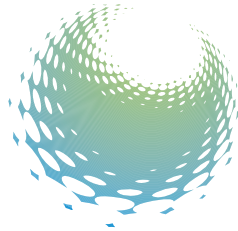


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Sun.King Technology Group Limited

賽晶科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 580)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

- (a) Revenue decreased by approximately 28.6% to approximately RMB490.8 million.
- (b) Gross profit decreased by approximately 39.2% to approximately RMB126.8 million.
- (c) Gross profit margin decreased from approximately 30.3% to approximately 25.8%.
- (d) Loss and total comprehensive loss for the period attributable to owners of the parent were approximately RMB11.0 million and approximately RMB11.0 million, respectively.
- (e) Basic and diluted loss per share attributable to ordinary equity holders of the parent were approximately RMB0.67 cents and approximately RMB0.67 cents, respectively.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Director(s)**”) of Sun.King Technology Group Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021, with the comparative figures for the same period in 2020, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
REVENUE	5	490,784	687,728
Cost of sales		<u>(364,023)</u>	<u>(479,145)</u>
Gross profit		126,761	208,583
Other income and gains	5	17,840	20,288
Selling and distribution costs		(29,987)	(24,187)
Administrative expenses		(61,210)	(57,280)
Research and development costs		(41,261)	(35,583)
Other expenses and losses		(11,924)	(1,958)
Finance costs	7	(7,987)	(10,768)
Share of profits/(losses) of:			
A joint venture		(401)	629
Associates		<u>(38)</u>	<u>(4,163)</u>
PROFIT/(LOSS) BEFORE TAX	6	(8,207)	95,561
Income tax expense	8	<u>(4,506)</u>	<u>(9,353)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(12,713)</u>	<u>86,208</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		<u>(31)</u>	<u>28</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		<u>(31)</u>	<u>28</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>(12,744)</u>	<u>86,236</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit/(loss) attributable to:			
Owners of the parent		(10,957)	91,650
Non-controlling interests		<u>(1,756)</u>	<u>(5,442)</u>
		<u>(12,713)</u>	<u>86,208</u>
Total comprehensive income/(loss) attributable to:			
Owners of the parent		(10,963)	91,653
Non-controlling interests		<u>(1,781)</u>	<u>(5,417)</u>
		<u>(12,744)</u>	<u>86,236</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		<u>RMB (0.67 cents)</u>	<u>RMB5.69 cents</u>
Diluted		<u>RMB(0.67 cents)</u>	<u>RMB5.66 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	488,647	366,532
Right-of-use assets		59,442	60,514
Deposits for purchase of items of property, plant and equipment		1,913	135
Goodwill		6,878	6,878
Other intangible assets		51,353	47,657
Investment in a joint venture		15,522	15,923
Investments in associates		1,156	1,194
Trade receivables	12	–	295
Contract assets		48,902	90,394
Deferred tax assets		6,742	9,467
Total non-current assets		680,555	598,989
CURRENT ASSETS			
Inventories		188,556	283,890
Trade and bills receivables	12	786,240	790,257
Contract assets		19,704	95,960
Prepayments, other receivables and other assets		52,973	44,216
Financial investments at fair value through other comprehensive income		105,000	–
Financial investments at fair value through profit or loss		81,000	–
Pledged deposits		28,809	23,136
Cash and cash equivalents		561,678	678,367
		1,823,960	1,915,826
Assets classified as held for sale		–	4,247
Total current assets		1,823,960	1,920,073

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

30 June 2021

	<i>Notes</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	13	225,437	183,199
Contract liabilities		12,488	19,284
Other payables and accruals		89,679	58,121
Derivative financial instruments		8,344	4,825
Lease liabilities		2,691	2,644
Interest-bearing bank borrowings		264,127	364,902
Tax payable		8,188	11,678
Dividend payables	9	40,838	—
Total current liabilities		651,792	644,653
NET CURRENT ASSETS		1,172,168	1,275,420
TOTAL ASSETS LESS CURRENT LIABILITIES		1,852,723	1,874,409
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		48,000	19,000
Lease liabilities		12,017	12,502
Deferred income		64,607	65,725
Deferred tax liabilities		2,970	3,347
Total non-current liabilities		127,594	100,574
Net assets		1,725,129	1,773,835
EQUITY			
Equity attributable to owners of the parent			
Issued capital	14	140,283	139,944
Reserves		1,571,304	1,618,568
		1,711,587	1,758,512
Non-controlling interests		13,542	15,323
Total equity		1,725,129	1,773,835

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent										Non-controlling interests	Total equity
	Issued capital	Treasury shares	Share premium account	Employee share-based compensation reserve	Capital redemption reserve	Deemed contribution reserve	Other reserve	Retained profits	Exchange fluctuation reserve	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	136,996	(2,736)	529,524	25,133	3,189	14,765	292,869	671,397	803	1,671,940	16,563	1,688,503
Profit for the period	-	-	-	-	-	-	-	91,650	-	91,650	(5,442)	86,208
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	3	3	25	28
Total comprehensive income for the period	-	-	-	-	-	-	-	91,650	3	91,653	(5,417)	86,236
Exercise of share options	3,136	-	35,733	(17,420)	-	-	-	-	-	21,449	-	21,449
Share-based payments	-	-	-	387	-	-	-	-	-	387	-	387
Capital contribution from a non-controlling shareholder	-	-	-	-	-	-	(1,309)	-	-	(1,309)	3,124	1,815
Transfer from retained profits	-	-	-	-	-	-	18,233	(18,233)	-	-	-	-
Final and special 2019 dividends	-	-	(89,474)	-	-	-	-	-	-	(89,474)	-	(89,474)
Cancellation of repurchased shares	(254)	2,736	(2,482)	-	254	-	-	(254)	-	-	-	-
At 30 June 2020	<u>139,878</u>	<u>-</u>	<u>473,301*</u>	<u>8,100*</u>	<u>3,443*</u>	<u>14,765*</u>	<u>309,793*</u>	<u>744,560*</u>	<u>806*</u>	<u>1,694,646</u>	<u>14,270</u>	<u>1,708,916</u>
At 1 January 2021	<u>139,944</u>	<u>-</u>	<u>447,060*</u>	<u>9,472*</u>	<u>3,443*</u>	<u>14,765*</u>	<u>312,634*</u>	<u>830,145*</u>	<u>1,049*</u>	<u>1,758,512</u>	<u>15,323</u>	<u>1,773,835</u>
Loss for the period	-	-	-	-	-	-	-	(10,957)	-	(10,957)	(1,756)	(12,713)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(6)	(6)	(25)	(31)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(10,957)	(6)	(10,963)	(1,781)	(12,744)
Exercise of share options	339	-	5,053	(1,553)	-	-	-	-	-	3,839	-	3,839
Share-based payments	-	-	-	1,037	-	-	-	-	-	1,037	-	1,037
Final 2020 dividend	-	-	(40,838)	-	-	-	-	-	-	(40,838)	-	(40,838)
Transfer from retained profits	-	-	-	-	-	-	5,565	(5,565)	-	-	-	-
At 30 June 2021	<u>140,283</u>	<u>-</u>	<u>411,275*</u>	<u>8,956*</u>	<u>3,443*</u>	<u>14,765*</u>	<u>318,199*</u>	<u>813,623*</u>	<u>1,043*</u>	<u>1,711,587</u>	<u>13,542</u>	<u>1,725,129</u>

Notes:

(a) The deemed contribution reserve represents share-based payment expense incurred and recognised by the Group as settled by issue of shares of Sun.King Group Limited (賽晶集團有限公司) (“**Sunking BVI**”), a former shareholder of the Company.

(b) The other reserve mainly represents a certain waiver of loans and/or advances by Sunking BVI to the Group in prior years, the reserve arose from acquisition of non-controlling interests and capital contribution from non-controlling shareholders, as well as statutory reserve of PRC subsidiaries.

* These reserve accounts comprise the consolidated reserves of RMB1,571,304,000 (31 December 2020: RMB1,618,568,000) in the condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(8,207)	95,561
Adjustments for:			
Finance costs	7	7,987	10,768
Share of losses of a joint venture and associates		439	3,534
Interest income		(5,566)	(5,926)
Fair value gains on financial investments at fair value through profit or loss	5	(1,371)	–
Loss/(gain) on disposal of property, plant and equipment, net	6	(294)	6
Gain on disposal of assets classified as held for sale	6	(2,253)	–
Depreciation of property, plant and equipment	6	11,007	10,700
Depreciation of right-of-use assets	6	2,047	1,940
Amortisation of other intangible assets	6	2,881	2,071
Impairment of trade receivables and contract assets, net	6	(406)	(205)
Impairment of financial assets included in prepayments, other receivables and other assets, net	6	169	76
Fair value loss/(gain) on foreign currency forward contracts, net	6	11,031	(5,449)
Write-down of inventories to net realisable value, net	6	(987)	4,930
Amortisation of deferred income		(219)	(964)
Share-based payment expense		1,037	387
		17,295	117,429
Decrease/(increase) in inventories		96,321	(35,454)
Decrease/(increase) in trade and bills receivables and contract assets		124,699	(69,608)
Decrease/(increase) in prepayments, other receivables and other assets		(8,538)	8,995
Decrease/(increase) in pledged deposits		(5,673)	6,768
Increase/(decrease) in trade and bills payables		42,238	(58,775)
Decrease in other payables and accruals and contract liabilities		(8,637)	(7,176)
Change in derivative financial instruments		(7,512)	1,690
Effect of foreign exchange rate changes, net		2,722	(1,630)
Cash generated from/(used in) operations		252,915	(37,761)
Interest paid		(8,373)	(10,793)
Income taxes paid		(5,497)	(3,711)
Net cash flows from/(used in) operating activities		239,045	(52,265)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2021

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Net cash flows from/(used in) operating activities	<u>239,045</u>	<u>(52,265)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,945	1,495
Purchases of property, plant and equipment	(100,968)	(12,626)
Additions to other intangible assets	(7,332)	(9,018)
Purchase of financial investments at fair value through other comprehensive income	(105,000)	—
Purchase of financial investments at fair value through profit or loss	(345,000)	—
Proceeds from disposal/maturity of financial investments at fair value through profit or loss	265,371	—
Proceeds from disposal of property, plant and equipment	744	—
Proceeds from disposal of assets classified as held for sale	6,500	—
Increase in deposits for purchase of property, plant and equipment	(1,778)	(36)
Proceeds from disposal of a subsidiary	—	77,400
Proceeds from disposal of an associate	—	5,000
Loan advanced to a joint venture	—	(4,500)
Net cash flows from/(used in) investing activities	<u>(284,518)</u>	<u>57,715</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	3,839	21,449
New bank loans	205,000	270,472
Repayment of bank loans	(276,775)	(267,937)
Principal portion of lease payments	(1,413)	(1,156)
Capital contribution from a non-controlling shareholder	—	1,815
Dividends paid	—	(89,474)
Net cash flows used in financing activities	<u>(69,349)</u>	<u>(64,831)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(114,822)	(59,381)
Cash and cash equivalents at beginning of period	678,367	592,748
Effect of foreign exchange rate changes, net	(1,867)	1,435
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>561,678</u>	<u>534,802</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>561,678</u>	<u>534,802</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

1. CORPORATE INFORMATION

Sun.King Technology Group Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 19 March 2010. The ordinary shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited with effect from 13 October 2010. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the trading and manufacturing of power electronic components.

The condensed consolidated interim financial information is presented in Renminbi (“**RMB**”).

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

Amendments to IFRS 9, IAS 39, IFRS 7,
IFRS 4 and IFRS 16
Amendment to IFRS 16

Interest Rate Benchmark Reform – Phase 2

*Covid-19-Related Rent Concessions beyond
30 June 2021 (early adopted)*

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and

recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the London Interbank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. The amendments did not have any impact on the financial position and performance of the Group as the Group did not receive any rent concession during this period.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment which is principally engaged in the manufacturing and trading of power electronic components. All of the Group's operating results from the operations are generated from this single segment. Management monitors the results of the Group's operation as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographical information

As the Group's major operations, customers and non-current assets are located in the People's Republic of China (the "PRC"), no further geographical segment information is provided.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers, other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Sale of power electronic components	490,784	687,728

All of the Group's revenue are recognised at a point in time when goods are delivered. 98% (2020: 97%) of the Group's revenue from contracts with customers is related to sales of power electronic components in Mainland China.

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Government grants*	7,999	8,087
Bank interest income	2,945	1,461
Other interest income	388	760
Interest income arising from revenue contracts	2,233	3,705
Fair value gains on financial investments at fair value through profit or loss	1,371	–
Others	357	826
	15,293	14,839
Gains		
Fair value gains on foreign currency forward contracts, net	–	5,449
Gain on disposal of assets classified as held for sale	2,253	–
Gain on disposal of items of property, plant and equipment, net	294	–
	2,547	5,449
	17,840	20,288

* Various government grants have been received for investments in certain regions in Mainland China in which the Company's subsidiaries operate as well as for the Group's technology advancements. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the condensed consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these government grants.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	365,010	474,215
Write-down of inventories to net realisable value, net	(987)	4,930
	<hr/>	<hr/>
Cost of sales	364,023	479,145
	<hr/>	<hr/>
Depreciation of property, plant and equipment	11,007	10,700
Depreciation of right-of-use assets	2,047	1,940
Amortisation of other intangible assets	2,881	2,071
Impairment of trade receivables and contract assets, net	(406)	(205)
Impairment of financial assets included in prepayments, other receivables and other assets, net	169	76
Fair value loss/(gain) on foreign currency forward contracts, net	11,031	(5,449)
Loss/(gain) on disposal of property, plant and equipment, net	(294)	6
Gain on disposal of assets classified as held for sale	(2,253)	–
Foreign exchange differences, net	1,025	895
	<hr/> <hr/>	<hr/> <hr/>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	7,766	10,577
Interest on lease liabilities	221	191
	<hr/>	<hr/>
	7,987	10,768
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2020: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Under the PRC income tax laws, enterprises are subject to corporate income tax (“CIT”) at a rate of 25%.

Certain subsidiaries of the Group are qualified as high technology enterprises and hence are granted a preferential CIT rate of 15%. Tax holidays were also granted by a relevant authority to a subsidiary of the Group, where CIT is exempted for the first two profitable years of the subsidiary and is chargeable at half of the applicable rate for the subsequent three years.

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Group:		
Current – Hong Kong		
Charge for the period	–	–
Current – Elsewhere		
Charge for the period	2,783	15,875
Overprovision in prior periods	(776)	(1,280)
Deferred	2,499	(5,242)
	<hr/>	<hr/>
Total tax charge for the period	4,506	9,353
	<hr/> <hr/>	<hr/> <hr/>

9. DIVIDENDS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final declared – HK3 cents (2020: HK3 cents) per ordinary share	40,838	44,737
Special declared – Nil (2020: HK3) per ordinary share	–	44,737
Proposed interim – Nil (2020: HK2 cents) per ordinary share	–	29,793
	<hr/>	<hr/>
Total	40,838	119,267
	<hr/> <hr/>	<hr/> <hr/>

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share (six months ended 30 June 2020: earnings per share) amount is based on the loss for the period attributable to ordinary equity holders of the parent of RMB10,957,000 (six months ended 30 June 2020: profit of RMB91,650,000), and the weighted average number of ordinary shares of 1,633,715,003 (six months ended 30 June 2020: 1,611,013,857) in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2021 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the diluted earnings per share amount for the six months ended 30 June 2020 was based on the profit for the six months ended 30 June 2020 attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	(10,957)	91,650
	Number of shares	
	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,633,715,003	1,611,013,857
Effect of dilution – weighted average number of ordinary shares:		
Share options	–	8,434,705
	1,633,715,003	1,619,448,562

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets at an aggregate cost of RMB133,853,000 (30 June 2020: RMB16,005,000).

During the six months ended 30 June 2021, the Group disposed of assets with an aggregate net book value of RMB4,697,000 (30 June 2020: RMB6,000).

12. TRADE AND BILLS RECEIVABLES

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables	636,971	471,649
Impairment	(7,882)	(10,112)
	<u>629,089</u>	<u>461,537</u>
Bills receivable	<u>157,151</u>	<u>329,015</u>
	<u>786,240</u>	<u>790,552</u>
Analysed into:		
Current portion	786,240	790,257
Non-current portion	—	295
	<u>786,240</u>	<u>790,552</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables. Trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Within 3 months	312,209	274,181
3 to 6 months	59,179	101,613
6 to 12 months	178,762	60,775
Over 1 year	<u>78,939</u>	<u>24,968</u>
	<u>629,089</u>	<u>461,537</u>

At 30 June 2021, the Group's bills receivable would mature within twelve (31 December 2020: twelve) months.

13. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within six months	201,539	161,985
Over six months	23,898	21,214
	225,437	183,199

14. ISSUED CAPITAL

During the period, the subscription rights attaching to 1,795,500, and 2,260,000 share options were exercised at the subscription prices of HK\$1.17 and HK\$1.10 per share, respectively, resulting in the issue of 4,055,500 shares of HK\$0.10 each for a total cash consideration, before expenses, of approximately HK\$4,587,000 (equivalent to approximately RMB3,839,000). An amount of RMB1,553,000 was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

15. CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

16. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contracted, but not provided for:		
Buildings	55,679	30,383
Plant and equipment	22,450	49,590
	78,129	79,973

Commitments under foreign currency forward contracts:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Purchase of Swiss franc	126,946	181,001
Purchase of the United States dollars	–	45,996
Purchase of Hong Kong dollars	28,293	28,293
	155,239	255,290

17. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period:

	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Associates:		
Sale of products	–	209

- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Short term employee benefits	14,454	13,058
Post-employment benefits	1,099	953
Share-based payment expense	270	166
Total compensation paid to key management personnel	15,823	14,177

(c) Outstanding balances with related parties:

- i. On 15 April 2019, Jiashan Sunking Power Equipment Technology Co., Ltd. (“**Jiashan Sunking**”), an indirect wholly-owned subsidiary of the Company, and Jiashan Henghua Property Development Co., Ltd. (“**Jiashan Henghua**”), which was owned as to 51% by Hi-Tech Property Co., Ltd. (“**HiTech Property**”) and 49% by Jiashan Sunking, entered into an agreement pursuant to which 49% of a loan with an original amount of RMB50,000,000 advanced from Jiashan Henghua to Hi-Tech Property was to assign from Jiashan Henghua to Jiashan Sunking. The amount of the assigned loan was RMB24,500,000, which was unsecured, interest-bearing at a rate of 8.3% per annum and fully repaid in 2020.

As at 30 June 2021, the outstanding accrued loan interest receivable from Hi-Tech Property was RMB1,035,000 (31 December 2020: RMB1,035,000). The corresponding interest income during the period was nil (six months ended 30 June 2020: RMB726,000).

- ii. On 26 May 2020 and 4 December 2020, Jiashan Sunking and Beijing Yaoting Tengyi Investment Partnership (“**Yaoting**”), a joint venture of the Group, entered into loan agreements pursuant to which Jiashan Sunking agreed to advance loans of RMB4,500,000 and RMB4,920,000 to Yaoting. The loans were unsecured, interest-bearing at a rate of 8.3% per annum and repayable within one year. On 25 May 2021, Jiashan Sunking and Yaoting reached a supplemental agreement to extend the aforementioned loan of RMB4,500,000 for one year. The corresponding interest income during the period was RMB388,000 (six months ended 30 June 2020: RMB34,000).

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group’s financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2021 RMB’000 (Unaudited)	31 December 2020 RMB’000 (Audited)	30 June 2021 RMB’000 (Unaudited)	31 December 2020 RMB’000 (Audited)
Financial assets				
Bills receivable	157,151	329,015	157,151	329,015
Financial investments at fair value through other comprehensive income	105,000	–	105,000	–
Financial investments at fair value through profit or loss	81,000	–	81,000	–
	<u>343,151</u>	<u>329,015</u>	<u>343,151</u>	<u>329,015</u>
Financial liabilities				
Derivative financial instruments	8,344	4,825	8,344	4,825
Interest-bearing bank borrowings	312,127	383,902	312,082	383,926
	<u>320,471</u>	<u>388,727</u>	<u>320,426</u>	<u>388,751</u>

Management has assessed that the fair values of the Group's financial instruments, except for bills receivable, derivative financial instruments, financial investments and non-current portion of interest-bearing bank borrowings, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of bills receivables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group enters into derivative financial instruments with various counterparties. Derivative financial instruments, mainly including foreign currency forward contracts, are measured using quoted prices in active markets.

The Group also invests in financial investments, comprising wealth management products, structured deposits and certificates of deposits. The Group has estimated the fair value of these financial investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The carrying amounts of bills receivable, derivative financial instruments and financial investments are the same as their fair values.

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2021 were assessed to be insignificant.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
As at 30 June 2021				
Bills receivable	–	157,151	–	157,151
Financial assets at fair value through other comprehensive income	–	105,000	–	105,000
Financial assets at fair value through profit or loss	–	81,000	–	81,000
	<u>–</u>	<u>343,151</u>	<u>–</u>	<u>343,151</u>
As at 31 December 2020				
Bills receivable	–	329,015	–	329,015

Liabilities measured at fair value:

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
As at 30 June 2021				
Derivative financial instruments	8,344	–	–	8,344
As at 31 December 2020				
Derivative financial instruments	4,825	–	–	4,825

Liabilities for which fair values are disclosed:

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
As at 30 June 2021				
Interest-bearing bank borrowings	-	312,082	-	312,082
As at 31 December 2020				
Interest-bearing bank borrowings	-	383,926	-	383,926

During the period, there was no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

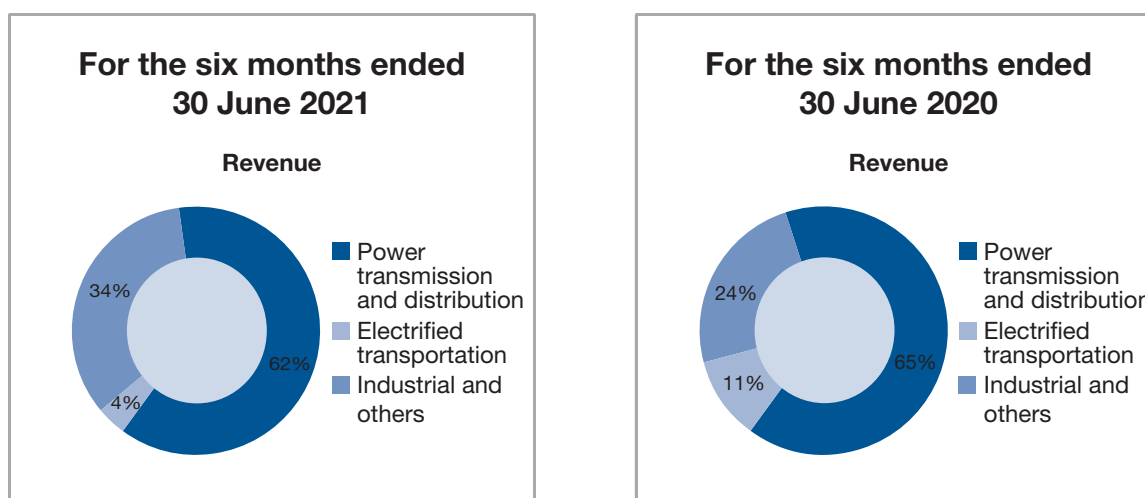
BUSINESS REVIEW

1. Performance by business sector

The performance of the Group by business sector is as follows:

	For the six months ended		30 June 2020	
	30 June 2021	Gross profit margin	Revenue	Gross profit margin
	(RMB million)	%	(RMB million)	%
Power transmission and distribution	303.4	27.7	444.6	31.8
Electrified transportation	18.2	22.6	75.0	26.5
Industrial and others	169.2	22.8	168.1	28.2
Total	490.8	Average 25.8	687.7	Average 30.3

The proportion of revenue of each of the Group's business sectors was as follows:



1.1 Power transmission and distribution sector

	For the six months ended		Change %
	30 June 2021	30 June 2020	
	Revenue (RMB million)	Revenue (RMB million)	
Power transmission and distribution sector	303.4	444.6	-31.8
Ultra-high voltage direct current (“UHVDC”) transmission	52.0	95.2	-45.4
Flexible direct current (“DC”) transmission	197.4	323.0	-38.9
Other power transmission and distribution	54.0	26.4	104.5

According to the “14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Outline of Long-term Goals for 2035” (the “**14th Five-Year**”) and the “Carbon Peak and Carbon Neutrality” action plan of the State Grid Corporation, the investment and construction scale of the high voltage DC (“**HVDC**”) transmission sector will remain at a relatively high level. According to the above plans, seven domestic UHVDC transmission projects will be completed during the 14th Five-Year period, which will increase transmission volume to 56000MW.

UHVDC transmission

In the first half of 2021, the Group mainly delivered related orders in the “Shanbei-Wuhan” UHVDC transmission project, the “Baihetan-Jiangsu” UHVDC transmission project (the “**Baihetan-Jiangsu Project**”) regular DC transmission and the $\pm 800\text{kV}$ Fulong converter project. The amount and scale of UHVDC projects decreased significantly as compared with the same period of 2020. As a result, the revenue of the Group in such subsector decreased by 45.4% as compared with the same period of 2020.

Flexible DC transmission

In the first half of 2021, the Group mainly delivered related orders in the flexible DC transmission of the Baihetan-Jiangsu Project and the Guangdong Power Grid DC Back to Back Dongguan Project (the Greater Bay Area Southern Guangdong DC Back to Back Project). The scale of flexible DC transmission projects decreased significantly as compared with the same period of 2020. As a result, the revenue of the Group in such subsector decreased by 38.9% as compared with the same period of 2020.

Other power transmission and distribution

In the first half of 2021, due to the excellent results of the businesses of online monitoring products and power capacitors, the revenue of the Group in such subsector increased by 104.5% as compared with the same period of 2020.

1.2 Electrified transportation sector

	For the six months ended		Change %
	30 June 2021	30 June 2020	
	Revenue (RMB million)		
Electrified transportation sector	18.2	75.0	-75.7
Rail transportation	18.1	74.2	-75.6
New energy vehicles	0.1	0.8	-87.5

Rail transportation

The Group provides a wide range of power electronic components to rail transit vehicle equipment manufacturing enterprises such as CRRC Corporation Limited and its subsidiaries for the manufacturing of its traction converters. The Group also provides products including power quality control devices, electrified railway automatic passing intelligent switches and rail transit solid state DC circuit breakers etc. to the rail transportation power supply system subsector.

In the first half of 2021, due to the decline in procurement of high-power electric locomotives and passenger vehicles, the revenue of the Group in such subsector decreased by 75.6% as compared with the same period of 2020.

New energy vehicles

The Group provides a variety of power electronic device products such as laminated busbars to the new energy vehicles subsector.

In the first half of 2021, the business development of such subsector fell short of expectation, resulting in a significant decrease in the revenue of the Group in such subsector as compared with the same period of 2020.

1.3 Industrial and others sector

	For the six months ended		Change %
	30 June 2021	30 June 2020	
	Revenue (RMB million)		
Industrial and others sector	169.2	168.1	0.7
Electrical equipment	85.3	115.5	-26.1
New energy power generation	59.5	31.1	91.3
Metal smelting	22.7	17.2	32.0
Scientific research institutes and others	1.7	4.3	-60.5

In the first half of 2021, the revenue of the Group in the industrial and other sectors remained stable as compared with the same period of 2020.

2. Research and development (“R&D”) and new business update

The Group adheres to the business philosophy of motivating corporate development with scientific and technological innovation and places great emphasis on the R&D of new technologies and R&D team building.

2.1 power semiconductors and supporting devices

In the first half of 2021, the first insulated gate bipolar transistor (“**IGBT**”) production line of the Group was completed and commissioned. Such production line has adopted the design of fully automatic intelligent management with industry-leading production efficiency and quality control.

In the first half of 2021, the Group officially launched the EV-Type IGBT modules. Adopting the latest generation of module technology of emerging double-sided cooling design and with excellent performance, such modules are mainly applicable to electric vehicles, new energy and other sectors. In addition, the EV-Type modules can maximise the performance advantage of SiC chip.

2.2 Emerging power electronic technologies

Impedance measurement

The latest R&D impedance measurement product of the Group can provide accurate impedance-related fault monitoring and thus reduce the potential risk of system failure. Such products especially get a high performance in the area of harmonic monitoring. Such products are not only applicable to marine electrical systems, but also to multi-energy road-based microgrid systems. At the moment, such products won the order of Onboard DC Grid scientific research project in the European shipbuilding sector.

Marine solid DC circuit breakers

The 1500V/500A marine solid DC circuit breakers researched and developed by the Group were officially delivered to European shipbuilding clients. In addition, 1500V/1250A and 1500V/3000A marine solid DC circuit breakers have been launched.

Electrified railway automatic passing intelligent switches for surface transport

The electrified railway automatic passing intelligent switches for surface transport have been put into operation and passed the mid-term operational assessment.

Power electronic capacitors

The flexible DC support power electronic capacitors researched and developed by the Group have passed the examination on flexible DC transmission converter valve device of offshore wind power and will come into operation soon.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 28.6% from approximately RMB687.7 million for the six months ended 30 June 2020 to approximately RMB490.8 million for the same period in 2021, mainly due to the decrease in revenue from the subsectors of UHVDC transmission and flexible DC transmission and the sector of electrified transportation.

Cost of sales

The Group's cost of sales decreased by approximately 24.0% from approximately RMB479.1 million for the six months ended 30 June 2020 to approximately RMB364.0 million for the same period in 2021, mainly due to the decrease in revenue.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 39.2% from approximately RMB208.6 million for the six months ended 30 June 2020 to approximately RMB126.8 million for the same period in 2021, mainly due to the decrease in both revenue and gross profit margin.

The Group's gross profit margin decreased from approximately 30.3% for the six months ended 30 June 2020 to approximately 25.8% for the same period in 2021, mainly due to the decrease in proportion of the products with high gross profit margin, the increase in cost of products resulting from the decrease in sale of products and the increase in raw material cost.

Other income and gains

The Group's other income and gains decreased by approximately 12.3% from approximately RMB20.3 million for the six months ended 30 June 2020 to approximately RMB17.8 million for the same period in 2021, mainly due to the decrease in gain on forward exchange contracts.

Selling and distribution costs

The Group's selling and distribution costs increased by approximately 24.0% from approximately RMB24.2 million for the six months ended 30 June 2020 to approximately RMB30.0 million for the same period in 2021, mainly due to the start of the business of sale of self-developed semiconductors and the recovery of marketing activities after the COVID-19 pandemic.

Administrative expenses

The Group's administrative expenses increased by approximately 6.9% from approximately RMB57.3 million for the six months ended 30 June 2020 to approximately RMB61.2 million for the same period in 2021, mainly due to IGBT business expansion of the Group.

R&D costs

The Group's R&D costs increased by approximately 16.0% from approximately RMB35.6 million for the six months ended 30 June 2020 to approximately RMB41.3 million for the same period in 2021, mainly due to the increase in R&D costs incurred for semiconductors.

Other expenses and losses

The Group's other expenses and losses increased by approximately 509.0% from approximately RMB2.0 million for the six months ended 30 June 2020 to approximately RMB11.9 million for the same period in 2021, mainly due to the fair value loss on foreign currency forward contracts of approximately RMB11.0 million.

Finance costs

The Group's financial costs, which were mainly made up of interest on bank loans wholly repayable within one year, decreased by approximately 25.8% from approximately RMB10.8 million for the six months ended 30 June 2020 to approximately RMB8.0 million for the same period in 2021, mainly due to the decrease in outstanding bank loans during this period.

Share of profits/(losses) of a joint venture

The Group recognised a share of profits of a joint venture of approximately RMB0.6 million for the six months ended 30 June 2020. As our joint venture recognised a loss for the six months ended 30 June 2021, the Group recognised a share of loss of a joint venture of approximately RMB0.4 million for the same period in 2021.

Share of losses of associates

The Group's share of losses of associates decreased significantly from approximately RMB4.2 million for the six months ended 30 June 2020 to approximately RMB38,000 for the same period in 2021, mainly because Jiujiang Sun.King Technology Co., Ltd. (九江賽晶科技股份有限公司) was no longer an associate of the Group.

Profit/loss before tax

The Group recognised a profit before tax of approximately RMB95.6 million for the six months ended 30 June 2020. Due to the decrease in revenue and other reasons illustrated above, the Group recognised a loss of appropriately RMB8.2 million for the same period in 2021.

Income tax expenses

The Group's income tax expenses decreased significantly by approximately 52.1% from approximately RMB9.4 million for the six months ended 30 June 2020 to approximately RMB4.5 million for the same

period in 2021, mainly because the Group recognised a loss before tax of approximately RMB8.2 million for the six months ended 30 June 2021 as compared with a profit before tax of approximately RMB95.6 million being recognised for the six months ended 30 June 2020.

Total comprehensive income/(loss) for the period attributable to owners of the parent

The Group recognised a total comprehensive income of approximately RMB91.7 million attributable to owners of the parent of the Group for the six months ended 30 June 2020. As the Group recognised a loss after tax of approximately RMB12.7 million for the period ended 30 June 2021, a total comprehensive loss of approximately RMB11.0 million attributable to owners of the parent of the Group was recognised for the six months ended 30 June 2021.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from sales of its products and bank borrowings. As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB561.7 million (as at 31 December 2020: approximately RMB678.4 million) and interest-bearing bank borrowings of approximately RMB312.1 million (as at 31 December 2020: approximately RMB383.9 million). As at 30 June 2021, the Group's current ratio (current assets divided by current liabilities) was approximately 2.8 (as at 31 December 2020: approximately 3.0).

As at 30 June 2021, the Group's gearing ratio measured on the basis of total interest-bearing bank borrowings to total equity was approximately 18.1% (as at 31 December 2020: approximately 21.6%).

As at 30 June 2021, the Group's bank loans were mainly denominated in Renminbi with the contractual maturity being within one year from the end of the reporting period. The effective interest rate on the Group's bank borrowings (equivalent to the weighted average contracted interest rates) decreased from approximately 4.3% as at 31 December 2020 to approximately 4.0% as at 30 June 2021. During the reporting period, there was no material movement in the Group's funding and treasury policy.

The Group will continue to implement prudent financial management policies and monitor its capital structure based on the total liabilities to total assets ratio.

Foreign currency exposures

As most of the principal subsidiaries of the Company operate in the People's Republic of China (the "PRC"), the functional currency of the Group is Renminbi. The Group has transactional currency exposures. These exposures arise from the purchases by operating units in currencies other than the Group's functional currency. In order to minimise the impact of foreign currency exposure, the Group has entered into foreign currency forward contracts with creditworthy banks to manage its exchange rate exposures.

Contingent liabilities

As at 30 June 2021, the Group did not have any significant contingent liabilities (as at 31 December 2020: Nil).

Pledge of Group's assets

At 30 June 2021, certain of the Group's bills receivables of approximately RMB21.1 million (as at 31 December 2020: approximately RMB3.1 million) were pledged to secure certain of the Group's bills payables.

HUMAN RESOURCES

As at 30 June 2021, the Group had 600 employees (as at 31 December 2020: 606 employees). Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group regularly evaluates job performance of its employees to determine their salary and bonus. The Group has neither experienced any significant issues with its employees or disruptions in its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees.

PROSPECTS

Looking forward, with the implementation of two energy strategies, namely the carbon dioxide emissions striving to peak by 2030 ("**carbon peak**") and becoming carbon neutral by 2060 ("**carbon neutrality**"), and "Cleaner Alternatives and Power Alternatives" being pursued by the PRC government, the rapid development of emerging industries such as electric vehicles, new energy power generation, energy storage and intelligent power grid will bring significant increase in demand on power semiconductor technology and emerging power electronic technologies.

According to the 14th Five-Year and the carbon peak and carbon neutrality action plan, the investment and construction scale of the HVDC transmission sector during the 14th Five-Year period will remain at a relatively high level, it is planned to embark on seven domestic UHVDC transmission projects. Among which, a number of projects started in 2021, such as "Baihetan-Jiangsu" and "Baihetan-Zhejiang" UHVDC projects, Guangdong Power Grid DC Back to Back Dongguan Project (the Greater Bay Area Southern Guangdong DC Back to Back Project) and Jujian-Guangdong Grid Project. The Group will strive to continue to maintain its leading position in this sector, guarantee the successful implementation of HVDC transmission projects with its excellent product quality.

In the second half of 2021, the Group will continue to pay full effort on IGBT project promotion, speed up the tuning of production lines and start mass production as soon as possible, and launch its R&D on i21 chip and ST-Type module. The Group will also carry out extensive customer sample validation to achieve volume product orders and deliveries. In addition, the Group will continue to promote product R&D, application demonstration and market expansion in new and emerging power electronic technologies.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

None of the Company or its subsidiaries had repurchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisition and disposal during the six months ended 30 June 2021.

CORPORATE GOVERNANCE

As reported in the corporate governance report published in the 2020 annual report of the Company, the Group places high value in its corporate governance practice and the Board firmly believes that good corporate governance practice could improve accountability and transparency for the benefits of the shareholders of Company.

The Company had complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the six months ended 30 June 2021. The Board reviews and monitors the operations of the Group from time to time with the aim of maintaining high standards of corporate governance practice.

CHANGES IN INFORMATION ON DIRECTORS AND CHIEF EXECUTIVES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information on the Directors are as follows:

- (a) Mr. Chen Shimin, being an independent non-executive Director, resigned as an independent director of Huafa Industrial Co., Ltd. Zhuhai (珠海華發實業股份有限公司), being a company listed on the Shanghai Stock Exchange (stock code: 600325), in May 2021; and
- (b) Mr. Leung Ming Shu, being an independent non-executive Director, has been serving as the group chief financial officer and a member of the strategy committee of 58.com Inc., and the managing partner of 58 Industry Fund, since April 2021.

Save as disclosed above, there had been no substantial discloseable change in the information on the Directors and the chief executives of the Company since last disclosed in the 2020 annual report of the Company pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed the accounting principles and practice adopted by the Group and discussed auditing, risk management and internal control systems and financial reporting matters, including the review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021.

The current members of the audit committee are Mr. Chen Shimin (chairman of the audit committee), Mr. Zhu Ming, Mr. Zhang Xuejun and Mr. Leung Ming Shu. At the Company's annual general meeting held on 23 June 2021, the shareholders of the Company approved the appointment of Ernst & Young as the Company's external auditors up to the conclusion of the annual general meeting to be held in 2022. The procedures in relation to the selection, appointment and determination of the audit fees of the Company's external auditors were reviewed by the audit committee and approved by the Board.

REMUNERATION COMMITTEE

The roles and functions of the remuneration committee are to make recommendations on the remuneration package of the Directors and senior management, the execution of which is subject to the approval of the Board. In addition, the remuneration committee also evaluates the performance of the senior management of the Group and determines its remuneration structure.

The current members of the remuneration committee are Mr. Leung Ming Shu (chairman of the remuneration committee), Mr. Chen Shimin, Mr. Zhang Xuejun and Mr. Zhao Hang.

NOMINATION COMMITTEE

The roles and functions of the nomination committee are to formulate policies on the Director nomination for the Board's consideration and to implement the Director nomination policies as approved by the Board, including annual review of Board structure, identification of eligible persons for the position of Director, supervision of Directors' succession plans and assessment of the independence of the independent non-executive Directors.

The current members of the nomination committee are Mr. Zhang Xuejun (chairman of the nomination committee), Mr. Gong Renyuan and Mr. Chen Shimin.

INVESTMENT COMMITTEE

The investment committee is responsible for advising the Board on investment of fixed assets (both tangible and intangible), equity, debt, financial securities, restructuring and joint ventures.

The current members of the investment committee are Ms. Gao Lei (chairman of the investment committee), Mr. Xiang Jie, Ms. Zhang Ling, Mr. Chen Shimin, Mr. Zhang Xuejun and Mr. Leung Ming Shu.

CORPORATE CULTURE AND SOCIAL RESPONSIBILITY

The Group is fully aware of the importance of establishing a sound corporate culture. The Group organises corporate activities from time to time to promote team cohesion. The Group also publishes Sun.King Bimonthly (賽晶雙月刊) informing all employees of the news of the Group and reminding employees of the Group's core value.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. The Board has made specific enquiry of all Directors and the Directors confirmed that they had complied with the required standards as set out in the Model Code for the six months ended 30 June 2021.

Save as disclosed herein, there had been no material change in the development or future development of the Group's business and financial position, and no important event affecting the Group had occurred since the publication of the 2020 annual report of the Company.

TELEPHONE CONFERENCE

The Company will host a telephone conference to discuss the interim results of the Group for the six months ended 30 June 2021 with shareholders of the Company and potential investors of the Company on Wednesday, 25 August 2021 from 2:00 p.m. to 3:00 p.m. (Hong Kong time). The dial-in details are as follows:

Telephone number: Hong Kong/International 852 3005 1333
Mainland China 400 810 5233 and 400 810 5255
United States of America 1 866 636 3243

Conference code: 94700507

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

Hong Kong, 24 August 2021

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 Ms. Gao Lei, 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.

The English text of this announcement shall prevail over the Chinese text in case of any inconsistency.