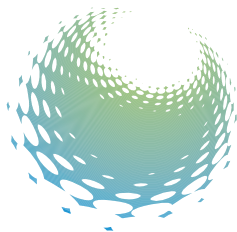


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## **Sun.King Power Electronics Group Limited**

**賽晶電力電子集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 580)**

### **CONNECTED TRANSACTION – SETTLEMENT AGREEMENT TO AGREEMENT FOR CONVERSION OF CAPITAL INTO LOAN**

Reference is made to the announcement of Sun.King Power Electronics Group Limited dated 15 April 2019 (the “**Announcement**”) in relation to the Agreement for Conversion of Capital into Loan. Capitalised terms used herein shall have the same meaning as defined in the Announcement.

As disclosed in the Announcement, Hi-Tech Property shall repay Jiashan Sunking the Loan and the outstanding interest accrued thereon upon expiry of the term of the Agreement for Conversion of Capital into Loan, i.e. 31 October 2019. As at the date hereof, the Loan of RMB24,500,000 and the interest accrued thereon in the amount of RMB2,033,500 remain outstanding.

Jiashan Henghua shall return the remaining cash to its shareholders before deregistration and the amount which Jiashan Sunking was entitled to was RMB1,295,851.65 (the “**JS Remaining Cash**”). Jiashan Henghua was unable to repay the JS Remaining Cash to Jiashan Sunking as its bank account had been closed. The obligation to repay the JS Remaining Cash was novated to Hi-Tech Property which was mainly offset against the interest accrued on the sum of RMB50,000,000 which Jiashan Henghua had advanced to Hi-Tech Property as disclosed in the Announcement.

As at the date hereof, the total amount to be repaid by Hi-Tech Property (being the Loan and the interest accrued thereon, and the JS Remaining Cash) is RMB27,829,351.65 (the “**Outstanding Loan**”).

On 14 November 2019 (after trading hours), Jiashan Sunking and Hi-Tech Property entered into the Settlement Agreement to the Agreement for Conversion of Capital into Loan in relation to the settlement arrangement of the Outstanding Loan.

## **THE SETTLEMENT AGREEMENT TO THE AGREEMENT FOR CONVERSION OF CAPITAL INTO LOAN**

The major terms of the Settlement Agreement to the Agreement for Conversion of Capital into Loan are summarised as follows:

- Date: 14 November 2019
- Parties: Jiashan Sunking (as lender); and  
Hi-Tech Property (as borrower)
- Loan amount: RMB27,829,351.65
- Interest rate: Hi-Tech Property shall pay interest on the Outstanding Loan at the rate of 8.3% per annum
- Repayment: Hi-Tech Property shall repay Jiashan Sunking:
- (a) RMB5,000,000 by 30 November 2019, among which RMB4,810,150.45 shall be in partial settlement of the Outstanding Loan and the remaining shall be in settlement of the interest accrued on the Outstanding Loan;
  - (b) RMB5,000,000 by 31 December 2019, among which RMB4,837,730.40 shall be in partial settlement of the Outstanding Loan and the remaining shall be in settlement of the interest accrued on the Outstanding Loan;
  - (c) RMB5,000,000 by 30 June 2020, among which RMB4,247,536.17 shall be in partial settlement of the Outstanding Loan and the remaining shall be in settlement of the interest accrued on the Outstanding Loan;
  - (d) RMB5,000,000 by 30 September 2020, among which RMB4,708,494.45 shall be in partial settlement of the Outstanding Loan and the remaining shall be in settlement of the interest accrued on the Outstanding Loan; and
  - (e) RMB9,290,473.21 by 31 October 2020 in full and final settlement of the Outstanding Loan and the interest accrued on the Outstanding Loan.

## **REASONS AND BENEFITS OF THE SETTLEMENT AGREEMENT TO THE AGREEMENT FOR CONVERSION OF CAPITAL INTO LOAN**

The reasons and benefits of the Settlement Agreement to the Agreement for Conversion of Capital into Loan are set out at the beginning of this announcement.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Settlement Agreement to the Agreement for Conversion of Capital into Loan, including the interest rate under the Outstanding Loan, were entered into by the Company after arm's length negotiations with its counterparties and the transaction contemplated under the Settlement Agreement to the Agreement for Conversion of Capital into Loan is expected to be fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE COMPANY AND JIASHAN SUNKING**

The Company is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange. The principal business of the Company is investment holding. The Group is principally engaged in manufacture and trading of electronic power components.

Jiashan Sunking is a company established under the laws of the PRC with limited liability and currently a wholly-owned subsidiary of the Group. Jiashan Sunking is principally engaged in design, production and sales of insulated gate bipolar transistor power modules, anode saturable reactors and other power electronic components.

## **INFORMATION ON HI-TECH PROPERTY**

Hi-Tech Property is a company established under the laws of the PRC with limited liability and is accounted for and consolidated in the audited consolidated accounts of China Hi-Tech Group. China Hi-Tech Group, through its wholly-owned subsidiary, China Hi-Tech Holding, holds approximately 18.75% of the issued share capital of the Company. Hi-Tech Property is principally engaged in property development and other related businesses.

## **LISTING RULES IMPLICATIONS**

China Hi-Tech Holding, being a wholly-owned subsidiary of China Hi-Tech Group, holds approximately 18.75% of the issued share capital of the Company directly. As Hi-Tech Property is accounted for and consolidated in the audited consolidated accounts of China Hi-Tech Group, Hi-Tech Property is an associate of China Hi-Tech Holding, being a substantial shareholder of the Company, and hence a connected person of the Company. Accordingly, the transaction contemplated under the Settlement Agreement to the Agreement for Conversion of Capital into Loan constitutes connected transaction for the Company under Chapter 14A of the Listing Rules.

As the transaction contemplated under the Settlement Agreement to the Agreement for Conversion of Capital into Loan is expected to be conducted on normal commercial terms and all the applicable percentage ratios are less than 5%, such transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

Mr. Yan Fuquan, being the chief accountant (總會計師) of China Hi-Tech Group, the chairman of the board (董事長) and the general manager (總經理) of China Hi-Tech Holding, the chairman of the board (董事長) of Hi-Tech Investment Management Co. Ltd.\* (恒天投資管理有限公司); and Mr. Zhu Ming, being the chief financial officer (財務總監) of China Hi-Tech Holding, are deemed to have a material interest in the transaction contemplated under the Settlement Agreement to the Agreement for Conversion of Capital into Loan. Therefore, Mr. Yan Fuquan and Mr. Zhu Ming are required to abstain from voting at the Board meeting for approving the Settlement Agreement to the Agreement for Conversion of Capital into Loan.

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

Hong Kong, 14 November 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.*