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TRIGIANT
— 俊知集團 —

TRIGIANT GROUP LIMITED

俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1300)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

HIGHLIGHTS

Despite the slowdown of telecommunication equipment procurement in the market compared to the beginning of 5G construction, the Group's scientific research strength and marketing strategy enabled it to maintain a turnover of approximately RMB2,505.8 million (2022: approximately RMB2,630.3 million).

Loss for the year amounted to approximately RMB22.5 million (2022: approximately RMB56.4 million), mainly due to the decrease in impairment losses under expected credit loss model, net of reversal or provision, on trade receivables, which amounted to approximately RMB165.6 million in 2023 (2022: approximately RMB203.9 million). The Group maintained solid operations in 2023, recording operating profit before net impairment loss/impairment reversal under the expected credit loss model of approximately RMB194.6 million (2022: RMB241.3 million).

* For identification purposes only

Annual results for the year ended 31 December 2023 compared with the annual results for the year ended 31 December 2022:

- Revenue decreased by approximately RMB124.6 million, or approximately 4.7%, to approximately RMB2,505.8 million (2022: RMB2,630.3 million)
- Gross profit margin decreased by approximately 0.8 percentage points to approximately 12.6% (2022: 13.4%)
- Loss for the year decreased by approximately RMB33.8 million or 60.0% to RMB22.5 million (2022: RMB56.4 million)
- Net loss margin decreased by approximately 1.2 percentage points to approximately 0.9% (2022: 2.1%)
- Loss per share decreased to RMB1.26 cents (2022: RMB3.15 cents)
- The Board has resolved not to recommend final dividend for the year (final dividend for 2022: Nil)

The board (“Board”) of directors (“Directors”) of Trigiant Group Limited (“Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023 (“Year”) together with the comparative figures for the corresponding period in 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

| | <i>Notes</i> | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| Revenue | 3 | 2,505,763 | 2,630,326 |
| Cost of goods sold | | (2,189,242) | (2,278,036) |
| Gross profit | | 316,521 | 352,290 |
| Other income | 4 | 28,559 | 19,059 |
| Impairment losses under expected credit loss model, net | 5 | (165,552) | (203,902) |
| Other gain and loss | 5 | 537 | 2,931 |
| Selling and distribution costs | | (56,017) | (50,146) |
| Administrative expenses | | (44,929) | (38,665) |
| Research and development costs | | (50,023) | (44,195) |
| Finance costs | 6 | (54,520) | (61,706) |
| Loss before taxation | 7 | (25,424) | (24,334) |
| Taxation | 8 | 2,877 | (32,028) |
| Loss for the year | | (22,547) | (56,362) |
| Other comprehensive expense: | | | |
| Item that will not be reclassified to profit or loss: | | | |
| Fair value loss on investments in equity instruments at fair value through other comprehensive income | | (82) | (166) |
| Total comprehensive expense for the year | | (22,629) | (56,528) |
| Loss per share | 10 | | |
| — Basic | | RMB(1.26) cents | RMB(3.15) cents |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

| | <i>Notes</i> | 2023 RMB'000 | 2022 RMB'000 |
|---|--------------|-------------------------------|------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 154,741 | 173,743 |
| Right-of-use assets | | 61,596 | 64,175 |
| Equity instruments at fair value through other comprehensive income | | 227 | 309 |
| Pledged bank deposits | | 2,533 | 154,647 |
| Deposit paid for acquisition of property, plant and equipment | | 21,840 | 21,840 |
| Deferred tax assets | | 139,188 | 113,678 |
| | | 380,125 | 528,392 |
| Current assets | | | |
| Inventories | | 175,334 | 172,607 |
| Trade and other receivables | <i>11</i> | 4,118,465 | 4,115,138 |
| Pledged bank deposits | | 178,212 | 36,929 |
| Bank balances and cash | | 549,358 | 536,724 |
| | | 5,021,369 | 4,861,398 |
| Current liabilities | | | |
| Trade and other payables | <i>12</i> | 113,760 | 85,611 |
| Borrowings | | 1,694,361 | 1,685,100 |
| Lease liabilities | | 555 | 507 |
| Taxation payable | | 48,872 | 49,631 |
| | | 1,857,548 | 1,820,849 |
| Net current assets | | 3,163,821 | 3,040,549 |
| Total assets less current liabilities | | 3,543,946 | 3,568,941 |
| Non-current liabilities | | | |
| Lease liabilities | | 61 | 567 |
| Government grants | | 794 | 1,191 |
| Deferred tax liabilities | | 21,293 | 22,756 |
| | | 22,148 | 24,514 |
| Net assets | | 3,521,798 | 3,544,427 |
| Capital and reserves | | | |
| Share capital | | 14,638 | 14,638 |
| Reserves | | 3,507,160 | 3,529,789 |
| Total equity | | 3,521,798 | 3,544,427 |

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 of 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, flame-retardant flexible cable series, optical fibre cable series and related products, 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and 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 2023 for the preparation of the consolidated financial statement:

| | |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12 | International Tax Reform — Pillar Two Model Rules |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |

Except as described below, 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.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (“Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance, but has affected the disclosure of the Group’s accounting policies.

3. REVENUE 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 telecommunications 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 provide to customers and transfer of the associated goods 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 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 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 ECL model, net, other gain and 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 2023

| | Feeder cable series <i>RMB'000</i> | Flame- retardant flexible cable series <i>RMB'000</i> | Optical fibre cable series and related products <i>RMB'000</i> | New-type electronic components <i>RMB'000</i> | Others <i>RMB'000</i> | Inter- segment elimination <i>RMB'000</i> | Total <i>RMB'000</i> |
|------------------------|--|---|---|--|--------------------------|--|-------------------------|
| Turnover | | | | | | | |
| — External sales | 1,200,305 | 970,347 | 201,769 | 126,882 | 6,460 | — | 2,505,763 |
| — Inter-segment sales* | — | — | 56,606 | 16,046 | — | (72,652) | — |
| | 1,200,305 | 970,347 | 258,375 | 142,928 | 6,460 | (72,652) | 2,505,763 |
| Cost of goods sold | (1,042,106) | (865,897) | (228,931) | (120,300) | (4,660) | 72,652 | (2,189,242) |
| Segment result | <u>158,199</u> | <u>104,450</u> | <u>29,444</u> | <u>22,628</u> | <u>1,800</u> | <u>—</u> | <u>316,521</u> |

For the year ended 31 December 2022

| | Feeder cable series <i>RMB'000</i> | Flame- retardant flexible cable series <i>RMB'000</i> | Optical fibre cable series and related products <i>RMB'000</i> | New-type electronic components <i>RMB'000</i> | Others <i>RMB'000</i> | Inter- segment elimination <i>RMB'000</i> | Total <i>RMB'000</i> |
|------------------------|--|---|---|--|--------------------------|--|-------------------------|
| Turnover | | | | | | | |
| — External sales | 1,242,813 | 1,029,254 | 208,813 | 147,513 | 1,933 | — | 2,630,326 |
| — Inter-segment sales* | — | — | 65,169 | 14,985 | — | (80,154) | — |
| | 1,242,813 | 1,029,254 | 273,982 | 162,498 | 1,933 | (80,154) | 2,630,326 |
| Cost of goods sold | (1,061,273) | (910,665) | (246,299) | (138,198) | (1,755) | 80,154 | (2,278,036) |
| Segment result | <u>181,540</u> | <u>118,589</u> | <u>27,683</u> | <u>24,300</u> | <u>178</u> | <u>—</u> | <u>352,290</u> |

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

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

| | 2023 | 2022 |
|--|------------------|-----------|
| | RMB'000 | RMB'000 |
| Reportable segment results | 316,521 | 352,290 |
| Unallocated income and expenses | | |
| — Other income | 28,559 | 19,059 |
| — Impairment losses under ECL model, net | (165,552) | (203,902) |
| — Other gain and loss | 537 | 2,931 |
| — Selling and distribution costs | (56,017) | (50,146) |
| — Administrative expenses | (44,929) | (38,665) |
| — Research and development costs | (50,023) | (44,195) |
| — Finance costs | (54,520) | (61,706) |
| Loss before taxation | (25,424) | (24,334) |
| Taxation credit/(charge) | 2,877 | (32,028) |
| Loss for the year | (22,547) | (56,362) |

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") 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:

| | 2023 | 2022 |
|---|------------------|-----------|
| | RMB'000 | RMB'000 |
| China Mobile Communications Corporation* (中國移動通信集團公司) ("China Mobile") | 1,084,288 | 945,571 |
| China United Network Communications Limited* (中國聯合網絡通信股份有限公司) ("China Unicom") | 832,175 | 1,037,215 |
| China Telecommunications Corporation Limited* (中國電信集團有限公司) ("China Telecom") | 305,273 | 305,282 |

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

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Government grants (<i>note</i>) | 2,940 | 2,334 |
| Value added tax (VAT) credit concessions | 10,812 | – |
| Interest income | 11,590 | 5,831 |
| Investment income from other financial assets | – | 6,341 |
| Others | 3,217 | 4,553 |
| | <u>28,559</u> | <u>19,059</u> |

Note: Included in government grants was RMB2,543,000 (2022: RMB1,937,000) 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 (2022: RMB397,000), they are government subsidies received for the acquisition of property, plant and equipment.

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

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Impairment losses under ECL model, net include the following: | | |
| Impairment losses on trade receivables, net | <u>(165,552)</u> | <u>(203,902)</u> |
| Other gain and loss include the following: | | |
| Exchange gain | <u>537</u> | <u>2,931</u> |

6. FINANCE COSTS

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|-------------------------------|------------------------|------------------------|
| Interest on bank borrowings | 54,479 | 61,651 |
| Interest on lease liabilities | 41 | 55 |
| | <u>54,520</u> | <u>61,706</u> |

7. LOSS BEFORE TAXATION

| | 2023 | 2022 |
|---|------------------|-------------|
| | RMB'000 | RMB'000 |
| Loss before taxation has been arrived at after charging: | | |
| Directors' remuneration | 2,261 | 2,163 |
| Other staff costs: | | |
| Salaries and other benefits | 78,475 | 81,869 |
| Retirement benefit schemes contributions | 6,370 | 7,352 |
| | <hr/> | <hr/> |
| Total staff costs | 87,106 | 91,384 |
| Less: capitalised in cost of inventories manufactured | (35,440) | (39,813) |
| | <hr/> | <hr/> |
| | 51,666 | 51,571 |
| | <hr/> | <hr/> |
| Auditor's remuneration | 2,561 | 2,306 |
| Cost of inventories recognised as expenses | 2,181,696 | 2,270,440 |
| Impairment losses on inventory (included in selling and distribution costs) | 3,328 | 1,231 |
| Depreciation of right-of-use assets | 2,599 | 2,741 |
| Loss on written off of property, plant and equipment | 10 | 1,004 |
| Short-term lease payment | 1,168 | 1,102 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Depreciation of property, plant and equipment | 20,193 | 20,395 |
| Less: capitalised in cost of inventories manufactured | (13,499) | (14,267) |
| | <hr/> | <hr/> |
| | 6,694 | 6,128 |
| | <hr/> <hr/> | <hr/> <hr/> |

8. TAXATION

| | 2023 | 2022 |
|---|-----------------------------|-----------------------------|
| | RMB'000 | RMB'000 |
| The taxation credit/(charge) comprises: | | |
| Current tax: | | |
| PRC Enterprise Income Tax | (24,096) | (28,760) |
| Deferred taxation credit | 26,973 | 13,948 |
| Withholding tax | – | (17,216) |
| | <u> </u> | <u> </u> |
| Taxation credit/(charge) for the year | <u>2,877</u> | <u>(32,028)</u> |

The withholding tax represents those charged to profit and loss for the re-organisation incurred during the year ended 31 December 2022 which involved the transfer of shares of certain subsidiaries within the Group.

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.), 江蘇俊知光電通信有限公司 (Jiangsu Trigiant Optic-Electric Communication Co., Ltd.) and 江蘇俊知傳感技術有限公司 (Jiangsu Trigiant Sensing Technology Co., Ltd.) were endorsed as a High and New Technology Enterprise by relevant authorities in the PRC 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.

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 2023 (2022: nil).

10. LOSS PER SHARE

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

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Loss | | |
| Loss for the year attributable to the owners of the Company for the purpose of basic loss per share | <u>(22,547)</u> | <u>(56,362)</u> |
| | 2023 <i>'000</i> | 2022 <i>'000</i> |
| Number of shares | | |
| Number of ordinary shares for the purpose of basic loss per share | <u>1,791,500</u> | <u>1,791,500</u> |

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

11. TRADE AND OTHER RECEIVABLES

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|------------------------|-------------------------------|------------------------|
| Trade receivables, net | 4,097,807 | 4,092,946 |
| Interest receivables | 9,412 | 5,229 |
| Other receivables | 2,057 | 3,164 |
| Tender deposits | 5,852 | 4,666 |
| Prepaid expenses | 1,241 | 6,193 |
| Staff advances | 2,096 | 2,940 |
| | <u>4,118,465</u> | <u>4,115,138</u> |

Included in the Group's trade receivables at 31 December 2023 are bills received by the Group of RMB1,152,000 (2022: RMB36,222,000).

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:

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|---------------|-------------------------------|------------------------|
| Age | | |
| 0–90 days | 535,179 | 698,510 |
| 91–180 days | 499,636 | 640,358 |
| 181–365 days | 887,858 | 936,572 |
| Over 365 days | 2,175,134 | 1,817,506 |
| | <u>4,097,807</u> | <u>4,092,946</u> |

12. TRADE AND OTHER PAYABLES

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Trade payables | 61,909 | 28,593 |
| Accrued expenses | 13,119 | 14,210 |
| Deposits from suppliers | 13,044 | 12,597 |
| Other payables | 8,665 | 9,981 |
| Other tax payables | 208 | 3,656 |
| Payable for acquisition of property, plant and equipment | 212 | 523 |
| Payroll and welfare payables | 16,603 | 16,051 |
| | <u>113,760</u> | <u>85,611</u> |

Included in the Group's trade payables at 31 December 2023 are bills presented by the Group to relevant creditors of Nil (2022: RMB1,719,000). 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:

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|--------------|-------------------------------|------------------------|
| Age | | |
| 0–90 days | 61,768 | 27,213 |
| 91–180 days | 35 | 1,343 |
| 181–365 days | 106 | 37 |
| | <u>61,909</u> | <u>28,593</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2023, the global economy was facing multiple challenges. The interest rate hike policies of major central banks in Europe and the United States have intensified global financial risks, while trade frictions and shrinking overseas market demand have also put pressure on the domestic economy. However, with the end of the strict anti-pandemic policies in the PRC in early 2023, the economy and society had fully resumed normal operations, marking an overall firm step towards recovery. In response to the current complex and changeable macroeconomic situation, the government also introduced a series of economic stimulus measures during the Year, aiming at expanding domestic demand and stimulating overall economic growth.

2023 marked the fourth year of the official issuance of 5G commercial licenses, and also had been a critical period for 5G scale development. Under the circumstances of greater downward pressure on the economy, digitalisation and informatisation have helped promote the high-quality growth of the national economy. China made continuous efforts to vigorously strengthen the construction of telecommunication infrastructure such as networks and accelerate the construction of new infrastructure, including 5G, gigabit optical network and the Internet of Things (“IoT”). As a result, the penetration rate of gigabit network and 5G network continued to improve. According to the Global System for Mobile Communications Association (“GSMA”), it is expected that China, the world’s largest 5G market, will become the world’s first market with 1 billion 5G connections by 2025 and 1.6 billion 5G connections by 2030. By the end of December 2023, China had built and opened 3.377 million 5G base stations, constantly enriching 5G network applications, and had 805 million 5G mobile phone users, with the share of 5G network access traffic reaching 47%. Domestic telecommunications operators expedited the construction of 5G base stations during the Year and unveiled multiple tenders in relation to 5G network infrastructure. These operators include the three major ones whose sales account for approximately 90% of the Group’s sales, and China Tower Corporation Limited (“China Tower”). The Group, as one of the leading manufacturers of accessories for mobile communications and telecommunications transmission in China, is expected to benefit from the booming development of the industry.

It was showed in the Ericsson Mobility Report that the number of new 5G subscribers worldwide would reach 610 million in 2023, with global 5G subscription uptake topping 1.6 billion, and it was predicted that by the end of 2023, 5G subscriptions would account for nearly one-fifth of worldwide mobile subscriptions, with China being a market featuring the largest number of new 5G subscribers in the world. Data from the Ministry of Industry and Information Technology (“MIIT”) showed that 5G applications have been integrated into 71

major categories of the national economy, and accelerated the expansion and deepening of key sectors such as industry, medical care, education and transportation, with a cumulative number of application cases exceeding 94,000. With the continuous development of AR/VR, cloud gaming, high-definition video and other businesses with extremely high requirements for transmission and latency, the deployment of 5G networks in China has entered a stage of refinement, and is gradually moving from outdoors to indoors. In terms of strengthening the 5G indoor coverage, 5G small cells featuring low cost, high performance and easy deployment will be one of the key focuses. The Forward Industry Research Institute predicted that the volume of 5G small cells to be built in China from 2022 to 2025 will be 0.6 million, 1.5 million, 2.0 million and 1.9 million, respectively, with a corresponding market scale of RMB39 billion, RMB97.5 billion, RMB130 billion and RMB123.5 billion, respectively. The future deployment of 5G base stations will gradually move to the optimisation and improvement stage, shifting from large-scale macro base stations to small cells, highlighting the rapid development trend of 5G and indicating its great potential in the future. The telecommunications operators' purchases of 5G small cells are expected to grow in scale, benefiting both upstream and downstream of the industry chain. Currently, the three major telecommunications operators are increasing their investment in the computing network, of which small cells will become an important part, playing a key role in the future strategies of the operators. The Group is actively deploying small cell transmission solutions and following up on the relevant tenders in time to keep up with the booming development of small cells.

5G mmWave communication has significant advantages in terms of bandwidth, latency and high-rate transmission, enabling it to meet the demand of communication systems in the future for capacity, rate and differentiated applications. With rich spectrum resources, 5G mmWave is regarded as the future development direction of mobile communication technology, which will help promote the development of industrial IoT, remote medical care, smart industry and other industries. The current 5G network deployment uses sub-6GHz, i.e. electromagnetic waves with frequencies below 6GHz, and mmWave is the key technology for maximising 5G performance. In terms of policy, the 14th Five-Year Plan for Information Communication Development (《「十四五」資訊通信行業發展規劃》) issued by the MIIT pointed out that the scale deployment of 5G standalone network will be accelerated, a 5G network system for the coordinated development of multiple bands will be gradually constructed and the construction of 5G mmWave networks will be timely carried out. During the Year, the Group actively participated in mmWave industry exhibitions both at home and abroad and developed a series of mmWave products in response to customers' needs. The products developed include 92–96 GHz frequency mixer, 75–110 GHz sextupler, and 92–96 GHz transceiver module, which were recognised by customers in the industry. The Group will continue to expand its domestic and overseas markets and strengthen its mmWave product portfolio to further seize the huge development opportunities in the mmWave market.

Under the drive of new infrastructure construction, the digital economy and the communications market will have an even broader prospect of development. In June 2023, the MIIT released a new version of the PRC Radio Frequency Classification Regulations, which was the first time in the world that the 6GHz band was allocated for 5G/6G systems, further promoting the widespread application of 5G. The 6GHz band is the only high-quality resource with large bandwidth in the middle bands. With the advantages of both extensive coverage and large capacity, it is very suitable for the deployment of 5G systems or future 6G systems. At the same time, it can also make full use of the advantages of the existing mid-band 5G industries worldwide. The new regulations will help stabilise the development expectations of the 5G/6G industry, promote global and regional 5G/6G spectrum division in a consistent manner, and provide the necessary mid-band resources for the development of 5G/6G, so as to promote the innovative development of mobile communication technology and industry. China is comprehensively promoting the research and development (“R&D”) of 6G to establish a beachhead in the frontier fields such as next-generation Internet. The MIIT is strengthening the development of the 5G integrated application standard system and continuing to promote the evolution of technologies such as 5G-A and 5G lightweight and the R&D of products. Meanwhile, it is expediting the research of 6G technology by carrying out technical trials and strengthening technological pipelines. The Group has always paid close attention to the development progress of the industry, and has been actively conducting pre-studies on 6G products, so as to make a thorough preparation for the arrival of 6G.

During the Year, the Group actively participated and won the bids in multiple tenders. For instance, it won the bids for China Mobile’s centralised procurement project of communications power cables from 2023 to 2025 (two-year period), China Mobile’s centralised procurement project of feeder cables and feeder cable connectors from 2023 to 2024 (two-year period), China Telecom’s centralised procurement project of feeder cables and accessories in 2023 and China Tower’s centralised procurement project of power cables (copper cables) for the year of 2023, laying a solid foundation for its future business development.

Results analysis

For the year 2023 the Group maintained a steady operation. In particular, the operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net^(Note) amounted to approximately RMB194,600,000 (2022: RMB241,300,000).

Note: Our operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net was calculated based on the profit for the year before (1) taxation, (2) finance cost and (3) impairment losses/reversal of impairment losses under expected credit loss model, net.

Operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net is not a standard measure under HKFRS. Operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net is one of financial indicators that measure a company's ability to repay and assume debts. The Board believes that such data is a useful supplement to cash flow data as a measure of our performance and our ability to cover finance cost and taxation. The figure may not be comparable to similarly titled measures presented by other companies.

Overall, the turnover decreased by approximately RMB124.5 million to RMB2,505.8 million. The turnover of flame-retardant flexible cable series, feeder cable series and new-type electronic components decreased by approximately RMB58.9 million, RMB42.5 million and RMB20.6 million respectively. The Group's overall gross profit decreased by approximately 10.2% from approximately RMB352.3 million in 2022 to RMB316.5 million in 2023. The overall gross profit margin was approximately 12.6% in 2023, representing a decrease of approximately 0.8 percentage points as compared with 2022, mainly as a result of a decrease in revenue but the Group had certain fixed costs in production.

During the Year, the average price of copper, being the main raw materials for the flame-retardant flexible cable series and feeder cable series, increased by approximately 1.1%. 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 fluctuation of commodity prices.

Impairment losses under expected credit loss model, net of reversal or provision, on trade receivables, decreased by approximately RMB38.4 million, or approximately 18.8% from a loss of approximately RMB203.9 million in 2022 to a loss of approximately RMB165.6 million in 2023. The Group's loss for the year decreased by approximately RMB33.8 million or approximately 60.0%, from approximately RMB56.4 million in 2022 to approximately RMB22.5 million mainly due to the decrease in impairment losses under expected credit loss model, net of reversal or provision, on trade receivables. Loss per share decreased to RMB1.26 cents (2022: RMB3.15 cents).

Breakdown of turnover by products

| Year ended 31 December | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> | Change <i>RMB'000</i> | Change <i>Percentage</i> |
|---|-------------------------|-------------------------|--------------------------|-----------------------------|
| Feeder cable series | 1,200,305 | 1,242,813 | (42,508) | -3.4% |
| Flame-retardant flexible cable series | 970,347 | 1,029,254 | (58,907) | -5.7% |
| Optical fibre cable series and related products | 201,769 | 208,813 | (7,044) | -3.4% |
| New-type electronic components | 126,882 | 147,513 | (20,631) | -14.0% |
| Others | 6,460 | 1,933 | 4,527 | +234.2% |
| Total | <u>2,505,763</u> | <u>2,630,326</u> | <u>(124,563)</u> | -4.7% |

Feeder cable series — approximately 47.9% of the total turnover

The turnover of feeder cable series decreased by approximately 3.4% year on year to approximately RMB1,200.3 million for the Year. The sales volume of the Group's feeder cable series products decreased by approximately 3,800 kilometres to approximately 99,400 kilometres year on year. The gross profit margin decreased by approximately 1.4 percentage points to approximately 13.2% as compared to that of last year, as a result of a decrease in revenue but the Group had certain fixed costs in production.

Flame-retardant flexible cable series — approximately 38.7% 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 of flame-retardant flexible cable series decreased by approximately 5.7% year on year to approximately RMB970.3 million for the Year. The gross profit margin decreased by approximately 0.7 percentage points to approximately 10.8% as compared to that of last year, as result of a decrease in revenue but the Group had certain fixed costs in production.

Optical fibre cable series and related products — approximately 8.1% of the total turnover

The turnover of optical fibre cable series products decreased by approximately 3.4% year on year to approximately RMB201.8 million. Sales volume of optical fibre cable increased by approximately 268,000 fibre kilometres year on year to approximately 2,943,000 fibre kilometres. The gross profit margin increased by approximately 1.3 percentage points to approximately 14.6% as a result of change in sales mix.

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 2023, 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 30 out of the 31 provincial subsidiaries of China Tower.

The turnover derived from China Mobile, China Unicom, and China Telecom accounted for approximately 43.3%, 33.2%, and 12.2% 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, approximately 90% or more 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 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 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 2023, the Group had obtained 220 patents, comprising 77 invention patents and 143 utility model patents 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 September 2022.

Prospects and Future Plans

In 2024, the risk of economic recession remains. According to the forecast of the World Bank, the global economic growth will fall from 2.6% in 2023 to 2.4% in 2024. The medium-term prospects of many developing economies have become bleak amid slowing growth in most major economies, sluggish global trade and the tightest financial conditions in decades. Although the internal and external environments challenging the industrial economy are still severe and complex, China possesses the advantages of a complete industrial system, a large market scale and perfect information infrastructure. Especially after the National Conference on the Promotion of New Industrialisation was held, a strong impetus from all parties in support of the industrial development has been gathered, and thus the trend of long-term economic upturn remains unchanged.

The value of 5G is increasing, and all industries are actively embracing 5G. The upgrade of personal digital applications and the digital transformation in various vertical industries have put forward higher requirements for the development of 5G. As 5G will continue to maintain rapid development, there is still a demand for large-scale deployment of 5G base stations. According to the GSMA's Mobile Economy China 2023, 5G is expected to overtake 4G to become the dominant mobile technology in China by 2024. Meanwhile, China will be the first market with 1 billion 5G connections by 2025. The Group, as a core product supplier for the construction of 5G base stations, will continue to benefit from the in-depth development of

5G. The Group has actively invested in the innovation and R&D of related products, including optical-electrical hybrid cable components for 5G base stations and NEX10 connectors with broad bandwidth and low insertion loss for 5G communications. Such innovation and R&D will help promote the further development of 5G technology and assist the Group's long term business deployment.

In 2021, the Third Generation Partnership Project (3GPP) officially confirmed 5G-Advanced (5G-A) as the official name for the next stage of 5G evolution. 5.5G is regarded as a bridge between 5G and 6G. In June 2023, Huawei announced that it would launch a complete set of commercial 5.5G network equipment in 2024, marking the beginning of the 5.5G era for the industry. In addition, China is working hard to explore potential key technologies for 6G and promote the R&D of 6G technology. The Group has always paid close attention to the development progress of the industry, and has been actively conducting pre-studies on 6G products, and is committed to realising full bandwidth coverage of its products, so as to make a good preparation for the arrival of 6G.

Accelerating the R&D of products to seize the opportunities from mmWave development

At present, the mmWave technology has been fully applied in military fields such as radar detection and satellite remote sensing, as well as in civilian fields such as vehicle and spaceborne telemetry and 5G. The explosive growth of the mmWave industry chain will continue. With the advent of the 5.5G era, it is predicted that the critical bottlenecks in mmWave technology will be broken through. In addition, baseband manufacturers have already released commercial 5G mmWave chips, making mmWave commercially available. In its report on Socioeconomic Benefits of 5G Service Provided in mmWave Bands, the GSMA predicted that the contribution of 5G mmWave spectrum to global GDP will grow between 2020 and 2034, and is expected to contribute US\$565 billion to global GDP. The Group has been actively promoting the R&D of products ranging from 75 to 110 GHz by combining its technological strengths with market demand. Currently, we have the R&D and testing capabilities for the full frequency band of 75–110 GHz, and we plan to increase our investment in the R&D and production of various products in the DC-50 GHz frequency range. At the same time, the Group has also strengthened its R&D of 5G mmWave Q-band point-to-point communication product technology to better serve its existing customers and attract new customer base. China's first E-band (mmWave band) microwave radio license was issued in March 2023, following the addition of mmWave bands by the MIIT. With the inclusion of mmWave bands in the use planning for the first time, it is expected that the mmWave technology will be rapidly applied and promoted. In terms of market development, the Group will actively participate in various exhibitions in the industry to enhance its

visibility. At the same time, we will continue to expand our business territory and customise products for our customers. We expect that the mmWave business will make a more significant contribution to the Group's revenue in the next two years.

With diversified business presence, the IoT business is pushing forward steadily

The world is facing an urgent need for digital transformation, in which the IoT is regarded as one of the key technologies for the development of digital economy, and its industrial demand is showing a rapid growth trend. The Three-Year Action Plan for the Construction of New IoT Infrastructure (2021–2023) (《物聯網新型基礎設施建設三年行動計劃(2021–2023年)》) released by the government has brought strong support for the development of the IoT technology industry. The International Data Corporation (IDC) forecasts that China's spending on IoT will reach US\$300 billion by 2027, ranking first in the world and accounting for approximately a quarter of the world's total IoT investment. The national innovation alliance for IoT and AI applications in forestry and grassland that the Group has joined is working in an orderly manner, and we are continuing to identify suitable investment opportunities for the deployment of the IoT business. In addition, the three major telecommunications operators have already started to enter the metaverse, and the development of metaverse would drive the coordinated development of the upstream and downstream of the communications sector. The MIIT also indicated that it will accelerate the standard formulation of the metaverse field. The Group has been paying attention to the development of the related industries and is constantly exploring investment opportunities.

Identifying new sources of customers and establish presence in overseas markets

China has become one of the countries in the world actively promoting 5G development and is expected to become the world's largest 5G market by 2025. Since the official commercialisation of 5G by China Broadnet in September 2022, through the joint construction and sharing with China Mobile, more than 600,000 700MHz 5G base stations have been built, making it the world's largest full 700MHz 5G network, and the 5G subscriptions have exceeded 20 million, demonstrating its proactive deployment in the 5G market. The Group actively participated in China Broadnet's tenders in various provinces and steadily promoted the cooperation with China Broadnet. Meanwhile, the Group continued to maintain long-term partnerships with the three major telecommunications operators, China Tower, ZTE, Huawei and other partners, and closely follow up the relevant tender opportunities. In addition, the Group has deepened its cooperation with universities and colleges, to seek different cooperation opportunities from various angles. In terms of overseas market development, the Group plans to attend exhibitions and visit customers in various Asian countries to promote customised products with high profit margins and strong demand from customers and

mmWave series products, so as to further consolidate the Group's market share and cultivate a wider and more diversified customer base, thereby realising the long-term and stable development goals.

Financial performance review

Turnover

Total turnover of the Group decreased by approximately RMB124.5 million, or approximately 4.7%, from approximately RMB2,630.3 million in 2022 to approximately RMB2,505.8 million in 2023. The decrease in turnover was contributed by the decrease in the turnover of flame-retardant flexible cable series, feeder cable series and new-type electronic components of approximately RMB58.9 million, RMB42.5 million and RMB20.6 million respectively, further particulars of which are set out in the section headed "Management discussion and analysis — Breakdown of turnover by products" above.

Overall sales to the three major telecommunications operators in the PRC decreased by approximately RMB66.4 million from approximately RMB2,288.1 million in 2022 to approximately RMB2,221.7 million in 2023.

Cost of goods sold

Cost of goods sold decreased by approximately RMB88.8 million, or approximately 3.9%, from approximately RMB2,278.0 million in 2022 to approximately RMB2,189.2 million in 2023. The cost of materials consumed remained the major components of cost of goods sold and accounted for approximately 93.1% and 94.8% of the total cost of goods sold in 2022 and 2023 respectively.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB35.8 million, or approximately 10.2%, from approximately RMB352.3 million in 2022 to approximately RMB316.5 million in 2023. The overall gross profit margin was approximately 12.6% in 2023, representing a decrease of approximately 0.8 percentage points as compared with 2022. The decrease in overall gross profit margin is mainly a result of a decrease in revenue but the Group had certain fixed cost in production.

Other income

Other income increased by approximately RMB9.5 million, or approximately 49.8%, from approximately RMB19.1 million in 2022 to approximately RMB28.6 million in 2023. Such increase was primarily due to VAT credits concessions recorded in 2023.

Impairment losses

The aging of trade receivable increased but with a decreasing rate, therefore, impairment losses under expected credit loss model, net of reversal or provision, on trade receivables, decreased by approximately RMB38.3 million, or approximately 18.8% from a loss of approximately RMB203.9 million in 2022 to a loss of approximately RMB165.6 million in 2023.

Other gain and loss

The Group recorded other gain of approximately RMB0.5 million in 2023 as compared to other gain of approximately RMB2.9 million in 2022, mainly attributable to an exchange gain of approximately RMB0.5 million recorded in 2023 as compared to an exchange gain of approximately RMB2.9 million recorded in 2022.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB5.9 million, or approximately 11.7%, from approximately RMB50.1 million in 2022 to approximately RMB56.0 million in 2023, mainly due to the increase in promotion expenses.

Administrative expenses

Administrative expenses increased by approximately RMB6.2 million, or approximately 16.2%, from approximately RMB38.7 million in 2022 to approximately RMB44.9 million in 2023. Such increase was primarily due to the increase in various expenses including legal and professional fee, office expenses, repair and maintenance and entertainment expenses.

Research and development costs

Research and development costs increased by approximately RMB5.8 million, or approximately 13.2%, from approximately RMB44.2 million in 2022 to approximately RMB50.0 million in 2023, primarily due to the increase in research expenses in communication-related technologies.

Finance costs

Finance costs decreased by approximately RMB7.2 million, or approximately 11.6%, from approximately RMB61.7 million in 2022 to approximately RMB54.5 million in 2023. Such decrease was primarily due to decrease in bank borrowings rate in 2023.

Taxation

The Group recorded a taxation credit of approximately RMB2.9 million for the Year, as compared to taxation charge of RMB32.0 million for 2022. The decrease in taxation charge in 2023 was also contributed by the absence of the one-off withholding tax charged for the reorganisation incurred in 2022.

Loss for the year

As a combined result of the foregoing, the Group's loss for the year decreased by approximately RMB33.8 million or approximately 60.0%, from approximately RMB56.4 million in 2022 to approximately RMB22.5 million in 2023. The net loss margin decreased by 1.2 percentage points from approximately 2.1% in 2022 to approximately 0.9% in 2023.

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 2023:

| | 2023 | 2022 |
|---------------------------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Net cash from operating activities | 668,322 | 190,677 |
| Net cash from investing activities | 16,726 | 3,802 |
| Net cash used in financing activities | (672,414) | (117,027) |

As at 31 December 2023, the Group had bank balances and cash and pledged bank deposits of approximately RMB730.1 million and the majority of which were denominated in RMB. As at 31 December 2023, the Group had total borrowings of approximately RMB1,694.4 million which included bank borrowings of RMB1,203.0 million and borrowings under bills payables

financing arrangements of RMB496.1 million, which are repayable within one year. As at 31 December 2023, RMB673.0 million of the total bank borrowings were fixed rate borrowings, approximately RMB530.0 million were variable rate borrowings and approximately RMB496.1 million were variable rate discounted bills payables classified as borrowings. As at 31 December 2023, bank borrowings of approximately RMB1,203.0 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, increased from approximately 27.0% as at 31 December 2022 to approximately 27.4% as at 31 December 2023. Such increase was primarily resulted from the impact of decrease in pledged bank deposits.

Pledge of assets

As at 31 December 2023, the Group pledged bank deposits of approximately RMB180.7 million (2022: RMB191.6 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 2023.

Employee information

As at 31 December 2023, the Group had a total of 721 full time employees (2022: 748). 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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year ended 31 December 2023, the Group had no material acquisition or disposal of subsidiaries or associated companies. The Group had no significant investments held during the year ended 31 December 2023.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (“AGM”) is scheduled to be held on 21 May 2024. To ascertain the shareholders’ entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 16 May 2024 to Tuesday, 21 May 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Tuesday, 14 May 2024 (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 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 code of corporate governance.

Save for the deviation from code provision C.2.1 of the Corporate Governance Code as described below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Corporate Governance Code during the year ended 31 December 2023 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 C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. With the appointment of Mr. Qian Lirong as the Group chief executive officer with effect from 31 December 2019, the roles of the chairman and the chief executive officer of the Group are not separated and are performed by the same individual, Mr. Qian Lirong. Mr. Qian Lirong joined the Group in 2007 and, as executive

Director and chairman of the Board, is principally responsible for the overall strategic development of the Group's operation as well as overall management of the Group. The Board believes that vesting both the roles of chairman and chief executive officer in the same person can ensure consistent leadership and enables more effective and efficient overall strategic planning for the Group. In addition, the Board is of the view that the balanced composition of executive and non-executive Directors (including the independent non-executive Directors) on the Board and the various committees of the Board (primarily comprising independent non-executive Directors) in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

AUDIT COMMITTEE

An audit committee of the Board ("Audit Committee") has been established with written terms of reference to, among other matters, review and supervise the financial reporting process and internal control and risk management systems of the Group. The Audit Committee comprises all the independent non-executive Directors, namely Ms. Hoi Sao Leng, Professor Jin Xiaofeng and Mr. Zhao Huanqi. Ms. Hoi Sao Leng is the chairman of the Audit Committee. The annual results of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee.

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

During the year ended 31 December 2023, 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 2023.

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 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 for the year ended 31 December 2023.

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 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 26 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.trigiant.com.hk). The annual report for the year ended 31 December 2023 of the Company containing all the information required by the Listing Rules will be 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, 26 March 2024

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

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| <i>Executive Directors:</i> | Mr. Qian Lirong (<i>Chairman and Group chief executive officer</i>) Mr. Qian Chenhui |
| <i>Non-executive Director:</i> | Mr. Zhang Dongjie |
| <i>Independent non-executive Directors:</i> | Professor Jin Xiaofeng Mr. Zhao Huanqi Ms. Hoi Sao Leng |