



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

Interim Report 2015

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CORPORATE INFORMATION

Executive Directors

Mr. Xiang Jie (*chairman of the Board*)
Mr. Gong Renyuan (*chief executive officer*)
Mr. Yue Zhoumin
Mr. Jin Jiafeng

Non-executive Directors

Mr. Ye Weigang Greg
Mr. Wong Kun Kau (resigned on 2 July 2015)

Independent non-executive Directors

Mr. Wang Yi
Mr. Li Fengling
Mr. Chen Shimin

Authorised representatives

Mr. Yue Zhoumin
Mr. Lau Lap Kwan

Audit committee

Mr. Chen Shimin (*chairman of the audit committee*)
Mr. Wang Yi
Mr. Ye Weigang Greg

Remuneration committee

Mr. Wang Yi (*chairman of the remuneration committee*)
Mr. Wong Kun Kau (resigned on 2 July 2015)
Mr. Chen Shimin (appointed on 2 July 2015)
Mr. Li Fengling

Nomination committee

Mr. Li Fengling (*chairman of the nomination committee*)
Mr. Gong Renyuan
Mr. Chen Shimin

Investment committee

Mr. Li Fengling (*chairman of the investment committee*)
Mr. Xiang Jie
Mr. Ye Weigang Greg
Mr. Wong Kun Kau (resigned on 2 July 2015)
Mr. Wang Yi (appointed on 2 July 2015)
Mr. Chen Shimin

Secretary

Mr. Lau Lap Kwan

Legal adviser

Pang & Co. in association with Loeb & Loeb LLP

Auditors

Ernst & Young

Registered office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters

Building 9-A
KongGangRongHuiYuan
Yuhua Road
Tianzhu Airport Industrial Zone B
Shunyi District
Beijing
People's Republic of China (the "PRC")

Principal place of business in Hong Kong

36th Floor, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Principal share registrar and transfer office

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Branch share registrar and transfer office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal bankers

Bank of China Limited, Jiashan branch
China Construction Bank Corporation, Jiashan branch
China Construction Bank Corporation,
Wuxi Xishan sub-branch

Listing exchange information

Place of listing: Main Board of The Stock Exchange
of Hong Kong Limited (the "Stock Exchange")
Stock code: 580

Company's website

www.speg.hk

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present on behalf of the Board (the “**Board**”) of directors (the “**Directors**”) of Sun.King Power Electronics Group Limited (the “**Company**”) the interim report of the Company and its subsidiaries (collectively the “**Group**”) for the period ended 30 June 2015.

In the first half of 2015, in order to achieve our vision of becoming a leading electric power system solution integrator, the Group continued strengthening the capability in independent research and development and product innovation, enhancing our operational efficiency and providing diversified and quality products. During the six months ended 30 June 2015, the revenue of the Group amounted to approximately RMB399.1 million (the corresponding period in 2014: approximately RMB235.0 million) representing a substantial increase comparing to the corresponding period in 2014. Moreover, attributable to the effective management, stringent control of costs and expenses and reasonable control of cashflow and accounts receivables, gross profit margin of the Group during the six months ended 30 June 2015 increased to 31.6% from 27.2% of the corresponding period in 2014.

In the first half of 2015, there was a stable growth in the PRC's economy. In particular, the PRC government has substantially increased its infrastructural investment in power grid and rail transportation.

During the first six months of 2015, revenue of the Group generated from the power transmission sector amounted to approximately RMB141.7 million. Benefited from initiatives in relation to haze control and transmission of clean energy, State Grid Corporation of China and China Southern Power Grid significantly accelerated the construction of their ultra-high-voltage direct current transmission projects, resulted in a remarkable increase in the sales of our anode saturation resistors and power capacitors. Moreover, we won several bids in the centralised tender projects for the supply of high-voltage power capacitors from State Grid Corporation of China.

In the first half of 2015, the Group continues to cooperate with CRRC Corporation Limited (中國中車股份有限公司) supplying products including insulated gate bipolar transistors components for its high power locomotives and laminated busbars. During the six months ended 30 June 2015, the Group's revenue generated from the rail transportation sector amounted to approximately RMB43.9 million.

The Group maintains a stable development in the industrial sector with our products including high power rectifiers, power quality management products, laminated busbars and power electronic devices and generated from the industrial sector a revenue of approximately RMB213.5 million during the six months ended 30 June 2015.

Furthermore, during the first six months of 2015, we participated in PCIM Europe in Nuremburg, Germany in order to expand our business in overseas markets. Our high power rectifiers and power quality management products, laminated busbars and power electronic device are now widely used in several overseas projects.

Looking toward the second half of 2015, in light of the implementation of investment plans of the PRC government and progression of the construction projects in the power transmission and rail transportation sectors, the market prospect is favourable. The Group will continue to strengthen its budget, cost and cashflow control. Meanwhile, the Group will further bolster the research and development of products and technologies and enhance its operational efficiency, product quality and product diversification to realise a rapid growth.

Last but not least, on behalf of the Board, I would like to take this opportunity to thank the members of the Board and our dedicated staff for their hard work and contributions as well as our business partners for their support during the period.

Xiang Jie
Chairman

Hong Kong, 20 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue, which is generated from sales of goods, increased by approximately 69.8% from approximately RMB235.0 million for the six months ended 30 June 2014 to approximately RMB399.1 million for the corresponding period in 2015. The increase in revenue was mainly due to the delivery of previous delayed delivery of orders and stable increase in orders during the period.

Cost of sales

The Group's cost of sales increased by approximately 59.6% from approximately RMB171.1 million for the six months ended 30 June 2014 to approximately RMB273.0 million for the corresponding period in 2015. The increase in cost of sales was mainly due to the increase in revenue during the period.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 97.0% from approximately RMB64.0 million for the six months ended 30 June 2014 to approximately RMB126.0 million for the corresponding period in 2015. The increase in gross profit was mainly due to the increase in revenue during the period.

The Group's gross profit margin increased from approximately 27.2% for the six months ended 30 June 2014 to approximately 31.6% for the corresponding period in 2015. The increase in gross profit margin was mainly attributable to an increase in contract sums of sales contracts during the period.

Other income and gains

The Group's other income and gains of the Group increased by approximately 94.2% from approximately RMB8.5 million for the six months ended 30 June 2014 to approximately RMB16.5 million for the corresponding period in 2015. The increase in other income and gains mainly due to an increase in income from government subsidies.

Selling and distribution costs

The Group's selling and distribution costs decreased by approximately 11.3% from approximately RMB37.4 million for the six months ended 30 June 2014 to approximately RMB33.1 million for the corresponding period in 2015. The decrease in selling and distribution costs was mainly due to the continuous reinforcement of the effectiveness of our management and stringent control in costs and expenses.

Administrative expenses

The Group's administrative expenses increased by approximately 12.4% from approximately RMB34.2 million for the six months ended 30 June 2014 to approximately RMB38.5 million for the corresponding period in 2015. The increase in administrative expenses is mainly due to amortisation of the share options granted in August 2014 during the six months ended 30 June 2015.

Other expenses

The Group's other expenses decreased by approximately 7.6%, from approximately RMB14.0 million for the six months ended 30 June 2014 to approximately RMB13.0 million for the corresponding period in 2015. The decrease in other expenses was mainly due to a decrease in research and development expenses for the six months ended 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The Group's financial costs, which are made up of interests on bank loans wholly repayable within five years, slightly decreased by 2.2% from approximately RMB8.1 million for the six months ended 30 June 2014 to approximately RMB7.9 million for the corresponding period in 2015. Our finance costs basically remained stable.

Profit/(loss) before tax

As a result of the foregoing, the Group's profit/(loss) before tax has turned from a loss before tax of approximately RMB23.3 million for the six months ended 30 June 2014 to a profit before tax of approximately RMB46.4 million for the corresponding period in 2015.

Income tax expense

The Group's income tax expense increased by approximately 273.8% from approximately RMB3.1 million for the six months ended 30 June 2014 to approximately RMB11.7 million for the corresponding period in 2015. The increase in income tax expense was primarily due to the increase in profit before tax for the six months ended 30 June 2015.

Profit/(loss) and total comprehensive income/(loss) for the period attributable to owners of the parent

The Group's profit and total comprehensive income for the period attributable to owners of the parent was approximately RMB31.4 million for the six months ended 30 June 2015, while the loss and total comprehensive loss for the period attributable to owners of the parent was approximately RMB21.8 million for the corresponding period in 2014.

Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (the corresponding period in 2014: Nil).

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 2015, the Group's current ratio (current assets divided by current liabilities) was approximately 1.4 (31 December 2014: approximately 1.5). As at 30 June 2015, the Group had cash and cash equivalents of approximately RMB68.7 million (31 December 2014: approximately RMB113.6 million) and interest-bearing bank loans of RMB296.0 million (31 December 2014: RMB229.0 million).

As at 30 June 2015, the Group's gearing ratio measured on the basis of total interest-bearing bank loans to total equity was approximately 34.5% (31 December 2014: approximately 27.5%).

* for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2015, all the Group's bank loans were denominated in RMB and had contractual maturity within one year from the end of the reporting period. The effective interest rates on the Group's fixed-rate and floating-rate bank borrowings (equivalent to the weighted average contracted interest rates) as at 30 June 2015 remained the same as that as at 31 December 2014 at approximately 6.0%. During the period under review, 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 ratio of total liabilities to total assets.

Foreign currency exposures

As most of the principal subsidiaries of the Company operate in the PRC, their functional currency is RMB. 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 exchange exposure, the Group has entered into forward currency contracts with creditworthy banks to manage its exchange rate exposure.

The carrying amount of foreign currency forward contracts outstanding as at 30 June 2015 was approximately RMB1.1 million (asset) (31 December 2014: approximately RMB6.9 million (liability)).

Contingent liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).

Charges on Group assets

As at 30 June 2015, the Group pledged (a) deposits of approximately RMB16.5 million (31 December 2014: approximately RMB1.6 million) as guarantee deposits and deposits for securing short-term foreign currency forward contracts and letters of credit of the Group; and (b) certain bills receivable of approximately RMB25.1 million (31 December 2014: approximately RMB29.3 million) to secure certain bills payable of the Group.

USE OF PROCEEDS FROM LISTING

Net proceeds of approximately HKD593.0 million were raised from the listing (the "**Listing**") of the Company's shares on the Stock Exchange in October 2010. As at 30 June 2015, the entire amount of the net proceeds of the Listing had been utilised in repayment of bank borrowings, land acquisition and construction of buildings for expansion of production capacity, building construction for research and development, strategic acquisitions and investments, and working capital and general corporate expenses.

HUMAN RESOURCES

As at 30 June 2015, the Group had 581 employees (31 December 2014: 587 employees). Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Looking forward to the second half of 2015, the Group will continue to adhere to its vision of being industry-leading electric power system solution integrator. The Group will also continue to strengthen its independent research and development in technology and product innovation, improve product quality, reinforce personnel training and talents introduction, develop diversified products and improve operational efficiency, in order to realise the sustainable and rapid development of the Group.

In light of the continuing increase in investment of the PRC government and its sub-divisions in the power transmission sector aiming to alleviate the uneven spatial distribution of power and increasing environmental pollution, it is believed that the coming few years will be a major milestone of the power transmission sector, in particular, of the ultra-high-voltage direct current and flexible direct current transmission sector. According to the investment plans of State Grid Corporation of China and China Southern Power Grid, it is anticipated the construction of several ultra-high-voltage direct current and flexible direct current transmission projects will be commenced in the second half of 2015. In addition, cross border ultra-high-voltage direct current transmission is an integral component of the government's energy strategy of "one belt and one road" (一帶一路). The State Grid Corporation of China has already started pre-construction preparation for their ultra-high-voltage direct current transmission projects. We are therefore confident in the future of the power transmission industry.

The continuously accelerating investment in rail transportation and metro rail systems of the PRC government has created uncommon opportunities for the rail transportation products of our Group, especially those successfully procured for research and development projects of domestic standard Electric Mobile Units (EMU) of China CNR Corporation Limited (which is now merged with CSR Corporation Limited and accordingly becomes CRRC Corporation Limited). As the technology of domestic EMU advances, the market potential will be vast. However, it should be noted that, the establishment and internal restructuring of operations of CRRC Corporation Limited have posed significant uncertainties and potential risks on the Group's future business development in the rail transportation sector.

In the second half of 2015, the Group will benefit from the gradual implementation of the PRC government's and its sub-divisions' infrastructural investment plans of the power transmission and rail transportation sectors and it is expected that the positive development of the Group in the first half of the year will be sustained. Furthermore, The Group will seize opportunities for growth through forming strategic alliance with selected partners, mergers and acquisitions and establishing long term business collaboration with large customers while continuing to explore regional and overseas markets.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

None of the Company nor its subsidiaries had repurchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2015.

MATERIAL ACQUISITIONS AND DISPOSALS

During the period under review, Jiashan Sunking Power Equipment Technology Co., Ltd.* (嘉善華瑞賽晶電氣設備科技有限公司) ("**Jiashan Sunking**"), a subsidiary of the Company, entered into two equity transfer agreements with two respective vendors, both being independent third parties, in January and May 2015, pursuant to which Jiashan Sunking will acquire 6% and 6% equity interest of Jiujiang Jiuzheng Rectifier Co., Ltd.* (九江九整整流器有限公司) ("**Jiujiang Rectifier**") for a consideration of RMB6,400,000 and RMB7,000,000, respectively.

Jiashan Sunking further entered into another equity transfer agreement with a vendor who is a connected person in June 2015 to acquire 10% equity interest in Jiujiang Rectifier for a consideration of RMB12,000,000. This acquisition constitutes a connected transaction for the Company under the Listing Rules. For details, please refer to the announcement "Connected transactions – Acquisitions of 10% of the equity interest in Jiujiang Rectifier" published by the Company on 11 August 2015.

Upon completion of these acquisitions, Jiashan Sunking's equity interest in Jiujiang Rectifier has reached 83%.

Save as disclosed herein, the Group has no material acquisition and disposal during the six months ended 30 June 2015.

* For identification purpose only

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

In the corporate governance report published in the 2014 annual report of the Company, the Company reports that it places high value on its corporate governance practice and the Board firmly believes that good corporate governance practice could improve accountability and transparency for the benefit of the shareholders of Company.

The Company has adopted and 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 (the “**Listing Rules**”) for the six months ended 30 June 2015. The Board reviews and monitors the practices of the Company from time to time with the aim of maintaining high standards of corporate governance practice.

BOARD OF DIRECTORS AND BOARD COMMITTEES

On 2 July 2015, the Board accepted the resignation of Mr. Wong Kun Kau from his directorship as the non-executive Director and his membership in the remuneration committee and the investment committee. On the same date, the Board appointed Mr. Chen Shimin and Mr. Wang Yi as a member of the remuneration committee and the investment committee, respectively. Save as disclosed herein, since January 2015, the compositions of the Board, the Audit Committee of the Board (the “**Audit Committee**”), the nomination committee of the Board, the remuneration committee of the Board and the investment committee of the Board remain the same as set out in the 2014 annual report of the Company.

Save as disclosed herein, there has been no substantial change in the information on the Directors since last disclosed in the 2014 annual report of the Company.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the accounting principles and practice adopted by the Group and discussed auditing, internal controls and financial reporting matters, including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015.

The Audit Committee comprises Mr. Chen Shimin (chairman), Mr. Wang Yi and Mr. Ye Weigang Greg. At the Company’s annual general meeting held on 7 May 2015, the shareholders of the Company approved the appointment of Ernst & Young as the Company’s external auditor up to the conclusion of the annual general meeting to be held in 2016. The procedures in relation to the selection, appointment and determination of the audit fees of the Company’s external auditor were reviewed by the Audit Committee and approved by the Board.

REMUNERATION COMMITTEE

The remuneration committee was established on 19 August 2010 with the written terms of reference which was prescribed in accordance with the Listing Rules. The roles and functions of the remuneration committee are, among other things, 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 written terms of reference of the committee is in line with the Corporate Governance Code and is published on the websites of the Company and the Stock Exchange.

The current members of the remuneration committee are Mr. Wang Yi (chairman), Mr. Chen Shimin and Mr. Li Fengling.

NOMINATION COMMITTEE

The nomination committee was established on 19 August 2010. The roles and functions of the nomination committee are, among other things, to formulate of the policies on the Director nomination for the Board’s consideration and to implement the Director nomination policies approved by the Board, including the review of Board composition annually, identification of eligible persons for the position of Director, monitor the Directors’ succession plans and assessment of the independence of the independent non-executive Directors. The written terms of reference of the committee is in line with the Corporate Governance Code and is published on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE

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

INVESTMENT COMMITTEE

Investment committee was established on 28 June 2011, and is responsible for advising the Board on investment of fixed assets (both tangible and intangible), equity, debt, financial securities, restructuring and joint ventures.

The investment committee comprises of three independent non-executive Directors, Mr. Li Fengling (chairman), Mr. Chen Shimin and Mr. Wang Yi; a non-executive Director, Mr. Ye Weigang Greg; and one executive Director, Mr. Xiang Jie.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed herein, for the six months ended 30 June 2015 and up to the date of this report, there was no change to information required to be disclosed by the Directors pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE CULTURE AND SOCIAL RESPONSIBILITY

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

INTERNAL CONTROL

The Board considers that the Group's enhanced internal control system was effective and adequate for the six months ended 30 June 2015. The Board, through the Audit Committee, has conducted review on the internal control system and considers that no significant areas of concern which may affect the shareholders of the Company have been identified.

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 having made specific enquiry of all Directors and the Directors confirmed that they have complied with the required standards as set out in the Model Code for the six months ended 30 June 2015.

CORPORATE GOVERNANCE

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, laws of Hong Kong) (the "SFO"), as recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the shares, underlying shares and debentures of the Company:

Name of Director	Nature of interest	Number of ordinary shares	Number of underlying shares held under equity derivatives ^(Note 5)	Total	Approximate percentage of interest in the Company ^(Note 6)
Mr. Xiang Jie	Beneficial owner and interest in controlled corporation	421,182,347 ^(Note 1)	33,350,000	454,532,347	32.95%
Mr. Wong Kun Kau (resigned on 2 July 2015)	Interest in controlled corporation	89,570,000 ^(Note 2)	Nil	89,570,000	6.49%
Mr. Gong Renyuan	Beneficial owner and the interest of spouse	25,210,000 ^(Note 3)	15,920,000 ^(Note 4)	41,130,000	2.98%
Mr. Yue Zhoumin	Beneficial owner	4,000,000	4,020,000	8,020,000	0.58%
Mr. Jin Jiafeng	Beneficial owner	5,050,000	2,450,000	7,500,000	0.54%

Notes:

- As at 30 June 2015, among these 421,182,347 shares, 4,854,000 shares were directly held by Mr. Xiang Jie and the remaining 416,328,347 shares were directly held by Max Vision Holdings Limited ("**Max Vision**"). As at 30 June 2015, Max Vision was wholly owned by Jiekun Limited, which was wholly owned by BNP Paribas Corporate Services Pte Ltd. As at 30 June 2015, BNP Paribas Corporate Services Pte Ltd. was wholly owned by BNP Paribas Singapore Trust Corporation Limited, which was the trustee of a private trust of which Mr. Xiang Jie was the settlor and his family members were the beneficiaries. Ms. Meng Fankun, being the spouse of Mr. Xiang Jie, is deemed under the SFO to be interested in the 454,532,347 shares in which Mr. Xiang Jie was interested.
- All of the 89,570,000 shares were directly held by Common Goal Holdings Limited ("**Common Goal**"). As at 30 June 2015, Common Goal was wholly owned by Peregrine Greater China Capital Appreciation Fund, L.P. ("**Peregrine Greater China**"). Moreover, as at 30 June 2015, Bull Capital Partners GP Limited ("**Bull Capital Partners GP**"), which was the general partner of Peregrine Greater China and held 6.49% of its equity interest, was wholly owned by Bull Capital Partners Limited ("**Bull Capital**"). Further, as at 30 June 2015, 78.49% equity interest of Peace World Investments Limited ("**Peace World Investments**"), which held 58.59% equity interest in Bull Capital, was held by Mr. Wong Kun Kau. As such, Mr. Wong Kun Kau is deemed under the SFO to be interested in the 89,570,000 shares held by Common Goal.
- Out of these 25,210,000 underlying shares, 22,810,000 underlying shares were directly held by Mr. Gong Renyuan and the remaining 2,400,000 underlying shares were held by Ms. Ren Jie, the spouse of Mr. Gong Renyuan. Mr. Gong Renyuan is deemed under the SFO to be interested in the 2,400,000 underlying shares held by Ms. Ren Jie.
- Among the 15,920,000 shares which may be issued upon the exercise of the share options, 13,600,000 shares represented the shares which may be issued upon the exercise of the share options granted to Mr. Gong Renyuan and the remaining 2,320,000 shares represented the shares which may be issued upon the exercise of the share options granted to Ms. Ren Jie, being the spouse of Mr. Gong Renyuan. Mr. Gong Renyuan was deemed under the SFO to be interested in the 2,320,000 shares which may be issued upon the exercise of the share options granted to Ms. Ren Jie.
- These interests represented the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners, the details of which are set out in the section below headed "Share Option Scheme".
- There were 1,379,282,000 shares of the Company in issue as at 30 June 2015.

(ii) Short position in the shares, underlying shares and debentures of the Company:

None of the Directors of the chief executives had short positions in respect of shares, debentures, under equity derivatives or interests in underlying shares of the Company or its associated corporations as at 30 June 2015.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in the interim report, at no time during the six months ended 30 June 2015, and up to the date of this interim report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was in the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, to the best knowledge of the Directors, the records of interest (being 5% or more of the issued share capital of the Company, other than the Directors or the chief executive of the Company) as registered in the register kept by the Company under section 336 of the SFO were as follows:

(i) Long positions in the shares and underlying shares of the Company:

Name of Substantial shareholder	Nature of interest	Total number of shares held	Approximate percentage of interest in the Company ^(Note 8)
Max Vision	Beneficial owner	416,328,347	30.18%
Jiekun Limited	Interest in controlled corporation	416,328,347 ^(Note 1)	30.18%
BNP Paribas Corporate Services Pte Limited	Interest in controlled corporation	416,328,347 ^(Note 1)	30.18%
BNP Paribas Singapore Trust Corporation Limited	Interest in controlled corporation	416,328,347 ^(Note 1)	30.18%
Meng Fankun	Interest of spouse	454,532,347 ^(Notes 1 and 2)	32.95%
Artmia Limited	Beneficial owner	172,000,000	12.47%
Jin Hyenmi	Interest in controlled corporation	172,000,000 ^(Note 3)	12.47%
Common Goal	Beneficial owner	89,570,000	6.49%
Peregrine Greater China	Interest in controlled corporation	89,570,000 ^(Note 4)	6.49%
Bull Capital Partners GP	Interest in controlled corporation	89,570,000 ^(Note 5)	6.49%
Bull Capital	Interest in controlled corporation	89,570,000 ^(Note 6)	6.49%
Peace World Investments	Interest in controlled corporation	89,570,000 ^(Note 7)	6.49%

CORPORATE GOVERNANCE

Notes:

1. Max Vision, an investment holding company, is wholly owned by Jiekun Limited, which is in turn wholly-owned by BNP Paribas Corporate Service Pte Ltd. As at 30 June 2015, the entire issued share capital of Jiekun Limited was held by BNP Paribas Corporate Services Pte Ltd. in trust for BNP Paribas Singapore Trust Corporation Limited as trustees of a Private Trust of which Mr. Xiang was the settlor and BNP Paribas Singapore Trust Corporation Limited was the trustee. As such Jiekun Limited, BNP Paribas Corporate Service Pte Ltd. and BNP Paribas Singapore Trust Corporation Limited are also deemed to be interested in the 416,318,347 shares owned by Max Vision by virtue of the SFO.
2. Ms. Meng Fankun, the spouse of Mr. Xiang Jie, is deemed under the SFO to be interested in the 454,532,347 shares in which Mr. Xiang was interested.
3. As at 30 June 2015, Jin Hyenmi held 100% equity interest in Artmia Limited. As such, it is deemed to be interested in the 172,000,000 shares held by Artmia Limited.
4. As at 30 June 2015, Peregrine Greater China held 100% equity interest in Common Goal. As such, it is deemed to be interested in the 89,570,000 shares held by Common Goal.
5. As at 30 June 2015, Bull Capital Partners GP was the general partner of Peregrine Greater China and held 6.49% of its equity interest. As such, Bull Capital Partners GP is deemed to be interested in the 89,570,000 shares held indirectly by Peregrine Greater China in Common Goal.
6. As at 30 June 2015, Bull Capital held the entire equity interest in Bull Capital Partners GP. As such, Bull Capital is deemed to be interested in the 89,570,000 shares held indirectly by Bull Capital Partners GP and Peregrine Greater China in Common Goal.
7. As at 30 June 2015, Peace World Investments held the entire equity interest in Bull Capital which wholly owned Bull Capital Partners GP as at the same date. As such, Peace World Investments is deemed to be interested in the 89,570,000 shares held indirectly by Bull Capital, Bull Capital Partners GP and Peregrine Greater China in Common Goal.
8. There were 1,379,282,000 shares in issue as at 30 June 2015.

(ii) Short position in the shares and underlying shares of the Company:

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

Prior to the Listing, the Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 23 September 2010 which became effective and unconditional upon the Listing. The purpose of the Share Option Scheme is to enable the Group to grant options to the Eligible Participants (as defined in the section headed “Share Option Scheme” in the prospectus of the Company dated 30 September 2010) as rewards or incentives for their contribution to the Group.

The Board may, at its absolute discretion, offer an option to Eligible Participant to subscribe for the shares of the Company at an exercise price and subject to the other terms of the Share Option Scheme. The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 136,604,000 shares of the Company, being 10% of the total number of shares in issue at the time of dealings in the shares firstly commenced on the Stock Exchange.

The total number of shares of the Company issued and to be issued upon exercise of the options granted to or to be granted to each Eligible Participant under the Share Option Scheme and any other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares in issue. The Share Option Scheme will remain in force for a period of 10 years. Under the Share Option Scheme, each option has a 10-year exercise period unless otherwise determined by the Board.

CORPORATE GOVERNANCE

Details of movements in the share options under the Share Option Scheme during the six months ended 30 June 2015 and share options outstanding as at the beginning and the end of the period are set out below:

Name of grantees	Date of grant	As at 1 January 2015	Number of share options				As at 30 June 2015	Exercise price per share (HK\$)	Share price immediately before the grant date (HK\$ per share)	Fair value of share options (HK\$ per share)	Exercisable period
			Granted during the period	Exercised during the period	Lapsed during the period	Cancelled/ Forfeited during the period					
Mr. Xiang Jie (Chairman of the Board, executive Director and substantial shareholder of the Company)	26 April 2012	12,000,000	-	-	-	-	12,000,000	0.55	0.47	0.23	26 April 2013 to 25 April 2018
	28 May 2013	1,350,000	-	-	-	-	1,350,000	0.68	0.64	0.27	28 May 2014 to 27 May 2019
	28 August 2014	20,000,000	-	-	-	-	20,000,000	0.69	0.61	0.33	28 August 2015 to 27 August 2020
Mr. Gong Renyuan (Chief executive officer and executive Director)	27 April 2011	1,350,000	-	-	-	-	1,350,000	1.83	1.79	0.83	27 April 2012 to 26 April 2017
	26 April 2012	6,000,000	-	(4,500,000)	-	-	1,500,000	0.55	0.47	0.23	26 April 2013 to 25 April 2018
	28 May 2013	1,000,000	-	(250,000)	-	-	750,000	0.68	0.64	0.27	28 May 2014 to 27 May 2019
	28 August 2014	10,000,000	-	-	-	-	10,000,000	0.69	0.61	0.33	28 August 2015 to 27 August 2020
Mr. Yue Zhoumin (Executive Director)	27 April 2011	420,000	-	-	-	-	420,000	1.83	1.79	0.83	27 April 2012 to 26 April 2017
	26 April 2012	1,000,000	-	-	-	-	1,000,000	0.55	0.47	0.23	26 April 2013 to 25 April 2018
	28 May 2013	600,000	-	-	-	-	600,000	0.68	0.64	0.27	28 May 2014 to 27 May 2019
	28 August 2014	2,000,000	-	-	-	-	2,000,000	0.69	0.61	0.33	28 August 2015 to 27 August 2020
Mr. Jin Jiafeng (Executive Director)	27 April 2011	700,000	-	-	-	-	700,000	1.83	1.79	0.83	27 April 2012 to 26 April 2017
	26 April 2012	1,000,000	-	(750,000)	-	-	250,000	0.55	0.47	0.23	26 April 2013 to 25 April 2018
	28 May 2013	600,000	-	-	-	-	600,000	0.68	0.64	0.27	28 May 2014 to 27 May 2019
	28 August 2014	1,200,000	-	-	-	-	1,200,000	0.69	0.61	0.33	28 August 2015 to 27 August 2020
Ms. Ren Jie (senior management and the spouse of Mr. Gong Renyuan)	27 April 2011	420,000	-	-	-	-	420,000	1.83	1.79	0.81	27 April 2012 to 26 April 2017
	26 April 2012	1,000,000	-	(750,000)	-	-	250,000	0.55	0.47	0.23	26 April 2013 to 25 April 2018
	28 May 2013	600,000	-	(150,000)	-	-	450,000	0.68	0.64	0.27	28 May 2014 to 27 May 2019
	28 August 2014	1,200,000	-	-	-	-	1,200,000	0.69	0.61	0.33	28 August 2015 to 27 August 2020
		62,440,000	-	(6,400,000)	-	-	56,040,000				

CORPORATE GOVERNANCE

Name of grantees	Date of grant	As at 1 January 2015	Number of share options				As at 30 June 2015	Exercise price per share (HK\$)	Share price immediately before the grant date (HK\$ per share)	Fair value of share options (HK\$ per share)	Exercisable period
			Granted during the period	Exercised during the period	Lapsed during the period	Cancelled/ Forfeited during the period					
Employees in aggregates	27 April 2011	5,360,000	-	-	-	-	5,360,000	1.83	1.79	0.79	27 April 2012 to 26 April 2017
	26 April 2012	14,864,000	-	(8,254,000)	-	(1,150,000)	5,460,000	0.55	0.47	0.20	26 April 2013 to 25 April 2018
	28 May 2013	11,950,000	-	(1,550,000)	-	(1,250,000)	9,150,000	0.68	0.64	0.26	28 May 2014 to 27 May 2019
	28 August 2014	20,710,000	-	-	-	-	20,710,000	0.69	0.64	0.31	28 August 2015 to 27 August 2020
Other grantees	27 April 2011	4,000,000	-	-	-	-	4,000,000	1.83	1.79	0.83	27 April 2012 to 26 April 2017
Total		119,324,000	-	(16,204,000)	-	(2,400,000)	100,720,000				

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



To the board of directors of Sun.King Power Electronics Group Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 16 to 32, which comprises the condensed consolidated statement of financial position of Sun.King Power Electronics Group Limited (the “**Company**”) and its subsidiaries as at 30 June 2015, and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”).

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

20 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
REVENUE	4	399,058	235,037
Cost of sales		(273,038)	(171,077)
Gross profit		126,020	63,960
Other income and gains	4	16,466	8,479
Selling and distribution costs		(33,137)	(37,352)
Administrative expenses		(38,457)	(34,219)
Other expenses		(12,979)	(14,044)
Finance costs	6	(7,888)	(8,064)
Share of losses of			
Joint ventures		(450)	(624)
An associate		(3,218)	(1,426)
PROFIT/(LOSS) BEFORE TAX	5	46,357	(23,290)
Income tax expense	7	(11,701)	(3,130)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		34,656	(26,420)
Attributable to:			
Owners of the parent		31,381	(21,775)
Non-controlling interests		3,275	(4,645)
		34,656	(26,420)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		RMB2.29 cents	RMB(1.60) cents
Diluted		RMB2.25 cents	RMB(1.60) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	<i>Notes</i>	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	368,534	374,715
Prepaid land lease payments		58,633	59,333
Deposits for purchase of items of property, plant and equipment		28	156
Goodwill		34,159	34,159
Other intangible assets		23,532	24,053
Club memberships		2,534	2,534
Investments in joint ventures		16,057	16,507
Investment in an associate		17,740	20,958
Available-for-sale investment		16,800	16,800
Trade receivables	11	97,352	82,467
Deferred tax assets		9,633	10,838
Total non-current assets		645,002	642,520
CURRENT ASSETS			
Inventories		161,492	134,009
Trade and bills receivables	11	556,665	420,395
Prepayments, deposits and other receivables		52,222	48,694
Prepaid land lease payments		1,401	1,401
Derivative financial instruments		1,111	–
Pledged deposits		16,524	1,597
Cash and cash equivalents		68,731	113,558
Total current assets		858,146	719,654
CURRENT LIABILITIES			
Trade and bills payables	12	213,489	161,474
Other payables and accruals		80,467	75,848
Derivative financial instruments		–	6,922
Interest-bearing bank borrowings		296,000	229,000
Tax payable		24,166	22,829
Total current liabilities		614,122	496,073
NET CURRENT ASSETS		244,024	223,581
TOTAL ASSETS LESS CURRENT LIABILITIES		889,026	866,101

(Continued)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	889,026	866,101
NON-CURRENT LIABILITIES		
Deferred income	19,904	21,746
Deferred tax liabilities	12,198	12,351
Total non-current liabilities	32,102	34,097
Net assets	856,924	832,004
EQUITY		
Equity attributable to owners of the parent		
Issued capital	118,446	117,168
Reserves	717,773	677,376
	836,219	794,544
Non-controlling interests	20,705	37,460
Total equity	856,924	832,004

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the parent									
	Share capital RMB'000 (Unaudited)	Share premium account RMB'000 (Unaudited)	Employee share-based compensation reserve RMB'000 (Unaudited)	Capital redemption reserve RMB'000 (Unaudited)	Deemed contribution reserve RMB'000 (Unaudited) <i>(note a)</i>	Other reserve RMB'000 (Unaudited) <i>(note b)</i>	Retained profits/ losses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
At 1 January 2015	117,168	400,196	15,843	288	14,765	250,776	(4,492)	794,544	37,460	832,004
Profit and total comprehensive income for the period	-	-	-	-	-	-	31,381	31,381	3,275	34,656
Acquisition of non-controlling interests	-	-	-	-	-	(5,820)	-	(5,820)	(20,030)	(25,850)
Exercise of share options	1,278	8,738	(2,784)	-	-	-	-	7,232	-	7,232
Share-based payments	-	-	8,882	-	-	-	-	8,882	-	8,882
At 30 June 2015	118,446	408,934*	21,941*	288*	14,765*	244,956*	26,889*	836,219	20,705	856,924

Notes:

(a) 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) Other reserve mainly represents a certain waiver of loans and/or advances by Sunking BVI to the Group in prior years and the reserve arose from acquisition of non-controlling interests.

* These reserve accounts comprise the consolidated reserves of RMB717,773,000 (31 December 2014: RMB677,376,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

Attributable to owners of the parent

	Share capital	Share premium account	Employee share-based compensation reserve	Capital redemption reserve	Deemed contribution reserve	Other reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
					(note a)	(note b)					
At 1 January 2014	117,156	400,119	13,084	288	14,765	248,697	26,750	11,716	832,575	46,152	878,727
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(21,775)	-	(21,775)	(4,645)	(26,420)
Share-based payments	-	-	1,163	-	-	-	-	-	1,163	-	1,163
Final 2013 dividend paid	-	-	-	-	-	-	896	(11,716)	(10,820)	-	(10,820)
At 30 June 2014	117,156	400,119*	14,247*	288*	14,765*	248,697*	5,871*	-	801,143	41,507	842,650

Notes:

- (a) Deemed contribution reserve represents share-based payment expense incurred and recognised by the Group as settled by issue of shares of Sunking BVI, a former shareholder of the Company.
- (b) Other reserve mainly represents a certain waiver of loans and/or advances by Sunking BVI to the Group in prior years and the reserve arose from acquisition of non-controlling interests.

* These reserve accounts comprise the consolidated reserves of RMB683,987,000 (31 December 2013: RMB703,703,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		46,357	(23,290)
Adjustments for:			
Finance costs	6	7,888	8,064
Share of losses of joint ventures and an associate		3,668	2,050
Interest income	4	(891)	(1,217)
Gain on disposal of items of property, plant and equipment	4	(16)	(1,325)
Depreciation	5	11,014	9,510
Amortisation of other intangible assets	5	534	666
Impairment of trade and other receivables	5	4,357	3,991
Fair value gains on foreign currency forward contracts, net	4	(2,080)	(489)
Amortisation of prepaid land lease payments	5	700	700
Write-down of/(reversal of write-down of) inventories to net realisable value	5	(121)	934
Government grants		(12,341)	(3,289)
Share-based payment expense		8,882	1,163
		67,951	(2,532)
Increase in inventories		(27,362)	(10,976)
Decrease/(increase) in trade and bills receivables		(154,483)	40,840
Increase in prepayments, deposits and other receivables		(4,557)	(16,718)
Increase in trade and bills payables		52,015	28,004
Increase/(decrease) in other payables and accruals		4,619	(11,105)
Increase/(decrease) in derivative financial instruments		(5,953)	1,539
Cash generated from/(used in) operations		(67,770)	29,052
Interest paid		(7,888)	(8,064)
Income taxes paid		(9,312)	(3,016)
Net cash flows from/(used in) operating activities		(84,970)	17,972

(Continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Net cash flows from/(used in) operating activities	(84,970)	17,972
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	891	1,217
Purchases of items of property, plant and equipment	(5,067)	(20,484)
Proceeds from disposal of items of property, plant and equipment	250	2,645
Decrease/(increase) in deposits for purchase of items of property, plant and equipment	128	(16,031)
Additions to other intangible assets	(13)	(447)
Decrease/(increase) in pledged deposits	(14,927)	9,283
Receipt of government grants	10,499	1,788
Net cash flows used in investing activities	(8,239)	(22,029)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	7,232	-
New bank loans	268,500	270,000
Repayment of bank loans	(201,500)	(289,000)
Acquisition of non-controlling interests	(25,850)	-
Dividends paid	-	(10,820)
Net cash flows from/(used in) financing activities	48,382	(29,820)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(44,827)	(33,877)
Cash and cash equivalents at beginning of period	113,558	153,860
CASH AND CASH EQUIVALENTS AT END OF PERIOD	68,731	119,983
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	68,731	119,983

1. CORPORATE INFORMATION

Sun.King Power Electronics 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 office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the trading and manufacturing of power electronic components.

In the opinion of the directors of the Company, the Company’s immediate holding company is Max Vision Holdings Limited, which is ultimately controlled by Mr. Xiang Jie, the founder and a director of the Company.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014, except for the adoption of the following revised standards as of 1 January 2015:

Amendments to IAS 19 <i>Annual Improvements</i> <i>2010-2012 Cycle</i>	<i>Defined Benefit Plans: Employee Contributions</i> Amendments to a number of IFRSs
<i>Annual Improvements</i> <i>2011-2013 Cycle</i>	Amendments to a number of IFRSs

The adoption of the above revised standards has no material impact on the accounting policies of the Group.

3. 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.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2015

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts during the period.

An analysis of the Group's revenue, other income and gains, is as follows:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue		
Sales of goods	399,058	235,037
Other income		
Government grants*	12,341	3,289
Sale of scrap materials	905	1,158
Interest income	891	1,217
Others	232	944
	14,369	5,450
Gains		
Gain on disposal of items of property, plant and equipment, net	16	1,325
Fair value gains on foreign currency forward contracts, net	2,080	489
Others	1	57
	2,097	3,029
	16,466	8,479

* Various government grants have been received for investments in certain provinces in Mainland China in which the Company's subsidiaries operate. 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 grants.

5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Cost of inventories sold	273,159	170,143
Write-down of/(reversal of write-down of) inventories to net realisable value	(121)	934
Cost of sales	273,038	171,077
Depreciation	11,014	9,510
Amortisation of other intangible assets	534	666
Amortisation of prepaid land lease payments	700	700
Minimum lease payments under operating leases for land and buildings	1,020	1,339
Impairment of trade and other receivables	4,357	3,991
Foreign exchange differences, net	3,153	1,340

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Interest on bank loans wholly repayable within five years	7,888	8,064

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

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%.

Wuxi Zhuofeng Information Technology Co., Ltd.* (無錫卓峰信息科技有限公司), a subsidiary of the Company, was recognised as a wholly-foreign-owned enterprise and was entitled to tax exemption from CIT for two years commencing from the first profit making year in 2012, followed by a 50% tax rate reduction for CIT for the subsequent three years.

Jiashan Sunking, a subsidiary of the Company, was registered as a new and high technology enterprise, and is subject to CIT at a rate of 15% for the three years ending 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2015

7. INCOME TAX (continued)

Jiujiang Rectifier and Wuhan Langde Electrics Co., Ltd.* (武漢朗德電氣有限公司), subsidiaries of the Company, were registered as new and high technology enterprises, and are subject to CIT at a rate of 15% for the three years ending 31 December 2016.

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Group:		
Current – Hong Kong		
Charge for the period	374	686
Current – Mainland China		
Charge for the period	10,295	2,644
Underprovision/(overprovision) in prior periods	(20)	46
Deferred	1,052	(246)
Total tax charge for the period	11,701	3,130

* For identification purpose only

8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

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

The calculation of basic earnings per share (six months ended 30 June 2014: loss per share) amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB31,381,000 (six months ended 30 June 2014: loss of RMB21,775,000), and the weighted average number of ordinary shares of 1,367,802,884 (six months ended 30 June 2014: 1,362,928,000) in issue during the period.

The calculation of the diluted earnings/loss per share amount is based on the profit/loss for the period 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/loss 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.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2014 in respect of a dilution as the impact of the options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2015

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

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

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	31,381	(21,774)
Number of shares For the six months ended 30 June		
	2015 (Unaudited)	2014 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	1,367,802,884	1,362,928,000
Effect of dilution – weighted average number of ordinary shares:		
Share options	26,297,164	6,078,407
	1,394,100,048	1,369,006,407

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment at a total cost of RMB5,067,000 (six months ended 30 June 2014: RMB20,484,000) and disposed of items of property, plant and equipment with a total net carrying amount of RMB234,000 (six months ended 30 June 2014: RMB1,320,000).

As at 30 June 2015, the Group's property, plant and equipment and prepaid land lease payment with a carrying value of approximately RMB40,034,000 and RMB13,881,000, respectively, were pledged to secure bank loans of RMB22,000,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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11. TRADE AND BILLS RECEIVABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables	628,677	433,223
Impairment	(38,705)	(35,377)
	589,972	397,846
Bills receivable	64,045	105,016
Less: Amount shown as non-current	(97,352)	(82,467)
	556,665	420,395

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months, extending up to six 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. Concentration of credit risk is managed by customer/counterparty, by geographical region and by industry sector. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

For certain customers, the Group allows a percentage, ranging from 2% to 10%, of the contracted amount (the retention money) to be settled within six months to thirty-six months, as agreed between the Group and the respective customer on a case by case basis, subsequent to the fulfillment of certain conditions including delivery of goods or completion of installation as stipulated in the respective sales contracts.

An aged 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 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within 3 months	271,368	185,928
3 to 6 months	114,412	86,773
6 to 12 months	108,938	49,159
Over 1 year	95,254	75,986
	589,972	397,846

11. TRADE AND BILLS RECEIVABLES (continued)

An aged analysis of bills receivable as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within 6 months	64,045	81,516
6 to 12 months	-	23,500
	64,045	105,016

At 31 December 2014, certain trade and bills receivables of the Group with an aggregate carrying amount of RMB50,143,000 were pledged to banks to secure the bank loans granted to the Group.

At 30 June 2015, certain bills receivables of the Group with an aggregate carrying amount of RMB25,141,000 (31 December 2014: RMB29,332,000) were pledged to secure certain of the Group's bills payable.

12. TRADE AND BILLS PAYABLES

An aged 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 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within 6 months	170,255	126,257
Over 6 months	43,234	35,217
	213,489	161,474

The trade payables were non-interest-bearing and were normally settled on terms ranging from 30 days to 180 days.

At 30 June 2015, certain of the Group's bills payable amounting to RMB16,433,000 (31 December 2014: RMB20,517,000) were secured by the pledge of the Group's bills receivable amounting to RMB25,141,000 (31 December 2014: RMB29,332,000).

13. CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).

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14. OPERATING LEASE ARRANGEMENTS AS LESSEE

The Group leases certain of its office properties under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within one year	1,160	1,762
In the second to fifth years, inclusive	3,120	4,637
	4,280	6,399

15. CAPITAL COMMITMENTS

In addition to the operating lease arrangements detailed in note 14 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Contracted, but not provided for: Property, plant and equipment	24,437	9,970

16. RELATED PARTY TRANSACTIONS

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

	<i>Notes</i>	For the six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
An associate: Interest income	<i>(i)</i>	718	718
A joint venture: Service income	<i>(ii)</i>	167	500

Notes:

- (i) The interest income arose from a loan to an associate bearing an interest rate of 15% per annum.
- (ii) The service income arose from the consulting service provided to a joint venture. The consulting service was made according to the mutually agreed terms.

16. RELATED PARTY TRANSACTIONS (continued)

- (b) A transaction with a related party

Pursuant to an equity transfer agreement entered into between the Group and Jiujiang Mei Chuang Technology Co., Ltd.* (九江美創科技有限公司), a non-controlling shareholder of Jiujiang Rectifier, the Group acquired 10% equity interests in Jiujiang Rectifier from Jiujiang Mei Chuang Technology Co., Ltd. for a cash consideration of RMB12,000,000 (the “Acquisition”), which has been fully settled in July 2015. Upon completion of the Acquisition, the Group’s equity interests in Jiujiang Rectifier have increased from 73% to 83%.

- (c) Outstanding balances with related parties

	<i>Notes</i>	30 June 2015 RMB’000 (Unaudited)	31 December 2014 RMB’000 (Audited)
Prepayments, deposits and other receivables			
Due from an associate	(i)	10,965	10,247
Due from a joint venture	(ii)	1,891	1,725

Notes:

- (i) Included in the amount due from an associate are a loan to the associate and interest receivable from the associate of RMB9,517,000 (31 December 2014: RMB9,517,000) and RMB1,448,000 (31 December 2014: RMB730,000), respectively. The loan to the associate is unsecured, interest-bearing at the rate of 15% per annum and is repayable within one year.
- (ii) The balance is unsecured, interest-free and repayable on demand.

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

	For the six months ended 30 June 2015 RMB’000 (Unaudited)	2014 RMB’000 (Unaudited)
Short term employee benefits	4,033	3,631
Post-employment benefits	272	236
Share-based payment expense	6,817	1,163
Total compensation paid to key management personnel	11,122	5,030

* For identification purpose only

17. FAIR VALUE AND FAIR VALUE HIERARCHY

At the end of the reporting period, management has assessed that the fair values of the Group’s financial instruments approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and financial 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 Group enters into derivative financial instruments with various counterparties. Derivative financial instruments, mainly including forward currency contracts, are measured using quoted prices in active markets. The carrying amounts of forward currency contracts are the same as their fair values.

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17. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

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

Assets measured at fair value:

Group

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 30 June 2015				
Derivative financial instruments	1,111	-	-	1,111

As at 31 December 2014

Derivative financial instruments	-	-	-	-
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Liabilities measured at fair value:

Group

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 30 June 2015				
Derivative financial instruments	-	-	-	-
As at 31 December 2014				
Derivative financial instruments	6,922	-	-	6,922

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 (31 December 2014: Nil).

18. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, 302,000 share options and 2,454,000 share options with exercise prices of HK\$0.55 each and HK\$0.68 each, respectively, were exercised.

19. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated interim financial information was approved and authorised for issue by the board of directors on 20 August 2015.