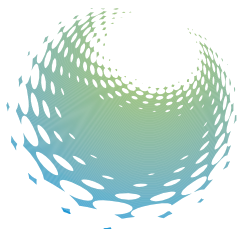


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**Sun.King Technology Group Limited**  
**賽晶科技集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 580)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**AND CLOSURE OF REGISTER OF MEMBERS**

**FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 23.4% to approximately RMB931.0 million.
- Gross profit decreased by approximately 31.4% to approximately RMB283.8 million.
- Gross profit margin decreased from approximately 34.0% to approximately 30.5%.
- Profit attributable to owners of the Company amounted to approximately RMB15.5 million.
- Earnings per share amounted to approximately RMB0.95 cents (basic) and RMB0.94 cents (diluted), respectively.

**ANNUAL RESULTS**

The board (the “**Board**”) of Directors (the “**Directors**”) of Sun.King Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the audited annual results of the Group for the year ended 31 December 2021, with the comparative figures for the corresponding year in 2020, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
*Year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i>
<b>REVENUE</b>	<i>4</i>	<b>930,992</b>	1,215,811
Cost of sales		<u>(647,178)</u>	<u>(802,114)</u>
Gross profit		<b>283,814</b>	413,697
Other income and gains, net	<i>4</i>	<b>40,197</b>	44,907
Selling and distribution expenses		<b>(64,689)</b>	(60,078)
Administrative expenses		<b>(112,359)</b>	(108,083)
Research and development costs		<b>(84,064)</b>	(69,531)
Other expenses and losses, net		<b>(13,656)</b>	7,566
Finance costs	<i>6</i>	<b>(10,338)</b>	(20,813)
Share of profits and losses of:			
A joint venture		<b>(2,235)</b>	393
An associate		<u>(47)</u>	<u>(4,240)</u>
<b>PROFIT BEFORE TAX</b>	<i>5</i>	<b>36,623</b>	203,818
Income tax expense	<i>7</i>	<u>(18,072)</u>	<u>(29,087)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>18,551</b></u>	<u>174,731</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Fair value gains on financial investments at fair value through other comprehensive income		<b>3,261</b>	—
Exchange differences on translation of foreign operations		<u>(372)</u>	<u>436</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>		<u><b>2,889</b></u>	<u>436</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>21,440</b></u>	<u>175,167</u>

	<i>Note</i>	<b>2021</b> <b><i>RMB'000</i></b>	<b>2020</b> <b><i>RMB'000</i></b>
Profit/(loss) attributable to:			
Owners of the parent		<b>15,459</b>	177,235
Non-controlling interests		<b>3,092</b>	(2,504)
		<b>18,551</b>	<b>174,731</b>
Total comprehensive income/(loss) attributable to:			
Owners of the parent		<b>18,506</b>	177,481
Non-controlling interests		<b>2,934</b>	(2,314)
		<b>21,440</b>	<b>175,167</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	<b>9</b>		
Basic		<b>RMB0.95 cents</b>	RMB10.93 cents
Diluted		<b>RMB0.94 cents</b>	RMB10.89 cents

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		516,782	366,532
Right-of-use assets		56,967	60,514
Deposits for purchase of property, plant and equipment		2,979	135
Goodwill	10	6,878	6,878
Other intangible assets		62,212	47,657
Investment in a joint venture		13,688	15,923
Investment in an associate		1,147	1,194
Trade receivables	11	–	295
Contract assets	11	50,950	90,394
Deferred tax assets		6,020	9,467
Total non-current assets		717,623	598,989
<b>CURRENT ASSETS</b>			
Inventories		206,457	283,890
Trade and bills receivables	11	629,345	790,257
Contract assets	11	64,387	95,960
Prepayments, deposits and other receivables		61,345	44,216
Financial investments at fair value through other comprehensive income		98,261	–
Pledged deposits		12,547	23,136
Cash and cash equivalents		587,176	678,367
Assets classified as held for sale		1,659,518	1,915,826
		–	4,247
Total current assets		1,659,518	1,920,073
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	182,092	183,199
Other payables and accruals		75,846	58,121
Contract liabilities		16,758	19,284
Derivative financial instruments		–	4,825
Lease liabilities		2,143	2,644
Interest-bearing bank borrowings		104,088	364,902
Tax payable		18,001	11,678
Total current liabilities		398,928	644,653
<b>NET CURRENT ASSETS</b>		1,260,590	1,275,420
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,978,213	1,874,409

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b><u>1,978,213</u></b>	<b><u>1,874,409</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	100,000	19,000
Lease liabilities	10,719	12,502
Deferred income	65,288	65,725
Deferred tax liabilities	<u>2,653</u>	<u>3,347</u>
Total non-current liabilities	<u>178,660</u>	<u>100,574</u>
Net assets	<b><u>1,799,553</u></b>	<b><u>1,773,835</u></b>
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Issued capital	140,377	139,944
Reserves	<u>1,604,436</u>	<u>1,618,568</u>
	<b>1,744,813</b>	<b>1,758,512</b>
Non-controlling interests	<u>54,740</u>	<u>15,323</u>
Total equity	<b><u>1,799,553</u></b>	<b><u>1,773,835</u></b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2021

## 1. CORPORATE AND GROUP INFORMATION

Sun.King Technology 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 (the “**Stock Exchange**”) 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 year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the trading and manufacture of power electronic components.

## 2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year’s financial statements.

Amendments to IFRS 9, IAS 39  
and IFRS 7, IFRS 4 and IFRS 16

*Interest Rate Benchmark Reform – Phase 2*

Amendments to IFRS 16

*Covid-19-Related Rent Concessions beyond 30 June 2021  
(early adopted)*

The nature and the impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“**HIBOR**”) as at 31 December 2021. The Group expects HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group’s HIBOR-based borrowings.

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

### 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 Group's operating results from the operations are generated from this single segment. Management monitors the results of 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.

#### Information about major customers

Revenue from single customers that individually accounted for 10% or more of the Group's revenue is as follows:

In 2021, revenue of approximately RMB234,849,000 was derived from sales to customers A.

In 2020, revenue of approximately RMB187,825,000 and RMB182,453,000 were derived from sales to customers A and B, respectively.

### 4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue from contracts with customers, other income and gains, net, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Revenue</b>		
Sale of power electronic components	<u>930,992</u>	<u>1,215,811</u>

98% (2020: 98%) of the Group's revenue from contracts with customers is related to sales of power electronic components in Mainland China.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sale of power electronic components	<u>19,284</u>	<u>24,626</u>

The Group has selected to choose a practical expedient and does not disclose of the remaining performance obligations as almost all related contracts have a duration of one year or less.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Other income</b>		
Government grants*	22,699	11,392
Bank interest income	6,244	5,128
Other interest income	782	1,288
Interest income arising from revenue contracts	3,371	3,868
Fair value gains on financial investments at fair value through profit or loss	2,565	–
Fair value gains on financial investments at fair value through other comprehensive income	191	–
Others	<u>1,795</u>	<u>1,992</u>
	<u>37,647</u>	<u>23,668</u>
<b>Gains</b>		
Gain on disposal of assets classified as held for sale	2,253	–
Gain on disposal of property, plant and equipment, net	297	–
Gain on disposal of an associate	<u>–</u>	<u>21,239</u>
	<u>2,550</u>	<u>21,239</u>
	<u>40,197</u>	<u>44,907</u>

- \* 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 and covid-19 subsidy. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the 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/(crediting):

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Cost of inventories sold		<b>648,508</b>	797,938
Write-down of inventories to net realisable value, net		<b>(1,330)</b>	4,176
Cost of sales		<b>647,178</b>	802,114
Auditor's remuneration		<b>1,700</b>	1,700
Depreciation of property, plant and equipment		<b>25,740</b>	22,584
Depreciation of right-of-use assets		<b>3,906</b>	4,058
Amortisation of deferred development costs		<b>2,289</b>	1,218
Amortisation of other intangible assets (excluding deferred development costs)		<b>2,952</b>	2,805
Lease payments not included in the measurement of lease liabilities		<b>578</b>	647
Impairment of trade receivables and contract assets, net*	<i>11</i>	<b>(1,375)</b>	(13,131)
Impairment of financial assets included in prepayments, deposits and other receivables, net*		<b>745</b>	521
Foreign exchange differences, net*		<b>2,639</b>	221
Fair value losses on foreign currency forward contracts, net*		<b>11,531</b>	3,248
Loss/(gain) on disposal of property, plant and equipment, net		<b>(297)</b>	328
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		<b>68,060</b>	70,667
Share-based payment expense		<b>1,362</b>	2,195
Pension scheme contributions**		<b>13,167</b>	7,024
		<b>82,589</b>	79,886

\* These items are included in "Other expenses and losses" in profit or loss.

\*\* At 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2020: Nil).

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank loans	9,932	20,367
Interest on lease liabilities	406	446
	<u>10,338</u>	<u>20,813</u>

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.25%).

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%. Certain subsidiaries of the Group are qualified as high technology enterprises and hence are granted a preferential CIT rate of 15%. Tax holidays were also granted by a relevant authority to a subsidiary of the Group, where CIT is exempted for the first two profitable years of the subsidiary and is chargeable at half of the applicable rate for the subsequent three years. The Group's subsidiaries established in Switzerland and Germany are subject to local corporate taxes of approximately 18% and 32%, respectively.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current – Hong Kong		
Charge for the year	1,876	76
Current – Elsewhere		
Charge for the year	13,806	36,706
Overprovision in prior years	(612)	(1,913)
Deferred	<u>3,002</u>	<u>(5,782)</u>
Total tax charge for the year	<u>18,072</u>	<u>29,087</u>

## 8. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interim – Nil (2020: HK2 cents) per ordinary share	–	27,701
Proposed final – Nil (2020: HK3 cents) per ordinary share	–	41,205
	<u>–</u>	<u>68,906</u>

No dividends have been declared by the Company during the year ended 31 December 2021.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of RMB15,459,000 (2020: RMB177,235,000), and the weighted average number of ordinary shares of 1,635,098,730 (2020: 1,621,289,511) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year 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 year, 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>15,459</u>	<u>177,235</u>
	<b>Number of shares</b>	
	<b>2021</b>	<b>2020</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,635,098,730	1,621,289,511
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>9,683,842</u>	<u>6,651,860</u>
	<u>1,644,782,572</u>	<u>1,627,941,371</u>

## 10. GOODWILL

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At 1 January and 31 December:		
Cost	8,392	8,392
Accumulated impairment	<u>(1,514)</u>	<u>(1,514)</u>
Net carrying amount	<u><u>6,878</u></u>	<u><u>6,878</u></u>

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	<b>Astrol</b>		<b>morEnergy</b>		<b>Total</b>	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cross amount	6,878	6,878	1,514	1,514	8,392	8,392
Less: accumulated impairment	<u>–</u>	<u>–</u>	<u>1,514</u>	<u>1,514</u>	<u>1,514</u>	<u>1,514</u>
Net carrying amount	<u><u>6,878</u></u>	<u><u>6,878</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>6,878</u></u>	<u><u>6,878</u></u>

### Impairment testing of goodwill

#### *Astrol cash-generating unit*

The recoverable amount of Astrol cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 16.5% (2020: 16%). The growth rate used to extrapolate the cash flows of Astrol cash-generating unit beyond the five-year period is 3% (2020: 3%).

Assumptions were used in the value in use calculation of Astrol cash-generating unit for 31 December 2021 and 31 December 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

*Budgeted gross margins* – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the years immediately before the budget year, adjusted for expected market development.

*Discount rates* – The discount rates used are after tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

# 11. TRADE AND BILLS RECEIVABLES/CONTRACT ASSETS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	491,809	471,649
Impairment	(6,874)	(10,112)
	<u>484,935</u>	<u>461,537</u>
Bills receivable	<u>144,410</u>	<u>329,015</u>
	<u><b>629,345</b></u>	<u><b>790,552</b></u>
Analysed into:		
Current portion	629,345	790,257
Non-current portion	–	295
	<u><b>629,345</b></u>	<u><b>790,552</b></u>
	31 December 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Contract assets arising from sale of power electronic components	115,697	187,224
Impairment	(360)	(870)
	<u><b>115,337</b></u>	<u><b>186,354</b></u>
Analysed into:		
Current portion	64,387	95,960
Non-current portion	50,950	90,394
	<u><b>115,337</b></u>	<u><b>186,354</b></u>
	1 January 2020 <i>RMB'000</i>	
		176,765
		(1,215)
		<u><b>175,550</b></u>

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 contract assets 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. The Group does not hold any collateral or other credit enhancements over its trade receivable and contract assets balances. Trade receivables and contract assets 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 fulfilment of certain conditions including normal operation of the product within warranty period as stipulated in the respective sales contracts. Contract assets are recognised for revenue earned from the sale of products as the receipt of consideration is conditional on the successful expiry of warranty period. Upon the expiry of the warranty period, the amounts recognised as contract assets are reclassified to trade receivables. The decrease and increase in contract assets in 2021 and 2020 are the result of the decrease and the increase in the sales contract amounts at the end of the respective year.

The expected timing of recovery or settlement for contract assets as at the end of the reporting period is as follows:

	<b>2021</b> <b>RMB'000</b>	2020 <b>RMB'000</b>
Within one year	<b>64,387</b>	95,960
More than one year	<b>50,950</b>	90,394
	<hr/>	<hr/>
Total contract assets	<b>115,337</b>	186,354
	<hr/> <hr/>	<hr/> <hr/>

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 loss allowance, is as follows:

	<b>2021</b> <b>RMB'000</b>	2020 <b>RMB'000</b>
Within 3 months	<b>319,852</b>	274,181
3 to 6 months	<b>83,422</b>	101,613
6 to 12 months	<b>58,592</b>	60,775
Over 1 year	<b>23,069</b>	24,968
	<hr/>	<hr/>
	<b>484,935</b>	461,537
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2021, the Group's bills receivable would mature within twelve (2020: twelve) months.

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>2021</b> <b>RMB'000</b>	2020 <b>RMB'000</b>
At beginning of year	<b>10,112</b>	22,898
Impairment losses, net ( <i>note 5</i> )	<b>(865)</b>	(12,786)
Amount written off as uncollectible	<b>(2,373)</b>	–
	<hr/>	<hr/>
At end of year	<b>6,874</b>	10,112
	<hr/> <hr/>	<hr/> <hr/>

The decrease in the loss allowance in 2021 was mainly due to the write-off of long-aged irrecoverable trade receivables. The decrease in the loss allowance in 2020 was mainly due to the collection of long-aged trade receivables.

The movements in the loss allowance for impairment of contract assets are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At beginning of year	870	1,215
Impairment losses, net ( <i>note 5</i> )	(510)	(345)
At end of year	<u>360</u>	<u>870</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome and the reasonable and supportable information that is available at the reporting date about past events after taking into consideration of forward-looking information. For trade receivables and contract assets due from some major customers (Tier 1 customers), the Group is of opinion that there will be no expected credit loss on these accounts even though these trade receivables and contract assets are overdue, based on their credit rating, no history of default on these accounts.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

### 31 December 2021

<i>RMB'000</i>	Within credit period	Past due				Total
		Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Gross carrying amount	362,198	226,143	13,167	2,541	3,457	607,506
Amount from Tier 1 customers	–	36,120	–	–	–	36,120
Carrying amount without Tier 1 customers	362,198	190,023	13,167	2,541	3,457	571,386
Expected credit loss rate (%)	0.30	0.30	8.94	37.39	100.00	1.27
Expected credit losses	<u>1,083</u>	<u>567</u>	<u>1,177</u>	<u>950</u>	<u>3,457</u>	<u>7,234</u>

### 31 December 2020

<i>RMB'000</i>	Within credit period	Past due				Total
		Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Gross carrying amount	413,458	227,397	9,157	2,340	6,521	658,873
Amount from Tier 1 customers	–	24,179	51	–	–	24,230
Carrying amount without Tier 1 customers	413,458	203,218	9,106	2,340	6,521	634,643
Expected credit loss rate (%)	0.45	0.45	8.25	39.70	100.00	1.73
Expected credit losses	<u>1,871</u>	<u>910</u>	<u>751</u>	<u>929</u>	<u>6,521</u>	<u>10,982</u>

At 31 December 2021, certain bills receivable of the Group with an aggregate carrying amount of RMB23,174,000 (2020: RMB3,071,000) were pledged to secure certain of the Group's bills payable (note 12).

At 31 December 2021, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “**Endorsed Bills**”) with a carrying amount of RMB11,369,000 (2020: RMB15,721,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

At 31 December 2021, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “**Derecognised Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB50,231,000 (2020: RMB76,353,000). The Derecognised Bills had a maturity of one to eleven months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

## 12. TRADE AND BILLS PAYABLES

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within six months	153,853	161,985
Over six months	28,239	21,214
	<u>182,092</u>	<u>183,199</u>

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

At 31 December 2021, certain of the Group's bills payable are secured by the pledge of the Group's bank deposits amounting to RMB658,000 (2020: RMB18,000) and the Group's bills receivable amounting to RMB23,174,000 (2020: RMB3,071,000), respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### (a) Domestic and overseas market performance

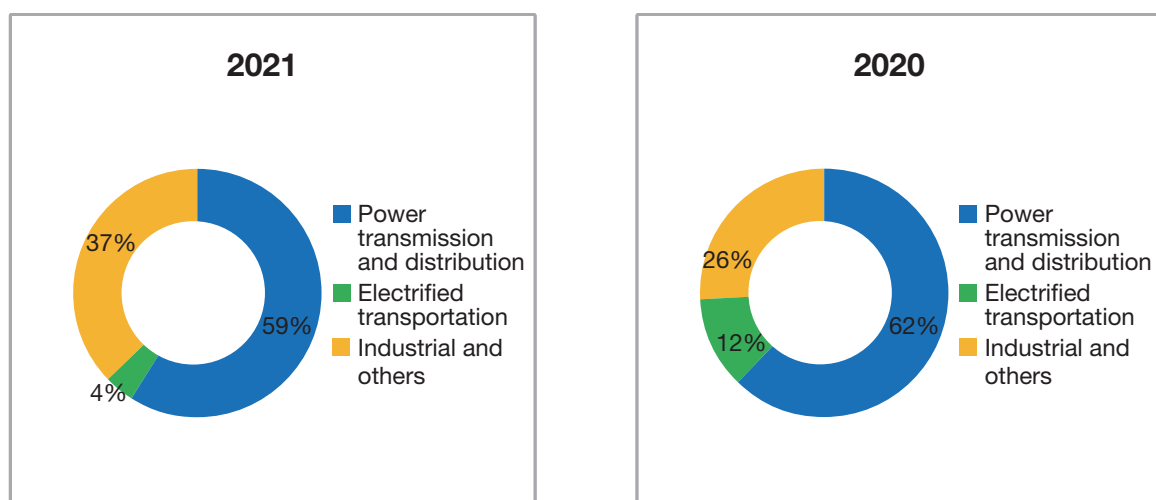
	For the year ended 31 December			
	2021		2020	
	Revenue	Gross profit	Revenue	Gross profit
	(RMB'000)	margin	(RMB'000)	margin
Domestic market	910,550	30%	1,194,259	33%
Overseas market	20,442	58%	21,552	69%
<b>Total</b>	<b>930,992</b>	<b>Average 30%</b>	<b>1,215,811</b>	<b>Average 34%</b>

#### (b) Domestic market performance

The products offered by the Group are categorised into applied industries, namely, power transmission and distribution, electrified transportation and industrial and others.

	For the year ended 31 December			
	2021		2020	
	Revenue	Gross profit	Revenue	Gross profit
	(RMB'000)	margin	(RMB'000)	margin
Applied industries				
Power transmission and distribution	539,292	36%	739,866	40%
Electrified transportation	36,840	23%	142,550	27%
Industrial and others	334,418	21%	311,843	22%
<b>Total</b>	<b>910,550</b>	<b>Average 30%</b>	<b>1,194,259</b>	<b>Average 33%</b>

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



(i) **Power transmission and distribution sector**

	For the year ended 31 December		Change
	2021	2020	
	Revenue	Revenue	
	(RMB'000)	(RMB'000)	
<b>Power transmission and distribution sector</b>	<b>539,292</b>	739,866	-27%
Ultra-high voltage direct current ("UHVDC") transmission	<b>165,100</b>	304,920	-46%
Flexible direct current ("DC") transmission	<b>246,569</b>	380,602	-35%
Other power transmission and distribution	<b>127,623</b>	54,344	135%

***UHVDC transmission and flexible DC transmission***

The "14th Five-Year Plan for National Economic and Social Development and the Outline of Visions for 2035 of the People's Republic of China", the "Carbon Peak and Carbon Neutrality" action plan of the State Grid Corporation and the "14th Five-Year Plan for Grid Development" of China Southern Power Grid and other policies have all proposed to strengthen the construction and efficiency of clean energy transmission channels such as ultra-high voltage transmission projects.

In addition, with advantages such as fast response time, better controllability and flexible operation, flexible DC transmission is gaining more and more attention in optimising the allocation of energy resources, ensuring the full consumption of new energy and facilitating the construction of a diversified energy supply system. The “14th Five-Year Plan for Grid Development” of China Southern Power Grid clearly states that promote the technical route of the flexible interconnected main grid, with new DC receiving ends being dominated by flexible DC and gradually transform the stock of DC into flexible DC. Improving the efficiency of transmission channels with regular DC transmission technology, and facilitating the efficient grid integration and decentralised consumption of clean energy and enhancing the flexibility and controllability of the power grid with flexible DC transmission will become an important direction for the construction of the new electric power system.

In 2021, the Group mainly delivered some or all of the products for the UHVDC transmission project (Shanbei-Wuhan, Baihetan-Zhejiang, Baihetan-Jiangsu and Xiangjiaba-Shanghai (Reconstruction of Fulong Converter Station)), the high voltage DC transmission project for the Fujian-Guangdong interconnection project and the DC back-to-back project in the middle channel in the Greater Bay Area. However, as a number of UHVDC transmission projects have not yet commenced or are in the early stage of commencement, the Group’s orders and deliveries in this sector have decreased. As a result, the Group’s revenue in this sector was significantly lower than in 2020.

With the gradual implementation of various measures to achieve the strategic goal of carbon peak and carbon neutrality, the project planning, investment and construction of UHVDC transmission and flexible DC transmission, which play an important role in the outbound transmission of clean energy, has shown great development potential.

In 2022, in addition to successively signing orders and delivering products for the Baihetan-Zhejiang UHVDC transmission project, the Group expects that orders and products can be signed and delivered for the Jinshang-Hubei and the Longdong-Shandong UHVDC transmission projects, the Southeast Tibet-Greater Bay Area DC project (hybrid DC) and the Gezhouba-Nanqiao DC transmission project (hybrid DC transformation). A number of UHVDC transmission projects for clean energy transmission, such as the Hami-Chongqing and the Ningxia-Hunan projects, are already under discussion and planning.

### ***Other power transmission and distribution***

The intelligence of the power grid and the establishment of a digital intelligent interactive energy system are important aspects of building a new type of electric power system with new energy sources as the mainstay. Benefiting from this, the Group’s revenue in intelligent grid online monitoring products increased significantly in 2021. In addition, the Group’s products of high-voltage power capacitors also won the bid in procurement tender of materials for the State Grid. As a result, the Group’s revenue in this sector represented a substantial increase as compared with that in 2020.

(ii) Electrified transportation sector

	For the year ended 31 December		
	2021	2020	Change
	Revenue (RMB'000)	Revenue (RMB'000)	
<b>Electrified transportation sector</b>	<b>36,840</b>	142,550	-74%
Rail transportation	<b>29,700</b>	128,872	-77%
Electric vehicles	<b>6,093</b>	1,304	367%
Other transportation	<b>1,047</b>	12,374	-92%

***Rail transportation***

The Group provides a wide range of power electronic components to rail transit vehicle equipment manufacturing enterprises such as CRRC Corporation Limited and its subsidiaries for its manufacturing of traction converter system. In addition, the Group also provides various power electronic devices including power quality control devices and electrified railway automatic passing intelligent switches to the manufacturers of rail transportation power supply system.

In 2021, the Group's revenue in this sector decreased significantly compared to 2020 due to low demand in the downstream market.

***Electric vehicles***

The Group provides various types of power electronic components such as self-developed insulated gate bipolar transistors (“IGBT(s)”) and laminated busbars to the electric vehicles sector.

In 2021, the Group obtained the first order for its self-developed IGBT chips and started delivery, while sales of laminated busbars performed well. As a result, the Group's revenue in this sector increased significantly over 2020.

***Other transportation***

The Group provides power electronic components and devices to the domestic marine and aviation sectors. As the business in this sector is in the exploratory stage, projects and orders are still unstable.

### (iii) Industrial and others

	For the year ended 31 December		
	2021	2020	Change
	Revenue (RMB'000)	Revenue (RMB'000)	
<b>Industrial and others</b>	<b>334,418</b>	311,843	7%
Electrical equipment	<b>218,200</b>	197,225	11%
New energy power generation	<b>106,481</b>	108,994	-2%
Scientific research institutes and others	<b>9,737</b>	5,625	73%

The Group supplies a wide range of power electronic components and devices to the manufacturers of electrical control and energy saving equipment and the manufacturers of new energy power generation equipment in the industrial sector, and to the scientific research and development sector.

New energy power and industrial electronic control sectors in 2021 stood on good market situation. However, the Group's revenue growth in these sectors was relatively slow due to the adverse effects of the Covid-19 pandemic and the significant increase in the prices of bulk raw materials.

### (c) Overseas market performance

The Group's domestic and overseas subsidiaries are actively exploring overseas markets.

In 2021, the Group's products sold in overseas markets included laminated busbars, solid state alternating current/DC switches, pulsed power supplies and impedance measurement.

	For the year ended 31 December		
	2021	2020	Change
	Revenue (RMB'000)	Revenue (RMB'000)	
<b>Overseas market</b>	<b>20,442</b>	21,552	-5%
Products of domestic subsidiaries	<b>4,542</b>	4,840	-6%
Products of overseas subsidiaries	<b>15,900</b>	16,712	-5%

#### **(d) Update on research and development (“R&D”) of new business**

The Group has always considered technological innovation to be the primary driver of its development and places great emphasis on the R&D of new technology and R&D team building.

In 2021, the Group obtained 4 patent certificates and had filed 32 patent applications. As of 31 December 2021, the Group obtained a total of 180 patent certificates and had 37 patent applications pending.

##### **(i) Power semiconductor and its supporting devices**

###### ***IGBTs***

In 2021, the Group’s 1200V/250A i20 IGBT chips were recognised by clients in the electric vehicle and industrial electronic control sectors, with orders signed and deliveries completed. In addition, the Group has initiated the R&D of 1700V IGBT chips.

The Group’s first IGBT module packaging and testing production line was completed and mass production of ED Type IGBT modules was successfully achieved. Such production line has adopted the design of fully automatic intelligent management with industry-leading production efficiency and quality control. The ED Type IGBT modules are currently being tested by dozens of clients from the electric vehicles and industrial electronic control sectors.

The Group officially launched EV Type IGBT module samples with industry-leading design and exceptional performance, which is the latest generation of module technology for electric vehicles, new energy and other sectors.

###### ***DC support capacitors for flexible DC transmission***

The Group’s DC support capacitors for flexible DC transmission have not only been successfully applied in the flexible DC transmission projects for offshore wind power in Rudong, Jiangsu Province, but also obtained the first batch order for the Zhongbu-Tingshan flexible low-frequency transmission demonstration project.

## **(ii) Cutting-edge power electronic technology products**

### ***Marine solid-state DC circuit breaker***

The Group's 1500V/500A marine solid DC circuit breakers have been officially delivered to European clients in the marine sector. The newly developed 1500V/1250A and 1500V/3000A products have also been obtained orders from clients in the marine sector with advantages such as the “microsecond” switching speed, digital intelligent control and compact modular structure.

### ***Impedance measurement***

The Group's impedance measurement products can provide accurate impedance-related fault monitoring and thus reduce the potential risk of system failure. Such products especially get a high performance in the area of harmonic monitoring. Such products are not only applicable to marine electrical systems, but also to multi-energy road-based microgrid systems. The Group has won the impedance measurement order of “onboard DC-grid scientific research project” in the European shipbuilding sector.

### ***Solid-state alternating current (“AC”) switches***

The Group won the bid for the British smart grid demonstration project again for the third time. The solid-state AC switch provided this time incorporates the newly developed pre-charge unit. The pre-charge unit can avoid equipment malfunctions caused by surge current, thus enabling a safe connection between the main grid and the micro-grid in this project.

In addition, the Group have also won tenders for electric thermal energy storage projects in overseas markets. The solid-state AC switch enables flexible and safe distribution of new energy power among various thermal storage modules in an electric thermal storage system, and also plays an important role in the bi-directional conversion of electrical and thermal energy. At the same time, the solid-state AC switch enables precise monitoring of the ageing process of the thermal storage materials with our newly developed ageing monitoring system.

### ***Electrified railway automatic passing devices and intelligent switches for surface transport***

The Group's electrified railway automatic passing devices and intelligent switches for surface transport has been put into operation on site, and successfully passed the mid-term and final operation assessment.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue decreased by approximately 23.4% from approximately RMB1,215.8 million for the year ended 31 December 2020 to approximately RMB931.0 million for the year ended 31 December 2021 primarily due to the decrease in revenue from the sectors of UHVDC transmission and flexible DC transmission and the sector of electrified transportation.

### **Cost of sales**

The cost of sales decreased by approximately 19.3% from approximately RMB802.1 million for the year ended 31 December 2020 to approximately RMB647.2 million for the year ended 31 December 2021 primarily due to the decrease in revenue.

### **Gross profit and gross profit margin**

The gross profit decreased by approximately 31.4% from approximately RMB413.7 million for the year ended 31 December 2020 to approximately RMB283.8 million for the year ended 31 December 2021 primarily due to the decrease in both revenue and gross profit margin.

The gross profit margin decreased from approximately 34.0% for the year ended 31 December 2020 to approximately 30.5% for the year ended 31 December 2021 primarily due to the decrease in the proportion of products with higher gross margin and the increase in cost of products due to the increase in the prices of some raw materials.

### **Other income and gains**

The other income and gains decreased by approximately 10.5% from approximately RMB44.9 million for the year ended 31 December 2020 to approximately RMB40.2 million for the year ended 31 December 2021 primarily due to the disposal of Jiujiang Sun.King Technology Co., Ltd. (九江賽晶科技股份有限公司) in 2020.

### **Selling and distribution expenses**

The selling and distribution expenses increased by approximately 7.7% from approximately RMB60.1 million for the year ended 31 December 2020 to approximately RMB64.7 million for the year ended 31 December 2021 primarily due to the commencement of the sales business of the self-produced IGBT.

### **Administrative expenses**

The administrative expenses increased by approximately 4.0% from approximately RMB108.1 million for the year ended 31 December 2020 to approximately RMB112.4 million for the year ended 31 December 2021 primarily due to the commencement of the self-produced IGBT business.



## **R&D costs**

The R&D costs increased by approximately 21.0% from approximately RMB69.5 million for the year ended 31 December 2020 to approximately RMB84.1 million for the year ended 31 December 2021 primarily due to the increase in R&D costs of IGBT.

## **Other expenses and losses**

The other expenses and losses changed from approximately RMB-7.6 million for the year ended 31 December 2020 to approximately RMB13.7 million for the year ended 31 December 2021 primarily due to the decrease in impairment reversals and fair value losses on foreign exchange contracts.

## **Finance costs**

The finance costs decreased significantly by approximately 50.5% from approximately RMB20.8 million for the year ended 31 December 2020 to approximately RMB10.3 million for the year ended 31 December 2021 primarily due to the decrease in outstanding bank loans in the period.

## **Share of profits and losses of a joint venture**

The Group recognised a share of profits of a joint venture of approximately RMB0.4 million for the year ended 31 December 2020. Due to the increase in impairment of assets of Beijing Yaoting Tengyi Investment Partnership (北京曜廷騰逸投資合夥企業(有限合夥)), the Group recognised a share of losses of a joint venture of approximately RMB2.2 million for the year ended 31 December 2021.

## **Share of losses of an associate**

The share of losses of an associate decreased significantly from approximately RMB4.2 million for the year ended 31 December 2020 to approximately RMB47,000 for the year ended 31 December 2021 primarily due to Jiujiang Sun.King Technology Co., Ltd. (九江賽晶科技股份有限公司) no longer being an associate of the Group.

## **Profit before tax**

The profit before tax decreased significantly by approximately 82.0% from approximately RMB203.8 million for the year ended 31 December 2020 to approximately RMB36.6 million for the year ended 31 December 2021 primarily due to the decrease in revenue and the increase in expense of the self-produced IGBT business.

## **Income tax expense**

The income tax expenses decreased by approximately 37.8% from approximately RMB29.1 million for the year ended 31 December 2020 to approximately RMB18.1 million for the year ended 31 December 2021 primarily due to the decrease in profit before tax.

## **Total comprehensive income for the year**

The net profit margin, which is calculated as profit attributable to owners of the parent for the year divided by revenue, decreased significantly from approximately 14.6% for the year ended 31 December 2020 to approximately 1.7% for the year ended 31 December 2021.

The profit attributable to owners of the parent decreased significantly by approximately 91.3% from approximately RMB177.2 million for the year ended 31 December 2020 to approximately RMB15.5 million for the year ended 31 December 2021 primarily due to the decrease in revenue and the increase in expense of the self-produced IGBT business.

The total comprehensive income attributable to owners of the parent decreased significantly by approximately 89.6% from approximately RMB177.5 million for the year ended 31 December 2020 to approximately RMB18.5 million for the year ended 31 December 2021 primarily due to the decrease in revenue and the increase in expense of the self-produced IGBT business.

## **Inventories**

The inventories decreased by approximately 27.3% from approximately RMB283.9 million as at 31 December 2020 to approximately RMB206.5 million as at 31 December 2021 primarily due to the decrease in stocking.

The average inventory turnover days increased from approximately 116 days for the year ended 31 December 2020 to approximately 147 days for the year ended 31 December 2021 primarily due to the decrease in sales volume.

## **Trade and bills receivables**

The trade and bills receivables decreased by approximately 20.4% from approximately RMB790.6 million as at 31 December 2020 to approximately RMB629.3 million as at 31 December 2021 primarily due to the decrease in revenue.

The average trade and bills receivables turnover days increased from approximately 218 days for the year ended 31 December 2020 to approximately 245 days for the year ended 31 December 2021 primarily due to the decrease in revenue.

## **Trade and bills payables**

The trade and bills payables decreased slightly by approximately 0.6% from approximately RMB183.2 million as at 31 December 2020 to approximately RMB182.1 million as at 31 December 2021.

The average trade and bills payables turnover days decreased slightly from approximately 103 days for the year ended 31 December 2020 to approximately 102 days for the year ended 31 December 2021.

## **Liquidity and financial resources**

The Group's principal sources of working capital included cash flow generated from the sales of its products, bank borrowings and proceeds of issuing new shares.

The current ratio (current assets divided by current liabilities) increased from approximately 3.0 as at 31 December 2020 to approximately 4.2 as at 31 December 2021 primarily due to the decrease in balance of bank borrowings.

The cash and cash equivalents decreased by approximately 13.4% from approximately RMB678.4 million as at 31 December 2020 to approximately RMB587.2 million as at 31 December 2021 primarily due to the decrease in revenue and the commencement of the self-produced IGBT business.

The interest-bearing bank borrowings decreased significantly by approximately 46.8% from approximately RMB383.9 million as at 31 December 2020 to RMB204.1 million as at 31 December 2021 primarily due to the adjustment of the Group's capital structure.

The gearing ratio measured on the basis of total interest-bearing bank borrowings to total equity decreased from approximately 21.6% as at 31 December 2020 to approximately 11.3% as at 31 December 2021 primarily due to the decrease in balance of the Group's bank loans.

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

## **Foreign currency exposure**

As most of the principal subsidiaries of the Company operate in the People's Republic of China, their functional currency is RMB. The Group has transactional currency exposures. These exposures arise from purchases by operating units in currencies other than the units' functional currencies. 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 exposures.

## **Contingent liabilities**

As at 31 December 2021, the Group had no significant contingent liabilities.

## **HUMAN RESOURCES**

As at 31 December 2021, the Group employed 634 employees. Key components of the Group's remuneration packages included basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group conducts periodic reviews on the performance of its employees, and their salaries and bonuses are performance-based. The Group did not experience any significant problems with its employees or disruptions to its operations due to labour disputes, nor did it experience any difficulty in the recruitment and retention of experienced employees. The Group maintains a good relationship with its employees.

## PROSPECTS

The 14th Five-Year Plan is the critical window period for achieving the “dual-carbon” strategic goal, and the golden development period for energy technology revolution and upgrading of the energy equipment industry.

Since 2022, the UHVDC transmission has shown great development potential. In addition to the UHVDC transmission projects such as Jinshang-Hubei, Longdong-Shandong and Southeast Tibet-Greater Bay Area, which are expected to be launched, a number of UHVDC transmission projects for clean energy transmission have also been planned and demonstrated. The new energy production and consumption markets related to the Group’s business, such as electric vehicles, wind power generation and photovoltaic power generation, have also shown positive development potential. The above-mentioned favourable factors have provided a good opportunity for the Group’s rapid business development in the long run.

In 2022, the Group will continue to adhere to technological innovation, its first driving force for corporate development, focus on the construction of new power systems, vigorously strengthen innovative R&D and its application and promotion, and strive to contribute to the achievement of the State’s energy strategic goals. In particular, the Group will accelerate the R&D and promotion of the 1700V IGBT chips and IGBT and SiC modules such as ST Type and EV Type, and complete the construction of the second IGBT module production line for the much-anticipated IGBT projects with proprietary technology. The Group strives to take a step closer to becoming an international leader among power semiconductor companies and achieving a comprehensive breakthrough in the field of domestic advanced power semiconductors.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were 1,637,132,500 shares of the Company (the “**Shares**”) in issue as at 31 December 2021.

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

## CORPORATE GOVERNANCE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of the shareholders of the Company (the “**Shareholders**”). The Company has adopted the Corporate Governance Code (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**”) as its own code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time with the aim of maintaining and improving the standard of corporate governance practices. The Company complied with all applicable code provisions of the Corporate Governance Code during the year ended 31 December 2021.

## **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 its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, the Directors complied with the required standards as set out in the Model Code during the year ended 31 December 2021.

## **REVIEW OF FINANCIAL STATEMENTS BY AUDIT COMMITTEE**

The audit committee of the Board has reviewed with the management accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2021.

## **DIVIDENDS**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2021 (2020: HK3 cents).

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on Wednesday, 15 June 2022 at 10:00 a.m. A notice convening the annual general meeting of the Company will be issued in due course.

## **CLOSURE OF REGISTER**

In order to establish the identity of the Shareholders who are entitled to attend and vote at the forthcoming annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 9 June 2022. The register of members of the Company will be closed from Friday, 10 June 2022 to Wednesday, 15 June 2022, both days inclusive, during which period no transfer of Shares will be registered. The Shareholders whose names appear on the register of members of the Company on Wednesday, 15 June 2022 are entitled to attend and vote at the forthcoming annual general meeting.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.sunking-tech.com](http://www.sunking-tech.com). The Company's annual report for the year 2021 will be available at the same websites and despatched to the Shareholders in due course.

## TELEPHONE CONFERENCE

The Company will host a telephone conference to discuss the annual results of the Group for the year ended 31 December 2021 with the Shareholders and the potential investors of the Company on Thursday, 24 March 2022 from 10:00 a.m. to 11:00 a.m. (Hong Kong time). The dial-in details are as follows:

Telephone number: 852 3018 3602 (Hong Kong, China)  
86 400 8563 625 (Mainland China)  
1800 387 6988/+1516226 8028 (USA)

Conference code: 221882451

By Order of the Board  
**Sun.King Technology Group Limited**  
**Xiang Jie**  
*Chairman*

Hong Kong, 23 March 2022

*As at the date of this announcement, the executive Directors are Mr. Xiang Jie, Mr. Gong Renyuan and Mr. Yue Zhounin; the non-executive Director is Ms. Zhang Ling; and the independent non-executive Directors are Mr. Chen Shimin, Mr. Zhang Xuejun and Mr. Leung Ming Shu.*