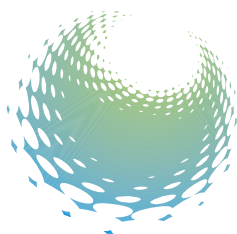


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Sun.King Power Electronics Group Limited

賽晶電力電子集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 580)

MAJOR TRANSACTION – DISPOSAL OF 43% EQUITY INTERESTS IN JIUJIANG SUNKING

THE DISPOSAL

On 29 April 2019 (after trading hours), the Vendors (one of which being Jiashan Sunking, a wholly-owned subsidiary of the Company) entered into the Share Transfer Agreement with the Purchaser, pursuant to which Jiashan Sunking has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 43% equity interests in Jiujiang Sunking for a consideration of RMB193,500,000.

LISTING RULES IMPLICATIONS

As one of the relevant percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but is below 75%, the Disposal constitutes a major transaction of the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An extraordinary general meeting will be convened to consider and, if thought fit, to approve the Share Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among others, further details of the Disposal and a notice of the extraordinary general meeting will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 22 May 2019.

SHARE TRANSFER AGREEMENT

Date:

29 April 2019 (after trading hours)

Parties:

Vendors: (a) Jiashan Sunking
(b) Beijing Hengyaoda

Purchaser: Shanghai Tanda

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company. Further, Beijing Hengyaoda, being one of the Vendors, is a connected person of the Company solely due to its shareholding in Jiujiang Sunking.

Subject of the Disposal

Pursuant to the Share Transfer Agreement, Jiashan Sunking has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 43% equity interests in Jiujiang Sunking, while Beijing Hengyaoda has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 8% equity interests in Jiujiang Sunking.

Consideration

Pursuant to the Share Transfer Agreement, the Consideration of RMB193,500,000 shall be payable by the Purchaser to Jiashan Sunking in cash in the following manner:

- (a) 40% of the Consideration, i.e. RMB77,400,000, within 30 days from fulfilment or waiver of conditions (a) to (e) set out in the paragraph headed "conditions precedent" below; and
- (b) the remaining 60% of the Consideration, i.e. RMB116,100,000, within 30 days from (i) completion of the procedures for filing of the change in shareholders, directors, supervisors and senior management with the Administration for Industry and Commerce; and (ii) fulfilment or waiver of conditions (f) to (k) set out in the paragraph headed "conditions precedent" below.

The Consideration was determined with reference to a valuation report prepared by an independent valuer.

Conditions precedent

Completion of the Share Transfer Agreement and payment of the Consideration are conditional on the fulfilment or waiver of the conditions precedent set out in the Share Transfer Agreement and the major terms of which are set out below:

- (a) Jiujiang Sunking, the Vendors (including the Company) and the Purchaser having obtained the approval of their respective boards of directors and shareholders as required under all applicable laws, rules and regulations (including the Listing Rules) for the Share Transfer Agreement and the transactions contemplated thereunder;
- (b) all the documents required for the completion of the Disposal having been executed and become effective;
- (c) the Vendors having approved the Disposal pursuant to their respective constitutional documents;
- (d) the Purchaser having approved the Disposal pursuant to its constitutional documents;
- (e) all the shareholders of Jiujiang Sunking having issued a confirmation certifying their shareholdings are unequivocal, and not subject to dispute and trust arrangement;
- (f) Jiashan Sunking and its related parties having assisted Jiujiang Sunking to maintain continuing business relationship with ABB Switzerland Ltd.;
- (g) Jiujiang Sunking having communicated with the relevant administrative department of nature resources in relation to the idle land of Jiujiang Sunking;
- (h) the register of shareholders of Jiujiang Sunking having been changed to reflect the Disposal;
- (i) the directors, supervisors and senior management of Jiujiang Sunking having been changed according to the Share Transfer Agreement;
- (j) the representations given by the Vendors in the Share Transfer Agreement remaining true, accurate and complete; and
- (k) there being no material adverse change to the operations, financial conditions and assets of Jiujiang Sunking up to the completion of the Share Transfer Agreement.

Completion of the Share Transfer Agreement

Completion of the Share Transfer Agreement shall take place upon the completion of the procedures for filing of the change in shareholders with the Administration for Industry and Commerce.

INFORMATION ON THE GROUP

The main businesses of the Group include the manufacture and trading of electronic power components. The Group's products include insulated gate bipolar transistor power modules, train operation safety equipment, power semiconductor devices, traction systems, anode saturable reactors, high voltage power capacitors and systems, and rectifiers. The Group's products are applied in railway system, power grid and industry.

INFORMATION ON THE PURCHASER

The Purchaser is mainly engaged in the manufacture, sale and repair of transportation seat systems and interior declaration systems. A subsidiary of Aviation Industry Corporation of China, Ltd. proposes to obtain control of the Purchaser by acquiring equity interests in the Purchaser and signing acting in concert agreement. As such, Aviation Industry Corporation of China, Ltd. will become the de facto controller of the Purchaser.

INFORMATION ON JIUJIANG SUNKING

Jiujiang Sunking is principally engaged in the manufacturing and trading of rectifiers and special power supplies in the PRC and the Group's rectifier and special power supply businesses are solely conducted by Jiujiang Sunking. Prior to the completion of the Share Transfer Agreement, Jiujiang Sunking is owned as to 62.25% by the Group through Jiashan Sunking, 25% by Beijing Hengyaoda and 12.75% by 九江美創科技有限公司 (Jiujiang Mei Chuang Technology Co., Ltd.*).

As at 31 March 2019, the unaudited net asset value of Jiujiang Sunking amounted to RMB256,912,241.

The net profits (both before and after taxation and extraordinary items) attributable to Jiujiang Sunking for the two financial years immediately preceding the Disposal are set out below:

	For the year ended	
	31 December	
	2017	2018
	(unaudited)	(unaudited)
	RMB	RMB
Net profits before taxation and extraordinary items	41,296,928	71,161,823
Net profits after taxation and extraordinary items	18,711,051	46,417,114

Following the completion of the Share Transfer Agreement, Jiujiang Sunking will cease to be a subsidiary of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As stated in the Announcement, Jiujiang Sunking was in the course of preparing an application to the China Securities Regulatory Commission for the Proposed A Share Listing. However, the Directors consider that it is beneficial to the Group to dispose of 43% equity interests in Jiujiang Sunking for the following reasons:

- (a) the rectifiers manufactured by Jiujiang Sunking are mainly used in the electrolytic aluminium industry in the PRC. However, the electrolytic aluminium industry in the PRC has been stagnant in recent years as it hinges on the PRC government policy. As a result, the Group's revenue derived from sale of rectifiers declined significantly for the year ended 31 December 2018; and
- (b) due to the stagnant electrolytic aluminium industry in the PRC and the significant decline in revenue derived from sale of rectifiers, the Directors have decided to divert management attention and resources into our core business of manufacture and trading of electronic power components, thereby streamlining and benefiting the operations of the Group as a whole.

The Directors believe that the terms of the transactions contemplated under the Share Transfer Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

The Disposal is expected to realise a gain of RMB92,931,652 for the Group which is derived from the difference between the value of 62.25% of Jiujiang Sunking based on the valuation report, being RMB280,125,000, and the aggregate of (a) the carrying value of 62.25% equity interests in Jiujiang Sunking, being RMB186,678,348; and (b) the legal expenses of the Disposal, being RMB515,000.

The actual financial impact of the Disposal is subject to review by the Company's auditors. The Group expects to receive net proceeds of RMB192,985,000 from the Disposal, which is intended to be applied to research and development of new products (which are mainly insulated gate bipolar transistors) and general working capital.

LISTING RULES IMPLICATION

As one of the relevant percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but is below 75%, the Disposal constitutes a major transaction of the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An extraordinary general meeting will be convened to consider and, if thought fit, to approve the Share Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among others, further details of the Disposal and a notice of the extraordinary general meeting will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 22 May 2019.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Announcement”	the announcement of the Company dated 10 May 2018 relating to the Proposed A Share Listing
“Beijing Hengyaoda”	北京衡耀達科技發展中心(有限合夥) (Beijing Hengyaoda Technology Development Centre (LLP)*), a limited liability partnership established in the PRC and currently holds 25% equity interests in Jiujiang Sunking
“Board”	the board of Directors
“Company”	Sun.King Power Electronics Group Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to Jiashan Sunking for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 43% equity interests in Jiujiang Sunking by Jiashan Sunking to the Purchaser
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiashan Sunking”	嘉善華瑞賽晶電氣設備科技有限公司 (Jiashan Sunking Power Equipment Technology Co. Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Jiujiang Sunking”	九江賽晶科技股份有限公司 (Jiujiang Sun.King Technology Co., Ltd.*), a limited liability company established in the PRC and is owned as to 62.25% by the Group and 25% by Beijing Hengyaoda
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan

“Proposed A Share Listing”	the proposed listing of the A shares of Jiujiang Sunking on the Shenzhen Stock Exchange
“Purchaser”	Shanghai Tanda
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Tanda”	上海坦達軌道車輛座椅系統有限公司 (Shanghai Tanda Rolling Stock Seat System Co. Ltd.*), a limited liability company established in the PRC
“Share Transfer Agreement”	the share transfer agreement entered into between the Vendors and the Purchaser dated 29 April 2019 in relation to the transfer of certain equity interests in Jiujiang Sunking
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Vendors”	Jiashan Sunking and Beijing Hengyaoda

* *For identification purpose only*

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

Hong Kong, 29 April 2019

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