



**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 2016**

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# CORPORATE INFORMATION

## Executive Directors

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

## Non-executive Director

Mr. Ye Weigang Greg (resigned on 1 April 2016)

## Independent non-executive Directors

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

## Authorised representatives

Mr. Yue Zhoumin  
Mr. Lau Lap Kwan (resigned on 1 April 2016)  
Ms. He Lina (appointed on 1 April 2016)

## Audit committee

Mr. Chen Shimin (*chairman of the audit committee*)  
Mr. Wang Yi  
Mr. Ye Weigang Greg (resigned on 1 April 2016)  
Mr. Li Fengling (appointed on 1 April 2016)

## Remuneration committee

Mr. Wang Yi (*chairman of the remuneration committee*)  
Mr. Chen Shimin  
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 (resigned on 1 April 2016)  
Mr. Wang Yi  
Mr. Chen Shimin

## Joint Company Secretaries

Mr. Lau Lap Kwan (resigned on 1 April 2016)  
Ms. Mok Ming Wai (appointed on 1 April 2016)  
Ms. He Lina (appointed on 1 April 2016)

## Legal adviser

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](http://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 six months ended 30 June 2016.

In the first half of 2016, with the target of becoming a leading electric power system solution integrator in the industry, the Group continued to strengthen its independent research and development capabilities in technology and product innovation while enhancing its operation efficiency and providing high quality and diversified products. For the six months ended 30 June 2016, the revenue of the Group amounted to approximately RMB401.0 million (2015: approximately RMB339.1 million), representing a slight increase as compared with the same period of last year. The Group continued to strengthen the effectiveness of its management by strictly controlling its costs and expenses, reasonably controlling its cash flow and following up the recovery of receivables in a timely manner. The Group's gross profit margin increased to approximately 34.4% from approximately 31.6% in the same period of last year. For the six months ended 30 June 2016, net profit of the Group amounted to approximately RMB55.0 million (2015: approximately RMB34.7 million).

In the power transmission sector, the Group had achieved a significant growth benefiting from the urgent need of the direct current transmission projects for green energy development and energy network establishment in the PRC.

As a result of the objective of green energy and low carbon development proposed by the PRC government, being “under the energy structure, non-fossil energy will account for around 15% of the total primary energy consumption as at 2020 and will reach to around 20% as at 2030”, clean energy, mainly photovoltaic and wind energy, was highly emphasized and promoted. At the same time, in order to adapt to the significant growth of clean energy in the energy sector, the PRC government had put a great effort into establishing energy network based on advanced power electronic technology, information technology and intelligent management technology so as to realize energy exchange and sharing. The above strategic objectives had greatly promoted the development of direct current transmission technology including ultra-high voltage direct current technology and flexible direct current transmission technology, which enabled the relevant products of the Group to achieve an excellent business performance.

From a macroscopic view of the regional distribution of energy, West and North China are economically-backward areas with abundant energy, while East and South China are economically-developed areas facing issues of insufficient energy. In this regard, the PRC government had set out a strategic objective of “west-to-east and north-to-south transfer of electricity” by using the ultra-high voltage direct current transmission as its primary means. Since 2015, the investment scale of ultra-high voltage direct current transmission project had increased significantly, thereby contributing a significant growth of the Group's income through sales of the relevant products of the Group.

In addition, flexible direct current transmission technology, which is built on the advanced power electronic technology, has the unique advantages of strong system stability and flexible control, which was an efficient solution for effective collection and connection to electricity grid and disperse consumption of large-scale clean energy, connection and communication of electricity grid and connection of island power and offshore wind power to the electricity grid. New direct current power grid, based on flexible direct current transmission project, was an important component of energy network and the main direction of the development of global electricity grids. The Group was committed to developing the flexible direct current transmission technology and product research and development and had achieved remarkable technological and market results.

In respect of rail transportation sector, the Group's income through sales had recorded a significant decrease due to the weak demand of railway freight transport and decrease of investment in railway electric locomotive in the PRC. Furthermore, the research and development and experimentation of the standardization of electric multiple unit in the PRC, which is currently undergoing road test, had been smooth, and is therefore expected to significantly enhance the operation scale of the rail transportation sector of the Group in the future.

In the industrial sector, the Group's business had maintained a stable development. The Group was able to maintain its leading position in the non-ferrous metal smelting industry with its high power rectification system. The market shares of laminated busbars continued to grow in the wind power sector and had entered into the electric vehicles sector for the first time.

# CHAIRMAN'S STATEMENT

The Group had entered into a sale and purchase agreement to acquire 65% of the issued share capital of Astrol Electronic AG ("**Astrol Company**"), a Swiss company, in June 2016. Astrol Company possessed world-leading research and development capability in high-end power electronic devices sector. The products produced by Astrol Company, such as high-end power electronic devices drivers and pulsed power, were of leading technology with widespread market demand in the sectors of flexible direct current transmission, rail transportation equipment, new energy power equipment and industrial frequency conversion equipment. In addition, Astrol Company will be used by the Group as a base in Swiss to set up a research and development center, attract overseas talents and actively engage in the research and development of industry-leading technology and products.

Looking forward to the second half of 2016, the Group will continue to strengthen its budget management, cost control and cash flow management as well as continue to enhance its research and development in technology and products. The Group aims to achieve a rapid growth by increasing its operating efficiency, product quality and product diversification.

Finally, on behalf of the Board, I would like to take this opportunity to thank the members of the Board and all our staff for their hard work and contributions as well as our business partners and shareholders for their trust and support.

**Xiang Jie**  
*Chairman*

Hong Kong, 23 August 2016

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The Group's revenue, which was generated from sales of goods, was approximately RMB401.0 million for the six months ended 30 June 2016 which was a slight increase as compared to the revenue recorded for the corresponding period in 2015.

### Cost of sales

The Group's cost of sales decreased by approximately 3.6% from approximately RMB273.0 million for the six months ended 30 June 2015 to approximately RMB263.1 million for the corresponding period in 2016. The decrease in cost of sales was mainly due to the stringent control in procurement costs and the increased proportion of sales in products with higher gross profit margin during the period.

### Gross profit and gross profit margin

The Group's gross profit increased by approximately 9.4% from approximately RMB126.0 million for the six months ended 30 June 2015 to approximately RMB137.9 million for the corresponding period in 2016. The increase in gross profit was mainly due to the stringent control in procurement costs and the increased proportion of sales in products with higher gross profit margin during the period.

The Group's gross profit margin increased from approximately 31.6% for the six months ended 30 June 2015 to approximately 34.4% for the corresponding period in 2016. The increase in gross profit margin was mainly attributable to the stringent control in procurement costs and the increased proportion of sales in products with higher gross profit margin during the period.

### Share of profits/(losses) of an associate

The Group's share of profits/(losses) of an associate increased from a loss of approximately RMB3.2 million for the six months ended 30 June 2015 to a gain of approximately RMB12.5 million for the corresponding period in 2016. The increase was mainly attributable to the gains from Jiashan Henghua Real Estate Co., Ltd.\* (嘉善恒華房地產開發有限公司).

### Other income and gains

The Group's other income and gains increased by approximately 20.4% from approximately RMB16.5 million for the six months ended 30 June 2015 to approximately RMB19.8 million for the corresponding period in 2016. The increase in other income and gains was mainly due to gains on disposal of items of property, plant and equipment.

### Selling and distribution costs

The Group's selling and distribution costs increased by approximately 13.1% from approximately RMB33.1 million for the six months ended 30 June 2015 to approximately RMB37.5 million for the corresponding period in 2016. The increase in selling and distribution costs was mainly due to the increase in sales orders, thereby leading to the increase in selling expenses.

### Administrative expenses

The Group's administrative expenses were approximately RMB38.8 million for the six months ended 30 June 2016. The Group's administrative expenses remained relatively stable.

\* For identification purposes only.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Research and development costs

The Group's research and development costs increased by approximately 142.7% from approximately RMB5.5 million for the six months ended 30 June 2015 to approximately RMB13.3 million for the corresponding period in 2016. The increase in research and development costs was mainly due to the increased research and development efforts in technology and products.

## Other expenses and losses

The Group's other expenses and losses decreased by approximately 22.9%, from approximately RMB7.5 million for the six months ended 30 June 2015 to approximately RMB5.8 million for the corresponding period in 2016. There was a decrease in other expenses and losses mainly due to the decrease in the impairment of trade and other receivables.

## Finance costs

The Group's financial costs, which were made up of interests on bank loans wholly repayable within five years, increased by 5.2% from approximately RMB7.9 million for the six months ended 30 June 2015 to approximately RMB8.3 million for the corresponding period in 2016. The Group's finance costs basically remained stable.

## Profit before tax

As a result of the foregoing, the Group's profit before tax had increased from approximately RMB46.4 million for the six months ended 30 June 2015 to approximately RMB66.6 million for the corresponding period in 2016.

## Income tax expenses

The Group's income tax expenses decreased by approximately 1.6% from approximately RMB11.7 million for the six months ended 30 June 2015 to approximately RMB11.5 million for the corresponding period in 2016. There was a decrease in income tax expenses as the investment gain in the profit before tax was not included as part of taxable income for the six months ended 30 June 2016.

## Profit and total comprehensive income 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 increased from approximately RMB31.4 million for the six months ended 30 June 2015 to approximately RMB55.1 million for the corresponding period in 2016.

## Interim dividend

The Board has resolved to pay an interim dividend of HK1 cent per ordinary share for the six months ended 30 June 2016 (corresponding period in 2015: Nil). The interim dividend is expected to be paid on or around 14 October 2016 to the shareholders of the Company whose names appear on the Company's register of members on 28 September 2016. Assuming no further share will be issued or repurchased from the date of this interim report up to the expected dividend payment date, this will absorb a total amount of HK\$13,873,530 (corresponding period in 2015: 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 2016, the Group's current ratio (current assets divided by current liabilities) was approximately 1.5 (31 December 2015: approximately 1.4). As at 30 June 2016, the Group had cash and cash equivalents of approximately RMB183.9 million (31 December 2015: approximately RMB128.0 million) and interest-bearing bank loans of RMB420.9 million (31 December 2015: RMB394.6 million).

As at 30 June 2016, the Group's gearing ratio measured on the basis of total interest-bearing bank loans to total equity was approximately 44.8% (31 December 2015: approximately 44.3%).

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2015, all the Group's bank loans were denominated in RMB with the contractual maturity being within one year from the end of the reporting period. The RMB effective interest rate on the Group's bank borrowings (equivalent to the weighted average contracted interest rates) was approximately 5.0% as at 31 December 2015. As at 30 June 2016, majority of the Group's bank loans were denominated in RMB with the contractual maturity being within one year from the end of the reporting period. The effective interest rate on the Group's abovementioned bank borrowings (equivalent to the weighted average contracted interest rates) was approximately 4.6%. Furthermore, as at 31 December 2015 and 30 June 2016, the effective interest rate of the Group's other bank loans which were denominated in other currencies was approximately 2.8%. 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, its 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 foreign currency forward contracts with creditworthy banks to manage its exchange rate exposure.

The carrying amount of foreign currency forward contracts outstanding as at 30 June 2016 was approximately RMB4.2 million (asset) (31 December 2015: approximately RMB1.6 million (liability)).

## Contingent liabilities

As at 30 June 2016, the Group did not have any significant contingent liabilities (31 December 2015: Nil).

## Charges on Group assets

As at 30 June 2016, certain of the Group's bank loans were secured by (a) mortgages over the Group's property, plant and equipment and prepaid land lease payments with aggregate carrying amounts at the end of the reporting period of approximately RMB37.8 million (as at 31 December 2015: approximately RMB38.9 million) and RMB13.6 million (as at 31 December 2015: approximately RMB13.7 million), respectively; and (b) pledge of certain of the Group's trade and bills receivables amounting to approximately RMB55.7 million (as at 31 December 2015: approximately RMB35.6 million). As at 30 June 2016, certain of the Group's bills receivables of RMB10.0 million (as at 31 December 2015: RMB24.0 million) were pledged to secure certain of the Group's bills payables.

## 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 2016, 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, and working capital and general corporate expenses.

## HUMAN RESOURCES

As at 30 June 2016, the Group had 627 employees (31 December 2015: 592 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 the job performance of its employees which is used to determine their salary and bonus. 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, in view of the revolutionary change in the energy sector and the urgent need of direct current transmission technology for the development of power electronics technology, the Group will continue to actively engage in the human resources recruitment for power electronics technology, research and development in technology and marketing. The Group will strive to develop leading technology as its key competitiveness, in order to realise the rapid development of the Group.

Based on the development plan of the State Grid Corporation of China and China Southern Power Grid, it is anticipated that relatively higher investment scale and construction speed on projects of ultra-high voltage direct current transmission would be maintained. The four construction projects on ultra-high voltage direct current transmission awarded to the Group in 2015 are expected to be completed within the second half of 2016, and the Group had been undergoing negotiation and contract execution for three new construction projects on ultra-high voltage direct current transmission in the first half of 2016.

In respect of flexible direct current transmission, the back-to-back direct current network project in Yu E, Chongqing, the PRC (渝鄂直流背靠背聯網工程), had commenced in the first half of 2016. It is expected that the relevant products to be supplied by the Group would be delivered gradually starting from the second half of 2016 to 2017.

In the second half of 2016, it is expected that the positive development of the Group in the first half of 2016 will be maintained. Furthermore, the Group will seize opportunities for growth in terms of market share and revenue through various channels such as strategic alliance with strategic partners, mergers and acquisitions and formation of long term business collaboration with large customers and will gradually explore both regional and overseas markets.

## 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 2016.

## MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed herein, the Group had no material acquisition and disposal during the six months ended 30 June 2016.

Save as disclosed herein, there had been no material change in the development or further development of the Group's business and financial position, and no important event affecting the Group had occurred since the publication of the 2015 annual report of the Company.

## CORPORATE GOVERNANCE

As reported in the corporate governance report published in the 2015 annual report of the Company, the Company 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 benefit 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 (the “**Listing Rules**”) for the six months ended 30 June 2016. 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.

## CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of the shareholders of the Company to receive the interim dividend, the register of members of the Company will be closed from Tuesday, 27 September 2016 to Wednesday, 28 September 2016, both dates inclusive, during which no transfer of shares of the Company will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Monday, 26 September 2016 for registration.

## BOARD OF DIRECTORS AND BOARD COMMITTEES

With effect from 1 April 2016, Mr. Jin Jiafeng had tendered his resignation as an executive Director and the chief financial officer of the Group in order to pursue other personal commitments; and Mr. Ye Weigang Greg (“**Mr. Ye**”) had also tendered his resignation as a non-executive Director and a member of each of the audit committee and the investment committee of the Board in order to pursue other personal commitments. In view of the resignation of Mr. Ye as a member of the audit committee of the Board (the “**Audit Committee**”), Mr. Li Fengling, being an independent non-executive Director, had been appointed as a member of the Audit Committee with effect from 1 April 2016. Upon resignation of Mr. Ye as a member of the investment committee of the Board, the number of members of such committee was reduced to four.

Furthermore, Mr. Chen Shimin, being an independent non-executive Director, was appointed on 22 June 2016 as an independent non-executive director of Hailan Holdings Limited (stock code: 2278).

Save as disclosed herein, there had been no substantial change in the information on the Directors since last disclosed in the 2015 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, risk management and internal control systems and financial reporting matters, including the review of the condensed consolidated financial statements of the Group for the six months ended 30 June 2016.

The Audit Committee comprises Mr. Chen Shimin (chairman of the Audit Committee), Mr. Wang Yi and Mr. Li Fengling. At the Company’s annual general meeting held on 18 May 2016, 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 2017. 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 and evaluates and approves the compensation arrangement of the Directors and senior management of the Group, etc.. 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 of the remuneration committee), Mr. Chen Shimin and Mr. Li Fengling.

# OTHER INFORMATION

## 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 annual review of Board structure, number of members and composition (including aspects such as skills, knowledge and experience of Directors), identification of eligible persons for the position of Director, monitor the Directors' succession plans, assessment of the independence of the independent non-executive Directors and evaluation of the board diversity policy of the Company when appropriate. 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 nomination committee are Mr. Li Fengling (chairman of the nomination committee), 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 three independent non-executive Directors, Mr. Li Fengling (chairman of the investment committee), Mr. Chen Shimin and Mr. Wang Yi; 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 2016 and up to the date of this interim 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 the Group's core value.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board considers that the Group's enhanced risk management and internal control systems were effective and adequate for the six months ended 30 June 2016. The Board, through the Audit Committee, has conducted review on the risk management and internal control systems 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 has 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 2016.

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

As at 30 June 2016, 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"), which were required pursuant to (a) Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; or (b) Section 352 of the SFO, to be entered in the register required to be kept by the Company under such provision; or (c) the Model Code, to be notified to the Company and the Stock Exchange, 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 held	Number of underlying shares held under equity derivatives <sup>(Note 4)</sup>	Total	Approximate percentage of interest in the Company <sup>(Note 5)</sup>
Mr. Xiang Jie	Beneficial owner and interest in controlled corporation	446,182,347 <sup>(Note 1)</sup>	33,350,000	479,532,347	34.59%
Mr. Gong Renyuan	Beneficial owner and the interest of spouse	25,210,000 <sup>(Note 2)</sup>	15,920,000 <sup>(Note 3)</sup>	41,130,000	2.97%
Mr. Yue Zhoumin	Beneficial owner	4,000,000	4,020,000	8,020,000	0.58%

#### Notes:

- As at 30 June 2016, among these 446,182,347 shares, 4,854,000 shares were directly held by Mr. Xiang Jie and the remaining 441,328,347 shares were directly held by Max Vision Holdings Limited ("Max Vision"). As at 30 June 2016, Max Vision was wholly owned by Jiekun Limited, which was in turn wholly owned by BNP Paribas Corporate Services Pte Ltd. As at 30 June 2016, 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, was deemed under the SFO to be interested in the 479,532,347 shares in which Mr. Xiang Jie was interested.
- As at 30 June 2016, 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 was 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 1,386,233,000 shares of the Company in issue as at 30 June 2016.

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

None of the Directors or 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 2016.

# OTHER INFORMATION

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the six months ended 30 June 2016, 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 2016, 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 or as required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV 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 <sup>(Note 9)</sup>
Max Vision	Beneficial owner	441,328,347 <sup>(Notes 1 and 8)</sup>	31.84%
Jiekun Limited	Interest in controlled corporation	441,328,347 <sup>(Note 1)</sup>	31.84%
BNP Paribas Corporate Services Pte Limited	Interest in controlled corporation	441,328,347 <sup>(Note 1)</sup>	31.84%
BNP Paribas Singapore Trust Corporation Limited	Interest in controlled corporation	441,328,347 <sup>(Note 1)</sup>	31.84%
Meng Fankun	Interest of spouse	479,532,347 <sup>(Notes 1 and 2)</sup>	34.59%
Artmia Limited	Beneficial owner	102,000,000	7.36%
Jin Hyenmi	Interest in controlled corporation	102,000,000 <sup>(Note 3)</sup>	7.36%
Common Goal Holdings Limited	Beneficial owner	89,570,000	6.46%
Peregrine Greater China Capital Appreciation Fund, L.P.	Interest in controlled corporation	89,570,000 <sup>(Note 4)</sup>	6.46%
Bull Capital Partners GP Limited	Interest in controlled corporation	89,570,000 <sup>(Note 5)</sup>	6.46%
Bull Capital Partners Ltd.	Interest in controlled corporation	89,570,000 <sup>(Note 6)</sup>	6.46%
Peace World Investments Limited	Interest in controlled corporation	89,570,000 <sup>(Note 7)</sup>	6.46%
Sun Shui Investment Limited	Person having a security interest in shares	175,000,000 <sup>(Note 8)</sup>	12.6%
Dong Ruiqin	Interest in controlled corporation	175,000,000 <sup>(Note 8)</sup>	12.6%

## Notes:

1. As at 30 June 2016, Max Vision, an investment holding company, was wholly owned by Jiekun Limited, which was in turn wholly owned by BNP Paribas Corporate Service Pte Ltd. As at 30 June 2016, 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 beneficiaries. As such Jiekun Limited, BNP Paribas Corporate Service Pte Ltd. and BNP Paribas Singapore Trust Corporation Limited were also deemed to be interested in the 441,328,347 shares owned by Max Vision by virtue of the SFO.
2. Ms. Meng Fankun, the spouse of Mr. Xiang Jie, was deemed under the SFO to be interested in the 479,532,347 shares in which Mr. Xiang was interested.
3. As at 30 June 2016, Jin Hyenmi held 100% equity interest in Artmia Limited. As such, Jin Hyenmi was deemed to be interested in the 102,000,000 shares held by Artmia Limited.
4. As at 30 June 2016, Peregrine Greater China Capital Appreciation Fund, L.P. held 100% equity interest in Common Goal Holdings Limited. As such, it was deemed to be interested in the 89,570,000 shares held by Common Goal Holdings Limited.
5. As at 30 June 2016, Bull Capital Partners GP Limited was the general partner of Peregrine Greater China Capital Appreciation Fund, L.P. and held 6.49% of its equity interest. As such, Bull Capital Partners GP Limited was deemed to be interested in the 89,570,000 shares held indirectly by Peregrine Greater China Capital Appreciation Fund, L.P. in Common Goal Holdings Limited.
6. As at 30 June 2016, Bull Capital Partners Ltd. held the entire equity interest in Bull Capital Partners GP Limited. As such, Bull Capital Partners Ltd. was deemed to be interested in the 89,570,000 shares held indirectly by Bull Capital Partners GP Limited and Peregrine Greater China Capital Appreciation Fund, L.P. in Common Goal Holdings Limited.
7. As at 30 June 2016, Peace World Investments Limited held the entire equity interest in Bull Capital Partners Ltd. which wholly owned Bull Capital Partners GP Limited as at the same date. As such, Peace World Investments Limited was deemed to be interested in the 89,570,000 shares held indirectly by Bull Capital Partners Ltd., Bull Capital Partners GP Limited and Peregrine Greater China Capital Appreciation Fund, L.P. in Common Goal Holdings Limited.
8. On 12 November 2015 and 17 November 2015, Max Vision pledged an aggregate of 150,000,000 and 25,000,000 shares of the Company, respectively in favour of a lender as security for a loan facility granted by the lender to Max Vision. For details, please refer to the announcements of the Company dated 13 November 2015 and 19 November 2015, respectively. As at 30 June 2016, Sun Shui Investment Limited was owned as to 60% by Dong Ruiqin. As such, Dong Ruiqin was deemed to be interested in the 175,000,000 shares which Sun Shui Investment Limited was deemed to have a security interest.
9. There were 1,386,233,000 shares of the Company in issue as at 30 June 2016.

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

Save as disclosed above, as at 30 June 2016, 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 or required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV 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 first 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.

# OTHER INFORMATION

Details of movements in the share options under the Share Option Scheme during the six months ended 30 June 2016 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 2016	Number of share options				As at 30 June 2016	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	0.88	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	1,500,000	-	-	-	-	1,500,000	0.55	0.47	0.23	26 April 2013 to 25 April 2018
	28 May 2013	750,000	-	-	-	-	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, resigned on 1 April 2016)	27 April 2011	700,000	-	-	-	-	700,000	1.83	1.79	0.83	27 April 2012 to 26 April 2017
	26 April 2012	250,000	-	-	-	-	250,000	0.55	0.47	0.23	26 April 2013 to 25 April 2018
	28 May 2013	300,000	-	-	-	-	300,000	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	250,000	-	-	-	-	250,000	0.55	0.47	0.23	26 April 2013 to 25 April 2018
	28 May 2013	450,000	-	-	-	-	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
		55,740,000	-	-	-	-	55,740,000				

## OTHER INFORMATION

Name of grantees	Date of grant	As at 1 January 2016	Number of share options				As at 30 June 2016	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	5,156,000	-	(800,000)	-	(90,000)	4,266,000	0.55	0.47	0.20	26 April 2013 to 25 April 2018
	28 May 2013	6,630,000	-	(679,000)	-	(154,000)	5,797,000	0.68	0.64	0.26	28 May 2014 to 27 May 2019
	28 August 2014	19,097,000	-	(1,385,000)	-	(152,000)	17,560,000	0.69	0.61	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
<b>Total</b>		<b>95,983,000</b>	<b>-</b>	<b>(2,864,000)</b>	<b>-</b>	<b>(396,000)</b>	<b>92,723,000</b>				



# 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 17 to 34, 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 2016, 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 compliance with IAS 34.

**Ernst & Young**  
*Certified Public Accountants*

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

23 August 2016

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

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>REVENUE</b>	4	<b>401,028</b>	399,058
Cost of sales		<b>(263,142)</b>	(273,038)
Gross profit		<b>137,886</b>	126,020
Other income and gains	4	<b>19,826</b>	16,466
Selling and distribution costs		<b>(37,481)</b>	(33,137)
Administrative expenses		<b>(38,751)</b>	(38,457)
Research and development costs		<b>(13,272)</b>	(5,469)
Other expenses and losses		<b>(5,790)</b>	(7,510)
Finance costs	6	<b>(8,300)</b>	(7,888)
Share of profits/(losses) of:			
A joint venture		<b>(22)</b>	(450)
An associate		<b>12,457</b>	(3,218)
<b>PROFIT BEFORE TAX</b>	5	<b>66,553</b>	46,357
Income tax expense	7	<b>(11,514)</b>	(11,701)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>55,039</b>	34,656
Attributable to:			
Owners of the parent		<b>55,129</b>	31,381
Non-controlling interests		<b>(90)</b>	3,275
		<b>55,039</b>	34,656
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic		<b>RMB3.98 cents</b>	RMB2.29 cents
Diluted		<b>RMB3.90 cents</b>	RMB2.25 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	<i>Notes</i>	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	324,016	360,279
Prepaid land lease payments		55,796	57,932
Deposits for purchase of items of property, plant and equipment		175	52
Goodwill		34,159	34,159
Other intangible assets		22,473	23,006
Club memberships		1,554	2,534
Investments in a joint venture		15,628	15,650
Investment in an associate		25,739	13,062
Available-for-sale investment		16,999	16,999
Trade receivables	10	109,928	89,553
Deferred tax assets		9,136	10,290
<b>Total non-current assets</b>		<b>615,603</b>	<b>623,516</b>
<b>CURRENT ASSETS</b>			
Inventories		175,938	175,053
Trade and bills receivables	10	679,743	589,807
Prepayments, deposits and other receivables		45,653	46,502
Prepaid land lease payments		1,362	1,401
Derivative financial instruments		4,831	488
Available-for-sale investments		–	10,000
Pledged deposits		27,597	13,464
Cash and cash equivalents		183,922	128,004
<b>Total current assets</b>		<b>1,119,046</b>	<b>964,719</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	237,295	186,629
Other payables and accruals		85,419	60,893
Derivative financial instruments		–	1,628
Interest-bearing bank borrowings		420,944	394,574
Tax payable		24,340	24,079
<b>Total current liabilities</b>		<b>767,998</b>	<b>667,803</b>
<b>NET CURRENT ASSETS</b>		<b>351,048</b>	<b>296,916</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>966,651</b>	<b>920,432</b>

(Continued)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>966,651</b>	920,432
<b>NON-CURRENT LIABILITIES</b>		
Deferred income	15,007	17,393
Deferred tax liabilities	12,014	12,068
Total non-current liabilities	27,021	29,461
Net assets	939,630	890,971
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	119,014	118,775
Reserves	804,467	755,957
	923,481	874,732
<b>Non-controlling interests</b>	<b>16,149</b>	16,239
Total equity	939,630	890,971

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the parent									Total equity RMB'000 (Unaudited)
	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) (note a)	Other reserve RMB'000 (Unaudited) (note b)	Retained profits/ losses (accumulated) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	
At 1 January 2016	118,775	411,695	26,451	288	14,765	244,978	57,780	874,732	16,239	890,971
Profit and total comprehensive income for the period	-	-	-	-	-	-	55,129	55,129	(90)	55,039
Exercise of share options	239	1,949	(640)	-	-	-	-	1,548	-	1,548
Share-based payments	-	-	3,761	-	-	-	-	3,761	-	3,761
Final 2015 dividend	-	2,297	-	-	-	-	(13,986)	(11,689)	-	(11,689)
<b>At 30 June 2016</b>	<b>119,014</b>	<b>415,941*</b>	<b>29,572*</b>	<b>288*</b>	<b>14,765*</b>	<b>244,978*</b>	<b>98,923*</b>	<b>923,481</b>	<b>16,149</b>	<b>939,630</b>
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
<b>At 30 June 2015</b>	<b>118,446</b>	<b>408,934</b>	<b>21,941</b>	<b>288</b>	<b>14,765</b>	<b>244,956</b>	<b>26,889</b>	<b>836,219</b>	<b>20,705</b>	<b>856,924</b>

## 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 RMB804,489,000 (31 December 2015: RMB755,957,000) in the condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		66,553	46,357
Adjustments for:			
Finance costs	6	8,300	7,888
Share of losses/(profits) of a joint venture and an associate		(12,435)	3,668
Interest income	4	(826)	(891)
Gain on disposal of items of property, plant and equipment, net	4	(11,255)	(16)
Depreciation	5	11,668	11,014
Amortisation of other intangible assets	5	533	534
Impairment of trade and other receivables	5	468	4,357
Fair value gains on foreign currency forward contracts, net	4	(2,816)	(2,080)
Amortisation of prepaid land lease payments	5	691	700
Write-down of/(reversal of write-down of) inventories to net realisable value	5	1,673	(121)
Government grants		(3,644)	(12,341)
Share-based payment expense		3,761	8,882
		<b>62,671</b>	<b>67,951</b>
Increase in inventories		(2,558)	(27,362)
Increase in trade and bills receivables		(109,453)	(154,483)
Decrease/(increase) in prepayments, deposits and other receivables		11,413	(4,557)
Increase in trade and bills payables		50,666	52,015
Increase in other payables and accruals		24,526	4,619
Decrease in derivative financial instruments		(3,155)	(5,953)
Cash generated from/(used in) operations		<b>34,110</b>	<b>(67,770)</b>
Interest paid		(8,300)	(7,888)
Income taxes paid		(10,153)	(9,312)
Net cash flows from/(used in) operating activities		<b>15,657</b>	<b>(84,970)</b>

(Continued)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Net cash flows from/(used in) operating activities	15,657	(84,970)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	605	891
Purchases of items of property, plant and equipment	(4,292)	(5,067)
Proceeds from disposal of items of property, plant and equipment	29,232	250
Decrease/(increase) in deposits for purchase of items of property, plant and equipment	(123)	128
Additions to other intangible assets	-	(13)
Proceeds from disposal of prepaid land lease payments	1,485	-
Proceeds from disposal of available-for-sale investments	10,000	-
Increase in pledged deposits	(14,133)	(14,927)
Receipt of government grants	1,258	10,499
Net cash flows from/(used in) investing activities	24,032	(8,239)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of share options	1,548	7,232
New bank loans	368,959	268,500
Repayment of bank loans	(342,589)	(201,500)
Acquisition of non-controlling interests	-	(25,850)
Dividends paid	(11,689)	-
Net cash flows from financing activities	16,229	48,382
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>55,918</b>	<b>(44,827)</b>
Cash and cash equivalents at beginning of period	128,004	113,558
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>183,922</b>	<b>68,731</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	183,922	68,731

## 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 address of the Company is 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 2015.

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 2015, except for the adoption of the following revised standards as of 1 January 2016:

Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to a number of IFRSs</i>

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 2016

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue 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	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>Revenue</b>		
Sales of goods	401,028	399,058
<b>Other income</b>		
Government grants*	3,644	12,341
Sale of scrap materials	559	905
Interest income	826	891
Others	726	232
	5,755	14,369
<b>Gains</b>		
Gain on disposal of items of property, plant and equipment, net	11,255	16
Fair value gains on foreign currency forward contracts, net	2,816	2,080
Others	-	1
	14,071	2,097
	19,826	16,466

\* 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 BEFORE TAX

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

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Cost of inventories sold	261,469	273,159
Write-down of/(reversal of write-down of) inventories to net realisable value	1,673	(121)
Cost of sales	263,142	273,038
Depreciation	11,668	11,014
Amortisation of other intangible assets	533	534
Amortisation of prepaid land lease payments	691	700
Minimum lease payments under operating leases for land and buildings	945	1,020
Impairment of trade and other receivables	468	4,357
Foreign exchange differences, net	5,322	3,153

## 6. FINANCE COSTS

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

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Interest on bank loans	8,300	7,888

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 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.

Jiujiang Sun.King Technology Co., Ltd.\* (九江賽晶科技股份有限公司) 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	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Group:		
Current – Hong Kong		
Charge for the period	1,156	374
Current – Mainland China		
Charge for the period	10,203	10,295
Underprovision/(overprovision) in prior periods	(945)	(20)
Deferred	1,100	1,052
Total tax charge for the period	11,514	11,701

\* For identification purpose only

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB55,129,000 (six months ended 30 June 2015: RMB31,381,000), and the weighted average number of ordinary shares of 1,384,801,000 (six months ended 30 June 2015: 1,367,802,884) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit 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 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 per share are based on:

	<b>For the six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>55,129</b>	31,381
<b>Number of shares For the six months ended 30 June</b>		
	<b>2016</b>	2015
	<b>(Unaudited)</b>	(Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>1,384,801,000</b>	1,367,802,884
Effect of dilution – weighted average number of ordinary shares: Share options	<b>29,298,600</b>	26,297,164
	<b>1,414,099,600</b>	1,394,100,048

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment at a total cost of RMB4,292,000 (six months ended 30 June 2015: RMB5,067,000) and disposed of items of property, plant and equipment with a total net carrying amount of RMB28,887,000 (six months ended 30 June 2015: RMB234,000).

As at 30 June 2016, the Group's property, plant and equipment and prepaid land lease payment with a carrying value of approximately RMB37,750,000 and RMB13,560,000, respectively, were pledged to secure bank loans of RMB22,000,000.

## 10. TRADE AND BILLS RECEIVABLES

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Trade receivables	<b>701,652</b>	557,537
Impairment	<b>(46,770)</b>	(49,865)
	<b>654,882</b>	507,672
Bills receivable	<b>134,789</b>	171,688
Less: Amount shown as non-current	<b>(109,928)</b>	(89,553)
	<b>679,743</b>	589,807

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 customers 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.

## 10. TRADE AND BILLS RECEIVABLES *(continued)*

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:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Within 3 months	<b>298,640</b>	228,470
3 to 6 months	<b>111,338</b>	107,086
6 to 12 months	<b>180,325</b>	81,812
Over 1 year	<b>64,579</b>	90,304
	<b>654,882</b>	507,672

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

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Within 6 months	<b>134,367</b>	167,688
6 to 12 months	<b>422</b>	4,000
	<b>134,789</b>	171,688

At 30 June 2016, certain trade and bills receivables of the Group with an aggregate carrying amount of RMB55,668,000 (31 December 2015: RMB35,550,000) were pledged to banks to secure certain bank loans granted to the Group.

At 30 June 2016, certain bills receivables of the Group with an aggregate carrying amount of RMB10,000,000 (31 December 2015: RMB24,000,000) were pledged to secure certain of the Group's bills payable.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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## 11. 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:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Within 6 months	144,748	154,561
Over 6 months	92,547	35,068
	<b>237,295</b>	189,629

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

At 30 June 2016, certain of the Group's bills payable amounting to RMB8,338,000 (31 December 2015: RMB17,545,000) were secured by the pledge of the Group's bills receivable amounting to RMB10,000,000 (31 December 2015: RMB24,000,000).

## 12. CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities (31 December 2015: Nil).

## 13. 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:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Within one year	1,290	1,468
In the second to fifth years, inclusive	2,061	2,667
	<b>3,351</b>	4,135

## 14. CAPITAL COMMITMENTS

### Capital Commitments

In addition to the operating lease arrangements detailed in note 13 above, the Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	<b>2,503</b>	1,021

### Other Commitments

Commitments under foreign currency forward contracts and commodity futures contracts:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Purchase of Swiss Franc ("CHF")	<b>147,550</b>	151,111
Purchase of copper	<b>4,139</b>	1,761
	<b>151,689</b>	152,872

## 15. 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>	<b>For the six months ended 30 June 2016 RMB'000 (Unaudited)</b>	2015 RMB'000 (Unaudited)
An associate:			
Interest income	<i>(i)</i>	<b>301</b>	718
A joint venture:			
Service income	<i>(ii)</i>	<b>-</b>	167

Notes:

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



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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## 15. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Prepayments, deposits and other receivables			
Due from an associate	(i)	-	11,694

Note:

- (i) As at 31 December 2015, included in the amount due from an associate was a loan to the associate and interest receivable from the associate of RMB9,517,000 and RMB2,177,000, respectively. The loan to the associate was unsecured, interest-bearing at the rate of 15% per annum and was repayable within one year.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Short term employee benefits	3,762	4,033
Post-employment benefits	291	272
Share-based payment expense	2,828	6,817
Total compensation paid to key management personnel	6,881	11,122

## 16. 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.

**16. 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:**

	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	
<b>As at 30 June 2016</b>				
Derivative financial instruments	4,831	-	-	4,831
<b>As at 31 December 2015</b>				
Derivative financial instruments	488	-	-	488

**Liabilities measured at fair value:**

	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	
<b>As at 30 June 2016</b>				
Derivative financial instruments	-	-	-	-
<b>As at 31 December 2015</b>				
Derivative financial instruments	1,628	-	-	1,628

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 2015: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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## 17. EVENTS AFTER THE REPORTING PERIOD

- (1) Subsequent to the end of the reporting period, in July 2016, the Group acquired 65% of the issued shares capital of Astrol electronic AG (the “**Target Company**”) with a cash consideration of no more than CHF3.9 million and no less than CHF2.6 million. The Target Company is a company incorporated in Switzerland with limited liability and engaged in the business of manufacturing and sales of pulsed power equipment, IGBT gate units and other electronic components.
- (2) Subsequent to the end of the reporting period, the Board declared an interim dividend of HK1 cent per share for the six month ended 30 June 2016 (six months ended 30 June 2015: Nil).

## 18. 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 23 August 2016.