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TRIGIANT GROUP LIMITED
俊 知 集 團 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1300)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

HIGHLIGHTS

Interim results for the six months ended 30 June 2024 compared with 2023H1:

- Turnover decreased by approximately RMB91.5 million, or approximately 7.3%, to approximately RMB1,159.0 million;
- Gross profit margin decreased by approximately 0.3 percentage point, to approximately 12.3%;
- Profit for the period increased by approximately RMB6.4 million, or approximately 18.5%, to approximately RMB40.9 million (2023H1: RMB34.5 million);
- Net profit margin increased from approximately 2.8% to approximately 3.5%;
- Earnings per share increased from RMB1.93 cents to RMB2.28 cents; and
- The Board does not recommend the declaration of payment of interim dividend for the six months ended 30 June 2024 (2023H1: Nil).

* *For identification purposes only*

The board ("Board") of directors ("Directors") of Trigiant Group Limited ("Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2024 ("2024H1" or "Period") together with the comparative figures for the six months ended 30 June 2023 ("2023H1") and the relevant explanatory notes as set out below.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
		2024	2023
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**1,159,039**	1,250,560
Cost of goods sold		**(1,016,820)**	(1,093,166)
Gross profit		**142,219**	157,394
Other income	*4*	**16,482**	8,440
Impairment losses under expected credit loss model, net of reversal	*5*	**(7,493)**	(23,793)
Other gains and losses	*5*	**496**	850
Selling and distribution costs		**(25,825)**	(25,745)
Administrative expenses		**(21,109)**	(22,417)
Research and development costs		**(28,977)**	(23,713)
Finance costs		**(25,055)**	(27,520)
Profit before taxation	*6*	**50,738**	43,496
Taxation charge	*7*	**(9,862)**	(9,007)
Profit and total comprehensive income for the period		**40,876**	34,489
Earnings per share	*9*		
— basic		**RMB2.28 cents**	RMB1.93 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	NOTES	**At 30 June 2024** *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**147,259**	154,741
Right-of-use assets		**60,301**	61,596
Equity instruments at fair value through other comprehensive income		**227**	227
Pledged bank deposits		**2,286**	2,533
Deposits paid for acquisition of property, plant and equipment		**21,840**	21,840
Deferred tax assets		**140,522**	139,188
		372,435	380,125
Current assets			
Inventories		**223,237**	175,334
Trade and other receivables	*10*	**4,122,714**	4,118,465
Pledged bank deposits		**147,050**	178,212
Bank balances and cash		**589,318**	549,358
		5,082,319	5,021,369
Current liabilities			
Trade and other payables	*11*	**177,264**	113,760
Borrowings		**1,642,083**	1,694,361
Lease liabilities		**373**	555
Taxation payable		**48,762**	48,872
		1,868,482	1,857,548
Net current assets		**3,213,837**	3,163,821
Total assets less current liabilities		**3,586,272**	3,543,946
Non-current liabilities			
Lease liabilities		**–**	61
Government grants		**596**	794
Deferred tax liabilities		**23,002**	21,293
		23,598	22,148
Net assets		**3,562,674**	3,521,798
Capital and reserves			
Share capital		**14,638**	14,638
Reserves		**3,548,036**	3,507,160
Total equity		**3,562,674**	3,521,798

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRS issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

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

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

Impacts of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The Group has applied amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements* which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2024.

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

The application of the amendments is expected to affect the disclosures of the Group's liabilities, cash flows and the Group's exposure to liquidity risk related to the supplier finance arrangements entered into by the Group in the annual consolidated financial statements for the year ending 31 December 2024.

3. TURNOVER AND SEGMENT INFORMATION

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

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

All sales are provided for periods for one year or less. As permitted under HKFRS 15 "Revenue from Contracts with Customers", 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 segments by products:

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

The above segments have been identified on the basis of internal management reports 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 by each segment (segment revenue less segment cost of goods sold). Other income, impairment losses under expected credit loss ("ECL") model, net of reversal, other gains and losses, 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 following is an analysis of the Group's turnover and results by reportable segments:

For the six months ended 30 June 2024

	Feeder cable series *RMB'000*	Flame-retardant flexible cable series *RMB'000*	Optical fibre cable series and related products *RMB'000*	New-type electronic components *RMB'000*	Others *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Turnover							
— External sales	**542,802**	**462,293**	**84,713**	**55,312**	**13,919**	**–**	**1,159,039**
— Inter-segment sales*	**–**	**–**	**24,815**	**9,279**	**–**	**(34,094)**	**–**
	542,802	**462,293**	**109,528**	**64,591**	**13,919**	**(34,094)**	**1,159,039**
Cost of goods sold	**(475,039)**	**(416,432)**	**(97,106)**	**(54,781)**	**(7,556)**	**34,094**	**(1,016,820)**
SEGMENT RESULT	**67,763**	**45,861**	**12,422**	**9,810**	**6,363**	**–**	**142,219**
Unallocated income and expenses:							
Other income							**16,482**
Impairment losses under ECL model, net of reversal							**(7,493)**
Other gains							**496**
Selling and distribution costs							**(25,825)**
Administrative expenses							**(21,109)**
Research and development costs							**(28,977)**
Finance costs							**(25,055)**
Profit before taxation							**50,738**
Taxation							**(9,862)**
Profit for the period							**40,876**

For the six months ended 30 June 2023

	Feeder cable series *RMB'000*	Flame-retardant flexible cable series *RMB'000*	Optical fibre cable series and related products *RMB'000*	New-type electronic components *RMB'000*	Others *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Turnover							
— External sales	640,106	470,743	83,654	54,043	2,014	–	1,250,560
— Inter-segment sales*	–	–	28,086	7,119	–	(35,205)	–
	640,106	470,743	111,740	61,162	2,014	(35,205)	1,250,560
Cost of goods sold	(555,135)	(419,724)	(100,488)	(51,432)	(1,592)	35,205	(1,093,166)
SEGMENT RESULT	84,971	51,019	11,252	9,730	422	–	157,394
Unallocated income and expenses:							
Other income							8,440
Impairment losses under ECL model, net of reversal							(23,793)
Other gains							850
Selling and distribution costs							(25,745)
Administrative expenses							(22,417)
Research and development costs							(23,713)
Finance costs							(27,520)
Profit before taxation							43,496
Taxation							(9,007)
Profit for the period							34,489

* 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.

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

Geographical information

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

4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Government grants	**1,639**	1,515
Interest income	**4,972**	6,198
Value added tax credit concessions	**9,356**	–
Others	**515**	727
	16,482	8,440

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Impairment losses under ECL model, net of reversal includes the following:		
Impairment losses on trade receivables	**(7,493)**	(23,793)
Other gains and losses includes the following:		
Exchange gains	**496**	850

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging (crediting):		
Cost of inventories recognised as expenses	**1,013,872**	1,088,420
Gain on disposal of property, plant and equipment	**(85)**	(1)
Depreciation of right-of-use assets	**1,298**	1,298
Provision on inventories	**808**	1,908
Short-term lease payments	**349**	552
Depreciation of property, plant and equipment	**8,848**	10,222
Less: capitalised in cost of inventories manufactured	**(5,386)**	(8,366)
	3,462	1,856

7. TAXATION CHARGE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
The taxation charge comprises:		
PRC Enterprise Income Tax	**9,487**	11,791
Deferred taxation debit/(credit)	**375**	(2,784)
Taxation charge for the period	**9,862**	9,007

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Of the following subsidiaries of the Company in the PRC, 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.) ("Trigiant Technology"), 江蘇俊知光電通信有限公司 (Jiangsu Trigiant Optic-Electric Communication Co., Ltd.) ("Trigiant Optic-Electric") and 江蘇俊知傳感技術有限公司 (Jiangsu Trigiant Sensing Technology Co., Ltd.) ("Trigiant Sensing") were endorsed as High and New Technology Enterprises by relevant authority in the PRC and were charged income tax in the PRC at a reduced income tax rate of 15% till next renewal in October 2024 to December 2025.

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. Deferred tax liability on the undistributed earnings of the PRC subsidiaries earned during the period has been accrued at the tax rate of 10% (2023: 10%) on the expected dividend stream of the undistributed earnings of the PRC subsidiaries for each year which is determined by the directors of the Company.

8. DIVIDENDS

The Board does not recommend the declaration of payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

During the current interim period, the Company did not declare any final dividend in respect of the year ended 31 December 2023 (six months ended 30 June 2023: no final dividend in respect of the year ended 31 December 2022).

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Earnings:		
Profit for the period attributable to the owners of the Company for the purpose of basic earnings per share	**40,876**	34,489
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	**1,791,500,000**	1,791,500,000

No diluted earnings per share was presented as there were no potential ordinary shares in issue for both periods.

10. TRADE AND OTHER RECEIVABLES

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

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Trade receivables from contracts with customers	**5,060,336**	5,046,178
Less: allowance for credit losses	**(955,864)**	(948,371)
	4,104,472	4,097,807
Trade receivables, net, aged		
0–90 days	**616,119**	535,179
91–180 days	**407,997**	499,636
181–365 days	**725,601**	887,858
Over 365 days	**2,354,755**	2,175,134
	4,104,472	4,097,807
Interest receivables	**8,572**	9,412
Other receivables	**1,955**	2,057
Tender deposits	**5,232**	5,852
Prepaid expenses	**924**	1,241
Staff advances	**1,559**	2,096
	4,122,714	4,118,465

Included in the Group's trade receivables at 30 June 2024 are bills receivables of RMB12,678,000 (31 December 2023: RMB1,152,000).

The Group normally allows a credit period ranging from 180 to 360 days to its customers. An impairment loss under ECL model, net of reversal of RMB7,493,000 for the six months ended 30 June 2024 (2023H1: RMB23,793,000) has been recognised.

11. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables and an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Trade payables, aged		
0–90 days	**130,722**	61,768
91–180 days	**2,723**	35
181–365 days	**49**	106
	133,494	61,909
Accrued expenses	**11,319**	13,119
Deposits from suppliers	**14,033**	13,044
Other payables	**7,641**	8,665
Other tax payables	**–**	208
Payable for acquisition of property, plant and equipment	**268**	212
Payroll and welfare payables	**10,509**	16,603
	177,264	113,760

Included in the Group's trade payables at 30 June 2024 are bills payables presented by the Group to revelant creditors of RMB5,876,000 (31 December 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2024, after four years of turmoil caused by epidemics, geopolitical conflicts, inflation and monetary deflation, global economic growth has stabilised, but to achieve a comprehensive economic recovery remained challenging as compounded by high interest rates, geopolitical tensions, and economic and trade conflicts, which inhibit global economic growth. China's Gross Domestic Product (GDP) grew by 5.0% year-on-year in the first half of the year. Specifically, the growth rate in the second quarter dropped by 0.6 percentage point compared with that of the first quarter due to the impact of short-term factors, such as extreme weather, but still achieved a positive growth for eight consecutive quarters. The economy was stable in general and saw moderate recovery. The Chinese government introduced various measures on large-scale equipment replacement, consumer goods trade-in and ultra-long special treasury bonds, aiming to stimulate investment and consumption.

The year 2024 marks the fifth anniversary of the commercialisation of 5G in China. The construction of new infrastructure such as 5G, Gigabit Passive Optical Network (GPON) and Internet of Things (IoT) is progressing in an orderly manner. By building a fibre-optic network, prefectural cities have realised the network speed ambition of "gigabit network every city". Chinese 5G subscribers account for more than 70% of subscribers globally and the supply of network resources continues to be enriched. China has been increasing its investment in 5G infrastructure in the recent years. As at the end of June 2024, the total number of 5G base stations reached 3,917,000, representing a net increase of 540,000 compared to the end of 2023, accounting for 33% of the total number of mobile base stations, indicating a continuous progress of 5G network construction. With the rapid increase of 5G subscribers, the total number of mobile phone subscribers of the three major telecommunications operators and China Broadcasting Network Corporation Ltd. reached 1,777 million, representing a net increase of 24.01 million subscribers as compared to the end of 2023, of which 927 million 5G mobile phone subscribers accounted for 52.4% of the total number of mobile phone subscribers. 5G applications have been integrated into 74 major categories of the national economy, with in-depth implementation in sectors like industry, power, mining, healthcare, education and other fields. In addition, the number of "5G + Industrial Internet" projects has exceeded 13,000 and the cumulative number of cases of 5G industry application cases has exceeded 94,000, which have effectively empowered new industrialisation. Furthermore, with the accelerated construction of smart cities, 5G technology is further applied in areas such as intelligent transportation, smart communities and public safety, improving the efficiency of urban management and the residents' quality of life. The popularisation of 5G technology has catalysed enormous new application scenarios and business models. Benefiting from the 5G wave, the Group will continue to supply 5G products in bulk to customers.

The Chinese government continues to promote the evolutionary upgrading of 5G network to 5G lightweight and 5G-Advanced (5G-A). Compared with 5G, 5G-A not only increases the bandwidth, but also has active adaptation, lightweight, intelligence and other characteristics, which will further improve the network traffic, realising ultra-low delay of one-thousandth of a second and supporting simultaneous connections to more devices. 5G-A will expand the 5G ecosystem in multiple dimensions to enhance the performance of the 5G network. At present, major operators are accelerating the planning of 5G-A development. The Ministry of Industry and Information Technology ("MIIT") has also indicated that it will systematically plan for the research of 5G lightweight, 5G-A technology, standard formulation and product development to accelerate commercial applications. The Group will closely monitor the development trend of 5G-A and actively follow up with customers' needs.

5G-A brings new business opportunities for operators, such as low-altitude economy, autonomous driving, and industrial meta-universe, etc. Among these, the meta-universe is highly compatible with operators' own products, technologies, and services, which promotes the synergistic development of the upstream and downstream of the communications industry. The Group will continue to monitor the development of the relevant industries and seek for suitable investment opportunities. In addition, the Group maintains its efforts on promoting the Forestry and Grassland Internet of Things and Artificial Intelligence Application Sci-tech Innovation Alliance and identifying suitable opportunities to implement IoT business-related initiatives.

Driven by Artificial Intelligence (AI), autonomous driving, Virtual Reality (VR), Augmented Reality (AR) and other technologies, 5G mmWave technology is gaining prominence in the field of communications. With its high transmission speed, low latency, and wide connectivity, it can satisfy the need for fast and stable transmission to achieve real-time response in areas such as satellite communications, IoT, smart factories, and smart healthcare. The mmWave frequency bands can enable a wider range of connectivity, and lay the groundwork for large-scale IoT and intelligent applications in the future. During the Period, the Group actively participated in professional exhibitions both at home and abroad. It developed a series of new mmWave products based on customers' needs, including 75–110 GHz detectors, 6–20 GHz power amplifiers and 55–71 GHz up and down converters, etc., which were well recognised by customers in the industry. The Group will continue to develop mmWave products, enriching its product offerings and vigorously expanding domestic and overseas markets to strengthen its mmWave business presence.

As 5G base stations are deployed on a larger scale, the demand for 5G small cells will further increase to cover areas that cannot be reached by 5G base stations. Currently, as the three major telecommunications operators are controlling their 5G construction expenditures and increasing their investment in computing networks, small cells, as an important component of computing networks, will play a key role in the operators' strategies. In order to seize this market opportunity, the Group proactively maps out a plan on transmission solutions for 5G small cells and follows up relevant tenders in a timely manner. Communications construction by domestic operators has accelerated, including the three major telecommunications operators, which account for approximately 90% of the Group's sales, and China Tower Corporation Limited (中國鐵塔股份有限公司) ("China Tower"). During the Period, the Group was awarded multiple centralised procurement projects. For instance, the Group won the bid for China Mobile's centralised procurement project (the second batch) of communications power cables from 2023 to 2025 (two-year period), and China Mobile's supplementary and centralised procurement project of standard feeder cable product package for 2024, laying a solid foundation for the Group's future business growth.

RESULTS ANALYSIS

In 2024H1, the Group's turnover decreased by approximately RMB91.5 million, or 7.3%, to approximately RMB1,159.0 million for 2024H1.

The profit for the Period of the Group increased by approximately RMB6.4 million, or approximately 18.5%, from approximately RMB34.5 million in 2023H1 to approximately RMB40.9 million in 2024H1. The earnings per share increased from approximately RMB1.93 cents in 2023H1 to approximately RMB2.28 cents in 2024H1.

Breakdown of Turnover by Products

	Six months ended 30 June			
	2024	2023	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*%*
Feeder cable series	**542,802**	640,106	(97,304)	-15.2
Flame-retardant flexible cable series	**462,293**	470,743	(8,450)	-1.8
Optical fibre cable series and related products	**84,713**	83,654	1,059	+1.3
New-type electronic components	**55,312**	54,043	1,269	+2.3
Other accessories	**13,919**	2,014	11,905	+591.1
Total	**1,159,039**	1,250,560	(91,521)	-7.3

Feeder Cable Series — Approximately 46.8% of the Total Turnover

The turnover of feeder cable series decreased by approximately 15.2% to approximately RMB542.8 million for the Period as compared to the corresponding period in last year. The sales volume of the Group's feeder cable series products decreased by approximately 8,100 kilometres to approximately 44,900 kilometres as compared to the corresponding period in last year. As a result of the control of capital expenditure of telecommunications operators worldwide, the gross profit margin decreased by approximately 0.7 percentage point to approximately 12.5% as compared to the corresponding period in last year.

Flame-retardant Flexible Cable Series — Approximately 39.9% of the Total Turnover

Flame-retardant flexible cable series, a major product of the Group, are mainly used as an internal connection cable for power systems or mobile cable transmission and distribution systems. The turnover decreased by approximately 1.8% to approximately RMB462.3 million for the Period as compared to the corresponding period in last year. As a result of the control of capital expenditure of telecommunications operators worldwide, the gross profit margin decreased by approximately 0.9 percentage point to approximately 9.9% as compared to the corresponding period in last year.

Optical Fibre Cable Series and Related Products — Approximately 7.3% of the Total Turnover

The turnover of optical fibre cable series and related products increased by approximately 1.3% to approximately RMB84.7 million as compared to the corresponding period in last year. Sales volume of optical fibre increased by approximately 229,000 fibre kilometres to approximately 1,574,000 fibre kilometres as compared to the corresponding period in last year. The gross profit margin increased by approximately 1.2 percentage points to approximately 14.7% as a result of the change in product mix.

Major Customers and Sales Network

The Group has long been a major supplier to the three major telecommunications operators, namely China Mobile Communications Corporation* (中國移動通信集團公司) ("China Mobile"), China United Network Communications Limited* (中國聯合網絡通信股份有限公司) ("China Unicom") and China Telecommunications Corporation* (中國電信集團公司) ("China Telecom"), and also telecommunications equipment manufacturers such as Huawei, ZTE in the PRC and maintained a good relationship with them leveraging on its reputation in the industry for its diverse products portfolio, excellent product quality, comprehensive and efficient aftersales services, and regional network extensive coverage. During the Period, the overall turnover of the Group derived from China Mobile, China Unicom and China Telecom accounted for approximately 52.7%, 21.2% and 16.4%, respectively, of the total turnover of the Group. In addition to the close cooperation with the three major telecommunication operators in the PRC, the Group also maintained a sound business relationship with China Tower. As at 30 June 2024, the Group was a supplier to 31 provincial subsidiaries of China Tower.

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, overall around 90% of its annual sales have been made to the three major telecommunications operators in China 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 growth of the network construction and is one of the key beneficiary enterprises in the industry. 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, so as to gain market share and maintain a long-term sound cooperative relationship with the customers, there had been long repayment period from 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. 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 are more than 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 30 June 2024, the Group has obtained 252 patents, including 108 invention patents and 144 utility model patents in the PRC. The Group received various awards and honours which included the following:

- 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;

- Trigiant Technology was recognised as a leading 5G (radio frequency) company by CWW Media (通信世界全媒體) in 2023; and

- Trigiant Technology and Trigiant Optic-Electric have been rated AAA (Integrated Credit) by China's Lianhe Credit Information Service Co., Ltd, Jiangsu Branch in September 2022.

Prospects and Future Plans

Looking ahead in the second half of 2024, global economic activity is expected to continue its moderate recovery. The International Monetary Fund (IMF) forecasts that the global economy will grow at a rate of 3.2% in 2024, the same as the forecast in April, and that China's economic growth is expected to rise to 5.0% from 4.6% in April. However, the recovery momentum of the global economy is still subject to uncertainties such as inflation, high interest rates and geopolitical risks. China's economy is also facing multiple challenges, such as the lack of domestic demand and the downturn in the real estate sector. The Chinese government plans to step up the implementation of its fiscal policies, including accelerating the issuance of special bonds, issuing additional treasury bond funds, etc., to incorporate more new infrastructure and new industries in the scope of investment of the special bonds, so as to promote the sustained rebound of the economy.

China has been actively promoting the construction of fibre-optic communications networks, specifying the full deployment of gigabit fibre-optic networks in a number of plans such as the "14th Five-Year Plan" and "5G & GPON" action plans. In the future, the optical fibre and cable industry will welcome the transformation and upgrading and the gradual applications of 5G and information centre, which will effectively support the market demand. According to the forecast by Yidu Data, in 2026 China's optical fibre and cable market size will reach RMB27.27 billion. As the Group actively participates in tenders from domestic customers, the orders in hand for the second half of the year are fully secured and the Group will continue to supply the optical and electrical hybrid cables in bulk to industrial customers. The Group maintains its competitive edge by iteratively improving its product technology and continuously developing new products to meet customer needs.

Initiating 5G-A commercial applications and planning for future 6G technology

5G-A is commercially initiating this year. 5G-A is based on the evolution and enhancement of the 5G network in terms of functionality and coverage, and is the most critical network upgrade before the official commercialisation of 6G. A series of 5G-A pilots have been launched in China, and the three major domestic telecommunications operators have started 5G-A deployment programs in key cities. China Mobile announced the commercialisation of 5G-A in March 2024, pioneering 5G-A construction and planning to achieve commercial applications of 5G-A in 300 cities by the end of 2024. China Unicom and Huawei successfully completed the first 5G-A outdoor scale network test, and will accelerate the development of 5G-A and integrated satellites and ground system technology innovation, and promote the intelligent upgrade from network elements, components to topology and system. China Telecom will launch in-depth cooperation in six key 5G-A areas, including terminals, satellites, IoT, and low-altitude economy, roll out nine 5G-A applications, and comprehensively upgrade 5G-A network capabilities. 5G small cells, with low power consumption, avoidance of co-channel interference and small size for flexible deployment, are expected to accelerate deployment in the 5G-A era, and the Group is expected to benefit from the future development boom of small cells.

Key 6G technologies have also seen new breakthroughs. China has successfully built the first international 6G field experiment network for the convergence of communications and intelligence, verifying the feasibility of 4G and 5G links with 6G transmission capabilities, and realising a comprehensive enhancement of communication performance in major 6G scenarios. Compared to 5G, 6G has a higher speed, lower latency, and wider connection density, and will also realise the deep integration of communication with artificial intelligence and intelligent sensing. The Group has been keeping a close eye on the development of 6G. Pre-research on products with the higher frequency required for 6G communications is ongoing, so as to lay the groundwork in advance for the arrival of 6G.

Accelerating expansion of 5G mmWave products to drive business growth

5G is under rapid development. According to ABI Research, it is estimated that by 2026 the annual compound growth rate of the global 5G market will be as high as 63%, indicating that the world has entered the era of 5G commercialisation. 5G's communication characteristics of large bandwidth, low latency, wide connection are applied in different areas, and the mmWave application is even the key to development. Domestic mmWave frequency bands were established last year, which is conducive to the industry to accelerate the research and development of related products. It is believed that with the issuance of mmWave band licences in the future, mmWave application is expected to enter the stage of commercialisation. The Group will continue to develop distinctive and highly differentiated products at low frequencies, focusing on the development of new products in the V-band and W-band to enhance its competitiveness in these bands. Having completed the current expansion of our equipment and research and development teams, the Group expects that the mmWave business will make a greater contribution to the Group.

Developing overseas markets and enhancing global presence

At present, as 5G network construction and commercialisation are being actively conducted globally, the Group is seizing the development opportunities in overseas markets by actively maintaining and developing stable cooperative relationships with customers in Thailand, Korea and other places. There are numerous examples of commercial applications of 5G mmWave communications in the international markets. For example, the United States has been an early adopter of mmWave communication technology in the initial stages of 5G commercialisation. Similarly, countries like Japan and Korea have also adopted 5G mmWave communication systems for commercial use. Meanwhile, overseas operators are also focusing on the construction of 5G sub 6GHz low and medium frequency systems to complement the coverage capability of 5G mmWave systems. The Group expects to promote its mmWave series products in Japan, Malaysia and so on. In this regard, the Group will continue to develop customers in a wide range of overseas markets to increase its market share and further diversify its customer portfolio.

Financial Review

Turnover

In the first half of 2024, turnover decreased by approximately RMB91.5 million, or 7.3%, from approximately RMB1,250.6 million for 2023H1 to approximately RMB1,159.0 million for the first half of 2024. The decrease in turnover was mainly contributed by the decrease in turnover of feeder cable series and flame-retardant flexible cable series of approximately RMB97.3 million and RMB8.5 million, partially offset by the increase in turnover of other accessories, new-type electronic components and optical fibre cable series and related products of approximately RMB11.9 million, RMB1.3 million and RMB1.1 million respectively.

Cost of goods sold

For both periods, cost of materials consumed remained the major component of the cost of goods sold. Cost of goods sold decreased generally in line with the decrease in turnover by approximately RMB76.3 million, or 7.0%, from approximately RMB1,093.2 million for 2023H1 to approximately RMB1,016.8 million for 2024H1.

Metal raw materials during the Period such as copper, being the main raw materials for the Group's feeder cable series and flame-retardant flexible cable series increased by 9.5% as compared to 2023H1 and the average selling price increased generally in line with the copper price. The Group adopted the cost-plus-pricing-model for its feeder cable series products to control the price risk of raw materials and maintained good relationship with its customers and suppliers.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB15.2 million, or 9.6%, from approximately RMB157.4 million for 2023H1 to approximately RMB142.2 million for the first half of 2024. Overall gross profit margin decreased from approximately 12.6% for 2023H1 to approximately 12.3% for the first half of 2024. The decrease in overall gross profit margin is mainly due to the control of capital expenditure of telecommunications operators worldwide.

Other income

Other income increased by approximately RMB8.0 million, or 95.3%, from approximately RMB8.4 million for 2023H1 to approximately RMB16.5 million for 2024H1 primarily due to value added tax credits concessions recorded in 2024.

Impairment losses

Impairment losses under expected credit loss model net of reversal, on trade receivables, decreased by approximately RMB16.3 million, or approximately 68.5% from a loss of approximately RMB23.8 million for 2023H1 to a loss of approximately RMB7.5 million for 2024H1. There is a slight decrease in the provision ratio adopted for trade receivables as of 30 June 2024 since the collection of trade receivables in 2024H1 was better than expected.

Other gains and losses

Other gains were recorded of approximately RMB0.9 million for 2023H1 as compared to other gains of approximately RMB0.5 million in 2024H1, mainly attributable to an exchange gain of approximately RMB0.9 million recorded in 2023H1 as compared to an exchange gain of approximately RMB0.5 million in 2024H1.

Selling and distribution costs

Selling and distribution costs slightly increased by approximately RMB0.1 million, or 0.3%, from approximately RMB25.7 million for 2023H1 to approximately RMB25.8 million for 2024H1.

Administrative expenses

Administrative expenses decreased by approximately RMB1.3 million, or 5.8%, from approximately RMB22.4 million for 2023H1 to approximately RMB21.1 million for 2024H1 mainly due to the decrease in legal and professional fee.

Research and development costs

Research and development costs increased by approximately RMB5.3 million, or 22.2%, from approximately RMB23.7 million for 2023H1 to approximately RMB29.0 million for 2024H1 primarily affected by the progress of research projects.

Finance costs

Finance costs decreased by approximately RMB2.5 million, or 9.0%, from approximately RMB27.5 million for 2023H1 to approximately RMB25.1 million for 2024H1 primarily due to the decrease in the average interest rate of borrowings. As compared with 2023H1, the overall bank borrowings interest rate has decreased in 2024H1.

Taxation

Taxation charge increased by approximately RMB0.9 million, or 9.5%, from approximately RMB9.0 million for 2023H1 to approximately RMB9.9 million for 2024H1. The increase in taxation charge for 2024H1 is primarily attributable to the decrease in deferred tax credit in relation to impairment losses under expected credit loss model, net of reversal, on trade receivables.

Profit for the period

As a combined result of the foregoing, the profit for the period of the Group increased by approximately RMB6.4 million, or approximately 18.5%, from approximately RMB34.5 million in 2023H1 to approximately RMB40.9 million in 2024H1. Net profit margin increased from approximately 2.8% for 2023H1 to approximately 3.5% for 2024H1.

Liquidity, Financial Resources and Capital Structure

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

The following table summarises the cash flows for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Net cash from operating activities	**409,350**	255,673
Net cash from investing activities	**35,342**	25,326
Net cash used in financing activities	**(404,732)**	(277,756)

As at 30 June 2024, the Group had bank balances and cash and pledged bank deposits of approximately RMB738.7 million, the majority of which were denominated in Renminbi. As at 30 June 2024, the Group had net borrowings of approximately RMB1,642.1 million which included bank borrowings of approximately RMB1,202.0 million, borrowings under bills payables financing arrangements of approximately RMB444.9 million, which are repayable within one year and prepaid interest of approximately RMB4.8 million partially offset the borrowings. As at 30 June 2024, approximately RMB673.0 million of the total bank borrowings were fixed rate borrowings, approximately RMB529.0 million were variable rate borrowings and approximately RMB444.9 million were fixed rate discounted bills payables classified as borrowings. As at 30 June 2024, bank borrowings of approximately RMB1,202.0 million were denominated in Renminbi.

The majority of the Group's transactions are denominated in Renminbi and, accordingly, the Group has not entered into any financial instrument for hedging foreign currency exposure. The Group currently does not have any foreign currency hedging policy but will consider hedging its foreign currency exposure should the need arise.

Gearing Ratio

Gearing ratio decreased slightly from approximately 27.4% as at 31 December 2023 to approximately 25.4% as at 30 June 2024. Such decrease was primarily resulted from the impact of slight decrease in borrowings in 2024H1. Gearing ratio is calculated by dividing total borrowings net of pledged bank deposits and bank balances and cash over total equity.

Pledge of Assets

As at 30 June 2024, the Group pledged certain bank deposits with carrying value of approximately RMB149.3 million (31 December 2023: approximately RMB180.7 million) to certain banks to secure credit facilities granted to the Group and performance bond.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2024.

Employee Information

As at 30 June 2024, the Group had approximately 789 (31 December 2023: 721) employees. In order to enhance the morale and productivity of employees, employees are remunerated based on their performance, experience and prevailing industry practices. Compensation policies and packages of management staff and functional heads are being reviewed on a yearly basis. In addition to basic salary, performance related salary may also be awarded to employees based on internal performance evaluation. Moreover, the Company adopted a share option scheme in May 2014 which allows the Company to grant share options to, among other persons, its directors and employees in order to retain elite personnel to stay with the Group and to provide incentives for their contribution to the Group.

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

INTERIM DIVIDEND

The Board does not recommend the declaration of payment of interim dividend for the six months ended 30 June 2024 (2023H1: Nil).

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code ("Corporate Governance Code") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") as its own code of corporate governance. The Directors consider that save for the deviation from code provision C.2.1 of the Corporate Governance Code which requires the segregation of the roles of the chairman of the board and chief executive officer, both of which are currently taken up by Mr. Qian Lirong, further details of which are set out in the section headed "Corporate governance report" of the 2023 annual report of the Company, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Corporate Governance Code during the six months ended 30 June 2024 and the Directors will use their best endeavours to procure the Company to comply with such code and make disclosure of deviation from such code in accordance with the Listing Rules.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct for Directors in their dealings in 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 during the six months ended 30 June 2024.

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, internal control and risk management systems of the Group. As at the date of this announcement, the Audit Committee comprises all independent non-executive Directors, namely Ms. Yau Wai, Professor Jin Xiaofeng and Mr. Zhao Huanqi. Ms. Yau Wai is the chairman of the Audit Committee. The interim results of the Group for the first half of 2024 have been reviewed by the Audit Committee.

The Company's independent auditor, Deloitte Touche Tohmatsu, has conducted a review of the interim financial information of the Group for the six months ended 30 June 2024 in accordance with Hong Kong standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ("Stock Exchange") (www.hkexnews.hk) and the Company (www.trigiant.com.hk). The interim report for the six months ended 30 June 2024 of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company (if required) and published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board
Qian Lirong
Chairman

Hong Kong, 27 August 2024

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. Zhang Dongjie
Independent non-executive Directors:	Ms. Yau Wai Professor Jin Xiaofeng Mr. Zhao Huanqi