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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 2018

FINANCIAL HIGHLIGHTS

(a) Revenue increased by approximately 1.2% to approximately RMB587.9 million.

(b) Gross profit decreased by approximately 17.0% to approximately RMB207.8 million.

(c) Gross profit margin decreased from approximately 43.1% to approximately 35.3%.

(d) Profit and total comprehensive income for the period attributable to owners of the parent was approximately RMB81.8 million.

(e) Basic earnings per share attributable to ordinary equity holders of the parent were approximately RMB5.1 cents.

(f) Diluted earnings per share attributable to ordinary equity holders of the parent were approximately RMB5.0 cents.

(g) The Board has resolved to pay an interim dividend of HK2 cents per share for the six months ended 30 June 2018 out of the share premium account of the Company.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 2018, with the comparative figures for the same period in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**587,932**	580,945
Cost of sales		**(380,136)**	(330,565)
Gross profit		**207,796**	250,380
Other income and gains	*4*	**24,868**	12,000
Selling and distribution costs		**(36,325)**	(41,282)
Administrative expenses		**(49,960)**	(49,547)
Research and development costs		**(21,657)**	(20,678)
Other expenses and losses		**(17,697)**	(14,552)
Finance costs	*6*	**(7,130)**	(8,815)
Share of profits/(losses) of:			
A joint venture		**(13)**	(22)
Associates		**913**	1,672
PROFIT BEFORE TAX	*5*	**100,795**	129,156
Income tax expense	*7*	**(15,235)**	(25,206)
PROFIT FOR THE PERIOD		**85,560**	103,950
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		**(87)**	650
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**(87)**	650
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**85,473**	104,600

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

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Profit attributable to:			
Owners of the parent		**81,893**	103,366
Non-controlling interests		**3,667**	584
		85,560	103,950
Total comprehensive income attributable to:			
Owners of the parent		**81,837**	103,789
Non-controlling interests		**3,636**	811
		85,473	104,600
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**RMB5.07 cents**	RMB7.40 cents
Diluted		**RMB5.00 cents**	RMB7.19 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**323,744**	323,581
Prepaid land lease payments		**35,885**	36,361
Deposits for purchase of items of property, plant and equipment		**–**	1,703
Goodwill		**41,037**	41,037
Other intangible assets		**38,697**	34,897
Club memberships		**1,554**	1,554
Investment in a joint venture		**15,579**	15,592
Investments in associates		**28,413**	27,000
Trade receivables	10	**64,711**	104,155
Deferred tax assets		**11,938**	11,430
Total non-current assets		**561,558**	597,310
CURRENT ASSETS			
Inventories		**139,688**	186,255
Trade and bills receivables	10	**1,013,518**	879,304
Prepayments, deposits and other receivables		**38,351**	67,671
Prepaid land lease payments		**952**	952
Derivative financial instruments		**4,620**	–
Pledged deposits		**15,751**	27,517
Cash and cash equivalents		**567,750**	513,015
Total current assets		**1,780,630**	1,674,714
CURRENT LIABILITIES			
Trade and bills payables	11	**209,732**	238,845
Contract liabilities		**102,508**	–
Other payables and accruals		**60,579**	117,445
Derivative financial instruments		**–**	130
Interest-bearing bank borrowings		**344,123**	327,184
Tax payable		**35,705**	45,353
Total current liabilities		**752,647**	728,957
NET CURRENT ASSETS		**1,027,983**	945,757
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,589,541**	1,543,067

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2018

	Notes	**30 June 2018 *RMB'000* (Unaudited)**	31 December 2017 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Deferred income		**5,674**	12,659
Deferred tax liabilities		**9,045**	9,255
Total non-current liabilities		**14,719**	21,914
Net assets		**1,574,822**	1,521,153
EQUITY			
Equity attributable to owners of the parent			
Share capital		**138,436**	137,476
Treasury shares		**–**	(8,773)
Reserves		**1,354,160**	1,313,372
		1,492,596	1,442,075
Non-controlling interests		**82,226**	79,078
Total equity		**1,574,822**	1,521,153

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the parent											
	Issued capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Deemed contribution reserve RMB'000 (note a)	Other reserve RMB'000 (note b)	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	423	423	227	650
Total comprehensive income for the period	–	–	–	–	–	–	–	103,366	423	103,789	811	104,600
Acquisition of a subsidiary	–	–	–	–	–	–	(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
At 1 January 2018	137,476	(8,773)	682,175*	30,392*	684*	14,765*	275,817*	309,725*	(186)*	1,442,075	79,078	1,521,153
Profit for the period	–	–	–	–	–	–	–	81,893	–	81,893	3,667	85,560
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	(56)	(56)	(31)	(87)
Total comprehensive income for the period	–	–	–	–	–	–	–	81,893	(56)	81,837	3,636	85,473
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	(12)	–	–	(12)	(488)	(500)
Exercise of share options	1,582	–	11,456	(3,853)	–	–	–	–	–	9,185	–	9,185
Share-based payments	–	–	–	1,011	–	–	–	–	–	1,011	–	1,011
Transfer from retained profits	–	–	–	–	–	–	13,693	(13,693)	–	–	–	–
Final 2017 dividends	–	–	(39,710)	–	–	–	–	–	–	(39,710)	–	(39,710)
Shares repurchased for cancellation	(622)	8,773	(9,941)	–	622	–	–	(622)	–	(1,790)	–	(1,790)
At 30 June 2018	138,436	–	643,980*	27,550*	1,306*	14,765*	289,498*	377,303*	(242)*	1,492,596	82,226	1,574,822

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 PRC subsidiaries.

* These reserve accounts comprise the consolidated reserves of RMB1,354,160,000 (31 December 2017: RMB1,313,372,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**100,795**	129,156
Adjustments for:			
Finance costs	*6*	**7,130**	8,815
Share of profits of a joint venture and associates		**(900)**	(1,650)
Interest income	*4*	**(5,231)**	(993)
Loss/(gain) on disposal of items of property, plant and equipment, net	*4,5*	**(75)**	68
Gain on disposal of an available-for-sale investment		**–**	(802)
Depreciation	*5*	**9,597**	11,091
Amortisation of other intangible assets	*5*	**1,288**	1,303
Amortisation of prepaid land lease payments	*5*	**476**	681
Impairment of trade and other receivables	*5*	**11,925**	4,804
Fair value gains on foreign currency forward contracts, net	*4*	**(5,338)**	(558)
Write-down of inventories to net realisable value	*5*	**1,953**	148
Impairment of an available-for-sale investment	*5*	**–**	6,000
Amortisation of deferred income		**(2,766)**	(2,287)
Share-based payment expense		**1,011**	2,302
		119,865	158,078
Decrease in inventories		**44,613**	26,615
Increase in trade and bills receivables		**(103,765)**	(128,375)
Decrease in prepayments, deposits and other receivables		**29,566**	29,262
Increase/(decrease) in trade and bills payables		**(29,113)**	21,779
Increase in other payables and accruals and contract liabilities		**43,633**	3,206
Increase in derivative financial instruments		**588**	241
Cash generated from operations		**105,387**	110,806
Interest paid		**(7,151)**	(8,815)
Income taxes paid		**(25,587)**	(17,557)
Effect of foreign exchange rate changes, net		**(12)**	142
Net cash flows from operating activities		**72,637**	84,576

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Net cash flows from operating activities		**72,637**	84,576
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,056**	993
Purchases of items of property, plant and equipment		**(9,829)**	(8,311)
Additions to other intangible assets		**(5,174)**	–
Proceeds from disposal of items of property, plant and equipment		**141**	387
Decrease in deposits for purchase of items of property, plant and equipment		**1,703**	278
Acquisition of a subsidiary		**–**	(9,188)
Additions to investment in an associate		**(500)**	–
Decrease in pledged deposits		**11,766**	1,495
Net cash flows from/(used in) investing activities		**163**	(14,346)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		**9,185**	5,653
New bank loans		**264,692**	364,041
Repayment of bank loans		**(247,753)**	(272,601)
Acquisition of additional interest in a subsidiary		**(500)**	–
Repurchase of own shares		**(3,979)**	–
Dividends paid		**(39,710)**	(18,214)
Net cash flows from/(used in) financing activities		**(18,065)**	78,879
NET INCREASE IN CASH AND CASH EQUIVALENTS		**54,735**	149,109
Cash and cash equivalents at beginning of period		**513,015**	103,023
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**567,750**	252,132
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**567,750**	252,132

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 2017.

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 2017, except for the adoption of the following new or revised International Financial Reporting Standards ("**IFRSs**") issued by IASB for the first time for financial year beginning 1 January 2018.

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
IFRIC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*

The Group applies IFRS 15 using the modified retrospective approach which means that the cumulative impact of the initial adoption of IFRS 15 (if any) would be recognised in retained earnings as of 1 January 2018 and that comparatives was not be restated. The Group concluded other than more disclosure of disaggregated revenue information and certain reclassification of contract liabilities from other payables, there is no change in the timing of revenue recognition, i.e. the Group will continue to recognize revenue at a point in time when the goods are delivered. As such, no adjustment was required to the Group's retained earnings as of 1 January 2018. A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration from the customer. In this regards, cash or bank acceptance notes collected from certain customers before product delivery is recognised as contract liabilities.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The Group concluded IFRS 9 has no material impact on the classification and measurement of its financial assets and has no significant impact on the impairment assessment of its financial assets. The Group did not restate comparatives and no transition adjustment against the opening balance of equity at 1 January 2018 was made.

The other amendments and interpretations apply for the first time in 2018 have 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	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Power transmission and distribution	**312,818**	319,935
Industrial and others	**228,862**	246,415
Electrified transportation	**46,252**	14,595
Total revenue from contracts with customers	**587,932**	580,945

4. REVENUE, OTHER INCOME AND GAINS (continued)

The Group's revenue are all recognised at a point in time when goods are delivered.

Other income		
Government grants*	**12,516**	7,478
Sale of scrap materials	**1,205**	2,458
Interest income	**5,231**	993
Others	**503**	345
	19,455	11,274
Gains		
Gain on disposal of items of property, plant and equipment, net	**75**	–
Fair value gains on foreign currency forward contracts, net	**5,338**	558
Others	**–**	168
	5,413	726
	24,868	12,000

* 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.

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**378,183**	330,417
Write-down of inventories to net realisable value	**1,953**	148
Cost of sales	**380,136**	330,565
Depreciation	**9,597**	11,091
Amortisation of other intangible assets	**1,288**	1,303
Amortisation of prepaid land lease payments	**476**	681
Minimum lease payments under operating leases for land and buildings	**1,340**	1,629
Impairment of trade and other receivables	**11,925**	4,804
Loss/(gain) on disposal of items of property, plant and equipment, net	**(75)**	68
Impairment of an available-for-sale investment	**–**	6,000
Foreign exchange differences, net	**5,772**	4,482

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**7,130**	8,815

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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 31 December 2018.

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 31 December 2019.

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 31 December 2018.

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 31 December 2018.

Wuxi Zhuofeng Information 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 31 December 2019.

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Group:		
Current – Hong Kong		
Charge for the period	**371**	4,850
Current – Elsewhere		
Charge for the period	**16,975**	26,236
Overprovision in prior periods	**(1,407)**	(1,809)
Deferred	**(704)**	(4,071)
Total tax charge for the period	**15,235**	25,206

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 1,614,918,425 (six months ended 30 June 2017: 1,396,977,544) 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	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**81,893**	103,366

	Number of shares	
	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,614,918,425**	1,396,977,544
Effect of dilution – weighted average number of ordinary shares:		
Share options	**23,148,621**	39,945,243
	1,638,067,046	1,436,922,787

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment at a total cost of approximately RMB9,829,000 (six months ended 30 June 2017: RMB8,311,000) and disposed of items of property, plant and equipment with a total net carrying amount of approximately RMB66,000 (six months ended 30 June 2017: RMB455,000).

At 30 June 2018, the Group's property, plant and equipment with an aggregate carrying amount of Nil (31 December 2017: RMB34,314,000) were pledged to banks to secure certain bank loans granted to the Group.

10. TRADE AND BILLS RECEIVABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	**1,013,361**	957,562
Impairment	**(59,572)**	(47,546)
	953,789	910,016
Bills receivable	**124,440**	73,443
Less: Amount shown as non-current	**(64,711)**	(104,155)
	1,013,518	879,304

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.

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 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within 3 months	**382,255**	381,040
3 to 6 months	**148,245**	192,893
6 to 12 months	**258,669**	280,518
Over 1 year	**164,620**	55,565
	953,789	910,016

10. TRADE AND BILLS RECEIVABLES (continued)

The ageing analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**630,560**	493,593
Less than 6 months past due	**246,751**	268,757
6 to 12 months past due	**117,748**	120,456
1 to 2 years past due	**22,050**	33,733
	1,017,109	916,539

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

At 30 June 2018, certain bills receivables of the Group with an aggregate carrying amount of RMB25,978,000 (31 December 2017: RMB17,619,000) 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 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**149,208**	182,649
Over 6 months	**60,524**	56,196
	209,732	238,845

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

At 30 June 2018, certain of the Group's bills payable amounting to RMB36,864,000 (31 December 2017: RMB17,826,000) were secured by the pledge of the Group's bills receivable amounting to RMB25,978,000 (31 December 2017: RMB17,619,000) and cash and cash equivalents amounting to RMB7,958,000 (31 December 2017: RMB6,546,000), respectively.

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below, is an overview of financial assets, other than cash and cash equivalents and pledged deposits, held by the Group as at 30 June 2018 and 31 December 2017:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Financial assets at fair value through profit or loss:		
Derivative financial instruments	**4,620**	–
Debt instruments at amortised cost:		
Trade and bills receivables	**1,078,229**	983,459
Financial assets included in prepayments, deposits and other receivables	**8,995**	48,992
	1,091,844	1,032,451

Set out below is an overview of financial liabilities held by the Group as at 30 June 2018 and 31 December 2017:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	**–**	130
Financial liabilities at amortised cost:		
Trade and bills payables	**209,732**	238,845
Financial liabilities included in other payables and accruals	**31,876**	25,323
Interest-bearing bank borrowings	**344,123**	327,184
	585,731	591,482

13. CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities (31 December 2017: 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 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 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Within one year	**3,091**	2,995
In the second to fifth years, inclusive	**5,669**	6,269
After five years	**1,004**	1,674
	9,764	10,938

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 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Contracted, but not provided for:		
Property, plant and equipment	**2,755**	3,076

Other Commitments

Commitments under foreign currency forward contracts:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Purchase of Swiss franc	**275,379**	11,982

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short term employee benefits	**4,751**	4,823
Post-employment benefits	**745**	681
Share-based payment expense	**592**	1,352
Total compensation paid to key management personnel	**6,088**	6,856

17. 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			
	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 2018				
Derivative financial instruments	**4,620**	**–**	**–**	**4,620**
As at 31 December 2017				
Derivative financial instruments	–	–	–	–

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities measured at fair value:

	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 2018				
Derivative financial instruments	–	–	–	–
As at 31 December 2017				
Derivative financial instruments	130	–	–	130

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 and financial liabilities. (31 December 2017: Nil).

18. EVENT AFTER THE REPORTING PERIOD

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 2018 (six months ended 30 June 2017: HK2 cent per share).

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 22 August 2018.

BUSINESS REVIEW

1. Group Performance

For the six months ended 30 June 2018, the Group's sales revenue amounted to approximately RMB587.9 million (for the first half of 2017, approximately RMB580.9 million), representing an increase of approximately 1.2% compared to the same period in 2017.

The Group recorded increased sales revenue in the sectors of flexible direct current transmission, electric locomotives, motor units, new energy vehicles, new energy power generation and electrical equipment, but sales revenue in the sectors of ultra-high-voltage direct current ("**UHVDC**") transmission and metallurgy decreased. As such, the Group's overall sales revenue recorded a slight increase compared with the same period in 2017.

For the six months ended 30 June 2018, the Group's net profit amounted to approximately RMB85.6 million (for the first half of 2017, RMB104.0 million), representing a decrease of approximately 17.7% compared to the same period in 2017, of which the net profit after deducting non-recurring profit and loss amounted to approximately RMB64.3 million for the first half of 2018 (for the first half of 2017, approximately RMB93.2 million), representing a decrease of approximately 31.0% compared to the same period in 2017. The decrease in net profit was mainly due to changes in the sales structure of the Group's products and a decrease in proportion of revenue from products with high gross profit margin as compared with the same period in 2017.

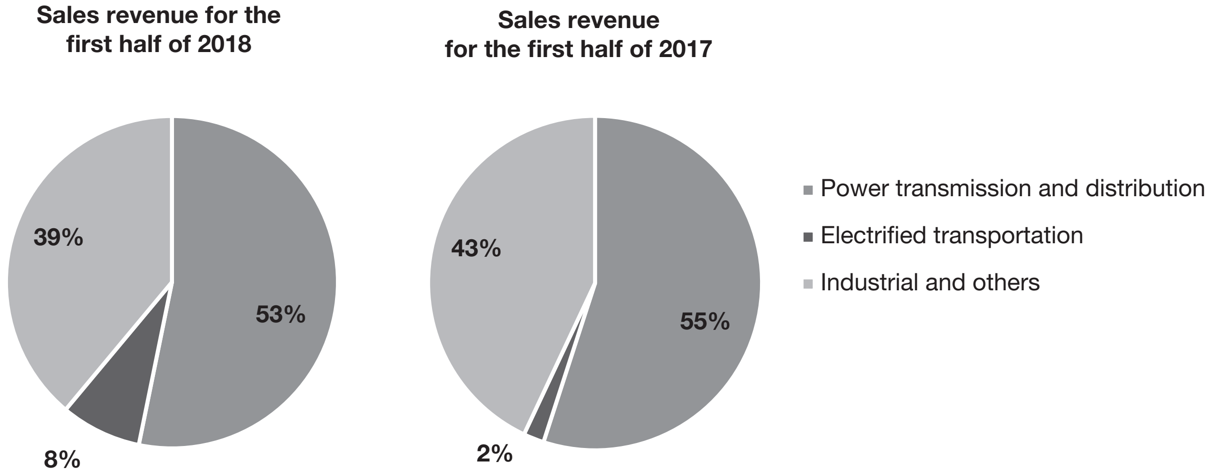
2. Performance by business sector

Performance of each business sector of the Group was as follows:

	For the six months ended 30 June 2018		**For the six months ended 30 June 2017**(Note)	
	Revenue	**Gross profit margin**	**Revenue**	**Gross profit margin**
	(RMB million)	*%*	*(RMB million)*	*%*
Power transmission and distribution	**312.8**	**37.3%**	319.9	56.3%
Industrial and others	**228.9**	**33.5%**	246.4	26.9%
Electrified transportation	**46.3**	**35.2%**	14.6	28.1%
Total	**587.9**	**Average of 35.3**	580.9	Average of 43.1

Note: New energy vehicles were classified as belonging to the electrified transportation sector, instead of the industrial and others sector. Therefore, the revenue of the electrified transportation and the industrial and others sector for the same period of 2017 has been adjusted accordingly and is different to the data in the 2017 interim report.

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



Power transmission and distribution

In the first half of 2018, sales revenue in the power transmission and distribution sector decreased slightly compared to the same period in 2017. This was largely due to a significant decline in sales revenue of UHVDC transmission-related products; however, there was a significant increase in sales revenue of flexible direct current ("**DC**") transmission-related products at the same time.

Electrified transportation

In the first half of 2018, sales revenue of the electrified transportation business increased substantially compared to the same period in 2017. This was mostly fostered by an increase in sales revenue of products related to rail transportation vehicles and new energy vehicles.

Industrial and others

In the first half of 2018, sales revenue from the industrial and other sector declined slightly compared to the same period in 2017. This stemmed mainly from the decreased sales revenue from products related to the metallurgical sector such as electrolytic aluminium; however, sales revenue from products related to the electrical equipment and new energy power generation sector increased at the same time.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 1.2% from approximately RMB580.9 million for the six months ended 30 June 2017 to approximately RMB587.9 million for the same period in 2018, mainly due to the increase in revenue from the flexible DC transmission, rail transportation, new energy and other sectors, although there was a decrease in revenue from the UHVDC transmission and metallurgy sectors.

Cost of sales

The Group's cost of sales increased by approximately 15.0% from approximately RMB330.6 million for the six months ended 30 June 2017 to approximately RMB380.1 million for the same period in 2018, mainly due to the decreased proportion of sales revenue from products with high gross profit margin.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 17.0% from approximately RMB250.4 million for the six months ended 30 June 2017 to approximately RMB207.8 million for the same period in 2018, mainly due to the decreased proportion of sales revenue from products with high gross profit margin.

The Group's gross profit margin decreased from approximately 43.1% for the six months ended 30 June 2017 to approximately 35.3% for the same period in 2018, mainly attributable to the decreased proportion of sales revenue from products with high gross profit margin.

Share of profits of associates

The Group's share of profits of associates decreased from a profit of approximately RMB1.7 million for the six months ended 30 June 2017 to a profit of approximately RMB0.9 million for the same period in 2018.

Selling and distribution costs

The Group's selling and distribution costs decreased by approximately 12.0% from approximately RMB41.3 million for the six months ended 30 June 2017 to approximately RMB36.3 million for the same period in 2018, mainly due to the continuous strengthening of management and stringent control in costs and expenses by the Group.

Administrative expenses

The Group's administrative expenses slightly increased by approximately 0.8% from approximately RMB49.5 million for the six months ended 30 June 2017 to approximately RMB50.0 million for the same period in 2018.

Finance costs

The Group's financial costs, which were made up of interests on bank loans wholly repayable within one year, decreased from approximately RMB8.8 million for the six months ended 30 June 2017 to approximately RMB7.1 million for the same period in 2018, mainly due to the decrease in the average interest rate and the decrease in the average balance of bank loans.

Profit before tax

As a result of the foregoing, the Group's profit before tax had decreased from approximately RMB129.2 million for the six months ended 30 June 2017 to approximately RMB100.8 million for the same period of 2018.

Income tax expenses

The Group's income tax expenses decreased by approximately 39.6% from approximately RMB25.2 million for the six months ended 30 June 2017 to approximately RMB15.2 million for the same period in 2018. The decrease in income tax expenses was mainly due to the decrease in profit before tax for the six months ended 30 June 2018.

Total comprehensive income 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 decreased from approximately RMB103.8 million for the six months ended 30 June 2017 to approximately RMB81.8 million for the same period in 2018.

Interim dividend

The Board has resolved to pay an interim dividend of HK2 cents per ordinary share for the six months ended 30 June 2018 (same period in 2017: HK2 cents per ordinary share) out of the share premium account of the Company. The interim dividend is expected to be paid on or around 15 October 2018 to the shareholders of the Company whose names appear on the Company's register of members on 28 September 2018. Assuming no further share will be issued or repurchased from the date of this interim results announcement up to the expected dividend payment date, this will absorb a total amount of HK$32,313,220 (same period in 2017: HK$28,057,070).

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 2018, the Group's current ratio (current assets divided by current liabilities) was approximately 2.4 (as at 31 December 2017: approximately 2.3). As at 30 June 2018, the Group had cash and cash equivalents of approximately RMB567.8 million (as at 31 December 2017: approximately RMB513.0 million) and interest-bearing bank loans of approximately RMB344.1 million (as at 31 December 2017: approximately RMB327.2 million).

As at 30 June 2018, the Group's gearing ratio measured on the basis of total interest-bearing bank loans to total equity was approximately 21.9% (as at 31 December 2017: approximately 21.5%).

As at 30 June 2018, 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 effective interest rate on the Group's bank borrowings (equivalent to the weighted average contracted interest rates) decreased from approximately 5.45% as at 31 December 2017 to approximately 4.25% as at 30 June 2018. In 2018, 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 exposures.

Contingent liabilities

As at 30 June 2018, the Group did not have any significant contingent liabilities (as at 31 December 2017: Nil).

Charges on Group's assets

As at 30 June 2018, none of the Group's property, plant and equipment and prepaid land lease payment was pledged to secure any bank loans.

As at 30 June 2018, certain of the Group's bills payable amounting to approximately RMB36.9 million (as at 31 December 2017: approximately RMB17.8 million) were secured by the pledge of certain bills receivables and cash and cash equivalents amounting to approximately RMB26.0 million (as at 31 December 2017: approximately RMB17.6 million) and approximately RMB8.0 million (as at 31 December 2017: approximately RMB6.5 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 2018, 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 2018, the Group had 644 employees (as at 31 December 2017: 667 employees). Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group regularly evaluates job performance of its employees to determine their salary and bonus. The Group has neither experienced any significant issues with its employees or disruptions in its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees.

PROSPECTS

In the second half of 2018, most orders for the Group's flexible DC grid project in Zhangbei (張北柔性直流電網試驗示範工程) are expected to be delivered. The rail transportation business represented by the application market for high-powered electric locomotives and motor units is also expected to continue a solid trend of development.

Looking forward, China's electric power industry will continue to work toward the major initiatives of "replacement of other energy with clean energy" (清潔替代) and "replacement of other energy with electricity" (電能替代). It will increase the proportion of clean energy in power generation and electricity consumption at an accelerated pace, and increase the construction of DC transmission projects suitable for clean energy. Targeted markets such as DC transmission, new energy vehicles and high-end electrical technology applications will continue to enjoy rapid growth. The Group will continue to increase its technological research and development and market development efforts, and to continuously improve operational efficiency, strengthen budget management, cost control and cash flow management, and will strive to achieve long-term rapid growth.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were 1,615,621,000 shares of the Company in issue as at 30 June 2018.

During the six months ended 30 June 2018, the Company purchased 1,418,000 shares of the Company at an aggregate purchase price before expense of HK$2,211,920 on the Stock Exchange. The 1,418,000 purchased shares were cancelled during the year under review.

In addition, 5,822,000 shares bought back but not yet cancelled in 2017 have been cancelled on 8 January 2018. The aforementioned purchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the market price per share and to improving the confidence of investors in the Company.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed herein, the Group had no material acquisition and disposal during the six months ended 30 June 2018.

CORPORATE GOVERNANCE

As reported in the corporate governance report published in the 2017 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 2018. 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, 27 September 2018 to Friday, 28 September 2018, 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, 26 September 2018 for registration.

BOARD OF DIRECTORS AND BOARD COMMITTEES

With effect from 12 October 2017, the Board appointed Mr. Yan Fuquan, Mr. Zhu Ming and Ms. Zhang Ling as non-executive Directors. With effect from 4 December 2017, the Board appointed Mr. Zhao Hang as an independent non-executive Director. Mr. Zhu Ming will take up a role as a member of the audit committee of the Board. Mr. Zhao Hang will take up a role as a member of the remuneration committee of the Board. Mr. Yan Fuquan will take up a role as the chairman of the investment committee of the Board. Ms. Zhang Ling will take up a role as a member of the investment committee of the Board.

Save as disclosed herein, there had been no substantial disclosable change in the information of the Directors since last disclosed in the 2017 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 unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

The audit committee comprises Mr. Chen Shimin (chairman of the audit committee), Mr. Zhang Xuejun, Mr. Leung Ming Shu and Mr. Zhu Ming. At the Company's annual general meeting held on 3 May 2018, 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 2019. 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, Mr. Zhang Xuejun and Mr. Zhao Hang.

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

CORPORATE CULTURE AND SOCIAL RESPONSIBILITY

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. The Board has made specific enquiry of all Directors and the Directors confirmed that they had complied with the required standards as set out in the Model Code for the six months ended 30 June 2018.

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 2017 annual report of the Company.

TELEPHONE CONFERENCE

The Company will host a telephone conference to discuss the interim results of the Group for the six months ended 30 June 2018 with the shareholders of the Company and potential investors of the Company on Thursday, 23 August 2018 from 10:00 a.m. to 11:00 a.m. (Hong Kong time). The dial-in details are as follows:

Telephone number: Hong Kong (852) 3027 6500
Mainland China 8009 880 563/400-821-0637

Conference code: 91000425

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

Hong Kong, 22 August 2018

As at the date of this announcement, the executive Directors are Mr. Xiang Jie, Mr. Gong Renyuan and Mr. Yue Zhoumin; the non-executive Directors are Mr. Yan Fuquan, Mr. Zhu Ming and Ms. Zhang Ling; and the independent non-executive Directors are Mr. Chen Shimin, Mr. Zhang Xuejun, Mr. Leung Ming Shu, and Mr. Zhao Hang.

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