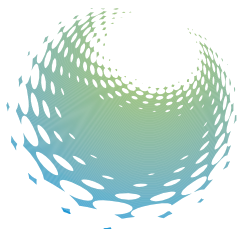


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**Sun.King Technology Group Limited**  
**賽晶科技集團有限公司**

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

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 14.4% to approximately RMB420.0 million.
- Gross profit decreased by approximately 8.8% to approximately RMB115.7 million.
- Gross profit margin increased from approximately 25.8% to approximately 27.5%.
- Loss and total comprehensive loss attributable to owners of the parent amounted to approximately RMB7.1 million and approximately RMB5.6 million, respectively.
- Loss per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.44 cents (basic) and approximately RMB0.44 cents (diluted).

**INTERIM RESULTS**

The board (the “**Board**”) of Directors (the “**Director(s)**”) of Sun.King Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2022, with the comparative figures for the corresponding period in 2021, as follows:

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

Six months ended 30 June 2022

	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>REVENUE</b>	4	<b>420,042</b>	490,784
Cost of sales		<u>(304,348)</u>	<u>(364,023)</u>
Gross profit		<b>115,694</b>	126,761
Other income and gains	4	<b>24,788</b>	17,840
Selling and distribution costs		<b>(35,027)</b>	(29,987)
Administrative expenses		<b>(60,422)</b>	(61,210)
Research and development costs		<b>(39,746)</b>	(41,261)
Other expenses and losses		<b>(2,112)</b>	(11,924)
Finance costs	6	<b>(3,896)</b>	(7,987)
Share of losses of:			
A joint venture		<b>(3,427)</b>	(401)
An associate		<u><b>(4)</b></u>	<u>(38)</u>
<b>LOSS BEFORE TAX</b>	5	<b>(4,152)</b>	(8,207)
Income tax expense	7	<u><b>(6,765)</b></u>	<u>(4,506)</u>
<b>LOSS FOR THE PERIOD</b>		<u><b>(10,917)</b></u>	<u>(12,713)</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>1,478</b>	–
Exchange differences on translation of foreign operations		<u><b>134</b></u>	<u>(31)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>		<u><b>1,612</b></u>	<u>(31)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u><b>(9,305)</b></u>	<u>(12,744)</u>

	<i>Notes</i>	<b>2022</b> <b><i>RMB'000</i></b> <b>(Unaudited)</b>	2021 <b><i>RMB'000</i></b> (Unaudited)
Loss attributable to:			
Owners of the parent		<b>(7,149)</b>	(10,957)
Non-controlling interests		<b>(3,768)</b>	(1,756)
		<b><u>(10,917)</u></b>	<b><u>(12,713)</u></b>
Total comprehensive loss attributable to:			
Owners of the parent		<b>(5,634)</b>	(10,963)
Non-controlling interests		<b>(3,671)</b>	(1,781)
		<b><u>(9,305)</u></b>	<b><u>(12,744)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	<i>9</i>		
Basic		<b><u>RMB (0.44 cents)</u></b>	<b><u>RMB (0.67 cents)</u></b>
Diluted		<b><u>RMB (0.44 cents)</u></b>	<b><u>RMB(0.67 cents)</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	<i>Notes</i>	<b>30 June 2022 RMB'000 (Unaudited)</b>	<b>31 December 2021 RMB'000 (Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>504,692</b>	516,782
Right-of-use assets		<b>55,939</b>	56,967
Deposits for purchase of property, plant and equipment		<b>36,038</b>	2,979
Goodwill		<b>6,878</b>	6,878
Other intangible assets		<b>60,943</b>	62,212
Investment in a joint venture		<b>10,261</b>	13,688
Investment in an associate		<b>1,143</b>	1,147
Contract assets		<b>57,307</b>	50,950
Deferred tax assets		<b>5,366</b>	6,020
Total non-current assets		<b>738,567</b>	717,623
<b>CURRENT ASSETS</b>			
Inventories		<b>185,699</b>	206,457
Trade and bills receivables	10	<b>755,811</b>	629,345
Contract assets		<b>9,665</b>	64,387
Prepayments, deposits and other receivables		<b>39,345</b>	61,345
Derivative financial instruments		<b>1,456</b>	—
Financial investments at fair value through other comprehensive income		<b>100,000</b>	98,261
Financial investments at fair value through profit or loss		<b>5,270</b>	—
Pledged deposits		<b>11,556</b>	12,547
Cash and cash equivalents		<b>547,135</b>	587,176
Total current assets		<b>1,655,937</b>	1,659,518
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	<b>210,479</b>	182,092
Contract liabilities		<b>27,243</b>	16,758
Other payables and accruals		<b>74,420</b>	75,846
Lease liabilities		<b>2,642</b>	2,143
Interest-bearing bank borrowings		<b>100,552</b>	104,088
Tax payable		<b>16,272</b>	18,001
Total current liabilities		<b>431,608</b>	398,928
<b>NET CURRENT ASSETS</b>		<b>1,224,329</b>	1,260,590
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,962,896</b>	1,978,213

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	100,000	100,000
Lease liabilities	9,812	10,719
Deferred income	64,402	65,288
Deferred tax liabilities	2,408	2,653
	<hr/>	<hr/>
Total non-current liabilities	176,622	178,660
	<hr/>	<hr/>
Net assets	1,786,274	1,799,553
	<hr/>	<hr/>
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Issued capital	140,272	140,377
Reserves	1,594,933	1,604,436
	<hr/>	<hr/>
	1,735,205	1,744,813
	<hr/>	<hr/>
Non-controlling interests	51,069	54,740
	<hr/>	<hr/>
Total equity	1,786,274	1,799,553
	<hr/>	<hr/>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

## 1. CORPORATE 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 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 period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the trading and manufacturing of power electronic components.

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

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRSs 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i>

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

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
- IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

### 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

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

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Sale of power electronic components	<b>420,042</b>	490,784

All of the Group's revenue are recognised at a point in time when goods are delivered. 97% (six months ended 30 June 2021: 98%) of the Group's revenue from contracts with customers is related to sales of power electronic components in Mainland China.

Other income		
Government grants*	<b>9,225</b>	7,999
Bank interest income	<b>3,750</b>	2,945
Interest income arising from revenue contracts	<b>1,294</b>	2,233
Fair value gains on financial investments at fair value through profit or loss	<b>325</b>	1,371
Other interest income	<b>388</b>	388
Others	<b>586</b>	357
	<b>15,568</b>	15,293
Gains		
Foreign exchange gains, net	<b>7,578</b>	–
Fair value gains on foreign currency forward contracts, net	<b>1,456</b>	–
Gain on disposal of property, plant and equipment, net	<b>186</b>	294
Gain on disposal of assets classified as held for sale	<b>–</b>	2,253
	<b>9,220</b>	2,547
	<b>24,788</b>	17,840

- \* 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 condensed consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these government grants.



## 5. LOSS BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of inventories sold	<b>303,207</b>	365,010
Write-down/(reversal of write-down) of inventories to net realisable value, net	<b>1,141</b>	(987)
Cost of sales	<b>304,348</b>	364,023
Depreciation of property, plant and equipment	<b>17,604</b>	11,007
Depreciation of right-of-use assets	<b>1,914</b>	2,047
Amortisation of deferred development costs	<b>1,775</b>	1,149
Amortisation of other intangible assets (excluding deferred development costs)	<b>1,670</b>	1,732
Impairment/(reversal of impairment) of trade receivables and contract assets, net	<b>1,919</b>	(406)
Impairment of financial assets included in prepayments, other receivables and other assets, net	<b>143</b>	169
Fair value loss/(gain) on foreign currency forward contracts, net	<b>(1,456)</b>	11,031
Foreign exchange differences, net	<b>(7,578)</b>	1,025

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on bank loans	<b>3,710</b>	7,766
Interest on lease liabilities	<b>186</b>	221
	<b>3,896</b>	7,987

## 7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2021: Nil (unaudited)).

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% (six months ended 30 June 2021: 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% (six months ended 30 June 2021: approximately 18%) and 32% (six months ended 30 June 2021: approximately 32%), respectively.

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Group:		
Current – Hong Kong		
Charge for the period	–	–
Current – Elsewhere		
Charge for the period	<b>6,589</b>	2,783
Overprovision in prior periods	<b>(3)</b>	(776)
Deferred	<b>179</b>	2,499
	<hr/>	<hr/>
Total tax charge for the period	<b><u>6,765</u></b>	<b><u>4,506</u></b>

## 8. DIVIDENDS

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Final declared – Nil cents (2021: HK3 cents) per ordinary share	<b><u>–</u></b>	<b><u>40,838</u></b>

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

The calculation of basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of RMB7,149,000 (six months ended 30 June 2021: RMB10,957,000 (unaudited)), and the weighted average number of ordinary shares of 1,638,392,511 (six months ended 30 June 2021: 1,633,715,003 (unaudited)) in issue during the period.

The calculations of basic loss per share are based on:

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<b><u>(7,149)</u></b>	<b><u>(10,957)</u></b>

Number of shares	
For the six months ended 30 June	
2022	2021
(Unaudited)	(Unaudited)

Shares

Weighted average number of ordinary shares in issue

during the period used in the basic loss per share calculation

<b>1,638,392,511</b>	1,633,715,003
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No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

## 10. TRADE AND BILLS RECEIVABLES

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables	668,525	491,809
Impairment	(8,882)	(6,874)
	<b>659,643</b>	484,935
Bills receivable	96,168	144,410
	<b>755,811</b>	629,345

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. The Group does not hold any collateral or other credit enhancements over its trade receivables. Trade receivables are non-interest-bearing.

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	<b>31 December 2021 RMB'000 (Audited)</b>
Within 3 months	<b>313,734</b>	319,852
3 to 6 months	<b>145,788</b>	83,422
6 to 12 months	<b>122,845</b>	58,592
Over 1 year	<b>77,276</b>	23,069
	<b>659,643</b>	<b>484,935</b>

At 30 June 2022, the Group's bills receivable would mature within twelve (31 December 2021: twelve (audited)) months.

## 11. TRADE AND BILLS PAYABLES

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	<b>31 December 2021 RMB'000 (Audited)</b>
Within six months	<b>175,741</b>	153,853
Over six months	<b>34,738</b>	28,239
	<b>210,479</b>	<b>182,092</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

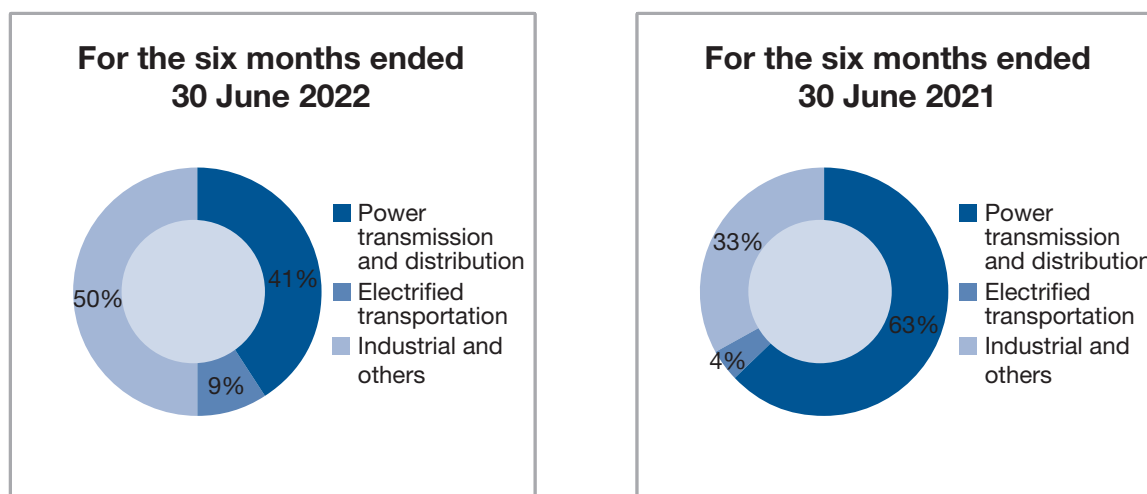
	For the six months ended 30 June			
	2022		2021	
	Revenue	Gross profit	Revenue	Gross profit
	(RMB'000)	margin	(RMB'000)	margin
Domestic market	407,524	26.8%	479,909	25.4%
Overseas market	12,518	52.3%	10,875	46.3%
<b>Total</b>	<b>420,042</b>	<b>Average 27.5%</b>	<b>490,784</b>	<b>Average 25.8%</b>

#### (2) Domestic market performance

The products provided by the Group are categorised into applied sectors, namely, power transmission and distribution, electrified transportation and industrial and others. The Group's performance in the domestic market is as follows:

	For the six months ended 30 June			
	2022		2021	
Applied sectors	Revenue	Gross profit	Revenue	Gross profit
	(RMB'000)	margin	(RMB'000)	margin
Power transmission and distribution	166,499	35.7%	303,369	27.7%
Electrified transportation	36,908	12.9%	18,792	23.7%
Industrial and others	204,117	22.0%	157,748	21.0%
<b>Total</b>	<b>407,524</b>	<b>Average 26.8%</b>	<b>479,909</b>	<b>Average 25.4%</b>

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



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

The Group provides a wide range of products such as anode saturation reactors, power capacitors and DC support capacitors for flexible DC transmission to the high-voltage DC transmission sector. In addition, the Group provides a wide range of products such as intelligent power grid online monitoring systems, power capacitors and power quality control devices to other power transmission and distribution sectors such as intelligent power grid. The Group's performance in the power transmission and distribution sector is as follows:

	For the six months ended 30 June		Change
	2022 Revenue (RMB'000)	2021 Revenue (RMB'000)	
<b>Power transmission and distribution sector</b>	<b>166,499</b>	303,369	-45%
Ultra-high-voltage direct current (“UHVDC”) transmission	<b>72,457</b>	51,938	40%
Flexible direct current (“DC”) transmission	<b>20,912</b>	197,413	-89%
Other power transmission and distribution	<b>73,130</b>	54,018	35%

***UHVDC transmission***

In the first half of 2022, the Group made delivery in batches of products of orders for use in the Baihetan-Zhejiang  $\pm 800$ KV UHVDC transmission project and the Fujian-Guangdong interconnection project, with revenue from this sub-sector increasing by approximately 40% as compared to the same period in 2021.

### ***Flexible DC transmission***

In the first half of 2022, the Group mainly delivered products of orders for use in the  $\pm 220\text{kV}$  Zhongbu-Tingshan flexible low-frequency transmission demonstration project. The Group's revenue from this sub-sector decreased by approximately 89% as compared to the same period in 2021 as there was no delivery of new products of orders resulting from no new flexible DC transmission project being commenced.

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

In the first half of 2022, the Group's revenue from this sub-sector grew by approximately 35% as compared to the same period in 2021 due to good sales of online monitoring system and power capacitors.

## **(b) Electrified transportation sector**

The Group provides a wide range of power electronic components to the manufacturers of rail transit vehicle equipment; products such as power quality control devices, automatic cross-phase intelligent switches for electrified railways and solid-state DC circuit breakers to the manufacturers of rail transportation power supply system; and various products such as self-developed insulated gate bipolar transistors (“IGBT(s)”) and laminated busbars to the sub-sector of electric vehicles. In addition, the Group provides a variety of products such as solid-state DC/alternating current (“AC”) switches and impedance measuring devices to other transportation sectors such as marine and aviation. The Group's performance in the electrified transportation sector is as follows:

	<b>For the six months ended 30 June</b>		
	<b>2022</b>	<b>2021</b>	
	<b>Revenue</b>	<b>Revenue</b>	<b>Change</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>	
<b>Electrified transportation sector</b>	<b>36,908</b>	18,792	96%
Rail transportation	<b>21,552</b>	18,096	19%
Electric vehicles	<b>13,885</b>	118	11,667%
Other transportation	<b>1,471</b>	578	154%

### ***Rail transportation***

In the first half of 2022, the Group's revenue from this sub-sector grew by approximately 19% as compared to the same period in 2021 due to the slight increase in the volume of delivery of products of orders in this sub-sector.

### ***Electric vehicles***

In the first half of 2022, the Group's revenue from this sub-sector grew significantly as compared to the same period in 2021 due to the commencement of delivery in batches of the self-developed IGBTs.

### ***Other transportation***

As the business in this sub-sector is in the exploratory stage, projects and orders are still unstable.

## **(c) Industrial and others**

The Group supplies a wide range of products including self-developed IGBTs, laminated busbars, power quality control devices and power capacitors 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 (the "R&D") sector. The performance of the Group in the industrial and others sector is as follows:

	<b>For the six months ended 30 June</b>		
	<b>2022</b>	<b>2021</b>	<b>Change</b>
	<b>Revenue</b>	<b>Revenue</b>	
	<b>(RMB'000)</b>	<b>(RMB'000)</b>	
<b>Industrial and others</b>	<b>204,117</b>	157,748	29%
Electrical equipment	<b>148,665</b>	97,130	53%
New energy power generation	<b>47,383</b>	59,484	-20%
Scientific research institutes and others	<b>8,069</b>	1,134	612%

### ***Electrical equipment***

In the first half of 2022, the Group's revenue from this sub-sector grew by approximately 53% as compared to the same period in 2021 due to strong demand and increased market development effort in the downstream market.

### ***New energy power generation***

In the first half of 2022, the Group's revenue from this sub-sector decreased by approximately 20% as compared to the same period in 2021 due to the extended lead time for some of the distributed products.



### ***Scientific research institutes and others***

The Group supplies a wide range of products to a variety of scientific research institutions. Currently, the scale of this type of business is relatively small and the revenue is not stable.

### **(3) Overseas market performance**

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

In the first half of 2022, the Group's products sold in overseas markets included laminated busbars, solid state AC/DC switches, pulsed power supplies and impedance measurement.

	For the six months ended 30 June		
	2022	2021	Change
	Revenue (RMB'000)	Revenue (RMB'000)	
<b>Overseas market</b>	<b>12,518</b>	10,875	15%
Products of domestic subsidiaries	<b>1,299</b>	2,684	-52%
Products of overseas subsidiaries	<b>11,219</b>	8,191	37%

### **(4) Update on R&D and 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. The Group is committed to promoting the rapid development of its technological capabilities and operating results by accelerating the exploration and development of internationally leading power semiconductor and supporting device technologies, as well as international cutting-edge power electronics technologies.

#### **(a) IGBTs**

In the first half of 2022, the Group's self-developed 1200V i20 IGBT chips and d20 diode chips as well as ED type IGBT modules were approved and ordered by a number of customers in the sectors of electric vehicles, wind power generation and photovoltaic power generation, and began to deliver in batches. In addition, the Group has initiated the development of a number of new products including 1700V i20 IGBT chips and d20 diode chips, as well as ST type IGBT modules and HEEV type silicon carbide modules.

#### **(b) DC support capacitors for flexible DC transmission**

The Group delivered part of the products of batch orders for use in the  $\pm 220\text{kV}$  Zhongbu-Tingshan flexible low-frequency transmission demonstration project.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue of the Group decreased by approximately 14.4% from approximately RMB490.8 million for the six months ended 30 June 2021 to approximately RMB420.0 million for the six months ended 30 June 2022 primarily due to the decrease in revenue from the power transmission and distribution sector.

### **Cost of sales**

The cost of sales of the Group decreased by approximately 16.4% from approximately RMB364.0 million for the six months ended 30 June 2021 to approximately RMB304.3 million for the six months ended 30 June 2022 primarily due to the decrease in revenue.

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

The gross profit of the Group decreased by approximately 8.8% from approximately RMB126.8 million for the six months ended 30 June 2021 to approximately RMB115.7 million for the six months ended 30 June 2022 primarily due to the decrease in revenue.

The gross profit margin of the Group increased from approximately 25.8% for the six months ended 30 June 2021 to approximately 27.5% for the six months ended 30 June 2022 primarily due to the increase in the proportion of products with higher gross margin.

### **Other income and gains**

The other income and gains of the Group increased by approximately 39.3% from approximately RMB17.8 million for the six months ended 30 June 2021 to approximately RMB24.8 million for the six months ended 30 June 2022 primarily due to the gains on forward foreign exchange contracts.

### **Selling and distribution costs**

The selling and distribution costs of the Group increased by approximately 16.7% from approximately RMB30.0 million for the six months ended 30 June 2021 to approximately RMB35.0 million for the six months ended 30 June 2022 primarily due to the commencement of marketing activities of the self-produced IGBT business and the increase in freight costs due to the impact of higher oil prices and the COVID-19.

### **Administrative expenses**

The administrative expenses of the Group decreased slightly by approximately 1.3% from approximately RMB61.2 million for the six months ended 30 June 2021 to approximately RMB60.4 million for the six months ended 30 June 2022.

## **R&D costs**

The R&D costs of the Group decreased by approximately 3.9% from approximately RMB41.3 million for the six months ended 30 June 2021 to approximately RMB39.7 million for the six months ended 30 June 2022.

## **Other expenses and losses**

The other expenses and losses of the Group decreased significantly by approximately 82.4% from approximately RMB11.9 million for the six months ended 30 June 2021 to approximately RMB2.1 million for the six months ended 30 June 2022 primarily due to the loss on forward foreign exchange contracts for the same period in 2021.

## **Finance costs**

The finance costs of the Group decreased by approximately 51.3% from approximately RMB8.0 million for the six months ended 30 June 2021 to approximately RMB3.9 million for the six months ended 30 June 2022 primarily due to the decrease in outstanding bank loans in the period.

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

The Group's share of losses of a joint venture increased from approximately RMB0.4 million for the six months ended 30 June 2021 to approximately RMB3.4 million for the six months ended 30 June 2022 primarily due to the increase in losses of Beijing Yaoting Tengyi Investment Partnership (北京曜廷騰逸投資合夥企業(有限合夥)).

## **Loss before tax**

As a result of the foregoing, the loss before tax of the Group decreased from approximately RMB8.2 million for the six months ended 30 June 2021 to approximately RMB4.2 million for the same period in 2022.

## **Income tax expense**

The income tax expenses of the Group increased by approximately 51.1% from approximately RMB4.5 million for the six months ended 30 June 2021 to approximately RMB6.8 million for the six months ended 30 June 2022 primarily due to the increase in profit from businesses other than the self-produced IGBT business.

## **Total comprehensive loss for the period**

The net profit margin of the Group, which is calculated as loss attributable to owners of the parent for the period divided by revenue, increased from approximately -2.2% for the six months ended 30 June 2021 to approximately -1.7% for the six months ended 30 June 2022.

The loss attributable to owners of the parent decreased by approximately 35.5% from approximately RMB11.0 million for the six months ended 30 June 2021 to approximately RMB7.1 million for the six months ended 30 June 2022 primarily due to the increase in profit from businesses other than the self-produced IGBT business.

The total comprehensive loss attributable to owners of the parent decreased by approximately 49.1% from approximately RMB11.0 million for the six months ended 30 June 2021 to approximately RMB5.6 million for the six months ended 30 June 2022 primarily due to the increase in profit from businesses other than the self-produced IGBT business.

### **Inventories**

The inventories of the Group decreased by approximately 10.1% from approximately RMB206.5 million as at 31 December 2021 to approximately RMB185.7 million as at 30 June 2022 primarily due to the decrease in stocking.

The average inventory turnover days of the Group decreased from approximately 147 days for the year ended 31 December 2021 to approximately 127 days for the six months ended 30 June 2022 primarily due to the decrease in stocking.

### **Trade and bills receivables**

The trade and bills receivables of the Group increased by approximately 20.1% from approximately RMB629.3 million as at 31 December 2021 to approximately RMB755.8 million as at 30 June 2022 primarily due to the slow turnaround as a result of the impact of the COVID-19.

The average trade and bills receivables turnover days of the Group increased from approximately 245 days for the year ended 31 December 2021 to approximately 288 days for the six months ended 30 June 2022 primarily due to the slow turnaround as a result of the impact of the COVID-19.

### **Trade and bills payables**

The trade and bills payables of the Group increased by approximately 15.6% from approximately RMB182.1 million as at 31 December 2021 to approximately RMB210.5 million as at 30 June 2022 primarily due to the adjustments to payment policy.

The average trade and bills payables turnover days of the Group increased from approximately 102 days for the year ended 31 December 2021 to approximately 116 days for the six months ended 30 June 2022 primarily due to the adjustments to payment policy.

### **Liquidity and financial resources**

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

The current ratio of the Group, which is calculated as current assets divided by current liabilities, decreased from approximately 4.2 as at 31 December 2021 to approximately 3.8 as at 30 June 2022 primarily due to the increase in accounts payable and bills balances.

As at 30 June 2022, the cash and cash equivalents of the Group were mainly denominated in Renminbi and Swiss francs. The cash and cash equivalents of the Group decreased by approximately 6.8% from approximately RMB587.2 million as at 31 December 2021 to approximately RMB547.1 million as at 30 June 2022 primarily due to the decrease in revenue and the commencement of the self-produced IGBT business.

As at 30 June 2022, the interest-bearing bank borrowings of the Group were denominated in Renminbi and Hong Kong dollars. The interest-bearing bank borrowings of the Group decreased slightly by approximately 1.7% from approximately RMB204.1 million as at 31 December 2021 to RMB200.6 million as at 30 June 2022, of which RMB192.0 million were bank borrowings with fixed interest rates.

The gearing ratio of the Group, measured on the basis of total interest-bearing bank borrowings to total equity, decreased slightly from approximately 11.3% as at 31 December 2021 to approximately 11.2% as at 30 June 2022.

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

### **Pledge of Group's assets**

As at 30 June 2022, certain of the bills payable of the Group were secured by the bills receivable amounting to approximately RMB40.5 million (31 December 2021: approximately RMB23.2 million).

As at 30 June 2022, bank loans of the Group in the amount of RMB100.0 million were secured by certain of the land use rights and building, plant and machinery with net carrying amounts as at 30 June 2022 of approximately RMB16.9 million and RMB83.2 million (31 December 2021: approximately RMB17.1 million and RMB84.3 million), respectively.

### **Foreign currency exposure**

As most of the principal subsidiaries of the Company operate in the People's Republic of China, their functional currency is Renminbi. 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 hedge against its exchange rate exposures.

### **Contingent liabilities**

As at 30 June 2022, the Group had no significant contingent liabilities (31 December 2021: Nil).

## **HUMAN RESOURCES**

As at 30 June 2022, the Group employed 729 employees. Key components of the Group's remuneration packages included basic salary, medical insurance, discretionary cash bonus, retirement benefit scheme and share options. 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**

With the gradual implementation of various economic stabilisation policies such as the “Package of Policies and Measures to Solidly Stabilise the Economy” (《紮實穩住經濟的一攬子政策措施》), and the gradual improvement of the COVID-19 situation in the Mainland China, the domestic economy showed a steadily recovering trend. Recently, the State Grid Corporation of China convened a meeting to promote the construction of major projects, proposing to increase the “three-way and nine-direct” ultra-high-voltage and other preliminary work, and strive to approve the Jinshang-Hubei, Longdong-Shandong, Ningxia-Hunan and Hami-Chongqing UHVDC transmission projects within the year. In addition, a number of DC transmission projects, such as the  $\pm 500\text{kV}$  Gezhouba-Nanqiao DC transmission project, and the Yangjiang-Qingzhou offshore wind farm soft and straight centralised transmission project, are also expected to commence construction. The Group's businesses in the sectors like the power transmission and distribution sector, the electrified transportation sector and the industrial and others sector are showing good development momentum. The above-mentioned favourable factors have provided the Group with good opportunities for the rapid development of its business in the long run.

In the second half of 2022, the Group will continue to expand its customer base and business scale for 1200V i20 IGBT chips and d20 diode chips as well as ED type IGBT modules, and accelerate the R&D of 1700V i20 IGBT chips and d20 diode chips, ST type IGBT modules and HEEV type silicon carbide modules, as well as the construction of the second IGBT module packaging and testing production line.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

There were 1,635,948,000 shares of the Company (the “**Share(s)**”) in issue as at 30 June 2022.

During the six months ended 30 June 2022, the Company repurchased 4,000,000 Shares for an aggregate purchase price (including relevant expenses) of approximately HK\$8,426,287 on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Details of the repurchase of such Shares are as follows:

Month of repurchase in 2022	Number of Shares repurchased	Price per Share		Aggregate purchase price <i>(approximately)</i> <i>(HK\$)</i>
		Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>	
April	1,800,000	2.28	2.05	3,855,245
May	2,200,000	2.17	1.98	4,571,042

The 4,000,000 Shares repurchased were cancelled in the first half of 2022.

The aforementioned repurchases were made for the benefit of the Company and its shareholders (the “**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**

The Group had no material acquisition and disposal during the six months ended 30 June 2022.

## **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 of the Company. 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 practice. The Board also reviews and monitors the practice of the Company from time to time with the aim of maintaining and improving the standard of corporate governance practice. The Company met the applicable code provisions set out in Part 2 of the Corporate Governance Code during the six months ended 30 June 2022.

## **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 six months ended 30 June 2022.



## 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 interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022.

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 Company's annual report for the year 2021.

## DIVIDENDS

As the Group recognised loss for the six months ended 30 June 2022, the Board has not recommended the payment of any interim dividend for the six months ended 30 June 2022 (2021: Nil).

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 interim report for the year 2022 will be available at the same websites and despatched to the Shareholders in due course.

## ONLINE MEETING

The Company will host an online meeting to discuss the interim results of the Group for the six months ended 30 June 2022 with the Shareholders and the potential investors of the Company on Thursday, 25 August 2022 from 10:00 a.m. to 11:00 a.m. (Hong Kong time).

The meeting is held on the Tencent Meeting platform. Details of the meeting participation are as follows:

Network attendance:	<a href="https://meeting.tencent.com/dm/qeZ2nXiA87t1">https://meeting.tencent.com/dm/qeZ2nXiA87t1</a>
Tencent Meeting number:	819 803 993
Meeting password:	000580

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

Hong Kong, 24 August 2022

*As at the date of this announcement, the executive Directors are Mr. Xiang Jie, Mr. Gong Renyuan and Mr. Yue Zhoumin; 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.*