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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 2024**

**FINANCIAL HIGHLIGHTS**

- Revenue increased by approximately 42.7% to approximately RMB655.8 million.
- Gross profit increased by approximately 89.0% to approximately RMB234.8 million.
- Gross profit margin increased from approximately 27.0% to approximately 35.8%.
- Profit attributable to owners of the parent amounted to approximately RMB33.7 million.
- Earnings per share amounted to approximately RMB2.09 cents (basic) and approximately RMB2.09 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 2024, with the comparative figures for the corresponding period in 2023, as follows:

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

For the Six months ended 30 June 2024

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>
<b>REVENUE</b>	4	<b>655,758</b>	459,480
Cost of sales		<u>(420,974)</u>	<u>(335,298)</u>
Gross profit		<b>234,784</b>	124,182
Other income and gains	4	<b>34,335</b>	32,779
Selling and distribution costs		<b>(47,940)</b>	(37,354)
Administrative expenses		<b>(83,660)</b>	(67,939)
Research and development costs		<b>(67,756)</b>	(51,798)
Other expenses and losses		<b>(24,866)</b>	(375)
Finance costs	6	<b>(8,541)</b>	(4,045)
Share of losses of:			
A joint venture		–	(395)
Associates		<u>(7)</u>	<u>(25)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	<b>36,349</b>	(4,970)
Income tax expense	7	<u>(15,416)</u>	<u>(8,412)</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b><u>20,933</u></b>	<b><u>(13,382)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods			
Fair value gains/(losses) on financial investments at fair value through other comprehensive income		<b>(4,667)</b>	1,468
Exchange differences on translation of foreign operations		<u>5,243</u>	<u>(1,234)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<u>576</u>	<u>234</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b><u>21,509</u></b>	<b><u>(13,148)</u></b>

	<i>Note</i>	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 <b>RMB'000</b> <b>(Unaudited)</b>
Income/(loss) attributable to:			
Owners of the parent		<b>33,722</b>	(6,088)
Non-controlling interests		<b>(12,789)</b>	(7,294)
		<b><u>20,933</u></b>	<b><u>(13,382)</u></b>
 Total comprehensive income/(loss) attributable to:			
Owners of the parent		<b>33,012</b>	(5,738)
Non-controlling interests		<b>(11,503)</b>	(7,410)
		<b><u>21,509</u></b>	<b><u>(13,148)</u></b>
 <b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic	<i>9</i>	<b><u>RMB2.09 cents</u></b>	<b><u>RMB(0.37 cents)</u></b>
Diluted		<b><u>RMB2.09 cents</u></b>	<b><u>RMB(0.37 cents)</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>659,133</b>	635,866
Investment properties		<b>16,956</b>	16,956
Right-of-use assets		<b>55,008</b>	56,468
Deposits for purchase of property, plant and equipment		<b>27,081</b>	13,424
Goodwill		<b>5,689</b>	5,689
Other intangible assets		<b>71,674</b>	73,746
Investment in associates		<b>2,392</b>	1,599
Contract assets		<b>42,231</b>	35,459
Time deposits		<b>80,000</b>	–
Deferred tax assets		<b>5,709</b>	4,816
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Total non-current assets		<b>965,873</b>	844,023
<b>CURRENT ASSETS</b>			
Inventories		<b>318,233</b>	229,919
Trade and bills receivables	<i>10</i>	<b>1,074,495</b>	814,606
Contract assets		<b>15,177</b>	9,669
Prepayments, deposits and other receivables		<b>53,279</b>	39,486
Derivative financial instruments		<b>292</b>	5,993
Financial investments at fair value through other comprehensive income		–	55,192
Pledged deposits		<b>10,456</b>	39,265
Cash and cash equivalents		<b>463,093</b>	799,300
		<hr/>	<hr/>
Total current assets		<b>1,935,025</b>	1,993,430
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>11</i>	<b>371,911</b>	301,529
Contract liabilities		<b>112,324</b>	26,950
Other payables and accruals		<b>16,137</b>	114,347
Lease liabilities		<b>3,027</b>	3,400
Interest-bearing bank and other borrowings		<b>243,350</b>	226,100
Tax payable		<b>25,401</b>	19,329
		<hr/>	<hr/>
Total current liabilities		<b>772,150</b>	691,655
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,162,875</b>	1,301,775
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,128,748</b>	2,145,798
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	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>134,370</b>	156,600
Lease liabilities	<b>5,463</b>	5,958
Deferred income	<b>56,102</b>	59,541
Deferred tax liabilities	<b>1,723</b>	2,038
	<hr/>	<hr/>
Total non-current liabilities	<b>197,658</b>	224,137
	<hr/>	<hr/>
Net assets	<b>1,931,090</b>	1,921,661
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<b>EQUITY</b>		
Equity attributable to owners of the parent		
Issued capital	<b>137,468</b>	139,081
Treasury shares	<b>(398)</b>	(378)
Reserves	<b>1,729,061</b>	1,708,946
	<hr/>	<hr/>
	<b>1,866,131</b>	1,847,649
Non-controlling interests	<b>64,959</b>	74,012
	<hr/>	<hr/>
Total equity	<b>1,931,090</b>	1,921,661
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# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

## 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

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 2023, 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to International Accounting Standard (“ <b>IAS</b> ”) 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ <b>2020 Amendments</b> ”)
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the “ <b>2022 Amendments</b> ”)
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

### 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 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 are in Chinese Mainland, and over 95% (six months ended 30 June 2023: over 95%) of the Group's revenue are attributable to customers located in Chinese Mainland and non-current assets are located in Chinese Mainland, no further geographical segment information is provided.

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers		
Sale of power electronic components	<b>655,758</b>	459,480

The performance obligation of the sale of power electronic component is satisfied upon delivery of the products.

An analysis of other income and gains is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<u>Other income</u>		
Government grants*	<b>20,348</b>	12,109
Bank interest income	<b>4,981</b>	4,906
Interest income arising from revenue contracts	<b>949</b>	1,137
Fair value gains on financial investments at fair value through profit or loss	<b>1,092</b>	601
Fair value gains on financial investments at fair value through other comprehensive income	<b>5,250</b>	–
Other interest income	–	389
Others	<b>393</b>	238
	<b>33,013</b>	19,380
<u>Gains</u>		
Gains on disposal of scrap and idle materials	<b>1,213</b>	128
Gains on commodity futures contracts	<b>109</b>	–
Foreign exchange gains, net	–	9,801
Gain on bargain purchases	–	3,470
	<b>1,322</b>	13,399
<b>Total</b>	<b>34,335</b>	32,779

\* 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. 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. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of inventories sold	420,321	332,338
Write-down of inventories to net realisable value, net	653	2,960
	<hr/>	<hr/>
Cost of sales	420,974	335,298
	<hr/>	<hr/>
Depreciation of property, plant and equipment	21,413	19,756
Depreciation of right-of-use assets	2,580	2,116
Amortisation of deferred development costs	4,200	3,686
Amortisation of other intangible assets (excluding deferred development costs)	2,115	2,077
Impairment of trade receivables and contract assets, net	1,622	(660)
Impairment of financial assets included in prepayments, other receivables and other assets, net	604	(165)
Write-off of trade receivables	536	–
Fair value losses on foreign currency forward contracts, net	10,648	1,181
Loss on disposal of property, plant and equipment, net	90	19
Foreign exchange losses, net	11,366	–
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## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans	4,130	3,887
Interest on other loans	4,265	–
Interest on lease liabilities	146	158
	<hr/>	<hr/>
Total	8,541	4,045
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## 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 2023: 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 income tax laws of the People's Republic of China, enterprises are subject to corporate income tax ("CIT") at a rate of 25% (six months ended 30 June 2023: 25%). Certain subsidiaries of the Group are qualified as high technology enterprises and hence are granted a preferential CIT rate of 15% (six months ended 30 June 2023: 15%). The Group's subsidiaries established in Switzerland, Germany and Netherlands are subject to local corporate taxes of approximately 18% (six months ended 30 June 2023: approximately 18%), 32% (six months ended 30 June 2023: approximately 32%) and 25.8% (six months ended 30 June 2023: approximately 25.8%), respectively.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current:		
Chinese Mainland – Charge for the period	15,837	9,793
Overprovision in prior periods	(113)	(9)
Europe – Charge for the period	308	–
Subtotal	16,032	9,784
Deferred	(616)	(1,372)
Total tax charge for the period	15,416	8,412

## 8. DIVIDENDS

There was no dividend declared by the Company during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil (unaudited)).

## 9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share (six months ended 30 June 2023: loss per share) amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB33,722,000 (six months ended 30 June 2023: loss of RMB6,088,000 (unaudited)), and the weighted average number of ordinary shares of 1,616,157,705 (six months ended 30 June 2023: 1,630,849,602 (unaudited)) in issue during the period.

The calculations of basic earnings/(loss) per share are based on:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>33,722</b>	<b>(6,088)</b>
	<b>33,722</b>	<b>(6,088)</b>
	<b>Number of shares</b>	
	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	<b>1,616,157,705</b>	1,630,849,602
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>370,317</b>	–
	<b>370,317</b>	–
Total	<b>1,616,528,022</b>	<b>1,630,849,602</b>
	<b>1,616,528,022</b>	<b>1,630,849,602</b>

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2023 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

	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables	<b>927,228</b>	741,768
Impairment	<b>(15,879)</b>	(14,508)
	<b>927,228</b>	741,768
Bills receivable	<b>911,349</b>	727,260
	<b>163,146</b>	87,346
	<b>163,146</b>	87,346
	<b>1,074,495</b>	<b>814,606</b>
	<b>1,074,495</b>	<b>814,606</b>

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 and contract assets balances. 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 customers' acknowledge of receipt or invoice date, where applicable, and net of loss allowance, is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 3 months	<b>698,315</b>	513,670
4th to 6th months	<b>75,967</b>	76,889
7th to 12th months	<b>75,550</b>	84,422
Over 1 year	<b>61,517</b>	52,279
	<hr/>	<hr/>
Total	<b>911,349</b>	727,260
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At 30 June 2024, the Group's bills receivable would mature within six (31 December 2023: six (audited)) months.

## 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>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within six months	<b>272,671</b>	255,234
Over six months	<b>99,240</b>	46,295
	<hr/>	<hr/>
Total	<b>371,911</b>	301,529
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# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### 1. Domestic and overseas market performance

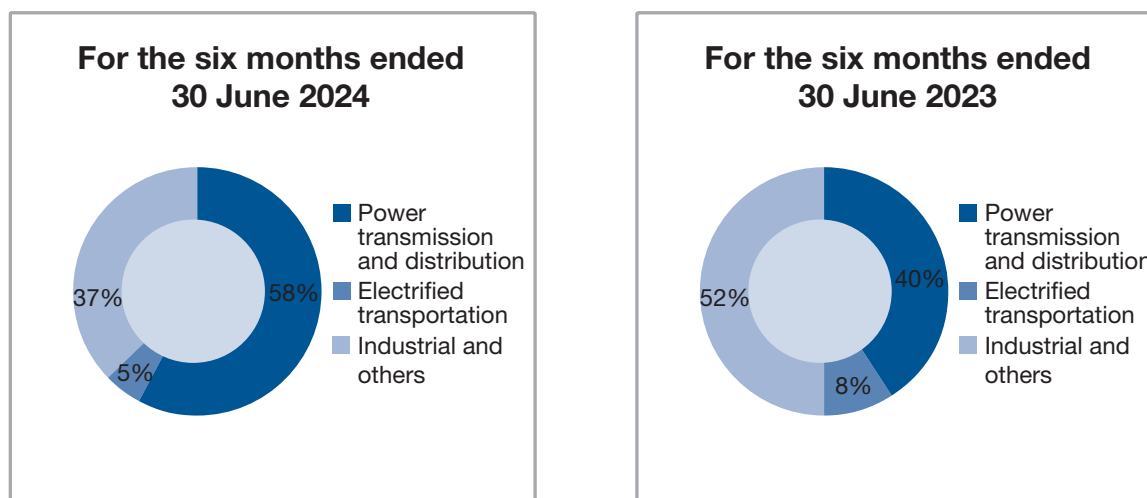
	For the six months ended 30 June			
	2024		2023	
	Revenue (RMB'000)	Gross profit margin	Revenue (RMB'000)	Gross profit margin
Domestic market	617,047	35.1%	439,538	26.8%
Overseas market	38,711	46.9%	19,942	32.8%
<b>Total</b>	<b>655,758</b>	<b>Average 35.8%</b>	<b>459,480</b>	<b>Average 27.0%</b>

### 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:

Applied sectors	For the six months ended 30 June			
	2024		2023	
	Revenue (RMB'000)	Gross profit margin	Revenue (RMB'000)	Gross profit margin
Power transmission and distribution	358,098	47.8%	175,099	39.8%
Electrified transportation	31,840	23.1%	37,583	24.8%
Industrial and others	227,109	16.7%	226,856	17.0%
<b>Total</b>	<b>617,047</b>	<b>Average 35.1%</b>	<b>439,538</b>	<b>Average 26.8%</b>

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



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

The Group’s performance in the power transmission and distribution sector is as follows:

	For the six months ended 30 June		Change
	2024	2023	
	Revenue	Revenue	
	(RMB’000)	(RMB’000)	
<b>Power transmission and distribution sector</b>	<b>358,098</b>	175,099	105%
Regular direct current (“DC”) transmission <sup>(Note 1)</sup>	<b>146,945</b>	52,992	177%
Flexible transmission <sup>(Note 2)</sup>	<b>132,914</b>	44,850	196%
Other power transmission and distribution	<b>78,239</b>	77,257	1%

Notes:

- Regular DC transmission refers to DC transmission technology with semi-controlled power electronic components such as thyristors as core devices of current-switching valves.
- Flexible transmission includes flexible DC transmission, flexible low-frequency alternating current (“AC”) transmission, grid-based static var generator (“SVG”) and energy storage, etc.

**Regular DC transmission and flexible transmission**

The Group provides products such as anode saturation reactors, power capacitors, DC support capacitors for flexible DC transmission, intelligent power grid online monitoring systems and power semiconductor components distributed by the Group to the sub-sectors of regular DC transmission and flexible transmission.

In the first half of 2024, the revenue of the Group in the regular DC transmission sub-sector increased by approximately 177% compared with the same period in 2023 primarily due to the successive delivery by the Group of products ordered for a total of three ultra-high voltage (“UHV”) regular DC transmission projects which were Jinshang-Hubei, Hami-Chongqing and Ningxia-Hunan.

In the first half of 2024, the revenue of the Group in the flexible transmission sub-sector increased by approximately 196% compared with the same period in 2023 primarily due to the successive delivery by the Group of products ordered for the offshore wind power flexible DC transmission project of BorWin6 of Germany (the “**Germany BorWin6 Offshore Wind Power Project**”) and the 66KV grid-based direct-mounted SVG project of State Grid Sichuan Chengdu Power Supply Company (the “**Sichuan Grid Energy Storage Project**”).

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

The Group provides products such as intelligent power grid online monitoring systems and power capacitors to other power transmission and distribution sub-sector.

In the first half of 2024, the revenue of the Group in this sub-sector slightly increased by approximately 1% compared with the same period in 2023.

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

The Group’s performance in the electrified transportation sector is as follows:

	<b>For the six months ended 30 June</b>		<b>Change</b>
	<b>2024</b>	<b>2023</b>	
	<b>Revenue</b>	<b>Revenue</b>	
	<b>(RMB’000)</b>	<b>(RMB’000)</b>	
<b>Electrified transportation sector</b>	<b>31,840</b>	37,583	-15%
Rail transportation	<b>27,712</b>	31,293	-11%
Electric vehicles	<b>1,097</b>	5,700	-81%
Other transportation	<b>3,031</b>	590	414%

### ***Rail transportation***

The Group provides a wide range of power electronic components for traction converter systems to manufacturers of rail transit vehicle equipment, and products such as power quality control devices and automatic cross-phase intelligent switches for electrified railways to manufacturers of rail transportation power supply system.

In the first half of 2024, the revenue of the Group in this sub-sector decreased by approximately 11% compared with the same period in 2023 due to the decrease in orders and deliveries from manufacturers of rail transit vehicle equipment.

### ***Electric vehicles***

The Group provides products such as self-developed insulated gate bipolar transistors (“**IGBT(s)**”), silicon carbide (“**SiC**”), laminated busbars and integrated busbars to the electric vehicles sub-sector.

In the first half of 2024, the revenue of the Group in this sub-sector decreased by approximately 81% compared with the same period in 2023 as customers were still reducing the usage and orders for ED type IGBT modules, and passenger car-specific IGBT and SiC modules of the Group are still in the stage of customer testing and verification.

### ***Other transportation***

The Group provides power electronic components and devices to other transportation sub-sectors such as marine and aerospace of the People's Republic of China.

As the business in this sub-sector was in the development stage, projects and orders were not yet stable.

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

The Group's performance in the industrial and others sector is as follows:

	<b>For the six months ended 30 June</b>		<b>Change</b>
	<b>2024</b>	<b>2023</b>	
	<b>Revenue</b>	<b>Revenue</b>	
	<b>(RMB'000)</b>	<b>(RMB'000)</b>	
<b>Industrial and others</b>	<b>227,109</b>	226,856	0.1%
Electrical equipment	<b>151,130</b>	141,986	6%
New energy power generation and energy storage	<b>75,345</b>	83,609	-10%
Scientific research institutes and others	<b>634</b>	1,261	-50%

The Group provides products such as self-developed IGBTs, laminated busbars, power quality control devices, power capacitors and power semiconductor components distributed by the Group to manufacturers of electrical equipment in the industrial sector including electrical control and energy-saving equipment, energy storage equipment and new energy power generation equipment, as well as to scientific research institutes and to customers in other sub-sectors.

In the first half of 2024, the revenue of the Group in this sector was basically flat compared with the same period in 2023.



### 3. Overseas market performance

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

In the first half of 2024, the Group's products sold in overseas markets included laminated busbars, solid-state AC/DC switches, pulsed power supplies and impedance measuring devices.

	For the six months ended 30 June		Change
	2024	2023	
	Revenue	Revenue	
	(RMB'000)	(RMB'000)	
<b>Overseas market</b>	<b>38,711</b>	19,942	94%
Products of domestic subsidiaries	<b>2,595</b>	1,715	51%
Products of overseas subsidiaries	<b>36,116</b>	18,227	98%

The revenue of the Group in this sub-sector increased by approximately 94% compared with the same period in 2023 due to the increase in revenue from an overseas subsidiary of the Group, Astrol Electronic AG (including Astrolkwx).

### 4. Update on research and development (“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 R&D of internationally leading power semiconductor and supporting device technologies, and international cutting-edge power electronics technologies.

#### (a) Power semiconductor

The Group has completed the R&D of SiC MOSFET chips with a resistivity as low as 13 milliohms, reaching the international leading level, and is scheduled to be officially launched at the end of August.

The R&D of i23 series 1200V/300A IGBT chips with the seventh generation of micro-trench technology of the Group is about to be completed. Two ED type IGBT modules using i23 series chips, namely 1200V/800A and 1200V/900A, of the Group will also be launched successively.

In addition, various i20 series IGBT chips including 1200V/200A, 1200V/150A, 1200V/100A, 1700V/150A, 1700V/100A and 1700V/75A will be launched by the Group, the product line will be further expanded, and the EP type IGBT modules will be launched soon.

## **(b) Power electronic capacitors**

At the beginning of 2024, the Group's DC support capacitors for flexible DC transmission successfully passed the national new product technology appraisal, and subsequently, bulk supply has been achieved for the Sichuan Grid Energy Storage Project and the 220 KV transmission project of Huaneng Yuhuan No. 2 offshore wind power project, reaching 100% domestic substitution.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue of the Group increased significantly by approximately 42.7% from approximately RMB459.5 million for the six months ended 30 June 2023 to approximately RMB655.8 million for the six months ended 30 June 2024 primarily due to the successive delivery by the Group of products ordered for a total of three UHV regular DC transmission projects such as Jinshang – Hubei, Hami – Chongqing and Ningxia – Hunan, the Germany BorWin6 Offshore Wind Power Project and the Sichuan Grid Energy Storage Project.

### **Cost of sales**

The cost of sales of the Group increased by approximately 25.6% from approximately RMB335.3 million for the six months ended 30 June 2023 to approximately RMB421.0 million for the six months ended 30 June 2024 primarily due to the increase in revenue.

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

The gross profit of the Group increased significantly by approximately 89.0% from approximately RMB124.2 million for the six months ended 30 June 2023 to approximately RMB234.8 million for the six months ended 30 June 2024 primarily due to the increase in revenue and the increase in proportion of high gross profit margin products.

The gross profit margin of the Group increased from approximately 27.0% for the six months ended 30 June 2023 to approximately 35.8% for the six months ended 30 June 2024.

### **Other income and gains**

The other income and gains of the Group increased by approximately 4.6% from approximately RMB32.8 million for the six months ended 30 June 2023 to approximately RMB34.3 million for the six months ended 30 June 2024.

## **Selling and distribution costs**

The selling and distribution costs of the Group increased by approximately 28.1% from approximately RMB37.4 million for the six months ended 30 June 2023 to approximately RMB47.9 million for the six months ended 30 June 2024 primarily due to the increase in expenses for marketing activities for the self-produced IGBT business.

## **Administrative expenses**

The administrative expenses of the Group increased by approximately 23.3% from approximately RMB67.9 million for the six months ended 30 June 2023 to approximately RMB83.7 million for the six months ended 30 June 2024 primarily due to the increase in the business volume and management personnel.

## **R&D costs**

The R&D costs of the Group increased by approximately 30.9% from approximately RMB51.8 million for the six months ended 30 June 2023 to approximately RMB67.8 million for the six months ended 30 June 2024 primarily due to the increase in R&D costs for products including self-produced IGBTs.

## **Other expenses and losses**

The other expenses and losses of the Group increased significantly by approximately 6,125.0% from approximately RMB0.4 million for the six months ended 30 June 2023 to approximately RMB24.9 million for the six months ended 30 June 2024 primarily due to exchange losses and forward contract losses as a result of fluctuations in Swiss francs during the period.

## **Finance costs**

The finance costs of the Group increased significantly by approximately 112.5% from approximately RMB4.0 million for the six months ended 30 June 2023 to approximately RMB8.5 million for the six months ended 30 June 2024 primarily due to the impact of the interest accrued based on the repurchase agreement entered into by Sinking Semiconductor and the investors on 27 July 2023 (see the announcement dated 27 July 2023).

## **Profit before tax**

For the reasons mentioned above, the profit before tax of the Group increased from approximately RMB-5.0 million for the six months ended 30 June 2023 to approximately RMB36.3 million for the six months ended 30 June 2024.

## **Income tax expense**

The income tax expenses of the Group increased significantly by approximately 83.3% from approximately RMB8.4 million for the six months ended 30 June 2023 to approximately RMB15.4 million for the six months ended 30 June 2024 primarily due to the increase in profit from businesses other than the self-produced IGBT business.

## **Total comprehensive income for the period**

The net profit margin of the Group, which is calculated as profit attributable to owners of the parent for the period divided by revenue, increased from approximately -1.3% for the six months ended 30 June 2023 to approximately 5.1% for the six months ended 30 June 2024.

The profit attributable to owners of the parent increased significantly by approximately 652.5% from approximately RMB-6.1 million for the six months ended 30 June 2023 to approximately RMB33.7 million for the six months ended 30 June 2024.

The total comprehensive income attributable to owners of the parent increased significantly by approximately 678.9% from approximately RMB-5.7 million for the six months ended 30 June 2023 to approximately RMB33.0 million for the six months ended 30 June 2024.

## **Inventories**

The inventories of the Group increased by approximately 38.4% from approximately RMB229.9 million as at 31 December 2023 to approximately RMB318.2 million as at 30 June 2024 primarily due to the increase in stock.

The average inventory turnover days of the Group increased from approximately 107 days for the year ended 31 December 2023 to approximately 124 days for the six months ended 30 June 2024 primarily due to the increase in stock.

## **Trade and bills receivables**

The trade and bills receivables of the Group increased by approximately 31.9% from approximately RMB814.6 million as at 31 December 2023 to approximately RMB1,074.5 million as at 30 June 2024 primarily due to the increase in revenue.

The average trade and bills receivables turnover days of the Group increased from approximately 255 days for the year ended 31 December 2023 to approximately 243 days for the six months ended 30 June 2024 primarily due to the increase in revenue.

## **Trade and bills payables**

The trade and bills payables of the Group increased by approximately 23.3% from approximately RMB301.5 million as at 31 December 2023 to approximately RMB371.9 million as at 30 June 2024 primarily due to the increase in stock.

The average trade and bills payables turnover days of the Group increased from approximately 140 days for the year ended 31 December 2023 to approximately 144 days for the six months ended 30 June 2024.

## **Liquidity and financial resources**

The Group's principal sources of working capital include cash flow generated from 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 2.9 as at 31 December 2023 to approximately 2.5 as at 30 June 2024 primarily due to the increase in receivables.

As at 30 June 2024, 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 42.1% from approximately RMB799.3 million as at 31 December 2023 to approximately RMB463.1 million as at 30 June 2024 primarily due to the increase in stock, receivables and equipment investment in the IGBT business.

As at 30 June 2024, the interest-bearing bank and other borrowings of the Group were denominated in Renminbi. The interest-bearing bank and other borrowings of the Group decreased by approximately 1.3% from approximately RMB382.7 million as at 31 December 2023 to RMB377.7 million as at 30 June 2024.

The gearing ratio of the Group, measured on the basis of total interest-bearing bank and other borrowings to total equity, decreased from approximately 19.9% as at 31 December 2023 to approximately 19.6% as at 30 June 2024.

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 2024, certain of the bills payable of the Group were secured by the bills receivable amounting to approximately RMB45.2 million (31 December 2023: approximately RMB21.0 million).

As at 30 June 2024, due to bank credit, certain of land use rights and buildings were in security status with net carrying amounts as at 30 June 2024 of approximately RMB11.0 million and RMB34.8 million (31 December 2023: approximately RMB11.2 million and RMB35.6 million), respectively.

As at 30 June 2024, bank loans of the Group in the amount of RMB141.5 million were secured by certain of the land use rights and building, plant and machinery with net carrying amounts as at 30 June 2024 of approximately RMB16.2 million and RMB254.3 million (31 December 2023: approximately RMB16.3 million and RMB252.9 million), respectively.

### **Foreign currency exposure**

As most of the principal subsidiaries of the Company operate in Chinese Mainland, 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 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

## **HUMAN RESOURCES**

As at 30 June 2024, the Group employed 879 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 focuses on the establishment of an in-house management training and development system to meet the different needs of employees at all levels and enhance their skills through diversified training modes. 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**

In order to accelerate the construction of a new power system, promote the high-quality development of new energy, and promote upgrades of large-scale equipment, the annual power grid investment of State Grid Corporation will exceed RMB600 billion for the first time in 2024, representing an increase of approximately RMB71.1 billion compared with last year. Therefore, projects on the UHV regular and flexible DC transmission, and on the flexible transmission sub-sector such as offshore wind power DC transmission, grid-based SVG and low-frequency transmission, will continue to show strong market demand, laying a good opportunity for the business development of the Group. In addition, the Group will endeavor to enhance its operation and management level, make every effort to strengthen marketing development, promote the recovery of self-developed power semiconductor business and the continued growth of other various businesses with a view to achieve a sales revenue of RMB1.6 billion by 2024.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were 1,604,912,000 shares of the Company (the “**Share(s)**”) in issue as at 30 June 2024.

During the six months ended 30 June 2024, the Company repurchased 18,244,000 Shares for an aggregate purchase price (including relevant expenses) of approximately HK\$21,130,266 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 2024	Number of Shares repurchased	Price per Share		Aggregate purchase price (approximately) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January	2,590,000	1.32	1.21	3,209,793
February	13,176,000	1.25	1.01	14,989,246
March	1,200,000	1.24	1.18	1,446,829
April	896,000	1.2	1.14	1,047,665
June	382,000	1.16	1.11	436,733

The 18,244,000 Shares repurchased were cancelled in 2024 (the 316,000 Shares repurchased in 2023 but not cancelled were cancelled in 2024).

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 2024.

## 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**”) (currently set out in Appendix C1 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 2024.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (currently (the “**Model Code**”) as set out in Appendix C3 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 set out in the Model Code during the six months ended 30 June 2024.

## **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 auditing, risk management, internal control and financial reporting matters, including review of the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024.

Save as disclosed herein, there had been no material change in the development or the future development of the business and financial position of the Group, and no important event affecting the Group had occurred since the publication of the annual report of the Company for the year 2023.

## **DIVIDENDS**

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (2023: 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 2024 will be available at the same websites and despatched to the Shareholders in due course upon request.

## **ONLINE MEETING**

The Company will host an online meeting to discuss the interim results of the Group for the six months ended 30 June 2024 with the Shareholders and the potential investors of the Company on Thursday, 22 August 2024 from 10 a.m. to 12:00 noon (Hong Kong time).



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

Tencent Meeting number: 104 898 589

Meeting link: <https://meeting.tencent.com/dm/hcqS73j77kct>

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

Hong Kong, 21 August 2024

*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, Mr. Leung Ming Shu and Ms. White Caige.*