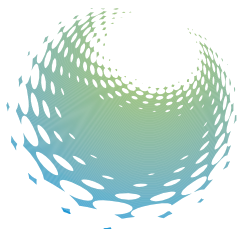


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**Sun.King Technology Group Limited**  
**賽晶科技集團有限公司**

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

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
**AND CLOSURE OF REGISTER OF MEMBERS**

**FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 1.4% to approximately RMB917.8 million.
- Gross profit decreased by approximately 7.9% to approximately RMB261.4 million.
- Gross profit margin decreased from approximately 30.5% to approximately 28.5%.
- Profit attributable to owners of the parent amounted to approximately RMB24.0 million.
- Earnings per share amounted to approximately RMB1.47 cents (basic) and approximately RMB1.46 cents (diluted).

**ANNUAL 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 audited annual results of the Group for the year ended 31 December 2022, with the comparative figures for the corresponding year in 2021, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***Year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
<b>REVENUE</b>	<i>4</i>	<b>917,780</b>	930,992
Cost of sales		<u>(656,379)</u>	<u>(647,178)</u>
Gross profit		<b>261,401</b>	283,814
Other income and gains, net	<i>4</i>	<b>69,690</b>	40,197
Selling and distribution expenses		<b>(69,223)</b>	(64,689)
Administrative expenses		<b>(116,387)</b>	(112,359)
Research and development costs		<b>(90,064)</b>	(84,064)
Other expenses and losses, net		<b>(5,033)</b>	(13,656)
Finance costs	<i>6</i>	<b>(7,648)</b>	(10,338)
Share of profits and losses of:			
A joint venture		<b>(3,842)</b>	(2,235)
An associate		<u><b>(8)</b></u>	<u>(47)</u>
<b>PROFIT BEFORE TAX</b>	<i>5</i>	<b>38,886</b>	36,623
Income tax expense	<i>7</i>	<u><b>(15,859)</b></u>	<u>(18,072)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>23,027</b></u>	<u>18,551</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income 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>2,970</b>	3,261
Exchange differences on translation of foreign operations		<u><b>(2,222)</b></u>	<u>(372)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<u><b>748</b></u>	<u>2,889</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>23,775</b></u>	<u>21,440</u>

	<i>Note</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <b><i>RMB'000</i></b>
Profit/(loss) attributable to:			
Owners of the parent		<b>23,986</b>	15,459
Non-controlling interests		<b>(959)</b>	3,092
		<b><u>23,027</u></b>	<b><u>18,551</u></b>
Total comprehensive income/(loss) attributable to:			
Owners of the parent		<b>25,448</b>	18,506
Non-controlling interests		<b>(1,673)</b>	2,934
		<b><u>23,775</u></b>	<b><u>21,440</u></b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	<b>9</b>		
Basic		<b><u>RMB1.47 cents</u></b>	<b><u>RMB0.95 cents</u></b>
Diluted		<b><u>RMB1.46 cents</u></b>	<b><u>RMB0.95 cents</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		513,308	516,782
Right-of-use assets		59,361	56,967
Deposits for purchase of property, plant and equipment		42,601	2,979
Goodwill		6,878	6,878
Other intangible assets		71,560	62,212
Investment in a joint venture		9,846	13,688
Investment in an associate		1,139	1,147
Contract assets	10	45,729	50,950
Deferred tax assets		3,120	6,020
Total non-current assets		753,542	717,623
<b>CURRENT ASSETS</b>			
Inventories		163,114	206,457
Trade and bills receivables	10	798,243	629,345
Contract assets	10	6,938	64,387
Prepayments, deposits and other receivables		36,036	61,345
Derivative financial instruments		7,443	—
Financial investments at fair value through other comprehensive income		101,755	98,261
Pledged deposits		10,784	12,547
Cash and cash equivalents		618,768	587,176
Total current assets		1,743,081	1,659,518
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	250,837	182,092
Other payables and accruals		79,863	75,846
Contract liabilities		13,769	16,758
Lease liabilities		2,795	2,143
Interest-bearing bank borrowings		45,990	104,088
Tax payable		15,615	18,001
Total current liabilities		408,869	398,928
<b>NET CURRENT ASSETS</b>		1,334,212	1,260,590
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,087,754	1,978,213

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>2,087,754</b>	1,978,213
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	100,000	100,000
Lease liabilities	8,249	10,719
Deferred income	63,218	65,288
Deferred tax liabilities	2,339	2,653
Total non-current liabilities	173,806	178,660
Net assets	1,913,948	1,799,553
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Issued capital	139,768	140,377
Reserves	1,691,251	1,604,436
	1,831,019	1,744,813
Non-controlling interests	82,929	54,740
Total equity	1,913,948	1,799,553

# NOTES TO FINANCIAL STATEMENTS

31 December 2022

## 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 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>
<i>Annual Improvements to IFRSs 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group 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* (the “**Conceptual Framework**”) 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 business combinations during the year, 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 as determined by IAS 2 *Inventories*, 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 prior to the property, plant and equipment being available for use, 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 from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment which is principally engaged in the manufacturing and trading of power electronic components. All of 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 2022, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue.

In 2021, revenue of approximately RMB234,849,000 (more than 10% of the Group's revenue) was derived from sales to a single external customer.

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

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Revenue</b>		
Sale of power electronic components	<b>917,780</b>	930,992

96% (2021: 98%) of the Group's revenue from contracts with customers is related to sales of power electronic components in Mainland China. The performance obligation is satisfied upon delivery of the products.

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Sale of power electronic components	<b>16,758</b>	19,284

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

An analysis of other income and gains is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants*	<b>26,090</b>	22,699
Bank interest income	<b>5,566</b>	6,244
Other interest income	<b>783</b>	782
Interest income arising from revenue contracts	<b>2,304</b>	3,371
Foreign exchange differences, net	<b>24,988</b>	-
Fair value gains on foreign currency forward contracts, net	<b>7,443</b>	-
Fair value gains on financial investments at fair value through profit or loss	<b>1,371</b>	2,565
Gain on derecognition of financial investments at fair value through other comprehensive income	-	191
Gain on disposal of assets classified as held for sale	-	2,253
Gain on disposal of property, plant and equipment, net	<b>190</b>	297
Others	<b>955</b>	1,795
	<b>69,690</b>	40,197

\* 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>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Cost of inventories sold		<b>655,493</b>	648,508
Write-down of inventories to net realisable value, net		<b>886</b>	(1,330)
Cost of sales		<b>656,379</b>	647,178
Auditor's remuneration		<b>1,700</b>	1,700
Depreciation of property, plant and equipment		<b>37,584</b>	25,740
Depreciation of right-of-use assets		<b>3,978</b>	3,906
Amortisation of deferred development costs		<b>4,628</b>	2,289
Amortisation of other intangible assets (excluding deferred development costs)		<b>3,525</b>	2,952
Lease payments not included in the measurement of lease liabilities		<b>889</b>	578
Impairment of trade receivables and contract assets, net*	10	<b>4,848</b>	(1,375)
Impairment of financial assets included in prepayments, deposits and other receivables, net*		<b>70</b>	745
Foreign exchange differences, net*		<b>(24,988)</b>	2,639
Fair value losses/(gains) on foreign currency forward contracts, net*		<b>(7,443)</b>	11,531
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		<b>89,783</b>	68,060
Share-based payment expense		<b>813</b>	1,362
Pension scheme contributions**		<b>16,210</b>	13,167
		<b>106,806</b>	82,589

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

\*\* At 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2021: Nil).

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank loans	7,283	9,932
Interest on lease liabilities	365	406
	<u>7,648</u>	<u>10,338</u>

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

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% (2021: 25%). Certain subsidiaries of the Group are qualified as high technology enterprises and hence are granted a preferential CIT rate of 15% (2021: 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% (2021: approximately 18%) and 32% (2021: approximately 32%), respectively.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current – Hong Kong		
Charge for the year	–	1,876
Current – Elsewhere		
Charge for the year	13,852	13,806
Underprovision/(overprovision) in prior years	72	(612)
Deferred	<u>1,935</u>	<u>3,002</u>
Total tax charge for the year	<u>15,859</u>	<u>18,072</u>

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled/operated to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

## 2022

	Hong Kong		Europe		Mainland China		Total	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Profit/(loss) before tax	<u>(10,301)</u>		<u>(20,680)</u>		<u>69,867</u>		<u>38,886</u>	
Tax at the statutory tax rate	(1,700)	16.5	(4,075)	19.7	17,467	25.0	11,692	30.1
Lower tax rates for specific provinces or enacted by local authority	(148)	1.4	–	–	(10,853)	(15.5)	(11,001)	(28.3)
Loss attributable to a joint venture	–	–	–	–	961	1.4	961	2.5
Loss attributable to an associate	–	–	–	–	2	–	2	–
Income not subject to tax	(860)	8.4	–	–	–	–	(860)	(2.2)
Expenses not deductible for tax	2,072	(20.1)	21	(0.1)	8,444	12.1	10,537	27.1
Additional deductible allowance for research and development expenses	–	–	–	–	(13,593)	(19.5)	(13,593)	(35.0)
Tax losses utilised from previous periods	–	–	(163)	0.8	(1,323)	(1.9)	(1,486)	(3.8)
Tax losses not recognised	636	(6.2)	3,776	(18.3)	15,123	21.6	19,535	50.2
Adjustments in respect of current tax of previous periods	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>72</u>	<u>0.1</u>	<u>72</u>	<u>0.2</u>
Tax charge/(credit) at the Group's effective rate	<u>–</u>	<u>–</u>	<u>(441)</u>	<u>2.1</u>	<u>16,300</u>	<u>23.3</u>	<u>15,859</u>	<u>40.8</u>

	Hong Kong		Europe		Mainland China		Total	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Profit/(loss) before tax	<u>5,342</u>		<u>(18,414)</u>		<u>49,695</u>		<u>36,623</u>	
Tax at the statutory tax rate	881	16.5	(3,832)	20.8	12,424	25.0	9,473	25.9
Lower tax rates for specific provinces or enacted by local authority	(135)	(2.5)	–	–	(11,267)	(22.7)	(11,402)	(31.1)
Loss attributable to a joint venture	–	–	–	–	559	1.1	559	1.5
Loss attributable to an associate	–	–	–	–	12	–	12	–
Income not subject to tax	(7)	(0.1)	–	–	–	–	(7)	–
Expenses not deductible for tax	1,137	21.2	18	(0.1)	14,553	29.3	15,708	42.8
Additional deductible allowance for research and development expenses	–	–	–	–	(13,162)	(26.5)	(13,162)	(35.9)
Tax losses utilised from previous periods	–	–	–	–	(1,811)	(3.6)	(1,811)	(4.9)
Tax losses not recognised	–	–	3,371	(18.3)	15,943	32.1	19,314	52.7
Adjustments in respect of current tax of previous periods	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(612)</u>	<u>(1.2)</u>	<u>(612)</u>	<u>(1.7)</u>
Tax charge/(credit) at the Group's effective rate	<u>1,876</u>	<u>35.1</u>	<u>(443)</u>	<u>2.4</u>	<u>16,639</u>	<u>33.5</u>	<u>18,072</u>	<u>49.3</u>

There was no share of tax attributable to an associate for the year ended 31 December 2022 (2021: Nil).

## 8. DIVIDENDS

No dividends have been declared by the Company during the year ended 31 December 2022 (2021: Nil).

## 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 RMB23,986,000 (2021: RMB15,459,000), and the weighted average number of ordinary shares of 1,635,080,505 (2021: 1,635,098,730) 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:

	2022 <i>RMB'000</i>	2021 <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>23,986</u>	<u>15,459</u>
	<b>Number of shares</b>	
	2022	2021
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,635,080,505	1,635,098,730
Effect of dilution – weighted average number of ordinary shares: Share options	<u>5,072,604</u>	<u>9,683,842</u>
	<u><b>1,640,153,109</b></u>	<u><b>1,644,782,572</b></u>

#### 10. TRADE AND BILLS RECEIVABLES/CONTRACT ASSETS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	654,024	491,809
Impairment	<u>(11,822)</u>	<u>(6,874)</u>
	642,202	484,935
Bills receivable	<u>156,041</u>	<u>144,410</u>
	<u><b>798,243</b></u>	<u><b>629,345</b></u>
	<b>31 December 2022 <i>RMB'000</i></b>	<b>31 December 2021 <i>RMB'000</i></b>
		<b>1 January 2021 <i>RMB'000</i></b>
Contract assets arising from sale of power electronic components	52,859	115,697
Impairment	<u>(192)</u>	<u>(360)</u>
	<u><b>52,667</b></u>	<u><b>115,337</b></u>
Analysed into:		
Current portion	6,938	64,387
Non-current portion	<u>45,729</u>	<u>50,950</u>
	<u><b>52,667</b></u>	<u><b>115,337</b></u>
	<u><b>52,667</b></u>	<u><b>186,354</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 in contract assets in 2022 and 2021 are the result of the receipt of sales contract amounts and expiration of quality guarantee deposits.

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

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Within one year	<b>6,938</b>	64,387
More than one year	<b>45,729</b>	50,950
	<hr/>	<hr/>
Total contract assets	<b>52,667</b>	115,337
	<hr/> <hr/>	<hr/> <hr/>

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the customers' acknowledge of receipt or invoice date, where applicable, and net of loss allowance, is as follows:

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Within 3 months	<b>352,042</b>	319,852
3 to 6 months	<b>122,030</b>	83,422
6 to 12 months	<b>97,509</b>	58,592
Over 1 year	<b>70,621</b>	23,069
	<hr/>	<hr/>
	<b>642,202</b>	484,935
	<hr/> <hr/>	<hr/> <hr/>

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

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

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
At beginning of year	<b>6,874</b>	10,112
Impairment losses, net ( <i>note 5</i> )	<b>5,016</b>	(865)
Amount written off as uncollectible	<b>(68)</b>	(2,373)
	<hr/>	<hr/>
At end of year	<b>11,822</b>	6,874
	<hr/> <hr/>	<hr/> <hr/>

The increase in the loss allowance in 2022 was mainly due to the increase in sales contract amounts. The decrease in the loss allowance in 2021 was mainly due to the write-off of long-aged irrecoverable trade receivables.

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

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
At beginning of year	<b>360</b>	870
Impairment losses, net ( <i>note 5</i> )	<b>(168)</b>	(510)
	<hr/>	<hr/>
At end of year	<b>192</b>	360
	<hr/> <hr/>	<hr/> <hr/>

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 and 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 2022

<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	383,311	283,884	25,868	10,057	3,763	706,883
Amount from Tier 1 customers	—	31,696	—	—	—	31,696
Carrying amount without Tier 1 customers	383,311	252,188	25,868	10,057	3,763	675,187
Expected credit loss rate (%)	0.34	0.34	11.50	31.11	100.00	1.78
Expected credit losses	1,295	853	2,974	3,129	3,763	12,014

### 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	1,083	567	1,177	950	3,457	7,234

At 31 December 2022, certain bills receivable of the Group with an aggregate carrying amount of RMB48,733,000 (2021: RMB23,174,000) were pledged to secure certain of the Group's bills payable (note 11).

At 31 December 2022, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “**Endorsed Bills**”) with a carrying amount of RMB17,750,000 (2021: RMB11,369,000) 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 2022, 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 RMB59,467,000 (2021: RMB50,231,000). 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.

## 11. TRADE AND BILLS PAYABLES

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

	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
Within six months	<b>203,910</b>	153,853
Over six months	<b>46,927</b>	28,239
	<b>250,837</b>	182,092

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

At 31 December 2022, certain of the Group’s bills payable are secured by the pledge of the Group’s bank deposits amounting to RMB536,000 (2021: RMB658,000) and the Group’s bills receivable amounting to RMB48,733,000 (2021: RMB23,174,000) (note 10), respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

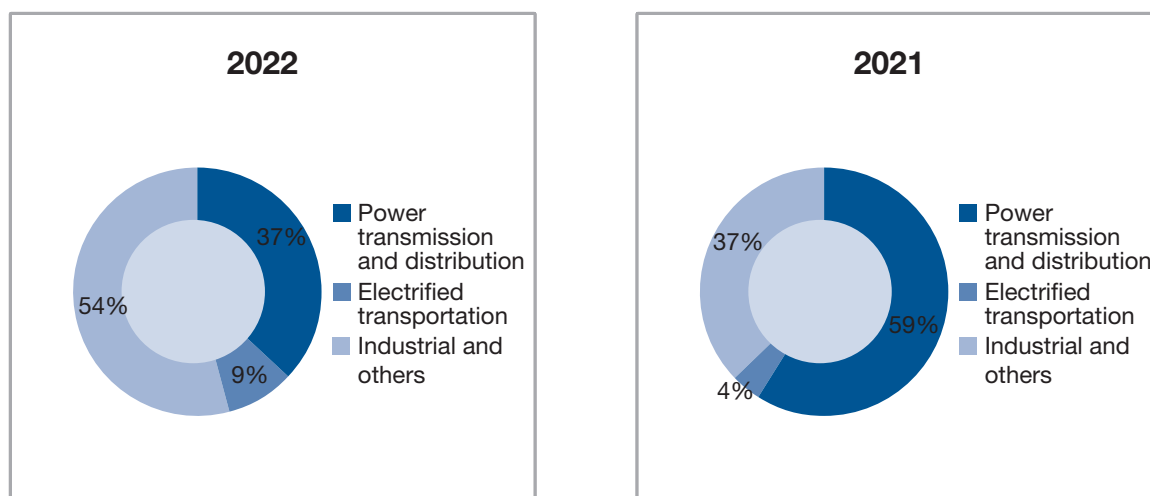
	For the year ended 31 December			
	2022		2021	
	Revenue	Gross profit	Revenue	Gross profit
	(RMB' 000)	margin	(RMB' 000)	margin
Domestic market	880,293	27%	910,550	30%
Overseas market	37,487	53%	20,442	58%
<b>Total</b>	<b>917,780</b>	<b>Average 28%</b>	<b>930,992</b>	<b>Average 30%</b>

#### (2) Domestic market performance

The products supplied 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 year ended 31 December			
	2022		2021	
Applied sectors	Revenue	Gross profit	Revenue	Gross profit
	(RMB' 000)	margin	(RMB' 000)	margin
Power transmission and distribution	322,671	41%	539,292	36%
Electrified transportation	80,721	15%	36,840	23%
Industrial and others	476,901	20%	334,418	21%
<b>Total</b>	<b>880,293</b>	<b>Average 27%</b>	<b>910,550</b>	<b>Average 30%</b>

The proportion of revenue from 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 direct current (“DC”) support capacitors for flexible DC transmission to the high-voltage DC transmission sector. In addition, the Group provides products such as intelligent power grid online monitoring systems and power capacitors to other power transmission and distribution sectors. The Group's performance in the power transmission and distribution sector is as follows:

	For the year ended 31 December		
	2022	2021	
	Revenue	Revenue	Change
	(RMB'000)	(RMB'000)	
<b>Power transmission and distribution sector</b>	<b>322,671</b>	<b>539,292</b>	<b>-40%</b>
Ultra-high voltage DC (“UHVDC”) transmission	<b>128,852</b>	<b>165,100</b>	<b>-22%</b>
Flexible DC transmission	<b>49,698</b>	<b>246,569</b>	<b>-80%</b>
Other power transmission and distribution	<b>144,121</b>	<b>127,623</b>	<b>13%</b>

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

The “14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Outline of Long-term Goals for 2035”, the ““Carbon Peak and Carbon Neutrality” Action Plan of the State Grid Corporation”, the ““14th Five-Year Plan” of Southern Grid for Power Grid Development” and other policies and plannings all purposed the enhancement of construction and efficiency of clean energy delivery channels such as ultra-high voltage transmission projects.

In 2022, investment levels in UHVDC transmission and flexible DC transmission sector were relatively low and the construction scale of such were relatively small, in which only the Baihetan-Zhejiang  $\pm 800\text{KV}$  UHVDC transmission project, the Gezhouba-Nanqiao DC transmission project (hybrid DC transformation), the 220KV Zhongbu-Tingshan flexible low-frequency transmission demonstration project were under construction, in particular, no large-scale projects have been initiated in the flexible DC transmission sector, the Group’s revenue from this sub-sector was lower than 2021.

In 2023, the Jinshang – Hubei  $\pm 800\text{KV}$  UHVDC transmission project has commenced construction. In addition, Longdong – Shandong and the Ningxia – Hunan  $\pm 800\text{KV}$  UHVDC transmission projects, the Southeast Tibet-Greater Bay Area DC project (hybrid DC) and other projects are expected to commence construction.

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

In 2022, due to the increase in delivery amount of power capacitors, the Group’s revenue from this sub-sector grew as compared to 2021.

## (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 and automatic cross-phase intelligent switches for electrified railways to the manufacturers of rail transportation power supply system; and products such as self-developed insulated gate bipolar transistors (“IGBT(s)”) and laminated busbars to the subsector of electric vehicles. In addition, the Group provides products such as solid-state alternating current (“AC”)/DC 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:

	For the year ended 31 December		
	2022	2021	Change
	Revenue (RMB’000)	Revenue (RMB’000)	
<b>Electrified transportation sector</b>	<b>80,721</b>	36,840	119%
Rail transportation	<b>45,913</b>	29,700	55%
Electric vehicles	<b>26,433</b>	6,093	334%
Other transportation	<b>8,375</b>	1,047	700%

### ***Rail transportation***

In 2022, the Group’s revenue from this sub-sector grew as compared to 2021 due to the increase in procurement of rail transit vehicles, particularly rail freight electric locomotives, by China State Railway Group Co., Ltd..

### ***Electric vehicles***

In 2022, the Group’s revenue from this sub-sector grew significantly as compared to 2021 due to the delivery in batches of the self-developed i20 series 1200V IGBT chips and ED type IGBT modules.

### ***Other transportation***

In 2022, the Group’s revenue from this sub-sector grew significantly as compared to 2021 due to the increase in sales in the electrified vessel sector.

### (c) Industrial and others

The Group supplies products including self-developed IGBTs, laminated busbars, power quality control devices and power capacitors to the industrial sector (manufacturers of electrical control and energy saving equipment and manufacturers of new energy power generation equipment) and the scientific research and development (“R&D”) sector. The performance of the Group in the industrial and others sector is as follows:

	For the year ended 31 December		
	2022	2021	Change
	Revenue (RMB'000)	Revenue (RMB'000)	
<b>Industrial and others</b>	<b>476,901</b>	334,418	43%
Electrical equipment	<b>341,682</b>	218,200	57%
New energy power generation	<b>122,722</b>	106,481	15%
Scientific research institutes and others	<b>12,497</b>	9,737	28%

In 2022, the Group's revenue from the industrial and other sectors grew as compared to 2021 due to electrical equipment and new energy power generation sectors showing a good market momentum.

### (3) Overseas market performance

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

In 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 year ended 31 December		
	2022	2021	Change
	Revenue (RMB'000)	Revenue (RMB'000)	
<b>Overseas market</b>	<b>37,487</b>	20,442	83%
Products of domestic subsidiaries	<b>3,634</b>	4,542	-20%
Products of overseas subsidiaries	<b>33,853</b>	15,900	113%

In 2022, the Group's revenue from the overseas market grew as compared to 2021 primarily due to the increase in sales of marine solid-state DC circuit breakers.

#### **(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 the 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 the R&D of internationally leading power semiconductor and supporting device technologies, and international cutting-edge power electronics technologies.

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

###### *IGBTs*

In 2022, the Group's self-developed i20 series 1200V IGBT chips, d20 diode chips and ED type IGBT modules were successfully tested and certified by various customers and have received volume orders.

In January 2023, the Group officially launched the i20 series 1700V IGBT chips, d20 diode chips and ST type IGBT modules. In addition, the R&D of the Group's two automotive grade silicon carbide modules, HEEV type and EVD type silicon carbide modules, are progressing well.

###### *Power electronic capacitors*

The Group's DC support capacitors for flexible DC transmission became the first domestic product to be used in bulk in the 220KV Zhongbu-Tingshan flexible low-frequency transmission demonstration project, and it has been successfully used in bulk subsequently in the Suizhou Guangshui 100% new energy power system demonstration project.

###### *Integrated busbars*

The new product, integrated busbars launched by the Group are mainly used in battery packs in electric vehicles and energy storage sectors, and contracts have already been signed with various customers.

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

### *Solid-state AC/DC switches*

The marine solid-state DC circuit breakers of the Group have been certified by both China Classification Society (CCS) and DNV. In addition, the Group has signed orders with seven European and domestic customers for 12 projects, involving a total of 46 marine solid-state DC circuit breakers.

The Group's ground automatic cross-phase intelligent switches for electrified railways (solid-state switch technology) has passed all tests and project evaluation of a related technology demonstration project of a railway bureau in the People's Republic of China (the "PRC").

### *Pulse power*

The Group received another order from a company in the United States for a controlled fusion project.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue slightly decreased by approximately 1.4% from approximately RMB931.0 million for the year ended 31 December 2021 to approximately RMB917.8 million for the year ended 31 December 2022, primarily due to the decrease in revenue from the flexible DC transmission and distribution sector.

### **Cost of sales**

The cost of sales slightly increased by approximately 1.4% from approximately RMB647.2 million for the year ended 31 December 2021 to approximately RMB656.4 million for the year ended 31 December 2022, primarily due to the increase in price of certain raw materials.

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

The gross profit decreased by approximately 7.9% from approximately RMB283.8 million for the year ended 31 December 2021 to approximately RMB261.4 million for the year ended 31 December 2022, primarily due to the decrease in revenue and the increase in price of certain raw materials.

The gross profit margin decreased from approximately 30.5% for the year ended 31 December 2021 to approximately 28.5% for the year ended 31 December 2022, primarily due to the decrease in proportion of high gross profit margin products and the increase in price of certain raw materials.



## **Other income and gains**

The other income and gains significantly increased by approximately 73.4% from approximately RMB40.2 million for the year ended 31 December 2021 to approximately RMB69.7 million for the year ended 31 December 2022, primarily due to the increase in revenue from forward foreign exchange contracts.

## **Selling and distribution expenses**

The selling and distribution expenses increased by approximately 7.0% from approximately RMB64.7 million for the year ended 31 December 2021 to approximately RMB69.2 million for the year ended 31 December 2022, primarily due to the expansion of market of self-produced IGBT business.

## **Administrative expenses**

The administrative expenses increased by approximately 3.6% from approximately RMB112.4 million for the year ended 31 December 2021 to approximately RMB116.4 million for the year ended 31 December 2022, primarily due to the expansion of market of self-produced IGBT business.

## **R&D costs**

The R&D costs increased by approximately 7.1% from approximately RMB84.1 million for the year ended 31 December 2021 to approximately RMB90.1 million for the year ended 31 December 2022, primarily due to the increase in R&D costs of self-produced IGBTs.

## **Other expenses and losses**

The other expenses and losses significantly decreased by approximately 63.5% from approximately RMB13.7 million for the year ended 31 December 2021 to approximately RMB5.0 million for the year ended 31 December 2022, primarily due to the increase in revenue from forward foreign exchange contracts.

## **Finance costs**

The finance costs decreased by approximately 26.2% from approximately RMB10.3 million for the year ended 31 December 2021 to approximately RMB7.6 million for the year ended 31 December 2022, primarily due to the decrease in average balance of bank borrowings for the period.

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

The share of losses of a joint venture significantly increased by approximately 72.7% from approximately RMB2.2 million for the year ended 31 December 2021 to approximately RMB3.8 million for the year ended 31 December 2022, primarily due to the increase in losses of Beijing Yaoting Tengyi Investment Partnership (Limited Partnership) (北京曜廷騰逸投資合夥企業(有限合夥)).

## **Profit before tax**

The profit before tax increased by approximately 6.3% from approximately RMB36.6 million for the year ended 31 December 2021 to approximately RMB38.9 million for the year ended 31 December 2022, primarily due to the increase in revenue from forward foreign exchange contracts.

## **Income tax expense**

The income tax expenses decreased by approximately 12.2% from approximately RMB18.1 million for the year ended 31 December 2021 to approximately RMB15.9 million for the year ended 31 December 2022, primarily due to the decrease in partial deferred tax in the current period.

## **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, increased from approximately 1.7% for the year ended 31 December 2021 to approximately 2.6% for the year ended 31 December 2022.

The profit attributable to owners of the parent significantly increased by approximately 54.8% from approximately RMB15.5 million for the year ended 31 December 2021 to approximately RMB24.0 million for the year ended 31 December 2022, primarily due to the increase in revenue from forward foreign exchange contracts.

The total comprehensive income attributable to owners of the parent increased by approximately 37.3% from approximately RMB18.5 million for the year ended 31 December 2021 to approximately RMB25.4 million for the year ended 31 December 2022, primarily due to the increase in revenue from forward foreign exchange contracts.

## **Inventories**

The inventories decreased by approximately 21.0% from approximately RMB206.5 million as at 31 December 2021 to approximately RMB163.1 million as at 31 December 2022, primarily due to the decrease in stock at the end of the period.

The average inventory turnover days decreased from approximately 147 days for the year ended 31 December 2021 to approximately 112 days for the year ended 31 December 2022, primarily due to the decrease in stock at the end of the period.

## **Trade and bills receivables**

The trade and bills receivables increased by approximately 26.8% from approximately RMB629.3 million as at 31 December 2021 to approximately RMB798.2 million as at 31 December 2022, primarily due to the relatively slow turnover of cash collection caused by the pandemic.

The average trade and bills receivables turnover days increased from approximately 245 days for the year ended 31 December 2021 to approximately 258 days for the year ended 31 December 2022, primarily due to the relatively slow turnover of cash collection caused by the pandemic.

### **Trade and bills payables**

The trade and bills payables increased by approximately 37.7% from approximately RMB182.1 million as at 31 December 2021 to approximately RMB250.8 million as at 31 December 2022, primarily due to the account period management.

The average trade and bills payables turnover days increased from approximately 102 days for the year ended 31 December 2021 to approximately 118 days for the year ended 31 December 2022, primarily due to the account period management.

### **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 4.2 as at 31 December 2021 to approximately 4.3 as at 31 December 2022, primarily due to the increase in accounts receivable.

As at 31 December 2022, the cash and bank balances denominated in Renminbi amounted to approximately RMB429.0 million (2021: approximately RMB485.8 million). The cash and cash equivalents increased by approximately 5.4% from approximately RMB587.2 million as at 31 December 2021 to approximately RMB618.8 million as at 31 December 2022, primarily due to the net cash inflow from operating activities and the increase in financing in the period.

As at 31 December 2022, the interest-bearing bank borrowings were denominated in Renminbi. The interest-bearing bank borrowings decreased by approximately 28.5% from approximately RMB204.1 million as at 31 December 2021 to RMB146.0 million as at 31 December 2022, primarily due to the adjustment of capital structure of the Group.

The gearing ratio, measured on the basis of total interest-bearing bank borrowings divided by total equity, decreased from approximately 11.3% as at 31 December 2021 to approximately 7.6% as at 31 December 2022, primarily due to the decrease in balance of bank loans of the Group.

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 PRC, 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 hedge its exchange rate exposures.

## **Contingent liabilities**

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

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

As at 31 December 2022, certain of the bills payable were secured by the pledge of the bank deposits amounting to approximately RMB0.5 million (2021: approximately RMB0.7 million) and the bills receivable amounting to approximately RMB48.7 million (2021: approximately RMB23.2 million), respectively.

As at 31 December 2022, bank loans in the amount of RMB5.0 million were secured by certain of the land use rights and buildings with net carrying amounts at 31 December 2022 of approximately RMB11.5 million and RMB37.1 million (2021: approximately RMB11.8 million and RMB38.6 million), respectively.

As at 31 December 2022, bank loans in the amount of RMB100.0 million were secured by certain of the land use rights and buildings, plant and machinery with net carrying amounts at 31 December 2022 of approximately RMB16.7 million and RMB163.5 million (2021: approximately RMB17.1 million and RMB84.3 million), respectively.

## **HUMAN RESOURCES**

As at 31 December 2022, the Group employed 778 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 appraisals 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**

Since the beginning of 2023, UHVDC and flexible DC transmissions have shown a good development momentum, not only Jinshang-Hubei project has commenced construction, and Longdong-Shandong, Ningxia-Hunan, south-eastern Tibetan power transmission to Guangdong-Hong Kong-Macao Greater Bay Area DC project and a number of other projects are expected to be launched within the year. In addition, there are a number of potential projects in offshore wind power flexible DC grid-connected construction, upgrading of existing high-voltage DC transmission construction and overseas flexible DC transmission projects undertaken in the PRC. The above favourable market situation has laid a good foundation for the Group's related business development.

In 2023, the Group is expected to complete the R&D of a number of power semiconductor products and bring them to the market. In addition, the second production line for power semiconductor module encapsulation and testing is expected to be completed and begin production in the third quarter, which will further enhance the production capacity of related products.

Looking ahead, the “14th Five-Year Plan” period is a critical period and a window of opportunity to realise the strategic goal of “dual carbon”, as well as a golden development period for the energy technology revolution and the upgrading of the energy equipment industry. The upstream and downstream industries of new energy, such as DC transmission, electric vehicles, new energy power generation and industrial control, which the Group is targeting, have shown good development momentum. With the corporate mission of “promoting green energy development through technological innovation”, the Group will seize the opportunities for industrial development brought about by the energy technology reform to strengthen the composition of its R&D team, continuously build core technologies, and facilitate product innovation to ensure the rapid growth in the business scale of the Company and the steadily improvement in its operating efficiency.

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

There were 1,630,328,000 shares (the “**Share(s)**”) in issue as at 31 December 2022.

For the year ended 31 December 2022, the Company repurchased 10,120,000 Shares on the Stock Exchange for a total purchase price (including relevant expenses) of approximately HK\$19,981,454. Details of the repurchase of such Shares are as follows:

<b>Month of repurchase in 2022</b>	<b>Number of Shares repurchased</b>	<b>Purchase price per Shares</b>		<b>Total purchase price (Approximation) (HK\$)</b>
		<b>Highest (HK\$)</b>	<b>Lowest (HK\$)</b>	
April	1,800,000	2.28	2.05	3,855,245
May	2,200,000	2.17	1.98	4,571,042
August	1,000,000	2.25	2.15	2,211,986
September	3,600,000	2.21	1.62	7,048,532
October	1,220,000	1.65	1.34	1,818,867
November	300,000	1.61	1.58	475,782

The 10,120,000 Shares repurchased were cancelled in 2022.

The abovementioned repurchases were made for the benefit of the Company and its shareholders (the “**Shareholders**”) as a whole, with the aim of increasing the market price per Share and improving investor confidence in the Company.

## **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. 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 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 year ended 31 December 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 audited consolidated financial statements of the Group for the year ended 31 December 2022.

## **DIVIDENDS**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: Nil).

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on Friday, 2 June 2023 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Monday, 29 May 2023. The register of members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023, 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 Friday, 2 June 2023 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 2022 will be available at the same websites and despatched to the Shareholders in due course.

## **PRESENTATION**

The Company will hold a presentation to discuss the annual results of the Group for the year ended 31 December 2022 with the Shareholders and the potential investors of the Company at Sunking Pacific Semiconductor Technology (Zhejiang) Co., Ltd. (賽晶亞太半導體科技(浙江)有限公司), 58 Jinji Road, Huimin Street, Jiashan County, Jiaxing, Zhejiang Province, PRC on Thursday, 23 March 2023 from 10:40 a.m. to 12:00 noon (Hong Kong time).

The Shareholders and the potential investors of the Company may attend the presentation through the Tencent Meeting platform, details of which are as follows:

Online meeting participation: <https://meeting.tencent.com/dm/jGbTVhIdaTu3>

Tencent Meeting code: 377 620 976

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

Hong Kong, 22 March 2023

*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.*