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 2021

HIGHLIGHTS

Annual results for the year ended 31 December 2021 compared with the annual results for the year ended 31 December 2020:

- Revenue decreased by approximately RMB10.6 million, or approximately 0.4%, to approximately RMB2,862.5 million (2020: RMB2,873.1 million)
- Gross profit margin decreased by approximately 3.0 percentage points to approximately 14.8% (2020: 17.8%)
- Profit for the year of approximately RMB207.5 million, as compared to loss for the year in 2020 of approximately RMB139.4 million
- Net profit margin was approximately 7.2%, as compared to net loss margin in 2020 of approximately 4.9%
- Earnings per share of RMB11.58 cents as compared to loss per share in 2020 of RMB7.78 cents
- The Board has resolved not to recommend final dividend for the year (final dividend for 2020: Nil)

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 2021 ("Year") together with the comparative figures for the corresponding period in 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	3	**2,862,456**	2,873,078
Cost of goods sold		**(2,438,537)**	(2,361,706)
Gross profit		**423,919**	511,372
Other income	4	**19,534**	21,289
Reversal of impairment losses/(impairment losses) under expected credit loss model, net	5	**24,212**	(189,245)
Impairment loss of goodwill		**–**	(156,527)
Impairment loss of intangible assets		**–**	(92,366)
Other loss	5	**(572)**	(5,746)
Selling and distribution costs		**(71,993)**	(60,750)
Administrative expenses		**(41,690)**	(43,906)
Research and development costs		**(58,147)**	(60,424)
Finance costs	6	**(65,366)**	(66,766)
Profit (loss) before taxation	7	**229,897**	(143,069)
Taxation (charge) credit	8	**(22,430)**	3,705
Profit (loss) for the year		**207,467**	(139,364)
Other comprehensive expense:			
Items that will not be reclassified subsequently (equity instruments):			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		**(475)**	–
Total comprehensive income (expense) for the year		**206,992**	(139,364)
Earnings (loss) per share	10		
— Basic		**RMB11.58 cents**	RMB(7.78) cents
— Diluted		**N/A**	RMB(7.78) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	**2021** **RMB'000**	2020 *RMB'000*
Non-current assets			
Property, plant and equipment		**189,312**	207,187
Right-of-use assets		**66,848**	67,879
Intangible assets		**–**	14,543
Equity instruments at fair value through other comprehensive income		**475**	950
Pledged bank deposits		**105,935**	57,222
Deferred tax assets		**99,168**	79,522
		461,738	427,303
Current assets			
Inventories		**242,352**	160,407
Trade and other receivables	*11*	**4,341,830**	3,998,677
Other financial assets		**–**	50,000
Pledged bank deposits		**104,449**	39,105
Bank balances and cash		**459,272**	686,988
		5,147,903	4,935,177
Current liabilities			
Trade and other payables	*12*	**676,471**	478,075
Bank borrowings		**1,265,000**	1,425,000
Lease liabilities		**609**	516
Taxation payable		**41,830**	42,492
		1,983,910	1,946,083
Net current assets		**3,163,993**	2,989,094
Total assets less current liabilities		**3,625,731**	3,416,397
Non-current liabilities			
Lease liabilities		**994**	93
Government grants		**1,588**	1,985
Deferred tax liabilities		**22,194**	20,356
		24,776	22,434
Net assets		**3,600,955**	3,393,963
Capital and reserves			
Share capital		**14,638**	14,638
Reserves		**3,586,317**	3,379,325
Total equity		**3,600,955**	3,393,963

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, 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 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 2021 for the preparation of the consolidated financial statement:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the decision of the IFRS interpretations committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realised value of inventories.

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

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 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, if any.

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.

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, (reversal of impairment loss) impairment losses under expected credit loss ("ECL") model, net, 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 2021

	Feeder cable series	**Optical fibre cable series and related products**	**Flame-retardant flexible cable series**	**New-type electronic components**	**Others**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover							
— External sales	**968,171**	**539,245**	**1,210,159**	**142,342**	**2,539**	**–**	**2,862,456**
— Inter-segment sales*	**–**	**173,154**	**–**	**21,906**	**–**	**(195,060)**	**–**
	968,171	**712,399**	**1,210,159**	**164,248**	**2,539**	**(195,060)**	**2,862,456**
Cost of goods sold	**(811,134)**	**(627,341)**	**(1,043,588)**	**(149,582)**	**(1,952)**	**195,060**	**(2,438,537)**
Segment result	**157,037**	**85,058**	**166,571**	**14,666**	**587**	**–**	**423,919**

For the year ended 31 December 2020

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

* 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 profit (loss) after taxation of the Group as follows:

	2021 *RMB'000*	2020 *RMB'000*
Reportable segment results	**423,919**	511,372
Unallocated income and expenses		
— Other income	**19,534**	21,289
— Reversal of impairment losses/(impairment losses) under ECL model, net	**24,212**	(189,245)
— Impairment loss of goodwill	**–**	(156,527)
— Impairment loss of intangible assets	**–**	(92,366)
— Other loss	**(572)**	(5,746)
— Selling and distribution costs	**(71,993)**	(60,750)
— Administrative expenses	**(41,690)**	(43,906)
— Research and development costs	**(58,147)**	(60,424)
— Finance costs	**(65,366)**	(66,766)
Profit (loss) before taxation	**229,897**	(143,069)
Taxation (charge) credit	**(22,430)**	3,705
Profit (loss) for the year	**207,467**	(139,364)

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:

	2021 *RMB'000*	2020 *RMB'000*
China Mobile Communications Corporation* (中國移動通信集團公司) ("China Mobile")	**1,306,360**	1,188,105
China United Network Communications Limited* (中國聯合網絡通信股份有限公司) ("China Unicom")	**905,104**	820,959
China Telecommunications Corporation Limited* (中國電信集團有限公司) ("China Telecom")	**458,356**	604,088

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

	2021	2020
	RMB'000	*RMB'000*
Government grants *(note)*	**5,543**	6,289
Interest income	**9,932**	7,022
Investment income from other financial assets	**1,138**	7,572
Others	**2,921**	406
	19,534	21,289

Note: Included in government grants is also RMB5,146,000 (2020: RMB5,699,000) 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 (2020: RMB397,000), they are government subsidies received for the acquisition of property, plant and equipment.

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

	2021	2020
	RMB'000	*RMB'000*
Reversal of impairment losses/(impairment losses) under ECL model, net include the following:		
Reversal of impairment losses/(impairment losses) on trade receivables, net	**24,212**	(189,245)
Other loss include the following:		
Exchange loss	**(572)**	(5,746)

6. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest on bank borrowings	**65,340**	66,717
Interest on lease liabilities	**26**	49
	65,366	66,766

7. PROFIT (LOSS) BEFORE TAXATION

	2021	2020
	RMB'000	*RMB'000*
Profit (Loss) before taxation has been arrived at after charging:		
Directors' remuneration	**2,009**	1,783
Other staff costs:		
Salaries and other benefits	**90,731**	84,448
Retirement benefit schemes contributions *(note)*	**6,566**	2,253
Total staff costs	**99,306**	88,484
Less: capitalised in cost of inventories manufactured	**(46,990)**	(39,713)
	52,316	48,771
Amortisation of intangible assets (included in selling and distribution costs)	**14,543**	19,500
Auditor's remuneration	**2,139**	2,324
Cost of inventories recognised as expenses	**2,429,354**	2,350,817
Impairment loss on inventory (included in selling and distribution costs)	**3,615**	–
Depreciation of right-of-use assets	**2,514**	2,653
Loss on disposal of property, plant and equipment	**8**	14
Short-term lease payment	**1,603**	1,040
Depreciation of property, plant and equipment	**21,888**	23,679
Less: capitalised in cost of inventory manufactured	**(14,915)**	(16,434)
	6,973	7,245

Note: The increase in retirement benefit schemes contributions in 2021 is mainly due to one-off decrease in social insurance contribution following the local governments social insurance concessive policy due to COVID-19 in 2020.

8. TAXATION (CHARGE) CREDIT

	2021	2020
	RMB'000	*RMB'000*
The (charge) credit comprises:		
Current tax:		
PRC Enterprise Income Tax	**(40,238)**	(48,926)
Deferred taxation credit	**17,808**	52,631
Taxation (charge) credit for the year	**(22,430)**	3,705

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Of the following subsidiaries of the Company in the PRC, 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.) ("Trigiant Technology") was endorsed as a High and New Technology Enterprise by relevant authorities in the PRC was entitled to and was charged income tax in the PRC at a reduced income tax rate of 15% till next renewal in October 2024 (2020: from 2018 to 2021), and the endorsements as High and New Technology Enterprises expired in October 2021 for 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 (JiangsuTrigiant Sensing Technology Co., Ltd.) ("Trigiant Sensing"). The two subsidiaries paid and were charged income tax in the PRC at a rate of 15% in 2020 and at a rate of 25% 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 EIT 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

The Board has resolved not to recommend final dividend for the year ended 31 December 2021 (2020: Nil).

10. EARNINGS (LOSS) PER SHARE

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

	2021	2020
	RMB'000	*RMB'000*
Earnings (loss)		
Profit (loss) for the year attributable to the owners of the Company for the purpose of basic and diluted earnings (loss) per share	**207,467**	(139,364)

	2021	2020
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**1,791,500**	1,791,500

No diluted earnings per share was presented as there were no potential ordinary shares in issue for the current year.

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. TRADE AND OTHER RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables, net	**4,317,714**	3,983,152
Interest receivables	**5,707**	4,646
Other receivables	**2,261**	2,669
Tender deposits	**5,026**	4,169
Prepaid expenses	**8,872**	2,402
Staff advances	**2,250**	1,639
	4,341,830	3,998,677

Included in the Group's trade receivables at 31 December 2021 are bills received by the Group of RMB17,257,000 (2020: RMB34,445,000).

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:

	2021	2020
	RMB'000	*RMB'000*
Age		
0–90 days	**817,739**	839,438
91–180 days	**647,366**	648,512
181–365 days	**1,000,806**	647,955
Over 365 days	**1,851,803**	1,847,247
	4,317,714	3,983,152

12. TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**620,668**	417,256
Accrued expenses	**13,593**	11,710
Deposits from suppliers	**12,659**	14,170
Other payables	**8,816**	8,474
Other tax payables	**1,991**	9,296
Payable for acquisition of property, plant and equipment	**509**	1,039
Payroll and welfare payables	**18,235**	16,130
	676,471	478,075

Included in the Group's trade payables at 31 December 2021 are bills presented by the Group to relevant creditors of RMB502,898,000 (2020: RMB306,981,000). 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:

	2021	2020
	RMB'000	*RMB'000*
Age		
0–90 days	**251,921**	204,509
91–180 days	**148,719**	91,923
181–365 days	**220,028**	120,813
Over 365 days	**–**	11
	620,668	417,256

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

Looking back to 2021, large scale of vaccination against the COVID-19 has been achieved over the world and governments of various nations have actively taken control and prevention measures. Economic activities have basically recovered to pre-pandemic levels in China due to its normalised comprehensive anti-pandemic control and prevention. As the year of 2021 represents a beginning of the "14th Five-Year Plan”, the 5G industry in China has become prosperous driven by the favorable factors from peripheral economy recovery. According to the Ministry of Industry and Information Technology of the PRC (“MIIT”), the number of newly-added 5G base stations in 2021 reached over 650,000, with 1,425,000 operating in total representing over 70% of that over the world, and the very number of 5G end users in China reached 450 million. China strived to promote new infrastructure projects based on 5G technology in order to form an independent 5G network implementation which is the largest in scale and the most advanced in technology across the world. It also encouraged companies to carry out digital transformation and upgrade so as to facilitate a wide application of 5G technology. According to the Information and Communication Industry Development Plan in “14th Five-Year Plan” by MIIT, it is committed to achieving 26 5G base stations per 10,000 people by 2025, and to increasing the penetration rate of 5G users from 15% in 2020 to 56% in 2025. With the vertical development of 5G construction, major telecommunications operators in China, including three major telecommunications operators which contribute 90% of sales of the Group and China Tower Corporation Limited* (中國鐵塔股份有限公司) (“China Tower”), have successively published tender projects related to 5G network infrastructure in 2021. Over the past year, benefitting from the rapid growth of telecommunications industry related to network construction in China and favourable national policies, related product sales of the Group were driven by the popularity of procurement of 5G base stations construction. In addition, as Metaverse appeared on global sight in 2021, the relevant concept required more capable and competent communications systems and network speed. As for 5G network, it takes the edge of high speed and outdoor coverage, thereby facilitating the development of Metaverse. With the emergence of Metaverse, the market will require more 5G base stations. The communications industry in which the Group is participating is also driven by it.

As 5G outdoor system coverage became more complete, operators were focusing on more refined sub-scene coverage and construction. By building 5G small base stations, they could complement the network coverage capability of 5G technology indoors, thus satisfying the demand for indoor scenes for 5G services and improving the coverage of 5G networks. Dell'Oro Group, a market research firm, forecasted that the global market for small base stations will reach US$25 billion in the next five years. Recognising the huge market demand for small base stations, the Group has been actively deploying optical and electrical hybrid cables and indoor distribution systems for small base stations. At present, the Group has launched projects of optical and electrical hybrid cable components and delivered them to main equipment suppliers. The production line of components is also ready for future business development.

Millimeter-wave can further enrich the application scenario of 5G, and with the great popularity of 5G technology, the development prospect of millimeter-wave industry is bright. According to the GSMA, 5G millimeter-wave will bring over RMB630 billion in economic benefits to China by 2034. In addition to increasing the deployment of millimeter-wave, the Group has also been actively developing other new products, including broadband millimeter-wave up and down conversion module series for 5G communications, insulated dielectric filled circular waveguide transmission lines for millimeter-wave, and leaky circular waveguide components for MIMO technology for rail traffic. We maintained a stable market share by continuously improving our research and development base.

The Group participated in a number of successful tender projects in 2021, including the centralised procurement project of China Telecom's feeder cables and accessories products (2021), the centralised procurement project of China Mobile's feeder cables from 2021 to 2023, the centralised procurement project of China Tower's power cables (copper cables) products in 2021 and the centralised procurement project of China Mobile's feeder accessories products from 2022 to 2023: (a) feeder jumper section and (b) feeder arrester section. The above procurement projects will contribute to the large-scale deployment of new 5G infrastructure and create sustainable development value for the Group.

Results analysis

The Group has benefited from the national pandemic control policy, the easing of the COVID-19 pandemic, and the resumption of production in China. Compared with the previous year, the Group had no provision for impairment losses of goodwill and intangible assets for the Year. At the same time, the impairment loss on trade receivables under expected credit loss model for the Year decreased mainly due to the reduction of the relevant risk factor due to the easing of the pandemic in China. Due to these factors, the Group recorded a turnaround from loss into profit for the Year.

Overall, the turnover slightly decreased by approximately RMB10.6 million to RMB2,862.5 million. The turnover of feeder cable series products and optical fibre cable series and related products decreased by approximately RMB231.0 million and RMB49.6 million respectively, and such turnover decrease was partially offset by an increase in turnover of flame-retardant flexible cable series products of approximately RMB262.1 million. Mainly due to change in sales mix and rapid increase in copper price during the Year, the Group's overall gross profit decreased by approximately 17.1% from approximately RMB511.4 million in 2020 to RMB423.9 million in 2021. The overall gross profit margin was approximately 14.8% in 2021, representing a decrease of approximately 3.0 percentage points as compared with 2020.

During the Year, the average price of copper, being the main raw materials for the flame-retardant flexible cable series and feeder cable series, surged by approximately 40.6%. However, as the Group adopted the cost plus pricing model for the pricing of its main products, it can still operate steadily even under the sharp fluctuation of commodity prices.

No provision is required for impairment of goodwill and intangible assets for the Group in 2021, as compared with the provision for goodwill and intangible assets of approximately RMB156.5 million and RMB92.4 million made in 2020. In addition, the Group's impairment losses on trade receivables significantly decreased from approximately RMB189.2 million in 2020 to a record of reversal of impairment losses of approximately RMB24.2 million in 2021. As such, the Group recorded a profit for the year of approximately RMB207.5 million as compared to a loss for the year of approximately RMB139.4 million for 2020. The Group recorded earnings per share of RMB11.58 cents as compared to loss per share in 2020 of RMB7.78 cents.

Breakdown of turnover by products

Year ended 31 December	**2021**	2020	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*Percentage*
Flame-retardant flexible cable series	**1,210,159**	948,050	262,109	+27.6%
Feeder cable series	**968,171**	1,199,217	(231,046)	-19.3%
Optical fibre cable series and related products	**539,245**	588,867	(49,622)	-8.4%
New-type electronic components	**142,342**	135,653	6,689	+4.9%
Others	**2,539**	1,291	1,248	+96.7%
Total	**2,862,456**	2,873,078	(10,622)	-0.4%

Flame-retardant flexible cable series — approximately 42.3% of the total turnover

Flame-retardant flexible cable series, a major product of the Group, are mainly used as an internal connection cable for power systems or mobile cable transmission and distribution systems. Due to the impact of the weakened COVID-19 pandemic that improved the development progress of mobile communication infrastructure, the turnover of flame-retardant flexible cable series increased by approximately 27.6% year on year to approximately RMB1,210.2 million for the Year. As a result of the significant and rapid increase in copper price during the Year, the gross profit margin decreased by approximately 2.1 percentage points to approximately 13.8% as compared to that of last year.

Feeder cable series — approximately 33.8% of the total turnover

As China Mobile's 5G 700MHz and other passive antenna base station master equipment bidding was not released until July 2021, the progress of feeder cables sales was affected, the turnover of feeder cable series decreased by approximately 19.3% year on year to approximately RMB968.2 million for the Year. The sales volume of the Group's feeder cable series products decreased by approximately 38,000 kilometres to approximately 96,800 kilometres year on year. As a result of the significant and rapid increase in copper price during the Year, the gross profit margin decreased by approximately 2.2 percentage points to approximately 16.2% as compared to that of last year.

Optical fibre cable series and related products — approximately 18.8% of the total turnover

Due to the combined effects of the weakened COVID-19 pandemic that improved the development progress of mobile communication infrastructure and the reduction in optical fibre price, the turnover of optical fibre cable series products decreased by approximately 8.4% year on year to approximately RMB539.2 million. Sales volume increased by approximately 2,239,000 fibre kilometres year on year to approximately 11,567,000 fibre kilometres. The gross profit margin decreased by approximately 3.2 percentage points to approximately 15.8% as a result of the pressured market price.

Major customers and sales network

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

As at 31 December 2021, 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 45.6%, 31.6%, and 16.0% 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, 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 above one year. Meanwhile, the proportion of trade receivables in the total assets of the Group is relatively high as a result of the said marketing strategy for supporting the network investment of China's three major telecommunications operators and China Tower. With an emphasis on scientific research and development in the telecommunications industry, the Group makes significant annual 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 2021, the Group had obtained 182 patents and developed 228 new products in the PRC.

- according to the statistics from the Optical Fiber and Electric Cable Sub-association of the China Electronic Components Association (中國電子元件行業協會光電線纜分會), Trigiant Technology ranked first in terms of sales volume of feeder cable among the feeder cable manufacturers in the PRC for several consecutive years since 2010;

- Trigiant Technology was awarded the National Enterprise Technology Center and the Jiangsu Outstanding Contribution Manufacturer Award;

- Trigiant Optic-Electric was awarded as Jiangsu Enterprise Technology Center; and

- Trigiant Technology and Trigiant Optic-Electric have been rated AAA (Integrated Credit) by China's Lianhe Credit Information Service Co., Ltd, Jiangsu Branch in 2020.

Prospects and future plans

In 2021, led by the national policies, the major telecommunications operators have been actively deploying 5G infrastructure projects, while "double gigabit" communication network construction, represented by 5G and GPON (Gigabit Ethernet passive optical network), is being continuously completed, greatly accelerating the application of 5G network. According to the China Academy of Information and Communications Technology, the three major telecommunications operators were expected to invest RMB184.7 billion on 5G capital expenditure in 2021, 5.1% higher than that of 2020, which is expected to maintain a rapid growth of 5G infrastructure in the coming years. In addition, the Metaverse concept has given new momentum to the growth of the telecommunications industry, with operators, equipment providers, optical modules and other sub-segments benefiting from the huge social and technological changes brought about by the Metaverse. Looking ahead, the Group remains optimistic about its business development and is seeking Metaverse-related investment opportunities to capture the huge opportunities in the 5G infrastructure market.

Continued development of 5G diversified business and active investment in the research and development of millimeter-wave related products

As we enter the era of 5G commercialisation, enterprises are pursuing 5G networks which have higher speed, more stability and higher coverage to meet the needs of business activities in different scenarios. As one of the core technologies of 5G, millimeter-wave has high bandwidth, high transmission characteristics and low latency, which is conducive to supporting the deployment in dense areas for effective and precise positioning, making it very suitable for commercial applications. In view of this, millimeter-wave will be a major development focus for the Group in the coming year, which is expected to significantly optimise the overall product gross profit structure. In terms of business promotion, the Group will continue to increase the budget for millimeter-wave sales planning, including actively improving the online and offline sales platforms to provide the most convenient and the fastest service experience for customers. In terms of marketing and promotion, we plan to place advertisements in Microwave Magazine, the most authoritative technical journal in the radio frequency and microwave industry, to enhance product awareness in the market. In the future, the Group will actively seek new development sales agents and participate in more product exhibitions to gradually start active sales mode. In terms of product development, the Group will strengthen the research and development of related products in the "millimeter-wave 5G product package", such as 24-50 GHz amplifiers, in order to enhance the diversity of the Group's product portfolio. To enhance the development capability of our team, the Group will continue to strengthen the training of our millimeter-wave team and recruit experienced engineers with high independent development and marketing capabilities to push our products to higher millimeter-wave bands.

Orderly development of the Internet of Things ("IoT") business

5G technology is able to meet the needs of high reliability and high speed networks for IoT, and is well positioned to serve as the connectivity standard for IoT. According to a leading market research firm, International Data Information, China's IoT market will exceed US$300 billion by 2025, accounting for 26.1% of the global market. With the growing scale of the IoT market, the market demand for 5G technology is increasing, and it is expected to bring huge opportunities for the communications industry. Currently, 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 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 maintaining close relationships with existing partners such as the three major telecommunications operators, China Tower and China Broadcasting Network Corp Ltd, the Group is actively developing new customer base, including cooperation with well-known academic institutes and enterprises. We are also working closely with well-known overseas companies to promote the application and practice of 5G business and drive the construction of 5G forward.

* *For identification purpose only*

Actively expand overseas market

Although a number of 5G infrastructure construction in the world was delayed by the impact of COVID-19 pandemic in 2021, the Group believes that as 5G serves as a common development trend for the world and the demand of nations for communication network facilities continues to grow, it is expected that the demand for relevant infrastructure will continue to increase. Despite the restrictions imposed for overseas exhibitions and customer visiting in the short term due to the pandemic, the Group will continue to actively expand overseas market through online meeting, e.g. online meeting for overseas customers in South America, Southeast Asia and other regions, as well as video conferencing with existing customers. In addition, the professional communications exhibitions in 2020, which the Group originally planned to attend, in India and Singapore has been postponed to 2022 and will be held if circumstances permit. Major overseas sales regions such as Asia and other markets are gradually recovering, and the demand is expected to increase significantly compared to the past. Looking forward, the Group will focus on promoting and developing cable procurement tenders for telecommunications operators in Korea, Thailand and Malaysia on the basis of maintaining our existing customers. Based on the existing sales of traditional products such as feeder cables and optical cables, we are committed to promoting the optical and electrical hybrid cables and millimeter-wave series products through online customer meetings and existing customer relationship networks to actively improve the global industrial layout.

FINANCIAL PERFORMANCE REVIEW

Turnover

Total turnover of the Group decreased slightly by approximately RMB10.6 million, or approximately 0.4%, from approximately RMB2,873.1 million in 2020 to approximately RMB2,862.5 million in 2021. The decrease in turnover was mainly contributed by the decrease in the turnover of feeder cable series products and optical fibre cable series and related products of approximately RMB231.0 million and RMB49.6 million respectively, and such decrease was partially offset by the increase in turnover of flame-retardant flexible cable series products of approximately RMB262.1 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 increased by approximately RMB56.6 million from approximately RMB2,613.2 million in 2020 to approximately RMB2,669.8 million in 2021.

Cost of goods sold

Cost of goods sold increased by approximately RMB76.8 million, or approximately 3.3%, from approximately RMB2,361.7 million in 2020 to approximately RMB2,438.5 million in 2021. The cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 97.7% and 90.4% of the total cost of goods sold in 2020 and 2021 respectively.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB87.5 million, or approximately 17.1%, from approximately RMB511.4 million in 2020 to approximately RMB423.9 million in 2021. The overall gross profit margin was approximately 14.8% in 2021, representing a decrease of approximately 3.0 percentage points as compared with 2020. The decrease in overall gross profit margin is mainly due to change in sales mix and as a result of a rapid increase in copper price during the Year.

Other income

Other income decreased by approximately RMB1.8 million, or approximately 8.2%, from approximately RMB21.3 million in 2020 to approximately RMB19.5 million in 2021. Such decrease was primarily due to the decrease in investment income from other financial assets in 2021.

Impairment losses

Impairment losses under expected credit loss model, net of reversal or provision, on trade receivables, significantly decreased from approximately RMB189.2 million for 2020 to a record of reversal of impairment losses of approximately RMB24.2 million in 2021, mainly due to the easing of the COVID-19 pandemic in China resulting in the reduction of the risk factor in calculating the provision rate of trade receivables and the recovery of trade receivables from a PRC private company of RMB27.0 million.

No impairment losses of goodwill and intangible assets were incurred for the Group in 2021, impairment losses of goodwill and intangible assets of approximately RMB156.5 million and RMB92.4 million were incurred respectively in 2020.

Other loss

The Group recorded other loss of approximately RMB0.6 million in 2021 as compared to other loss of approximately RMB5.7 million in 2020, mainly attributable to an exchange loss of approximately RMB5.7 million recorded in 2020 as compared to an exchange loss of approximately RMB0.6 million recorded in 2021.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB11.2 million, or approximately 18.5%, from approximately RMB60.8 million in 2020 to approximately RMB72.0 million in 2021. Such increase was mainly contributed by the increase in transportation, impairment loss of inventories, entertainment expense and staff cost. During the Year, the amortisation of intangible asset amounting RMB14,500,000 was included in selling and distribution costs (2020: RMB19,500,000). Such decrease has partially off-set the increase in selling and distribution costs.

Administrative expenses

Administrative expenses decreased by approximately RMB2.2 million, or approximately 5.0%, from approximately RMB43.9 million in 2020 to approximately RMB41.7 million in 2021. Such decrease was primarily due to the decrease in bank charges and legal and professional expenses.

Research and development costs

Research and development costs decreased by approximately RMB2.3 million, or approximately 3.8%, from approximately RMB60.4 million in 2020 to approximately RMB58.1 million in 2021. Such decrease was due to the decrease in total expense of researching items as compared to last year.

Finance costs

Finance costs decreased by approximately RMB1.4 million, or approximately 2.1%, from approximately RMB66.8 million in 2020 to approximately RMB65.4 million in 2021. Such decrease was primarily due to decrease in average bank borrowings balances in 2021.

Taxation

The Group recorded a taxation expenses of approximately RMB22.4 million for the Year, as compared to taxation credit of RMB3.7 million for 2020. 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 2020, therefore the Group recorded a deferred tax credit for 2020. The Group's Enterprise Income Tax arises from Trigiant Technology, which continuously enjoyed a reduced Enterprise Income Tax rate of 15% as it is qualified as an High and New Technology Enterprise. There was a change in the tax rate of Trigiant Optic-Electric and Trigiant Sensing, two subsidiaries of the Company, which paid and were charged income tax in the PRC at a rate of 15% in 2020 and at a rate of 25% in 2021.

Profit (loss) for the year

As a combined result of the foregoing, the Group recorded a profit for the year of approximately RMB207.5 million for the Year, as compared to a loss for the year of approximately RMB139.4 million for 2020, and a corresponding net profit margin for the Year of approximately 7.2%, as compared to net loss margin for 2020 of approximately 4.9%.

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 2021:

	2021 ***RMB'000***	2020 *RMB'000*
Net cash generated from operating activities	**47,769**	82,514
Net cash (used in) generated from investing activities	**(58,599)**	183,542
Net cash (used in) generated from financing activities	**(216,886)**	60,813

As at 31 December 2021, the Group had bank balances and cash and pledged bank deposits of approximately RMB669.7 million and the majority of which were denominated in RMB. As at 31 December 2021, the Group had total bank borrowings of approximately RMB1,265.0 million which were repayable within one year. As at 31 December 2021, approximately RMB490.0 million of the total bank borrowings were variable rate borrowings and approximately RMB775.0 million were fixed rate borrowings. As at 31 December 2021, bank borrowings of approximately RMB1,265.0 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 18.9% as at 31 December 2020 to approximately 16.5% as at 31 December 2021. Such decrease was primarily due to the decrease in bank borrowings as at 31 December 2021.

Pledge of assets

As at 31 December 2021, the Group pledged bank deposits of approximately RMB210.4 million (2020: RMB96.3 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 2021.

Employee information

As at 31 December 2021, the Group had a total of 963 full time employees (2020: 997). 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 2021, the Group did not hold any 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 3.7%. 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 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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year ended 31 December 2021, 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 2021.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("AGM") is scheduled to be held on 23 May 2022. To ascertain the shareholders' entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 17 May 2022 to Monday, 23 May 2022, 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, 16 May 2022 (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 the then prevailing 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 (which has re-numbered as code provision C.2.1 under the new Corporate Governance Code that came into effect on 1 January 2022) 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 2021 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 (which has re-numbered as code provision C.2.1 under the new Corporate Governance Code that came into effect on 1 January 2022), 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 2021 have been reviewed by the Audit Committee.

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

During the year ended 31 December 2021, 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 2021.

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 2021.

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 2021 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 2021 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, 28 March 2022

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

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