



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 2017

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CORPORATE INFORMATION

Executive Directors

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

Independent non-executive Directors

Mr. Chen Shimin
Mr. Zhang Xuejun
Mr. Leung Ming Shu

Authorised representatives

Mr. Yue Zhoumin
Ms. He Lina

Audit committee

Mr. Chen Shimin (*chairman of the audit committee*)
Mr. Zhang Xuejun
Mr. Leung Ming Shu (*appointed on 24 March 2017*)
Mr. Wang Yi (*resigned on 24 March 2017*)

Remuneration committee

Mr. Leung Ming Shu
(*chairman of the remuneration committee, appointed on 24 March 2017*)
Mr. Chen Shimin
Mr. Zhang Xuejun
Mr. Wang Yi (*resigned on 24 March 2017*)

Nomination committee

Mr. Zhang Xuejun
(*chairman of the nomination committee*)
Mr. Gong Renyuan
Mr. Chen Shimin

Investment committee

Mr. Zhang Xuejun
(*chairman of the investment committee*)
Mr. Xiang Jie
Mr. Leung Ming Shu (*appointed on 24 March 2017*)
Mr. Chen Shimin
Mr. Wang Yi (*resigned on 24 March 2017*)

Joint Company Secretaries

Ms. Mok Ming Wai
Ms. He Lina

Legal adviser

Loeb & Loeb LLP

Auditors

Ernst & Young

Registered office

Cricket Square, Hutchins Drive
P.O. Box 2681
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Cayman Islands

Headquarters

Building 9-A
KongGangRongHuiYuan
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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

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road, P.O. BOX 1586
Grand Cayman KY1-1110
Cayman Islands

Branch share registrar and transfer office

Tricolor 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 six months ended 30 June 2017.

In the first half of 2017, as a leading power electronic technology research and development (R&D) enterprise in the industry, the Group has actively developed its owned technology research and innovative approaches while continuously enhancing its operation efficiency and providing high quality and diversified products. Revenue of the Group for the first half of 2017 amounted to approximately RMB580.9 million (first half of 2016: approximately RMB401.0 million), representing a significant increase of approximately 44.9% as compared with the same period of last year. Due to the increase in sales of products with higher gross profit margin, as well as the continuous strengthening of management, stringent control in costs and expenses and reasonable control in its cash flow and receivables, the Group's gross profit margin increased to approximately 43.1% from approximately 34.4% in the same period of last year. During the first half of 2017, net profit of the Group amounted to approximately RMB104.0 million (first half of 2016: approximately RMB55.0 million), representing a significant increase of approximately 88.9% as compared with the same period of last year, among which, the net profit after deducting non-recurring profits and losses amounted to approximately RMB93.2 million for the first half of 2017 (for the six months ended 30 June 2016: approximately RMB35.3 million), representing an increase of approximately 163.8% comparing to the same period of last year.

BUSINESS REVIEW

Power electronic technologies is playing an increasingly important role in the power transmission and distribution field. Since the operation of its first regular high-voltage direct current (HVDC) transmission project in 1990, China has become a leading country of regular ultra-high voltage direct current (UHVDC) transmission in the world with the most advanced technologies and the largest number of engineering projects. In addition, the world has attached great importance to and actively developed new energy, especially photovoltaic and wind power. In order to adapt to the characteristics of new energy, enhance the transmission efficiency and scale of consumption of new energy and improve the standard of intelligent power transmission and distribution systems, emerging power electronic technologies such as flexible direct current transmission and micro-grid which rely on power electronic technologies have been rapidly developed.

Regular UHVDC transmission

Domestically, driven by the export of new energy, air-pollution prevention and the “West-to-East Power Transmission”, it has been the peak times for construction and operation of China's regular UHVDC transmission since 2015. It is explicitly stated in the “Energy Sector Development in the Thirteenth Five-year Plan” that the direct current transmission capacity of “West-to-East Power Transmission” will be increased by 130 million kW to 270 million kW by 2020.

Internationally, President Xi Jinping advocated for the construction of a global power network at UN General Assembly in 2015 and proposed the initiatives of “Joint Establishment of a Green and Low-carbon Global Energy Landscape” (共同構建綠色低碳的全球能源治理格局) and “Being Aware of the Trend of the New Round Energy Structure Adjustment and Technology Reform, Building a Global Power Network and Achieving Green and Low-carbon Development” (要抓住新一輪能源結構調整和能源技術變革趨勢，建設全球能源互聯網，實現綠色低碳發展) at G20 Hangzhou Summit and Belt and Road Forum for International Cooperation, respectively, in 2016 and 2017. Against this backdrop, various cross-border and overseas projects led or constructed by China achieved development breakthroughs.

CHAIRMAN'S STATEMENT

Products supplied in the regular UHVDC transmission sector by the Group:

Anode saturation resistors

Since the “Gaoling” (高嶺) regular direct current transmission project, the first project using made-in-China equipment, commenced in 2007, the regular direct current transmission technology in China has been upgraded from the initial level of 500KV, 3000A to the current levels of 1100KV, 5500A and 800KV, 6250A, reaching the highest technological standards and the largest transmission capacities in the world. Over the past ten years, after the Group introduced the first self-manufactured anode saturation resistor of China, it has all along adhered to independent R&D of innovative technologies and has successfully launched more than ten models of anode saturation resistors in three series since then. Up till now, the Group has provided over 11,000 anode saturation resistors for use in regular HVDC and UHVDC transmission projects and none of these products has been involved in any quality incident. In 2016, the Group developed 1100KV, 5500A and 800KV, 6250A models, the two brand new products representing the largest transmission capacities and the most advanced technologies of regular direct current transmission equipment, and laid a sound foundation for technology development of regular UHVDC transmission and smooth operation of large scale construction projects in China.

In the first half of 2017, the Group delivered three projects including “Ximeng-Taizhou” (錫盟－泰州), “Dianxibei-Guangdong” (滇西北－廣東) and “Luxi Back-to-back” (魯西背靠背) and a major part of “Jarud-Qingzhou” (扎魯特－青州). In the second half of 2017, the Group expects to deliver the remaining part of “Jarud-Qingzhou” (扎魯特－青州) and approach the delivery of the projects including “Changji-Guquan” (昌吉－古泉). The Group also expects to undertake and commence the projects of “Brazil Meilishan Phase II” (巴西美麗山二期) and “Matiari-Lahore in Pakistan” (巴基斯坦－墨蒂亞裡至拉合爾) projects.

High-voltage power capacitors

The Group has an industry-leading automatic production lines for high-voltage power capacitors, with per capita production and quality control reaching a leading position in the industry. Since its successful bidding of the regular UHVDC transmission project in 2014, the Group's market share has increased continuously. In the first half of 2017, the Group completed a large portion of the “Jarud-Qingzhou” (扎魯特－青州) project. Also, its high-voltage power capacitors have been consecutively procured for the first, second and third procurement tenders for power transformation equipment (capacitors) of the State Grid in the first half of 2017. The Group will commence the delivery of the “Changji-Guquan” (昌吉－古泉) project in the second half of 2017.

Online monitoring for grids

The power transformation equipment for intelligent grids, power transmission equipment, online monitoring and device diagnosis system for distribution network developed by the Group through its own research have contributed much to the reduction of investment expenses in grid's fixed assets and operating fees, enhancement of electricity supply reliability and improvement of operation management, which are also the key components of the intelligent grid. The Group is the first enterprise in China who took part in the UHVDC transmission-online monitoring project and one of the compiling units for the national industry standard of grid's online monitoring.

The Group has started the delivery of grid's online monitoring of the “Jarud-Qingzhou” (扎魯特－青州) project following the reporting period (July 2017).

CHAIRMAN'S STATEMENT

Flexible HVDC transmission

With “insulated gate bipolar transistor (IGBT)”, a fully-controlled device, as core device, flexible HVDC transmission has its own unique advantages of system stability and control flexibility and hence has become an effective solution for large-scale grid connection and disperse consumption of clean energy, connection and communication of alternating current grids, connection of island power and offshore wind power grid. Various national energy technical development outlines including “Made in China 2025” (中國製造2025), “Power Sector Development in the Thirteenth Five-year Plan” (電力發展「十三五」計劃) and “The Action Plan for Energy Technical Reform and Innovation” (能源技術革命創新行動計劃) have highlighted the importance of R&D and promotion of flexible direct current transmission and direct current grid.

In the first half of 2017, China's flexible HVDC transmission made breakthroughs in launching the direct current converter valve and circuit breaker used in the core equipment of $\pm 500\text{KV}$ flexible HVDC transmission and the direct current converter valve used in the core equipment of $\pm 800\text{KV}$ flexible UHVDC transmission in succession. All of the above devices were made of the power stack products including pushed-style IGBT drivers, digital IGBT drivers and laminated busbars provided by the Group. In the second half of 2017, the “Yu E back-to-back” (渝鄂直流背靠背) flexible HVDC transmission project is expected to be delivered on a large scale. Moreover, the Group expects to receive orders from clients for the “ $\pm 500\text{KV}$ flexible HVDC transmission-Zhangbei project” ($\pm 500\text{KV}$ 柔性高壓直流輸電—張北項目) and the “ $\pm 800\text{KV}$ flexible UHVDC transmission-Wudongde project” ($\pm 800\text{KV}$ 柔性特高壓直流輸電—烏東德項目) in the second half of 2017.

Rail transportation sector

In the first half of 2017, although China Railway Corporation invited tender for 495 freight electric vehicles, the overall scale of procurement tender for railway electric vehicles was still relatively small, which resulted in unsatisfactory performance of the Group's rail transportation sector for the first half of 2017.

Industrial and others sector

The Group is not only the leading enterprise of the electrolytic aluminum high-power rectification system, but also the first provider of isolated operation of high-power rectification system for the electrolytic aluminum industry who has achieved good results with its advanced technology among the industry in China. After completion of the first electrolytic aluminum isolated grid operation project of China in 2013, the construction-support project of “Operation Control Technology and Demonstration of Isolated Grid Involving Renewable Energy” (含可再生能源的孤立電網的運行控制技術及示範) under the National 863 Project, a technology upgrading and transformation project of electrolytic aluminum loading-side frequency modulation for isolated grids, the first “Huolin River Circular Economy Demonstration Project” (霍林河迴圈經濟示範工程) jointly operated by wind, fire and aluminum in the world was completed in 2015 and passed the technical check by experts from the Ministry of Science and Technology of China. Furthermore, leveraging its leading technology and outstanding performance of electrolytic aluminum isolated grid operation in the industry, the Group has successively obtained orders in a number of similar projects, and became a technological innovation and promotion leader in the electrolytic aluminum industry.

In the first half of 2017, driven by the increasing demand on industrial upgrade and the promotion of isolated grid operation technology in the electrolytic aluminum industry, the Group achieved significant growth in its high-power rectification system and power quality control device businesses.

The Group continued to be one of the main laminated busbar suppliers for many manufacturers of electric vehicles and new energy power devices.

CHAIRMAN'S STATEMENT

R&D

With advanced technology as its core competitiveness of corporate development, the Group put great efforts in developing innovative high-end power electronic technologies and promoting industrialization. During the first half of 2017, the Group has made significant progress in developing new digital IGBT drivers, solid direct current circuit breakers and high-powered pulsed electric supply devices and has become the exclusive provider of digital IGBT drivers of the HVDC circuit breakers applied to the “Zhoushan” (舟山) flexible direct current transmission project. Also, it has applied to Det Norske Veritas-Germanischer Lloyd (“DNV-GL”) for certification of its solid direct current circuit breakers, and established business relationship with domestic manufacturers from the direct current distribution network and micro-grid, offshore wind power and shipping sectors. The Group has secured orders for its high-powered pulsed electric supply device from Tri Alpha Energy, a US company, for use in research of nuclear fusion.

ATTRACTING STRATEGIC INVESTORS

On 21 July 2017, the Group announced that it entered into a subscription agreement with China Venture Capital Fund Corporation Ltd. (中國國有資本風險投資基金股份有限公司). The Company will allot and issue a total of 200,000,000 subscription shares under the subscription at the subscription price of HK\$1.72 per subscription share and the aggregate consideration for all the subscription shares is HK\$344 million which will be used for R&D and as capital expenditure and general working capital of the Group.

On 24 July 2017, the Group announced that China Hi-Tech Holding Company Limited (中國恒天控股有限公司) purchased an aggregate of 125,000,000 shares of the Company at the price of HK\$1.72 per share from Max Vision Holdings Limited, Mr. Gong Renyuan and Mr. Yue Zhoumin. Subsequently, on 26 July 2017, the Group announced that China Hi-Tech Holding Company Limited entered into a sale and purchase agreement with certain shareholders of the Company for the purchase of an aggregate of 175,000,000 shares of the Group. Upon completion, China Hi-Tech Holding Company Limited will hold an aggregate of 300,000,000 shares of the Group.

Following the introduction of China Venture Capital Fund Corporation Ltd. and China Hi-Tech Holding Company Limited as our strategic shareholders, the Group's core management team will remain unchanged and will be responsible for daily operation and production management of the Company. With the joining of two strategic shareholders, the Group will be able to optimize its shareholding and governance structures, continue its efforts put in the R&D of technology, accelerate its industrialization progress of technological innovation and further consolidate its leading technological advantages. In the meantime, it also helps enhance its financial operation, increase opportunities for participating in major projects and explore cooperation channels for development with peers in the industry, so as to facilitate the Group's target in pursuing of early breakthroughs.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank our shareholders, business partners, members of the Board and all our staff for their supports and contribution. Together with the management team, I will continue to strive for better returns for our shareholders.

Xiang Jie
Chairman

Hong Kong, 23 August 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. Performance of the Group:

For the six months ended 30 June 2017, the Group's revenue amounted to approximately RMB580.9 million with an increase of approximately 44.9% comparing to the same period in 2016. The Group recorded a significant growth in sales of the power transmission and distribution sector and the industrial and others sector but a slight decline in sales of the rail transportation sector.

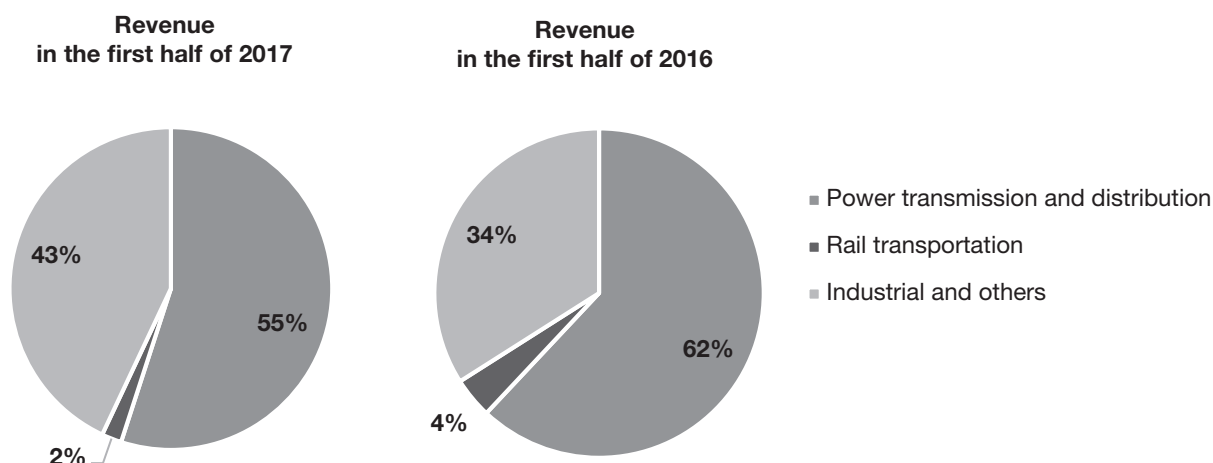
For the six months ended 30 June 2017, the Group's net profit amounted to approximately RMB104.0 million with an increase of approximately 88.9% comparing to the same period in 2016, among which, the net profit after deducting non-recurring profits and losses amounted to approximately RMB93.2 million for the first half of 2017 (for the six months ended 30 June 2016: approximately RMB35.3 million), representing an increase of approximately 163.8% comparing to the same period of last year. The significant growth in net profit was mainly due to the increase in sales of products with higher gross profit margin, as well as the continuous strengthening of efficiency management, stringent control in costs and expenses and reasonable control in the Group's cash flow and receivables.

2. Performance of each business sector:

For the six months ended 30 June 2017, performance of each business sector of the Group was as follows:

	For the six months ended			
	2017		2016	
	Revenue RMB million (Unaudited)	Gross profit margin %	Revenue RMB million (Unaudited)	Gross profit margin %
Power transmission and distribution	319.9	56.3	247.1	38.7
Rail transportation	12.2	28.9	16.0	30.7
Industrial and others	248.8	26.9	137.9	27.1
Total	580.9	Average 43.1	401.0	Average 34.4

Proportion of revenue of each business sector in the first half of 2017 and 2016 was as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

Power transmission and distribution sector

During the first half of 2017, revenue of the power transmission and distribution sector amounted to approximately RMB319.9 million, representing an increase of approximately 29.5% comparing to the same period of 2016, mainly due to a significant increase in revenue from the regular UHVDC transmission sector.

Rail transportation sector

During the first half of 2017, revenue of the rail transportation sector amounted to approximately RMB12.2 million, representing a decrease of approximately 23.7% comparing to the same period of 2016.

Industrial and others sector

During the first half of 2017, revenue of the industrial and others sector amounted to approximately RMB248.8 million, representing an increase of approximately 80.4% comparing to the same period of 2016, mainly due to favorable factors such as industrial upgrade and promotion of isolated grid operation technology in the electrolytic aluminum industry.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 44.9% from approximately RMB401.0 million for the six months ended 30 June 2016 to approximately RMB580.9 million for the same period in 2017, mainly due to the steady increase in numbers of orders in the power transmission and distribution sector and the industrial and others sector during the period.

Cost of sales

The Group's cost of sales increased by approximately 25.6% from approximately RMB263.1 million for the six months ended 30 June 2016 to approximately RMB330.6 million for the same period in 2017, mainly due to the increase in revenue during the period.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 81.6% from approximately RMB137.9 million for the six months ended 30 June 2016 to approximately RMB250.4 million for the same period in 2017, mainly due to the increase in revenue during the period.

The Group's gross profit margin increased from approximately 34.4% for the six months ended 30 June 2016 to approximately 43.1% for the same period in 2017, 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 associates

The Group's share of profits/(losses) of associates decreased from a profit of approximately RMB12.5 million for the six months ended 30 June 2016 to a profit of approximately RMB1.7 million for the same period in 2017. The decrease was mainly attributable to the decline in gains from Jiashan Henghua Real Estate Co., Ltd.* (嘉善恒華房地產開發有限公司).

Selling and distribution costs

The Group's selling and distribution costs increased by approximately 10.1% from approximately RMB37.5 million for the six months ended 30 June 2016 to approximately RMB41.3 million for the same period in 2017, mainly due to the increase in numbers of sales orders which resulted in increase in selling expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

The Group's administrative expenses increased by approximately 27.6% from approximately RMB38.8 million for the six months ended 30 June 2016 to approximately RMB49.5 million for the same period in 2017, mainly due to the consolidation of Astrol Electronic AG (acquired by the Group in July 2016) into the Group's accounts and the increase in expenses on remuneration and benefits.

Finance costs

The Group's financial costs, which were made up of interests on bank loans wholly repayable within five years, increased from approximately RMB8.3 million for the six months ended 30 June 2016 to approximately RMB8.8 million for the same period in 2017. The Group's finance costs basically remained unchanged.

Profit before tax

As a result of the foregoing, the Group's profit before tax had increased from approximately RMB66.6 million for the six months ended 30 June 2016 to approximately RMB129.2 million for the same period of 2017.

Income tax expenses

The Group's income tax expenses increased by approximately 119.1% from approximately RMB11.5 million for the six months ended 30 June 2016 to approximately RMB25.2 million for the same period in 2017. The increase in income tax expenses was mainly due to the increase in profit before tax for the six months ended 30 June 2017.

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

The Group's total comprehensive income for the period attributable to owners of the parent of the Group increased from approximately RMB55.1 million for the six months ended 30 June 2016 to approximately RMB103.8 million for the same period in 2017.

Interim dividend

The Board has resolved to pay an interim dividend of HK2 cents per ordinary share for the six months ended 30 June 2017 (same period in 2016: HK1 cent per ordinary share). The interim dividend is expected to be paid on or around 20 October 2017 to the shareholders of the Company whose names appear on the Company's register of members on 29 September 2017. 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\$28,057,070 (same period in 2016: HK\$13,873,530).

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 2017, the Group's current ratio (current assets divided by current liabilities) was approximately 1.6 (as at 31 December 2016: approximately 1.7). As at 30 June 2017, the Group had cash and cash equivalents of approximately RMB252.1 million (as at 31 December 2016: approximately RMB103.0 million) and interest-bearing bank loans of approximately RMB418.8 million (as at 31 December 2016: approximately RMB327.4 million), mainly due to the increased demand on the Group's working capitals.

As at 30 June 2017, the Group's gearing ratio measured on the basis of total interest-bearing bank loans to total equity was approximately 37.3% (as at 31 December 2016: approximately 31.8%).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2017, the Group's bank loans were mainly denominated in Renminbi (“**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) slightly decreased from approximately 5.0% as at 31 December 2016 to approximately 4.6% as at 30 June 2017. In 2017, there was no material movement in the Group's funding and treasury policy.

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

Interests and foreign currency exposures

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

Contingent liabilities

As at 30 June 2017, the Group did not have any significant contingent liabilities (as at 31 December 2016: Nil).

Charges on Group's assets

As at 30 June 2017, the Group's property, plant and equipment and prepaid land lease payment with a carrying value of approximately RMB35.5 million and RMB13.2 million, respectively, were pledged to secure bank loans of approximately RMB25.0 million.

As at 30 June 2017, certain of the Group's bank loans were secured by the pledge of certain trade and bills receivables of the Group amounting to approximately RMB12.7 million (as at 31 December 2016: Nil).

As at 30 June 2017, certain of the Group's bills payable amounting to approximately RMB14.0 million (as at 31 December 2016: approximately RMB22.9 million) were secured by the pledge of certain bills receivables and cash and cash equivalents amounting to approximately RMB14.2 million (as at 31 December 2016: approximately RMB21.2 million) and approximately RMB6.0 million (as at 31 December 2016: approximately RMB6.0 million), respectively.

USE OF PROCEEDS FROM LISTING

Net proceeds of approximately HK\$593.0 million were raised from the listing (the “**Listing**”) of the Company's shares on the Stock Exchange in October 2010. As at 30 June 2017, 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 2017, the Group had 674 employees (as at 31 December 2016: 664 employees). Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group regularly evaluates job performance of its employees to determine their salary and bonus. The Group has neither experienced any significant issues with its employees or disruptions in its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Looking forward, the power industry in China will adhere to the two major development directions of “replacement of other energy with clean energy” and “replacement of other energy with electricity” to accelerate the growth of the proportion of clean energy and the popularization of new electric technologies. While capturing development opportunities arising from large scale UHVDC transmission projects and innovations in flexible direct current transmission technologies in China, the Group also places heavy emphasis on the long-term demand of both domestic market and the “Belt and Road” market on UHVDC transmission technology as well as the long-term demand of large-scale grid connection and highly-efficient transmission of clean energy on flexible direct current transmission technologies. Moreover, the Group attaches great importance to the long-term demand of micro-grid technologies arising from power system reform, promotion of new energy distributed energy, upgrade of intelligent power distribution network, and actively conducts R&D of technologies and strives for market expansion.

In addition, the Group believes that there is enormous market potential in the electrification of rail transportation, vehicles, shipping and aircrafts and electricity technology upgrade for the metal smelting, new energy, environmental protection, medical and military sectors. With leading competitive advantages in technology in the industry, the Group will endeavor to develop the above business as its new driving force for long term development.

The Group, as a leading enterprise focusing on R&D of power electronic technology in the industry with a mission of advancing electric power technology in China, will continue to proactively engage in R&D for manufacturing high-end power electronic devices and module integration technology, enhance its operation efficiency and strengthen budget management, cost control and cash flow management, so as to achieve rapid development of the Group.

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 2017.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed herein, the Group had no material acquisition and disposal during the six months ended 30 June 2017.

OTHER INFORMATION

CORPORATE GOVERNANCE

As reported in the corporate governance report published in the 2016 annual report of the Company, the Group places high value in its corporate governance practice and the Board firmly believes that good corporate governance practice could improve accountability and transparency for the benefits of the shareholders of Company.

The Company had complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the six months ended 30 June 2017. The Board reviews and monitors the operation 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 Thursday, 28 September 2017 to Friday, 29 September 2017, 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 Wednesday, 27 September 2017 for registration.

BOARD OF DIRECTORS AND BOARD COMMITTEES

With effect from 24 March 2017, Mr. Wang Yi tendered his resignation as an independent non-executive Director, a member of the audit committee of the Board, the chairman of the remuneration committee of the Board and a member of the investment committee of the Board due to retirement. At the same time, the Board re-appointed Mr. Leung Ming Shu as an independent non-executive Director, a member of the audit committee of the Board, the chairman of the remuneration committee of the Board and a member of the investment committee of the Board. Save as disclosed herein, there had been no substantial discloseable change in the information on the Directors since last disclosed in the 2016 annual report of the Company pursuant to Rule 13.51(B)(1) of the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed the accounting principles and practice adopted by the Group and discussed auditing, risk management and internal control systems and financial reporting matters, including the review of the condensed consolidated financial statements of the Group for the six months ended 30 June 2017.

The audit committee comprises Mr. Chen Shimin (chairman of the audit committee), Mr. Zhang Xuejun and Mr. Leung Ming Shu. At the Company’s annual general meeting held on 10 May 2017, 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 2018. 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 prescribed in accordance with the Listing Rules. The roles and functions of the remuneration committee are to make recommendations on the remuneration package of the Directors and senior management, the execution of which is subject to the approval of the Board. In addition, the remuneration committee also evaluates the performance of the senior management of the Group and determines its remuneration structure. The relevant written terms of reference 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. Leung Ming Shu (chairman of the remuneration committee), Mr. Chen Shimin and Mr. Zhang Xuejun.

NOMINATION COMMITTEE

The nomination committee was established on 19 August 2010. The roles and functions of the nomination committee are to formulate policies on the Director nomination for the Board's consideration and to implement the Director nomination policies approved by the Board, including annual review of Board structure, 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.

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

INVESTMENT COMMITTEE

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 Mr. Zhang Xuejun (chairman of the investment committee), Mr. Chen Shimin, Mr. Leung Ming Shu and Mr. Xiang Jie.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed herein, for the six months ended 30 June 2017 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 Group is fully aware of the importance of establishing a sound corporate culture. The Group organises corporate activities from time to time to promote team cohesion. The Group also publishes Sun.King Bimonthly (賽晶雙月刊) informing all employees of the news of the Group and reminding employees of the Group's core value.

INTERNAL CONTROL

The Board considers that the Group's internal control systems were effective and adequate for the six months ended 30 June 2017. The Board, through the Audit Committee, has conducted review on the internal control systems and considers that no significant areas of concern which may affect the interests of 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 2017.

Save as disclosed herein, there had been no material change in the development or future development of the Group's business and financial position, and no important event affecting the Group had occurred since the publication of the 2016 annual report of the Company.

OTHER INFORMATION

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

As at 30 June 2017, 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 Section 352 of the SFO, to be entered in the register required to be kept by the Company under such provision; or 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 ^(Note 4)	Total	Approximate percentage of interest in the Company ^(Note 5)
Mr. Xiang Jie	Beneficial owner and interest in controlled corporation	446,182,347 ^(Note 1)	33,350,000	479,532,347	34.28%
Mr. Gong Renyuan	Beneficial owner and the interest of spouse	25,210,000 ^(Note 2)	14,150,000 ^(Note 3)	39,360,000	2.81%
Mr. Yue Zhoumin	Beneficial owner	4,000,000	3,600,000	7,600,000	0.54%

Notes:

- As at 30 June 2017, 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. As at 30 June 2017, Max Vision Holdings Limited was wholly owned by Jiekun Limited, which was in turn wholly owned by BNP Paribas Corporate Services Pte. Ltd.. As at 30 June 2017, 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 2017, among these 25,210,000 shares, 22,810,000 shares were directly held by Mr. Gong Renyuan and the remaining 2,400,000 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 shares held by Ms. Ren Jie.
- Among the 14,150,000 shares which may be issued upon the exercise of the share options, 12,250,000 shares represented the shares which may be issued upon the exercise of the share options granted to Mr. Gong Renyuan and the remaining 1,900,000 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 1,900,000 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 1,399,055,500 shares of the Company in issue as at 30 June 2017.

(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 the shares, underlying shares and debentures of the Company or its associated corporations as at 30 June 2017.

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 2017, 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 2017, 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
Max Vision Holdings Limited	Beneficial owner	441,328,347 <i>(Note 1)</i>	31.54%
Jiekun Limited	Interest in controlled corporation	441,328,347 <i>(Note 1)</i>	31.54%
BNP Paribas Corporate Services Pte. Ltd.	Interest in controlled corporation	441,328,347 <i>(Note 1)</i>	31.54%
BNP Paribas Singapore Trust Corporation Limited	Interest in controlled corporation	441,328,347 <i>(Note 1)</i>	31.54%
Meng Fankun	Interest of spouse	479,532,347 <i>(Notes 1 and 2)</i>	34.28%
Artmia Limited	Beneficial owner	102,000,000	7.29%
Jin Hyenmi	Beneficial owner	102,000,000 <i>(Note 3)</i>	7.29%
Common Goal	Beneficial owner	89,570,000	6.40%
Peregrine Greater China	Interest in controlled corporation	89,570,000 <i>(Note 4)</i>	6.40%
Bull Capital Partners GP	Interest in controlled corporation	89,570,000 <i>(Note 5)</i>	6.40%
Bull Capital	Interest in controlled corporation	89,570,000 <i>(Note 6)</i>	6.40%
Peace World Investments	Interest in controlled corporation	89,570,000 <i>(Note 7)</i>	6.40%

OTHER INFORMATION

Notes:

1. As at 30 June 2017, Max Vision Holdings Limited 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 Holdings Limited 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 2017, Jin Hyenmi held 100% equity interest in Artmia Limited. As such, Jin Hyenmi was deemed under the SFO to be interested in the 102,000,000 shares held by Artmia Limited.
4. As at 30 June 2017, Peregrine Greater China held 100% equity interest in Common Goal. As such, it was deemed under the SFO to be interested in the 89,570,000 shares held by Common Goal Holdings Limited.
5. As at 30 June 2017, Bull Capital Partners GP 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 was deemed under the SFO 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 2017, Bull Capital held 100% equity interest in Bull Capital Partners GP. As such, Bull Capital Partners GP Limited was deemed under the SFO 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.
7. As at 30 June 2017, Peace World Investments held 100% equity interest in Bull Capital. As such, Peace World Investments was deemed under the SFO to be interested in the 89,570,000 shares held indirectly by Bull Capital, Bull Capital Partners GP Limited and Peregrine Greater China Capital Appreciation Fund, L.P. in Common Goal Holdings Limited.
8. There were 1,399,055,500 shares of the Company in issue as at 30 June 2017.

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

Save as disclosed above, as at 30 June 2017, 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 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 2017 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 2017	Number of share options				Cancelled/ Forfeited during the period	As at 30 June 2017	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							
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	
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	
		53,290,000	-	-	2,190,000	-	51,100,000					

OTHER INFORMATION

Name of grantees	Date of grant	As at 1 January 2017	Number of share options				As at 30 June 2017	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	5,980,000	-	-	5,980,000	-	-	1.83	1.79	0.79	27 April 2012 to 26 April 2017
	26 April 2012	3,408,000	-	2,378,000	-	-	1,030,000	0.55	0.47	0.20	26 April 2013 to 25 April 2018
	28 May 2013	5,080,500	-	1,770,000	-	-	3,310,500	0.68	0.64	0.26	28 May 2014 to 27 May 2019
	28 August 2014	17,542,000	-	5,545,000	-	100,000	11,897,000	0.69	0.61	0.31	28 August 2015 to 27 August 2020
	28 August 2016	5,200,000	-	-	-	-	5,200,000	1.17	1.19	0.53	24 August 2017 to 23 August 2022
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		94,500,000	-	9,639,000	12,170,000	100,000	72,537,500				

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 20 to 36, 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 2017, 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 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
REVENUE	4	580,945	401,028
Cost of sales		(330,565)	(263,142)
Gross profit		250,380	137,886
Other income and gains	4	12,000	19,826
Selling and distribution costs		(41,282)	(37,481)
Administrative expenses		(49,547)	(38,751)
Research and development costs		(20,678)	(13,272)
Other expenses and losses		(14,552)	(5,790)
Finance costs	6	(8,815)	(8,300)
Share of profits/(losses) of:			
A joint venture		(22)	(22)
Associates		1,672	12,457
PROFIT BEFORE TAX	5	129,156	66,553
Income tax expense	7	(25,206)	(11,514)
PROFIT FOR THE PERIOD		103,950	55,039
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		650	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		650	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		104,600	–
Profit attributable to:			
Owners of the parent		103,366	55,129
Non-controlling interests		584	(90)
		103,950	55,039
Total comprehensive income attributable to:			
Owners of the parent		103,789	55,129
Non-controlling interests		811	(90)
		104,600	55,039
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	8		
Basic		RMB7.40 cents	RMB3.98 cents
Diluted		RMB7.19 cents	RMB3.90 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	<i>Notes</i>	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	320,718	323,933
Prepaid land lease payments		54,434	55,115
Deposits for purchase of items of property, plant and equipment		22	300
Goodwill		41,037	41,037
Other intangible assets		35,595	36,302
Club memberships		1,554	1,554
Investment in a joint venture		15,598	15,620
Investments in associates		26,469	23,297
Available-for-sale investment		-	199
Trade receivables	10	90,441	60,282
Prepayment for an investment		-	7,500
Deferred tax assets		9,716	10,079
Total non-current assets		595,584	575,218
CURRENT ASSETS			
Inventories		225,538	252,301
Trade and bills receivables	10	857,775	765,276
Prepayments, deposits and other receivables		41,526	69,875
Prepaid land lease payments		1,362	1,362
Derivative financial instruments		1,106	789
Pledged deposits		31,261	32,756
Cash and cash equivalents		252,132	103,023
Total current assets		1,410,700	1,225,382
CURRENT LIABILITIES			
Trade and bills payables	11	258,366	236,587
Other payables and accruals		147,574	146,386
Interest-bearing bank borrowings		418,797	327,357
Tax payable		37,453	25,733
Total current liabilities		862,190	736,063
NET CURRENT ASSETS		548,510	489,319
TOTAL ASSETS LESS CURRENT LIABILITIES		1,144,094	1,064,537

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

<i>Notes</i>	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,144,094	1,064,537
NON-CURRENT LIABILITIES		
Other payables	–	8,170
Deferred income	10,519	12,806
Deferred tax liabilities	10,108	14,435
Total non-current liabilities	20,627	35,411
Net assets	1,123,467	1,029,126
EQUITY		
Equity attributable to owners of the parent		
Share capital	120,147	119,283
Reserves	973,540	885,221
	1,093,687	1,004,504
Non-controlling interests	29,780	24,622
Total equity	1,123,467	1,029,126

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	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/ losses (accumulated)	Exchange fluctuation reserve	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)
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)
At 30 June 2016	119,014	415,941	29,572	288	14,765	244,978	98,923	-	923,481	16,149	939,630
At 1 January 2017	119,283	418,092	31,479	288	14,765	244,978	175,635	(16)	1,004,504	24,622	1,029,126
Profit for the period	-	-	-	-	-	-	103,366	-	103,366	584	103,950
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Exchange differences related to foreign operations	-	-	-	-	-	-	-	423	423	227	650
Total comprehensive income for the period	-	-	-	-	-	-	103,366	423	103,789	811	104,600
Changes in the ownership interests in subsidiaries	-	-	-	-	-	(4,347)	-	-	(4,347)	4,347	-
Exercise of share options	864	7,163	(2,374)	-	-	-	-	-	5,653	-	5,653
Share-based payments	-	-	2,302	-	-	-	-	-	2,302	-	2,302
Transfer from retained profits	-	-	-	-	-	36,533	(36,533)	-	-	-	-
Final 2016 dividends	-	(18,214)	-	-	-	-	-	-	(18,214)	-	(18,214)
At 30 June 2017	120,147	407,041*	31,407*	288*	14,765*	277,164*	242,468*	407*	1,093,687	29,780	1,123,467

Notes:

- (a) The deemed contribution reserve represents share-based payment expense incurred and recognised by the Group as settled by issue of shares of Sun.King Group Limited (賽晶集團有限公司) ("Sunking BVI"), a former shareholder of the Company.
- (b) The other reserve mainly represents a certain waiver of loans and/or advances by Sunking BVI to the Group in prior years, the reserve arose from acquisition of non-controlling interests, and statutory reserve of the People's Republic of China ("PRC") subsidiaries.

* These reserve accounts comprise the consolidated reserves of RMB973,540,000 (31 December 2016: RMB885,221,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		129,156	66,553
Adjustments for:			
Finance costs	6	8,815	8,300
Share of profits of a joint venture and associates		(1,650)	(12,435)
Interest income	4	(993)	(826)
Loss/(gain) on disposal of items of property, plant and equipment, net	4,5	68	(11,255)
Gain on disposal of an available-for-sale investment		(802)	–
Depreciation	5	11,091	11,668
Amortisation of other intangible assets	5	1,303	533
Amortisation of prepaid land lease payments	5	681	691
Impairment of trade and other receivables	5	4,804	468
Fair value gains on foreign currency forward contracts, net	4	(558)	(2,816)
Write-down of inventories to net realisable value	5	148	1,673
Impairment of an available-for-sale investment	5	6,000	–
Amortisation of deferred income		(2,287)	(3,644)
Share-based payment expense		2,302	3,761
		158,078	62,671
Decrease/(increase) in inventories		26,615	(2,558)
Increase in trade and bills receivables		(128,375)	(109,453)
Decrease in prepayments, deposits and other receivables		29,262	11,413
Increase in trade and bills payables		21,779	50,666
Increase in other payables and accruals		3,206	24,526
Increase/(decrease) in derivative financial instruments		241	(3,155)
Cash generated from operations		110,806	34,110
Interest paid		(8,815)	(8,300)
Income taxes paid		(17,557)	(10,153)
Effect of foreign exchange rate changes, net		142	–
Net cash flows from operating activities		84,576	15,657

(Continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Net cash flows from operating activities	84,576	15,657
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	993	605
Purchases of items of property, plant and equipment	(8,311)	(4,292)
Proceeds from disposal of items of property, plant and equipment	387	29,232
Decrease/(increase) in deposits for purchase of items of property, plant and equipment	278	(123)
Acquisition of a subsidiary	(9,188)	-
Disposal of prepaid land lease payments	-	1,485
Proceeds from disposal of available-for-sale investments	-	10,000
Decrease/(increase) in pledged deposits	1,495	(14,133)
Receipt of government grants	-	1,258
Net cash flows from/(used in) investing activities	(14,346)	24,032
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	5,653	1,548
New bank loans	364,041	368,959
Repayment of bank loans	(272,601)	(342,589)
Dividends paid	(18,214)	(11,689)
Net cash flows from financing activities	78,879	16,229
NET INCREASE IN CASH AND CASH EQUIVALENTS	149,109	55,918
Cash and cash equivalents at beginning of period	103,023	128,004
CASH AND CASH EQUIVALENTS AT END OF PERIOD	252,132	183,922
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	252,132	183,922

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2017

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.

During the periods, 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 (“**IASB**”).

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 2016.

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 2016, except for the adoption of the following amendments to a number of International Financial Reporting Standards (“**IFRSs**”) issued by IASB for the first time for financial year beginning 1 January 2017.

Amendments to IAS 7
Amendments to IAS 12
Annual Improvements
2014-2016 Cycle

Disclosure Initiative
Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12 *Clarification of the Scope of the Standard*

The adoption of the above amendments to IFRSs 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. All of the Group’s operating results from the operations are generated from this single segment. Management monitors the results of the Group’s operation as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographical information

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

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 revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue		
Sale of goods	580,945	401,028
Other income		
Government grants*	7,478	3,644
Sale of scrap materials	2,458	559
Interest income	993	826
Others	345	726
	11,274	5,755
Gains		
Gain on disposal of items of property, plant and equipment, net	-	11,255
Fair value gains on foreign currency forward contracts, net	558	2,816
Others	168	-
	726	14,071
	12,000	19,826

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2017

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	330,417	261,469
Write-down of inventories to net realisable value	148	1,673
Cost of sales	330,565	263,142
Depreciation	11,091	11,668
Amortisation of other intangible assets	1,303	533
Amortisation of prepaid land lease payments	681	691
Minimum lease payments under operating leases for land and buildings	1,629	945
Impairment of trade and other receivables	4,804	468
Loss on disposal of items of property, plant and equipment, net	68	–
Impairment of an available-for-sale investment	6,000	–
Foreign exchange differences, net	4,482	5,322

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	8,815	8,300

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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%.

Jiashan Sunking Power Equipment Technology Co., Ltd. and Zhejiang Saiying Power Technology Co., Ltd., subsidiaries of the Company, were registered as new and high technology enterprises, and is subject to CIT at a rate of 15% for the three years ending 21 November 2019.

Jiujiang Sun.king Technology Co., Ltd., 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 8 October 2017.

Wuhan Langde Electrics Co., Ltd., 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 13 December 2019.

Wuxi Sunking Power Capacitor Co., Ltd., 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 30 November 2019.

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Group:		
Current – Hong Kong		
Charge for the period	4,850	1,156
Current – Elsewhere		
Charge for the period	26,236	10,203
Underprovision/(overprovision) in prior periods	(1,809)	(945)
Deferred	(4,071)	1,100
Total tax charge for the period	25,206	11,514

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2017

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,396,977,544 (six months ended 30 June 2016: 1,384,801,000) in issue during the period.

The calculation of the diluted earnings per share amounts 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:

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	103,366	55,129
Number of shares For the six months ended 30 June		
	2017	2016
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,396,977,544	1,384,801,000
Effect of dilution – weighted average number of ordinary shares: Share options	39,945,243	29,298,600
	1,436,922,787	1,414,099,600

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired items of property, plant and equipment at a total cost of approximately RMB8,311,000 (six months ended 30 June 2016: RMB4,292,000) and disposed of items of property, plant and equipment with a total net carrying amount of approximately RMB455,000 (six months ended 30 June 2016: RMB28,887,000).

As at 30 June 2017, the Group's property, plant and equipment and prepaid land lease payment with a carrying value of approximately RMB35,468,000 and RMB13,239,000, respectively, were pledged to secure bank loans of RMB25,000,000.

10. TRADE AND BILLS RECEIVABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables	890,594	701,093
Impairment	(45,944)	(40,584)
	844,650	660,509
Bills receivable	103,566	165,049
Less: Amount shown as non-current	(90,441)	(60,282)
	857,775	765,276

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. 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 5% to 10%, of the contracted amount (the retention money) to be settled within six months to sixty 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2017

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:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within 3 months	398,610	249,636
3 to 6 months	313,090	131,826
6 to 12 months	80,660	163,282
Over 1 year	52,290	115,765
	844,650	660,509

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within 6 months	96,319	160,039
6 to 12 months	7,247	5,010
	103,566	165,049

At 30 June 2017, certain trade and bills receivables of the Group with an aggregate carrying amount of RMB12,672,000 (31 December 2016: Nil) were pledged to banks to secure certain bank loans granted to the Group.

At 30 June 2017, certain bills receivables of the Group with an aggregate carrying amount of RMB14,248,000 (31 December 2016: RMB21,232,000) were pledged to secure certain of the Group's bills payable.

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:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within 6 months	211,925	195,148
Over 6 months	46,441	41,439
	258,366	236,587

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

At 30 June 2017, certain of the Group's bills payable amounting to RMB13,995,000 (31 December 2016: RMB22,872,000) were secured by the pledge of the Group's bills receivable and cash and cash equivalents amounting to RMB14,248,000 (31 December 2016: RMB21,232,000) and RMB6,004,000 (31 December 2016: RMB6,004,000), respectively.

12. CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any significant contingent liabilities (31 December 2016: 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 ten 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 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within one year	3,047	1,468
In the second to fifth years, inclusive	6,743	1,297
After five years	2,343	-
	12,133	2,765

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2017

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:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	2,891	2,335

Other Commitments

Commitments under foreign currency forward contracts:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Purchase of Swiss franc	36,530	106,031

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>	For the six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
An associate:			
Interest income	<i>(i)</i>	-	301

Notes:

- (i) The interest income for the six months ended 30 June 2016 arose from a loan to an associate which was interest-bearing at a rate of 15% per annum.

15. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Short term employee benefits	4,823	3,762
Post-employment benefits	681	291
Share-based payment expense	1,352	2,828
Total compensation paid to key management personnel	6,856	6,881

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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 and the discounted method used for calculating the non-current portion of trade receivables by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

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.

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	
As at 30 June 2017				
Derivative financial instruments	1,106	-	-	1,106
As at 31 December 2016				
Derivative financial instruments	789	-	-	789

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 financial assets (31 December 2016: Nil).

As at 31 December 2016 and 30 June 2017, no financial liabilities were measured at fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2017

17. EVENTS AFTER THE REPORTING PERIOD

- (1) Subsequent to the end of the reporting period, on 21 July 2017, the Company entered into a subscription agreement with China Venture Capital Fund Corporation Ltd. Pursuant to the agreement, 200,000,000 ordinary shares of the Company at price of HK\$1.72 per share will be allotted and issued by the Company for a total cash consideration of HK\$344.0 million.
- (2) Subsequent to the end of the reporting period, 630,000 share options, 1,489,000 share options and 1,679,000 share options with exercise prices of HK\$0.55 per share, HK\$0.68 per share and HK\$0.69 per share, respectively, were exercised, which resulted in the issue of 3,798,000 ordinary shares of the Company.
- (3) Subsequent to the end of the reporting period, the Board of directors declared an interim dividend of HK2 cent per share for the six month ended 30 June 2017 (six months ended 30 June 2016: HK1 cent per share).
- (4) Subsequent to the end of the reporting period, in July 2017, a total of 25,000,000 shares of Jiujiang Sun.king Technology Co., Ltd. (“**Jiujiang Sunking**”), a 83% owned subsidiary of the Company, was issued at price of RMB1.6 per share to Beijing Hengyaoda Technology Development Center (Limited Partnerships), an independent third party, for a total cash consideration of RMB40,000,000 (the “**Capital Injection**”). After the Capital Injection, the equity interest of Jiujiang Sunking held by the Group decreased from 83% to 62.25%.

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 2017.