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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

(a) Revenue increased by approximately 69.8% to approximately RMB399.1 million.

(b) Gross profit increased by approximately 97.0% to approximately RMB126.0 million.

(c) Gross profit margin increased from approximately 27.2% to approximately 31.6%.

(d) Profit and total comprehensive income for the period attributable to owners of the parent was approximately RMB31.4 million.

(e) Basic earnings per share attributable to ordinary equity holders of the parent were approximately RMB2.29 cents.

(f) Diluted earnings per share attributable to ordinary equity holders of the parent were approximately RMB2.25 cents.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the "**Board**") of directors (the "**Directors**") of Sun.King Power Electronics Group Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2015, with the comparative figures for the corresponding period in 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the parent									
	Share capital	Share premium account	Employee share-based compensation reserve	Capital redemption reserve	Deemed contribution reserve	Other reserve	Retained profits/ (accumulated losses)	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*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
					(note a)	*(note 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
At 30 June 2015	118,446	408,934*	21,941*	288*	14,765*	244,956*	26,889*	836,219	20,705	856,924

Notes:

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the parent										
	Share capital *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 *RMB'000* (Unaudited)	Proposed final dividend *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)	Non-controlling interests *RMB'000* (Unaudited)	Total equity *RMB'000* (Unaudited)
At 1 January 2014	117,156	400,119	13,084	288	14,765	248,697	26,750	11,716	832,575	46,152	878,727
Loss and total comprehensive loss for the period	–	–	–	–	–	–	(21,775)	–	(21,775)	(4,645)	(26,420)
Share-based payments	–	–	1,163	–	–	–	–	–	1,163	–	1,163
Final 2013 dividend paid	–	–	–	–	–	–	896	(11,716)	(10,820)	–	(10,820)
At 30 June 2014	117,156	400,119*	14,247*	288*	14,765*	248,697*	5,871*	–	801,143	41,507	842,650

Notes:

(a) Deemed contribution reserve represents share-based payment expense incurred and recognised by the Group as settled by issue of shares of Sunking BVI, a former shareholder of the Company.

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2015

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

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

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

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment which is principally engaged in the manufacturing and trading of power electronic components.

Geographical information

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

4. REVENUE, OTHER INCOME AND GAINS

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

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

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

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

5. PROFIT/(LOSS) BEFORE TAX

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

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

6. FINANCE COSTS

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

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

7. INCOME TAX

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

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

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

Jiashan Sunking Power Equipment Technology Co., Ltd.* ("**Jiashan Sunking**") (嘉善華瑞賽晶電氣設備科技有限公司), a subsidiary of the Company, was registered as a new and high technology enterprise, and is subject to CIT at a rate of 15% for the three years ending 31 December 2015.

Jiujiang Jiuzheng Rectifier Co., Ltd.* ("**Jiujiang Rectifier**") (九江九整整流器有限公司) 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	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Group:		
Current – Hong Kong		
Charge for the period	**374**	686
Current – Mainland China		
Charge for the period	**10,295**	2,644
Underprovision/(overprovision) in prior periods	**(20)**	46
Deferred	**1,052**	(246)
Total tax charge for the period	**11,701**	3,130

* *For identification purpose only*

8. DIVIDEND

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

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

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

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

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

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	**31,381**	(21,774)

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

10. PROPERTY, PLANT AND EQUIPMENT

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

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

11. TRADE AND BILLS RECEIVABLES

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

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

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

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

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

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

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

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

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

12. TRADE AND BILLS PAYABLES

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

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

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

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

13. CONTINGENT LIABILITIES

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

14. OPERATING LEASE ARRANGEMENTS AS LESSEE

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

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

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

15. CAPITAL COMMITMENTS

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

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

16. RELATED PARTY TRANSACTIONS

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

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

Notes:

(i) The interest income arose from a loan to an associate bearing an interest rate of 15% per annum.

(ii) The service income arose from the consulting service provided to a joint venture. The consulting service was made according to the mutually agreed terms.

(b) A transaction with a related party

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

(c) Outstanding balances with related parties

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

Notes:

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

(ii) The balance is unsecured, interest-free and repayable on demand.

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

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

* *For identification purpose only*

17. FAIR VALUE AND FAIR VALUE HIERARCHY

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

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

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

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

Assets measured at fair value:

Group

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
As at 30 June 2015				
Derivative financial instruments	**1,111**	**–**	**–**	**1,111**
As at 31 December 2014				
Derivative financial instruments	–	–	–	–

Liabilities measured at fair value:

Group

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

During the period, there was no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 December 2014: Nil).

18 EVENTS AFTER THE REPORTING PERIOD

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

19. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

Cost of sales

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

Gross profit and gross profit margin

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

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

Other income and gains

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

Selling and distribution costs

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

Administrative expenses

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

Other expenses

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

Finance costs

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

Profit/(loss) before tax

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

Income tax expense

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

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

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

Interim dividend

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

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from sales of its products and bank borrowings. As at 30 June 2015, the Group's current ratio (current assets divided by current liabilities) was approximately 1.4 (31 December 2014: approximately 1.6). As at 30 June 2015, the Group had cash and cash equivalents of approximately RMB68.7 million (31 December 2014: approximately RMB113.6 million) and interest-bearing bank loans of RMB296.0 million (31 December 2014: RMB229.0 million).

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

As at 30 June 2015, all the Group's bank loans were denominated in RMB and had contractual maturity within one year from the end of the reporting period. The effective interest rates on the Group's fixed-rate and floating-rate bank borrowings (equivalent to the weighted average contracted interest rates) as at 30 June 2015 remained the same as that as at 31 December 2014 at approximately 6.0%. During the period under review, there was no material movement in the Group's funding and treasury policy.

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

Foreign currency exposures

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

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

Contingent liabilities

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

Charges on Group assets

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

USE OF PROCEEDS FROM LISTING

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

HUMAN RESOURCES

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

PROSPECTS

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

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

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

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

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MATERIAL ACQUISITIONS AND DISPOSALS

During the period under review, Jiashan Sunking, a subsidiary of the Company, entered into two equity transfer agreements with two respective vendors, both being independent third parties, in January and May 2015, pursuant to which Jiashan Sunking will acquire 6% and 6% equity interest of Jiujiang Rectifier for a consideration of RMB6,400,000 and RMB7,000,000, respectively.

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

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

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

CORPORATE GOVERNANCE

In the corporate governance report published in the 2014 annual report of the Company, the Company reports that it places high value on its corporate governance practice and the Board firmly believes that good corporate governance practice could improve accountability and transparency for the benefit of the shareholders of Company. The Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for the six months ended 30 June 2015. The Board reviews and monitors the practices of the Company from time to time with the aim of maintaining high standards of corporate governance practice.

BOARD OF DIRECTORS AND BOARD COMMITTEES

Save that Mr. Wong Kun Kau resigned as the non-executive Director and the member of the remuneration committee and investment committee and Mr. Chen Shimin and Mr. Wang Yi was appointed as the member of the remuneration committee and the investment committee, respectively, on the same day, since January 2015, the compositions of the Board, the audit committee of the Board (the "**Audit Committee**"), the nomination committee of the Board, the remuneration committee of the Board and the investment committee of the Board remain the same as set out in the 2014 annual report of the Company.

There has been no substantial change in the information on the Directors since last disclosed in the 2014 annual report of the Company.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. The Board having made specific enquiry of all Directors and the Directors confirmed that they have complied with the required standards as set out in the Model Code for the six months ended 30 June 2015.

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

Hong Kong, 20 August 2015

As at the date of this announcement, the executive Directors are Mr. Xiang Jie, Mr. Gong Renyuan, Mr. Yue Zhoumin and Mr. Jin Jiafeng, the non-executive Director is Mr. Ye Weigang Greg, and the independent non-executive Directors are Mr. Wang Yi, Mr. Li Fengling and Mr. Chen Shimin.

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