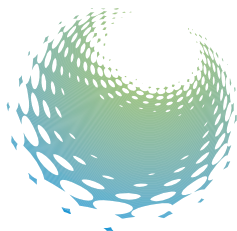


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Sun.King Power Electronics Group Limited

賽晶電力電子集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 580)

CONNECTED TRANSACTION – AGREEMENT FOR CONVERSION OF CAPITAL INTO LOAN

The Board hereby announces that on 15 April 2019 (after trading hours), Jiashan Sunking (as lender), Hi-Tech Property (as borrower) and Jiashan Henghua entered into the Agreement for Conversion of Capital into Loan. Jiashan Henghua, being a company established in the PRC with registered capital of RMB50,000,000, is owned as to 49% by Jiashan Sunking after its contribution of capital of RMB24,500,000 and 51% by Hi-Tech Property after its contribution of capital of RMB25,500,000. Jiashan Henghua is not a subsidiary of the Group. Jiashan Henghua was established for the purpose of operating a property development project. Jiashan Henghua is in the course of deregistration as the aforesaid property development project is completed. Jiashan Henghua has advanced a loan in the amount of RMB50,000,000 to Hi-Tech Property and such loan has to be settled before the deregistration of Jiashan Henghua can be completed. Pursuant to the Agreement for Conversion of Capital into Loan, among the amount of RMB50,000,000 which Hi-Tech Property is indebted to Jiashan Henghua, RMB25,500,000 will be assigned to Hi-Tech Property which will be offset against the amount of capital contribution which Jiashan Henghua should return to Hi-Tech Property upon its deregistration, and the remaining RMB24,500,000, i.e. the Loan, will be assigned to Jiashan Sunking such that Jiashan Sunking will be entitled to interest in the rate of 8.3% per annum for a term of one year.

THE AGREEMENT FOR CONVERSION OF CAPITAL INTO LOAN

The major terms of the Agreement for Conversion of Capital into Loan are summarised as follows:

Date: 15 April 2019

Parties: (a) Jiashan Sunking (a wholly-owned subsidiary of the Group) (as lender);

- (b) Hi-Tech Property (a connected person of the Company) (as borrower); and
- (c) Jiashan Henghua (a company which is owned as to 49% by Jiashan Sunking and 51% by Hi-Tech Property).

Term:	The Agreement for Conversion of Capital into Loan shall expire on 31 October 2019.
Loan amount:	RMB24,500,000
Interest rate:	Hi-Tech Property shall pay interest on the Loan at the rate of 8.3% per annum. Interest shall be payable quarterly.
Repayment:	Hi-Tech Property shall repay the Loan and the outstanding interest accrued thereon upon expiry of the term of the Agreement for Conversion of Capital into Loan, i.e. 31 October 2019.
Purpose of the Loan:	The Loan is provided to Hi-Tech Property to relieve its capital flow.
Events of default:	Customary events of default, such as failure to utilise the Loan proceeds for the agreed purpose, failure to repay the Loan or any interest in time.
Remedies upon default:	Upon occurrence of any event of default, Jiashan Sunking is entitled to receive daily compensation being 0.05% of the amount overdue, and the expenses which Jiashan Sunking shall incur as a result of instituting legal proceedings against Hi-Tech Property due to any event of default on the part of Hi-Tech Property.
Security:	The Loan is unsecured.
Guarantee:	The joint and several liability guarantee provided by Hi-Tech Property and its subsidiary.

REASONS AND BENEFITS OF THE AGREEMENT FOR CONVERSION OF CAPITAL INTO LOAN

Taking into account that (a) the Group's earnings will be increased by the expected return to be generated from the Loan; and (b) the joint and several liability guarantee to be provided by Hi-Tech Property and its subsidiary, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the Agreement for Conversion of Capital into Loan, including the interest rate under the Loan, were entered into by the Company after arm's length negotiations with its counterparties and the transaction contemplated under the Agreement for Conversion of Capital into Loan is expected to be fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND JIASHAN SUNKING

The Company is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange. The principal business of the Company is investment holding. The Group is principally engaged in manufacture and trading of electronic power components.

Jiashan Sunking is a company established under the laws of the PRC with limited liability and currently a wholly-owned subsidiary of the Group. Jiashan Sunking is principally engaged in design, production and sales of insulated gate bipolar transistor power modules, anode saturable reactors and other power electronic components.

INFORMATION ON HI-TECH PROPERTY

Hi-Tech Property is a company established under the laws of the PRC with limited liability and is accounted for and consolidated in the audited consolidated accounts of China Hi-Tech Group. China Hi-Tech Group, through its wholly-owned subsidiary, China Hi-Tech Holding, holds approximately 18.58% of the issued share capital of the Company. Hi-Tech Property is principally engaged in property development and other related businesses.

LISTING RULES IMPLICATIONS

China Hi-Tech Holding, being a wholly-owned subsidiary of China Hi-Tech Group, holds approximately 18.58% of the issued share capital of the Company directly. As Hi-Tech Property is accounted for and consolidated in the audited consolidated accounts of China Hi-Tech Group, Hi-Tech Property is an associate of China Hi-Tech Holding, being a substantial shareholder of the Company, and hence a connected person of the Company. Accordingly, the transaction contemplated under the Agreement for Conversion of Capital into Loan constitutes connected transaction for the Company under Chapter 14A of the Listing Rules.

As the transaction contemplated under the Agreement for Conversion of Capital into Loan is expected to be conducted on normal commercial terms and all the applicable percentage ratios are less than 5%, such transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

Mr. Yan Fuquan, being the chief accountant (總會計師) of China Hi-Tech Group, the chairman of the board (董事長) and the general manager (總經理) of China Hi-Tech Holding, the chairman of the board (董事長) of Hi-Tech Investment Management Co. Ltd.* (恒天投資管理有限公司); and Mr. Zhu Ming, being the chief financial officer (財務總監) of China Hi-Tech Holding, are deemed to have a material interest in the transaction contemplated under the Agreement for Conversion of Capital into Loan. Therefore, Mr. Yan Fuquan and Mr. Zhu Ming are required to abstain from voting at the Board meeting for approving the Agreement for Conversion of Capital into Loan.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Agreement for Conversion of Capital into Loan”	the Agreement for Conversion of Capital into Loan (資本金轉為借款協議) entered into between Jiashan Sunking, Hi-Tech Property and Jiashan Henghua dated 15 April 2019 in relation to the provision of the Loan by Jiashan Sunking to Hi-Tech Property
“associate(s)”	has the same meaning as ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“China Hi-Tech Group”	China Hi-Tech Group Corporation* (中國恒天集團有限公司), being a company which holds approximately 18.58% of the issued share capital of the Company through its wholly-owned subsidiary, China Hi-Tech Holding
“China Hi-Tech Holding”	China Hi-Tech Holding Company Limited* (中國恒天控股有限公司), being a wholly-owned subsidiary of China Hi-Tech Group which holds approximately 18.58% of the issued share capital of the Company directly
“Company”	Sun.King Power Electronics Group Limited (賽晶電力電子集團有限公司), being a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hi-Tech Property”	Hi-Tech Property Co. Ltd.* (恒天地產有限公司), being a company which is accounted for and consolidated in the audited consolidated accounts of China Hi-Tech Group
“Jiashan Henghua”	Jiashan Henghua Property Development Co. Ltd.* (嘉善恒華房地產開發有限公司), being a company with limited liability established under the laws of PRC on 10 October 2013 and owned as to 49% by Jiashan Sunking and 51% by Hi-Tech Property

“Jiashan Sunking”	Jiashan Sunking Power Equipment Technology Co. Ltd.* (嘉善華瑞賽晶電氣設備科技有限公司), being a company with limited liability established under the laws of PRC on 13 September 2004 and a wholly-owned subsidiary of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	RMB24,500,000, being the amount equivalent to the capital which Jiashan Henghua should return to Jiashan Sunking upon its deregistration
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the same meaning as ascribed thereto under the Listing Rules
“%”	per cent

* For identification purpose only

By Order of the Board
Sun.King Power Electronics Group Limited
Xiang Jie
Chairman

Hong Kong, 15 April 2019

As at the date of this announcement, the executive Directors are Mr. Xiang Jie, Mr. Gong Renyuan and Mr. Yue Zhoumin; the non-executive Directors are Mr. Yan Fuquan, Mr. Zhu Ming and Ms. Zhang Ling; and the independent non-executive Directors are Mr. Chen Shimin, Mr. Zhang Xuejun, Mr. Leung Ming Shu and Mr. Zhao Hang.