge)	3,705	(57,435)
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(Loss) profit for the year	(139,364)	358,969
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No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Geographical information

Substantially all of the Group's revenue 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 revenue of the Group is as follows:

	2020 RMB'000	2019 <i>RMB'000</i>
China Mobile Communications Corporation* (中國移動通信集團公司) ("China Mobile")	1,188,105	1,231,158
China United Network Communications Limited* (中國聯合網絡通信股份有限公司) ("China Unicom")	820,959	1,159,958
China Telecommunications Corporation Limited* (中國電信集團有限公司) ("China Telecom")	604,088	832,509
	<hr/>	<hr/>

The three major customers purchased goods from all segments during both years. The group of entities under common control of a reporting entity are considered to be a single customer.

* is for identification purpose only

4. OTHER INCOME

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Government grants (<i>note</i>)	6,289	3,078
Interest income	7,022	11,487
Investment income from other financial assets	7,572	8,022
Others	406	3,351
	<u>21,289</u>	<u>25,938</u>

Note: During the current year, the Group recognised government grants of RMB193,000 in respect of Covid-19-related subsidies, of which RMB86,000 relates to Employment Support Scheme provided by the Hong Kong Government. Included in government grants is also RMB5,699,000 (2019: RMB2,625,000) 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 RMB397,000 (2019: RMB453,000), they are government subsidies received for the acquisition of property, plant and equipment.

5. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL AND OTHER LOSS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Impairment losses under ECL model, net of reversal include the following:		
Impairment losses on trade receivables, net of reversal	<u>(189,245)</u>	<u>(53,019)</u>
Other loss include the following:		
Exchange loss	<u>(5,746)</u>	<u>(1,873)</u>

6. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank borrowings	66,717	64,238
Interest on lease liabilities	49	65
Interest on consideration payable in connection with the acquisition of subsidiaries	<u>–</u>	<u>489</u>
	<u>66,766</u>	<u>64,792</u>

7. (LOSS) PROFIT BEFORE TAXATION

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
(Loss) profit before taxation has been arrived at after charging:		
Directors' remuneration	1,783	2,349
Other staff costs:		
Salaries and other benefits	84,448	75,458
Retirement benefit schemes contributions (<i>note</i>)	2,253	6,578
Share-based payment	–	644
	<u>88,484</u>	<u>85,029</u>
Total staff costs	88,484	85,029
Less: capitalised in cost of inventories manufactured	<u>(39,713)</u>	<u>(39,727)</u>
	<u>48,771</u>	<u>45,302</u>
Amortisation of intangible assets (included in selling and distribution costs)	19,500	17,814
Auditor's remuneration	2,324	2,395
Cost of inventories recognised as expenses	2,350,817	2,850,523
Depreciation of right-of-use assets	2,653	2,516
Loss on disposal of property, plant and equipment	14	1
Short-term lease payment	1,040	1,120
Depreciation of property, plant and equipment	23,679	26,169
Less: capitalised in cost of inventory manufactured	<u>(16,434)</u>	<u>(17,773)</u>
	<u>7,245</u>	<u>8,396</u>

Note: The decrease in retirement benefit schemes contributions is mainly due to decrease in social insurance contribution following the local governments social insurance concessive policy due to COVID-19.

8. TAXATION CREDIT (CHARGE)

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
The credit (charge) comprises:		
Current tax:		
PRC Enterprise Income Tax	(48,926)	(69,435)
Deferred taxation credit	<u>52,631</u>	<u>12,000</u>
Taxation credit (charge) for the year	<u>3,705</u>	<u>(57,435)</u>

During the year ended 31 December 2020, deferred tax in relation to withholding tax on undistributed earnings of RMB3,245,000 (2019: RMB584,000) is recognised.

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

The following subsidiaries of the Company in the PRC, 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.) (“Trigiant Technology”), 江蘇俊知光電通信有限公司 (Jiangsu Trigiant Optic-Electric Communication Co., Ltd.) (“Trigiant Optic-Electric”) and 江蘇俊知傳感技術有限公司 (Jiangsu Trigiant Sensing Technology Co., Ltd.) (“Trigiant Sensing”), were endorsed as High and New Technology Enterprises by relevant authorities in the PRC with last renewal on 24 October 2018 and were entitled to and were charged income tax in the PRC at a reduced income tax rate of 15% till next renewal in 2021.

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 Enterprise Income Tax Law and Article 91 of its Detail Implementation Rules.

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

9. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
2019 final — nil (2018: HK2.3 cents) per share	—	36,577

The Board does not recommend final dividend for the year ended 31 December 2020 (2019: Nil).

10. (LOSS) EARNINGS PER SHARE

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
(Loss) earnings		
(Loss) profit for the year attributable to the owners of the Company for the purpose of basic and diluted (loss) earnings per share	<u>(139,364)</u>	<u>358,969</u>
	2020 '000	2019 '000
Number of shares		
Number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u>1,791,500</u>	<u>1,791,500</u>

The computation of diluted loss per share does not assume the exercise of the Company's share options for the current year because the exercise price of those share options would result in a decrease in loss per share.

The computation of diluted earnings per share does not assume the exercise of the Company's share options for the prior year because the exercise price of those share options was higher than the average market price of the Company's shares.

11. INTANGIBLE ASSETS

RMB'000

COST

At 1 January 2019, 31 December 2019 and 31 December 2020

195,005

AMORTISATION AND IMPAIRMENT

At 1 January 2019

50,782

Amortisation for the year

17,814

At 31 December 2019

68,596

Amortisation for the year

19,500

Impairment provided for the year

92,366

At 31 December 2020

180,462

CARRYING VALUES

At 31 December 2020

14,543

At 31 December 2019

126,409

The intangible assets represent customer relationship acquired by the Group as part of business combinations during the years ended 31 December 2018 and 31 December 2014, these intangible assets have finite useful life and are amortised on a straight line basis over 10 years.

12. GOODWILL

RMB'000

COST

At 1 January 2019, 31 December 2019 and 31 December 2020

156,527

IMPAIRMENT

At 1 January 2019 and 31 December 2019

–

Impairment provided for the year

156,527

At 31 December 2020

156,527

CARRYING VALUES

At 31 December 2020

–

At 31 December 2019

156,527

13. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

For the purpose of impairment testing, goodwill and intangible assets with finite useful lives arising from business combinations set out in notes 11 and 12 have been allocated to the following cash generating units (“CGUs”):

	Goodwill		Intangible assets	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
— Jiang Mei Limited (“Jiang Mei”)	—	41,773	14,543	60,500
— Rosy Elite Limited (“Rosy Elite”)	—	114,754	—	65,909
	<u>—</u>	<u>156,527</u>	<u>14,543</u>	<u>126,409</u>

The CGU of Jiang Mei is related to the segment of “Optical fiber cable series and related products” and the CGU of Rosy Elite is related to the segment of “New-type electronic components”.

14. TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	RMB'000
Trade receivables, net	3,983,152	3,929,044
Interest receivables	4,646	5,125
Other receivables (<i>Note</i>)	2,669	36,841
Tender deposits	4,169	1,770
Prepaid expenses	2,402	2,745
Staff advances	1,639	2,410
	<u>3,998,677</u>	<u>3,977,935</u>

Note: At 31 December 2019, other receivables mainly included receivables relating to resale of copper materials of RMB34,943,000 (2020: Nil).

Included in the Group’s trade receivables at 31 December 2020 are bills received by the Group of RMB34,445,000 (2019: RMB23,118,000).

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

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

	2020	2019
	RMB'000	RMB'000
Age		
0–90 days	839,438	629,779
91–180 days	648,512	781,738
181–365 days	647,955	1,495,108
Over 365 days	1,847,247	1,022,419
	<u>3,983,152</u>	<u>3,929,044</u>

15. TRADE AND OTHER PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	417,256	450,330
Accrued expenses	11,710	13,586
Deposits from suppliers	14,170	13,623
Other payables	8,474	8,465
Other tax payables	9,296	2,469
Payable for acquisition of property, plant and equipment	1,039	1,000
Payroll and welfare payables	16,130	14,191
	<u>478,075</u>	<u>503,664</u>

Included in the Group's trade payables at 31 December 2020 are bills presented by the Group to relevant creditors of RMB306,981,000 (2019: RMB351,538,000). All bills presented by the Group are aged within 365 days and not yet due at the end of the reporting period.

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Age		
0–90 days	204,509	88,760
91–180 days	91,923	347,303
181–365 days	120,813	14,211
Over 365 days	11	56
	<u>417,256</u>	<u>450,330</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

Looking back to 2020, despite the economic pressure caused by the outbreak of COVID-19 pandemic (“Pandemic”), the increasing demand for telecommuting, online learning and online entertainment led to an explosive growth in internet traffic of 50% in the PRC during the outbreak as compared to the end of 2019. Since the outbreak, the public’s demand for life, work and entertainment has gradually shifted online, and the monthly active users of mobile internet experienced explosive growth a short period of time, exceeding 1.16 billion, according to MobTech. With the coming of the period of large-scale 5G commercialisation in China, the rapid development of 5G commercialisation continues to expand the investment in 5G infrastructure construction, which is conducive to the development of the industry. As disclosed by the Ministry of Industry and Information Technology of the PRC (“MIIT”) in November 2020, China has the world’s largest 5G network, with 700,000 5G base stations, accounting for nearly 70% in the world, and 180 million terminals connected. In the same month, MIIT issued the band use permit for the use of 5G medium-and-low frequency for a term of 10 years to the three major telecommunications operators, namely, China Telecom, China Mobile and China Unicom, while allowing some of the existing 4G frequency resources to be re-cultivated for 5G application to speed up the large-scale deployment of 5G network. As a supplier of core products for the construction of 5G base stations, the Group offers feeder cable, optical fibre cable, optical and electrical hybrid cable, flame-retardant flexible cable and other products used in macro and micro base stations, indoor coverage and transmission. In the future, our product sales will benefit from the increasing procurement demand for 5G base station construction.

Due to the higher frequency and the smaller signal coverage of 5G, more micro base stations are required to boost the range. In the 5G era, more than 80% of the data services will take place indoors, and the market prospect of indoor network coverage is promising. According to Dell’Oro’s projections, the scale of global micro base station market is expected to reach US\$25 billion in 2024, and the total revenue of the global micro base station equipment providers will be 1 to 1.5 times higher than in 2019, which is much higher than the revenue growth of macro base station equipment suppliers. The Group actively lays out micro base station transmission solutions and promptly follows up the relevant tenders. The extension demand for most of the active micro base stations will greatly increase the demand for optical and electrical hybrid cable products of the Group. It is estimated that the demand for transmission cables for each micro base station will be about RMB2,000 to RMB3,000. Given the optimistic prospect of micro base station construction in the future and its strong demand for the transmission cables, the Group’s sales volume and amount of communication transmission cable products is expected to increase at the same time.

During the Year, the Group secured the successful bids for 2020 centralised procurement project of China Telecom in respect of power cables and the centralised procurement project of China Mobile and China Unicom in respect of power cables from 2020 to 2021, of which Trigiant Technology, one of the six bid winners of the above project of China Telecom, was awarded 30% and 50% of the tenders of China Telecom and China Unicom, respectively. In addition, the Group also secured the successful bids for the centralised procurement project of China Telecom in respect of outdoor optical fibre cables and distributed antenna system — major centralised procurement project for power cables of China Tower Corporation Limited* (中國鐵塔股份有限公司) (“China Tower”). These successful bids indicated a positive and promising future performance for the Group.

Results analysis

The global Pandemic has hindered the construction progress of 5G base stations of telecommunications operators in various countries in 2020, which affected the Group's orders and temporarily disrupted the production, upstream and downstream supply chain of the Group. The Pandemic has stabilised in the PRC in the second half of 2020 and the Group's sales has improved significantly as a result. In this regard, the Group's turnover for the second half of 2020 was approximately RMB1,714.6 million, representing an increase of approximately 48.0% as compared to the turnover for the first half of 2020 (approximately RMB1,158.5 million), but the turnover for the Year was still less than that for 2019.

Overall, the turnover decreased by approximately RMB669.0 million to RMB2,873.1 million. The turnover of optical fibre cable series and feeder cable series decreased by approximately RMB425.5 million and RMB318.7 million respectively, and such turnover decrease was partially offset by an increase in turnover of flame-retardant flexible cable series of approximately RMB130.3 million. Due to change in sales mix and a decrease in revenue but the Group had a certain portion of the fixed cost in production, the Group's overall gross profit decreased by approximately 24.3% from approximately RMB675.7 million in 2019 to RMB511.4 million in 2020. The overall gross profit margin was approximately 17.8% in 2020, representing a slight decrease of approximately 1.3 percentage point as compared with 2019. The Pandemic has adversely affected the global economic growth forecast, and the Group updated the forecast data to reflect the relevant impact when conducting asset valuation. The Group recorded impairment losses of goodwill and intangible assets of approximately RMB156.5 million (2019: Nil) and RMB92.4 million (2019: Nil) respectively in 2020, and in addition, the Group's impairment losses on trade receivables increased by approximately 256.9% from approximately RMB53.0 million in 2019 to approximately RMB189.2 million in 2020. As such, the Group recorded a loss for the year of approximately RMB139.4 million as compared to a profit for the year of approximately RMB359.0 million for 2019. The Group recorded loss per share of RMB7.78 cents as compared to earnings per share in 2019 of RMB20.04 cents. The Group's operating profit after taxation and before impairment losses for the Year was approximately RMB298.8 million, representing a decrease of 27.5% as compared to the operating profit after taxation and before impairment losses for 2019 of approximately RMB412.0 million.

Breakdown of turnover by products

Year ended 31 December	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	Change <i>RMB'000</i>	Change <i>Percentage</i>
Feeder cable series	1,199,217	1,517,933	(318,716)	-21.0%
Optical fibre cable series and related products	588,867	1,014,392	(425,525)	-41.9%
Flame-retardant flexible cable series	948,050	817,774	130,276	+15.9%
New-type electronic components	135,653	191,888	(56,235)	-29.3%
Others	1,291	120	1,171	+975.8%
Total	<u>2,873,078</u>	<u>3,542,107</u>	<u>(669,029)</u>	-18.9%

Feeder cable series — approximately 41.7% of the total turnover

Due to the impact of the Pandemic on the development progress of mobile communication infrastructure, the sales volume of the Group's feeder cable series products decreased by approximately 27,200 kilometres to approximately 134,800 kilometres in 2020 as compared to that in last year. Therefore, the turnover of feeder cable series decreased by approximately 21.0% to approximately RMB1,199.2 million in 2020 as compared to that in last year. During the Year, the average price of copper, being the main raw materials for the Group's feeder cable series, plummeted in the first half of the year and rebound strongly in the second half of the year, and as a whole, increased by approximately 2.1%. As the Group adopted the cost-plus pricing model for the pricing of its feeder cable series products, the average selling price of the products remained relatively stable overall as a whole. Meanwhile, the gross profit margin decreased by approximately 1.8 percentage point to approximately 18.4% as a result of a decrease in revenue but the Group had a certain portion of the fixed cost in production..

Optical fibre cable series — approximately 20.5% of the total turnover

Due to the impact of the Pandemic on the development progress of mobile communication infrastructure, the turnover of optical fibre cable series products decreased by approximately 41.9% to approximately RMB588.9 million in 2020 as compared to that in last year. Sales volume decreased by approximately 1,506,000 fibre kilometres to approximately 9,328,000 fibre kilometres in 2020 as compared to that in last year. The gross profit margin increased by approximately 0.2 percentage point to approximately 19.0% mainly as a result of change in sales mix.

Flame-retardant flexible cable series — approximately 33.0% of the total turnover

Flame-retardant flexible cable series is another major product of the Group which is mainly used as an internal connection cable for power systems or mobile cable transmission and distribution systems. Despite the impact of the Pandemic, the power usage in 5G base stations has been significantly higher than the existing 4G base stations which increased the demand of customers, the turnover of flame-retardant flexible cable series increased by approximately 15.9% to approximately RMB948.0 million as compared to that in last year. The gross profit margin slightly decreased by 0.7 percentage point to approximately 15.9% as compared to that in last year as the Group actively adjusted its price mix to generate greater profits.

Major customer and sales network

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

As at 31 December 2020, the Group maintained business relationships with all 31 provincial subsidiaries of China Unicom, 29 out of the 31 provincial subsidiaries of China Mobile, 29 out of the 31 provincial subsidiaries of China Telecom and 25 out of the 31 provincial subsidiaries of China Tower.

The turnover derived from China Mobile, China Unicom, and China Telecom accounted for approximately 41.4%, 28.6%, and 21.0% of the Group's turnover during the Year, respectively. Besides having close cooperation with the three major telecommunications operators in the PRC, the Group also maintained a good business relationship with other customers. By closely following the latest movements of its business partners, the Group will timely adjust its business strategy.

Marketing strategy

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

Since the inception of the Group, more than 90% of its annual sales have been made to the three major telecommunications operators in the PRC and (the subsequently established) China Tower. From the 3G and 4G eras to the official kick-off of the era of 5G commercialisation in China in 2019, the Group, as a supplier of base station and communication network construction products including feeder cable, optical and electrical hybrid cables and flame-retardant flexible cables, has been benefiting from China's rapid development of the telecommunications industry in network construction and is one of the key beneficiary enterprises in the industry. In view of the Group's low financing costs with its years of credibility and its understanding that China's telecommunications operators require substantial capital for network construction in the course of their rapid network construction, to promote the efficiency and effectiveness of telecommunications infrastructure construction as well as to provide strong support to the high-quality development of China's telecommunications industry, as part of its marketing strategies, the Group has granted additional credit cycle to the key customers of the Group, being China's three major telecommunications operators and China Tower, in line with the high growth of their network construction, so as to gain market share and maintain a long-term sound cooperative relationship with them. Since the establishment of the Company and up to date, as part of its marketing strategies, the Group generally grants its customers a credit period ranging from 180 days to 360 days, leading to the Group's relatively longer period of turnover days of accounts receivables. In recent years, the turnover days for trade and bills receivables is about one year on average. Meanwhile, the proportion of trade receivables in the total assets of the Group is relatively higher as a result of the said marketing strategy for supporting the network investment of China's three major telecommunications operators and China Tower. With an emphasis on scientific research and development in the telecommunications industry, the Group makes significant annual investment in research and development, and focuses on the sales of telecommunications equipment to improve the competitiveness of the Group. In terms of overseas sales, the Group strives to win the trust of customers with quality, and is highly cautious in handling accounts receivable from overseas customers. It is expected that the Group will maintain the relevant policies in the 5G era, while expanding sales channels of the Group and seeking growth opportunities for business development.

Patents, awards and recognition

As at 31 December 2020, the Group had obtained 155 patents and developed 206 new products in the PRC.

- The Group was awarded the 2019 5G Technology Leadership Award (2019年度5G技術領先獎) at the “2019 Information and Communication Technology (“ICT”) Leaderboard & Excellence Solutions Election (2019年度ICT行業龍虎榜暨優秀解決方案評選)” event held by Communication World Omnimedia (通信世界全媒體).
- In June 2020, according to special planning, Communications Weekly ranked 20 enterprises as shortlisted for the “2020 5G New Infrastructure Pioneer List (2020年5G新基建先鋒榜)” among the major equipment vendors, network construction service providers, optic fibre cable manufacturers and other companies that are registered or whose subsidiaries are registered in the PRC after a comprehensive assessment in terms of technology research and development and innovation capabilities, market leadership and industry development potential. The Group is one of 20 enterprises on the list.

Prospects and future plans

Driven by the new infrastructure policy in 2020, the three major telecommunications operators in the PRC have invested RMB180 billion in 5G network construction. Over the six years from the issuance of 4G licenses in 2013, the three major telecommunications operators have invested approximately RMB830 billion in the construction of 4G networks. As the number of base stations required for 5G networks is more than that of 4G and the construction cost for each base station is higher, it is expected that the three major telecommunications operators will continue to make large investment in the next 4 to 5 years to achieve full coverage of 5G networks nationwide. According to the China Academy of Information and Communications Technology, it is expected that the investment in 5G network construction in the PRC will accumulate to RMB1.2 trillion by 2025. The Forward-Looking Industry Research Institution (前瞻產業研究院) predicts that the number of 5G macro base stations in the PRC in the next decade will be approximately 5 million to 6 million in total, representing approximately 1 to 1.2 times that of 4G base stations. According to the news press conference of the State Council Information Office held on 26 January 2021, China aims to build 600,000 5G base stations in 2021. Due to the high-power and high-frequency characteristics of 5G, a large number of micro base stations and macro base stations are required for continuous coverage and indoor shallow coverage. In view of the vast market space for 5G base stations, the Group, as a leader of communication transmission system segment, will play an important role in the supply chain of base station equipment. Under the 5G wave, the Group will seize 5G infrastructure opportunities and achieve outstanding performance.

Investment in the research and development of 5G related products under national policy promoting 5G infrastructure

In 2020, a crucial year for the development of 5G, “the acceleration of the pace of 5G commercialisation” has been repeatedly stated at the meeting of the Political Bureau of the Central Committee of the Communist Party of China and Executive Meetings of the State Council and in the relevant documents, reflecting the importance the government attaches to 5G infrastructure. The Group continues to develop new products and new applications. Due to characteristics of large bandwidth, high speed and low latency, the millimeter-wave spectrum is the next evolution direction for important 5G technology. As the millimeter-wave application is one of the research and development priorities, the Group has established a millimeter-wave technical team, and acquired a full set of millimeter-wave product testing and assembly equipment, to initially possess the design, research and development and production capacities of millimeter-wave products. In line with the continuous expansion of the technical team, the Group will be able to produce front-end components and sub-systems (whether active or passive), including antennas, filters, splitters, which are applied in the millimeter-wave bands. At the same time, the Group will continue to liaise with the research institutes and universities to secure its position as a millimeter-wave forerunner. In addition, the Group continues with its technology upgrading to research and develop new product lines for 5G communications, including “super flexible and low-consumption feeder cables for 5G mobile communication base stations”, “optical and electrical hybrid cables for 5G wireless communications micro base stations”, and “bow-type hybrid cables for indoor 5G signal coverage”. The Group will strive to promote the development of the communications industry. In addition to the in-depth research and development of millimeter-wave products, the Group will carry out the 6G development plan, research and develop related products applicable to 6G application scenarios, to further enhance its competitive advantage, and establish its solid position in the industry.

Orderly development of the Internet of Things (“IoT”) business

According to the 2020 Mobile Economy Report published by GSMA, the total IoT connections worldwide is expected to reach 24.6 billion by 2025, with a compound annual growth rate of 21.4% from 2019 to 2025, among which, China will account for 30% of the global IoT connections. The PRC’s IoT connections is expected to reach 8.01 billion by 2025, most of which will come from the industrial market. The deployment of 5G networks will provide a strong driving force for the economic improvement of the IoT industry, and the sectors of smart industry, intelligent transportation, intelligent health and smart energy are likely to become the fastest growing areas of industrial Internet of Things connections. The National Innovation Alliance of IoT and AI for Forestry Application (林業和草原物聯網與人工智慧應用科技創新聯盟), which is jointly established by the Group, the Research Institute of Forest Resources Information Technique (中國林業科學研究院資源資訊研究所) and China Telecom Wuxi Branch (中國電信無錫分公司), will seek to promote the development of basic theories and innovative applications in the forestry and grassland IoT and AI technology industries, laying a solid foundation for the Group’s diversified development.

Expansion to reach new customers

In addition to continuing to strengthen the cooperation with the three major telecommunications operators and China Broadcasting Network Corporation Ltd (“China Broadcasting”), the Group is also proactively expanding to reach new customers in other areas such as radio and television, rail transit, security, microwave communications and private network communications in China. In October 2020, China Broadcasting was admitted as the fourth telecommunications operator. As a new operator with 700MHz high-quality spectrum resources, China Broadcasting will further promote the construction of 5G networks. The Group will actively participate in the tenders of China Broadcasting, to further expand its sales network. By capitalising on the advanced technology research and development capabilities, outstanding service quality and advantages of its products, the Group is well-positioned to expand to the new customer base and maintain cooperative relationship with its major customers and increase the proportion of supply in the cooperation.

Overseas development plan

Due to the complete or partial lockdown in many countries around the world as a result of the ongoing Pandemic abroad, some of the specialised communications trade exhibitions that the Group had originally planned to attend in various regions, such as India, Spain, Russia, Singapore, Dubai, and Mexico, have been postponed to 2021. On top of maintaining existing customers, the Group will focus on the customer expansion and development in the Southeast Asia, the Middle East, and the Americas to expand its business footprint with the expansion of new markets in Qatar, India, Singapore and Malaysia. Despite the global impact of the Pandemic in 2020, the construction of 5G industry still recorded a growth against the economy downtrend. By capitalising on its own product and technology advantages, the Group will continue to explore overseas development opportunities, further expand its diversified sales channels, and seek growth opportunities. These initiatives aim to generate more profits in appreciation for the continued recognition and support of all shareholders.

FINANCIAL PERFORMANCE REVIEW

Turnover

Total turnover of the Group decreased by approximately RMB669.0 million, or approximately 18.9%, from approximately RMB3,542.0 million in 2019 to approximately RMB2,873.1 million in 2020. The decrease in turnover was mainly contributed by the decrease in the turnover of optical fibre cable series and related products and feeder cable series products of approximately RMB425.5 million and RMB318.7 million respectively, and such decrease was partially offset by the increase in turnover of flame-retardant flexible cable series of approximately RMB130.3 million, further particulars of which are set out in the section headed “Management discussion and analysis — Breakdown of turnover by products” above.

Overall sales to the three major telecommunications operators in the PRC decreased by approximately RMB610.5 million from approximately RMB3,223.6 million in 2019 to approximately RMB2,613.2 million in 2020.

Cost of goods sold

Cost of goods sold decreased by approximately RMB504.7 million, or approximately 17.6%, from approximately RMB2,866.4 million in 2019 to approximately RMB2,361.7 million in 2020. The cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 98.6% and 97.7% of the total cost of goods sold in 2019 and 2020 respectively. The decrease in cost of goods sold was in line with the decrease in turnover in 2020.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB164.3 million, or approximately 24.3%, from approximately RMB675.7 million in 2019 to approximately RMB511.4 million in 2020. The overall gross profit margin was approximately 17.8% in 2020, representing a slight decrease of approximately 1.3 percentage point as compared with 2019. The decrease in overall gross profit margin is due to change in sales mix and as a result of a decrease in revenue but the Group had a certain portion of fixed cost in production.

Other income

Other income decreased by approximately RMB4.6 million, or approximately 17.9%, from approximately RMB25.9 million in 2019 to approximately RMB21.3 million in 2020. Such decrease was primarily due to the decrease in interest income from decrease in average bank balance.

Impairment losses

Impairment losses under expected credit loss model, net of reversal, on trade receivables, increased by approximately RMB136.2 million, or approximately 256.9% from approximately RMB53.0 million for 2019 to approximately RMB189.2 million in 2020, mainly due to increase in aging of trade receivables.

The Pandemic has adversely affected the global economic growth forecast, and the Group updated the forecast data to reflect the relevant impact when conducting asset valuation. The Group recorded impairment losses of goodwill and intangible assets of approximately RMB156.5 million (2019: Nil) and RMB92.4 million (2019: Nil) respectively in 2020.

Other loss

The Group recorded other loss of approximately RMB5.7 million in 2020 as compared to other loss of approximately RMB1.9 million in 2019, mainly attributable to an exchange loss of approximately RMB1.9 million recorded in 2019 as compared to an exchange loss of approximately RMB5.7 million recorded in 2020.

Selling and distribution costs

Selling and distribution costs decreased by approximately RMB0.2 million, or approximately 0.3%, from approximately RMB60.9 million in 2019 to approximately RMB60.8 million in 2020. Such decrease was mainly benefited by the decrease in travelling expense. During the year, the amortisation of intangible asset amounting RMB19,500,000 was included in selling and distribution costs (2019: RMB17,814,000).

Administrative expenses

Administrative expenses increased by approximately RMB1.2 million, or approximately 2.9%, from approximately RMB42.7 million in 2019 to approximately RMB43.9 million in 2020. Such increase was primarily due to increase in staff cost and legal and professional expenses.

Research and development costs

Research and development costs decreased by approximately RMB1.5 million, or approximately 2.4%, from approximately RMB61.9 million in 2019 to approximately RMB60.4 million in 2020. Such decrease was attributable to the Pandemic which had hindered the research and development progress in the first quarter of 2020.

Finance costs

Finance costs increased by approximately RMB2.0 million, or approximately 3.0%, from approximately RMB64.8 million in 2019 to approximately RMB66.8 million in 2020. Such increase was primarily due to increase in average bank borrowings balances in 2020.

Taxation

The Group recorded a taxation credit of approximately RMB3.7 million for the Year, as compared to taxation charge of RMB57.4 million for 2019. The deferred tax impact on allowance for impairment loss on trade receivable and impairment loss of intangible assets was larger than the PRC Enterprise Income Tax for the Year, therefore the Group recorded a deferred tax credit for the Year. 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 High and New Technology Enterprises.

(Loss) profit for the year

As a combined result of the foregoing, the Group recorded a loss for the year of approximately RMB139.4 million for the Year, as compared to a profit for the year of approximately RMB359.0 million for 2019, and a corresponding net loss margin for the Year of approximately 4.9%, as compared to net profit margin for 2019 of approximately 10.1%.

Liquidity, financial resources and capital structure

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

The following table summarises the cash flows for the two years ended 31 December 2020:

	2020 RMB'000	2019 RMB'000
Net cash generated from operating activities	82,514	297,947
Net cash generated from investing activities	183,542	96,704
Net cash generated from (used in) financing activities	60,813	(525,665)

As at 31 December 2020, the Group had bank balances and cash and pledged bank deposits of approximately RMB783.3 million and the majority of which were denominated in RMB. As at 31 December 2020, the Group had total bank borrowings of approximately RMB1,425.0 million which were repayable within one year. As at 31 December 2020, approximately RMB440 million of the total bank borrowings were variable rate borrowings and approximately RMB985.0 million were fixed rate borrowings. As at 31 December 2020, bank borrowings of approximately RMB1,425.0 million were denominated in RMB.

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

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 20.5% as at 31 December 2019 to approximately 18.9% as at 31 December 2020. Such decrease was primarily due to the increase in bank balances and cash and pledged bank deposits as at 31 December 2020.

Pledge of assets

As at 31 December 2020, the Group pledged bank deposits of approximately RMB96.3 million (2019: RMB213.2 million) to secure certain credit facilities granted to the Group, those credit facilities include letter of credit and bills factoring.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2020.

Employee information

As at 31 December 2020, the Group had a total of 997 full time employees (2019: 919). 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.

INVESTMENT IN INVESTMENT PRODUCTS

As at 31 December 2020, the Group held unlisted investment products in an aggregate principal amount of RMB50.0 million (“Investment Products”) issued by one bank in the PRC with the anticipated (but not guaranteed) annual rates of return was 3.71% (2019: 3.7% to 4.5%). The investment scope of the Investment Products principally include investments in bank deposits, listed and private debt equities, money market bonds, bond market funds trust plans, asset-backed securities, and other fixed income in asset nature. The Investment Products represented approximately 0.9% of the total assets of the Group as at 31 December 2020.

The purchases of the Investment Products were funded by internal resources of the Group with an intent to maximising the use of its funds with satisfactory return. The Directors believed that such investments can 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 DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year ended 31 December 2020, the Group had no material acquisition or disposal of subsidiaries or associated companies. Save as disclosed in the section headed “Investment in Investment Products” above, the Group had no significant investments held during the year ended 31 December 2020.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (“AGM”) is scheduled to be held on 31 May 2021. To ascertain the shareholders’ entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 25 May 2021 to Monday, 31 May 2021, 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 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Monday, 24 May 2021 (Hong Kong time).

CORPORATE GOVERNANCE

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

Save for the deviation from code provision A.2.1 of the Corporate Governance Code as described below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Corporate Governance Code during the year ended 31 December 2020 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.

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

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. Chan Fan Shing, Professor Jin Xiaofeng and Mr. Chen Gang. Mr. Chan Fan Shing is the chairman of the Audit Committee. The annual results of the Group for the year ended 31 December 2020 have been reviewed by the Audit Committee.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2020.

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 2020.

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 2020 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 2020 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, 24 March 2021

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

<i>Executive Directors:</i>	Mr. Qian Lirong (<i>Chairman and Group chief executive officer</i>) Mr. Qian Chenhui
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<i>Non-executive Director:</i>	Mr. Xia Bin
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<i>Independent non-executive Directors:</i>	Professor Jin Xiaofeng Mr. Chan Fan Shing Mr. Chen Gang
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<i>Alternate Director to Mr. Qian Lirong:</i>	Ms. Qian Liqian
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