

# Interim Report 2024



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**

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# CORPORATE INFORMATION

## Executive Directors

Mr. Xiang Jie (*chairman of the board (the “Board”) of directors (the “Director(s)”*)

Mr. Gong Renyuan (*chief executive officer*)

Mr. Yue Zhoumin

## Non-executive Director

Ms. Zhang Ling

## Independent Non-executive Directors

Mr. Chen Shimin

Mr. Zhang Xuejun

Mr. Leung Ming Shu

Ms. White Caige (appointment effective on 1 April 2024)

## Authorised Representatives

Mr. Yue Zhoumin

Ms. He Lina

## Audit Committee

Mr. Chen Shimin (*chairman of the audit committee*)

Mr. Zhang Xuejun

Mr. Leung Ming Shu

## Remuneration Committee

Mr. Leung Ming Shu

(*chairman of the remuneration committee*)

Mr. Chen Shimin

Mr. Zhang Xuejun

## Nomination Committee

Mr. Zhang Xuejun

(*chairman of the nomination committee*)

Mr. Gong Renyuan

Mr. Chen Shimin

## Strategy and Sustainability Committee

Mr. Xiang Jie

(*chairman of the strategy and sustainability committee*)

Ms. Zhang Ling

Mr. Chen Shimin

Mr. Zhang Xuejun

Mr. Leung Ming Shu

## Company Secretary

Ms. He Lina

## Legal Advisers

Loeb & Loeb LLP

## External Auditor

Ernst & Young

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

## Registered Office

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## Headquarters

9-A, KongGangRongHuiYuan

Yuhua Road

Zone B, Airport Industrial Zone

Shunyi District

Beijing

People’s Republic of China (the “PRC”)

## Principal Place of Business in Hong Kong

31st Floor, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

## Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3, Building D

P.O. Box 1586

Gardenia Court, Camana Bay

Grand Cayman KY1-1100

Cayman Islands

## Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

17th Floor, Far East Finance Centre

16 Harcourt Road

Hong Kong

## Principal Banks

Bank of China Limited, Zhejiang Yangtze River Delta

Integration Demonstration Zone branch

China Construction Bank Corporation, Wuxi Changan Branch

Bank of Communications Co., Ltd. Zhejiang Yangtze River

Delta Integration Demonstration Zone branch

Bank of Ningbo Co., Ltd. Jiaxing branch

## Listing Information

Place of listing: Main Board of The Stock Exchange of

Hong Kong Limited (the “Stock Exchange”)

Stock code: 580

## Website

[www.sunking-tech.com](http://www.sunking-tech.com)

# CHAIRMAN'S STATEMENT

Dear shareholders,

In the first half of 2024, with the continuous promotion of the national strategy of “Carbon Peak and Carbon Neutrality”, the development of new energy power generation and electricity consumption as well as new power systems based on new energy sources continued to maintain a positive trend. According to data released by the National Energy Administration, in the first half of 2024, investments in power grid projects amounted to approximately RMB254 billion, representing an increase of approximately 23.7% as compared to the same period in 2023; the installed capacity of solar power generation was approximately 710 million kW, representing an increase of approximately 51.6% as compared to the same period in 2023; and the installed capacity of wind power generation was approximately 470 million kW, representing an increase of approximately 19.9% as compared to the same period in 2023, which demonstrated China’s persistent emphasis and investment in the construction of power grid infrastructure as well as in the field of solar power generation.

During the reporting period, Sun.King Technology Group Limited (the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”) recorded a significant increase in sales revenue and a notable improvement in profitability as a result of the outstanding performance achieved by the relevant businesses in the fields of regular direct current (“**DC**”) transmission projects and flexible transmission projects. In the first half of 2024, the Group’s revenue amounted to approximately RMB655.8 million, representing an increase of approximately 42.7% as compared to the same period of 2023; gross profit margin was approximately 35.8%, representing an increase of approximately 8.8 percentage points as compared to the same period of 2023; and net profit attributable to the parent company reversed to a profit of approximately RMB33.7 million as compared to the same period of 2023.

## DC TRANSMISSION

The Group has an extensive pipeline of projects under construction and in reserve for both regular DC transmission projects and flexible transmission projects. During the first half of 2024, a total of three ultra-high voltage (“**UHV**”) regular DC transmission projects which were Jinshang-Hubei, Hami-Chongqing and Ningxia-Hunan, and the flexible transmission projects, including the Yangjiang offshore wind farms with centralised transmission of sea cables project and the 220KV transmission project of Huaneng Yuhuan No. 2 offshore wind power project (“**Huaneng Yuhuan Transmission Project**”), were successfully progressed. It generated revenue of approximately RMB280 million for the Group, representing a significant increase of approximately 186% as compared to the same period in 2023. As at 30 June 2024, the Group had orders in hand of approximately RMB296 million, excluding tax, in respect of the aforesaid commenced regular DC and flexible transmission projects.

In addition, the planned follow-up projects of the Group will further increase. Other than domestic DC transmission projects such as Shanbei-Anhui, Gansu-Zhejiang and Mengxi to Beijing-Tianjin-Hebei, overseas DC transmission projects won by PRC enterprises, such as Saudi Arabia’s Central-South and Central-West and Brazil’s Murray Hill phase III, are also expected to commence consecutively. The official announcement of the “Five Alternating Current (“**AC**”) and Nine DC” UHV transmission project for the transmission of electricity from Xinjiang (South Xinjiang) to Sichuan-Chongqing and Badanjinlin-Sichuan has injected new growth momentum into DC transmission. It is expected that the total orders received by the Group for the subsequent projects of these projects will grow significantly.

The Group’s anode saturation reactors and power capacitors, which are used in regular DC power transmission, will directly benefit from the rapid development of the regular DC power transmission industry as the Group has a rich track record and a leading position in the industry. In addition, in the field of flexible DC, the Group is not only the main supplier of high-power insulated gate bipolar transistors (“**IGBT(s)**”) for domestic flexible DC transmission but has also achieved further success with its core components. In January 2024, the Group’s self-developed DC support capacitor for flexible DC transmission passed the national new technology product certification. Since then, the aforesaid capacitors have been supplied in bulk and 100% domestic substitution in flexible power transmission projects such as the 66KV grid-based direct-mounted static var generator (“**SVG**”) project of State Grid Sichuan Chengdu Power Supply Company (the “**Sichuan Grid Energy Storage Project**”) and the Huaneng Yuhuan Transmission Project, which are expected to bring in new growth potential in business performance.

Overall, the number of DC transmission projects and market size are growing rapidly, new application technologies and demands are emerging and being promoted, and the long-term growth trend of the DC transmission industry has been established. Leveraging on its solid industry leading position in the DC transmission field, the DC transmission business will contribute significant momentum to the rapid growth of the Group.

# CHAIRMAN'S STATEMENT

## SELF-DEVELOPED POWER SEMICONDUCTOR

The Group's self-developed power semiconductor business has achieved significant results in research and development ("R&D"), and its production capacity has been increased in an orderly manner. Despite short-term difficulties in sales, the Group remains optimistic about the long-term development of the business.

Firstly, in terms of the R&D of chips, the Group has positioned itself as a domestic high-end chip that is domestically scarce and first-class in the world. At the end of August, the Group will officially announce its self-developed silicon carbide ("SiC") chips with a resistivity as low as 13 milliohms, reaching the international leading level. The i23 series of 1200V/300A IGBT chips of the Group, which adopt the seventh generation of micro-trench technology, will also about to be completed and released. In addition, the R&D of various i20 series IGBT chips of the Group will soon be completed and launched in the market. The above new chip products will further enrich the Group's chip product line and consolidate the Group's technological leadership in the field of domestic high-end chips. In terms of the R&D of modules, the Group has not only launched two ED type IGBT modules, 1200V/800A and 1200V/900A, using its self-developed i23 series of IGBT chips as the core, but will also soon be launching a new product, EP type IGBT modules, which is mainly targeted at servo motors and other fields.

Secondly, in terms of production capacity, the Group has commenced the construction of the plant and procurement of equipment for the third IGBT module type testing production line and the first SiC module type testing production line. The above production lines are expected to complete all preparatory work before production commissioning by the end of 2024.

Lastly, in terms of marketing, due to the impact of intensified competition in some downstream markets and fluctuations in demand from downstream customers, the Group's revenue from its self-developed power semiconductor business amounted to approximately RMB16.0 million in the first half of 2024, representing a decrease of approximately 68% as compared to the same period in 2023. On the other hand, the Group achieved good results in marketing and customer development in the first half of 2024, with the total number of customers increasing by approximately 104% as compared to the same period of 2023; among them, the number of customers who have completed all the testing and supplier introductions and have entered into the stage of bulk supply increased by approximately 125% as compared to the same period of 2023. With the expansion of the number of customers entering the bulk supply stage, the Group is confident that in the second half of 2024, it will be able to reverse the trend of declining sales revenue and strive to achieve full-year sales revenue growth.

The Group believes that the power semiconductor industry is growing and has excellent growth prospects. With its leading edge in the R&D and product quality, and with the significant growth in the number of customers, the Group believes that the long-term development of its power semiconductor business remains promising.

## OVERSEAS MARKETS

Due to the comprehensive growth in global demand for power production such as new energy power generation, power transmission and distribution equipment upgrades, and power usage in artificial intelligence and industrialisation, the overseas power equipment market is beginning to show great potential. In response to PRC's strategy of "going global" for power equipment, the Group not only provides a wide range of component products to overseas transmission projects won by PRC enterprises, but also develops business and sales directly with overseas customers. In the first half of 2024, the Group's revenue from direct sales to overseas markets amounted to approximately RMB38.7 million, representing an increase of approximately 94% as compared with the same period in 2023.

## PROSPECTS FOR THE SECOND HALF OF THE YEAR

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, the UHV regular and flexible DC transmission, and the flexible transmission 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.

# CHAIRMAN'S STATEMENT

## ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank the shareholders of the Company (the “**Shareholder(s)**”), stakeholders, members of the Board and all our employees for their support and contributions. Together with the management team, I will continue to strive for better returns for the Shareholders and for greater corporate social value.

**Xiang Jie**  
*Chairman*

Hong Kong, 21 August 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### 1. Domestic and overseas market performance

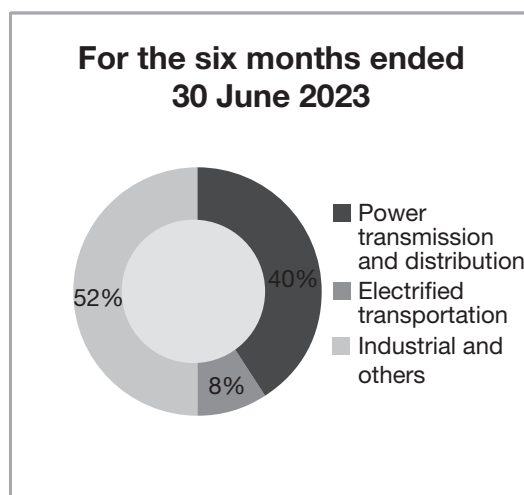
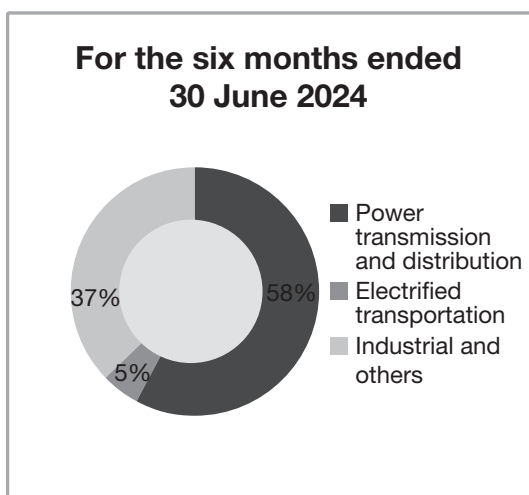
	For the six months ended 30 June			
	2024	2023		
	Revenue (RMB' 000)	Gross profit margin	Revenue (RMB' 000)	Gross profit margin
Domestic market	617,047	35.1%	439,538	26.8%
Overseas market	38,711	46.9%	19,942	32.8%
<b>Total</b>	<b>655,758</b>	<b>Average 35.8%</b>	<b>459,480</b>	<b>Average 27.0%</b>

### 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:



# MANAGEMENT DISCUSSION AND ANALYSIS

## (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 Revenue (RMB' 000)	2023 Revenue (RMB' 000)	
<b>Power transmission and distribution sector</b>	<b>358,098</b>	175,099	105%
Regular DC transmission <i>(Note 1)</i>	<b>146,945</b>	52,992	177%
Flexible transmission <i>(Note 2)</i>	<b>132,914</b>	44,850	196%
Other power transmission and distribution	<b>78,239</b>	77,257	1%

Notes:

1. Regular DC transmission refers to DC transmission technology with semi-controlled power electronic components such as thyristors as core devices of current-switching valves.
2. Flexible transmission includes flexible DC transmission, flexible low-frequency AC transmission, grid-based 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 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 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:

	For the six months ended 30 June		Change
	2024 Revenue (RMB' 000)	2023 Revenue (RMB' 000)	
<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%



# MANAGEMENT DISCUSSION AND ANALYSIS

## ***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 IGBT, 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 PRC.

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:

	For the six months ended 30 June		Change
	2024 Revenue (RMB' 000)	2023 Revenue (RMB' 000)	
<b>Industrial and others sector</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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 (RMB' 000)	Revenue (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 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 Huaneng Yuhuan Transmission Project, reaching 100% domestic substitution.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 decreased 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## 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).

## 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.

## Events after the reporting period

Save as disclosed in this interim report and the condensed consolidated financial statements, there had been no material change in the development or the future development of the business and financial position of the Group from the date of publication of the annual report of the Company for the year 2023 to 30 August 2024 (which is the latest practicable date prior to the printing of this interim report for the purpose of ascertaining certain information contained herein) (the "Latest Practicable Date"), and no important event affecting the Group had occurred from 30 June 2024 to the Latest Practicable Date.

## Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

Save as disclosed in this interim report and the condensed consolidated financial statements, there were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2024; and there were no plans authorised by the Board for material investments or capital assets as at 30 June 2024.

## 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 FOR THE SECOND HALF OF THE YEAR

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, the UHV regular and flexible DC transmission, and the flexible transmission 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. 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	1.20	1.14	1,047,665
June	382,000	1.16	1.11	436,733

As at 30 June 2024:

- (a) the 316,000 Shares repurchased during the year ended 31 December 2023 which had not been cancelled as at 31 December 2023 were cancelled; and
- (b) among the 18,244,000 Shares repurchased during the six months ended 30 June 2024, 17,862,000 Shares were cancelled and 382,000 Shares would be cancelled.

## OTHER INFORMATION

From 1 July 2024 to the Latest Practicable Date, the Company repurchased 3,936,000 Shares for an aggregate purchase price (including relevant expenses) of approximately HK\$3,836,440 on 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 (appropriate) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
July	946,000	1.14	1.04	1,023,414
August (up to the Latest Practicable Date)	2,990,000	0.97	0.91	2,813,026

As at the Latest Practicable Date:

- (a) the 382,000 Shares repurchased during the six months ended 30 June 2024 which had not been cancelled as at 30 June 2024 were cancelled; and
- (b) among the 3,936,000 Shares repurchased from 1 July 2024 to the Latest Practicable Date, (i) 486,000 Shares were cancelled and 460,000 Shares would be cancelled; and (ii) 2,990,000 Shares were held as treasury Shares by the Company which intends to resell them or use them for other purposes subject to, for example, market conditions and its capital management needs and in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The aforementioned repurchases were made for the benefit of the Company and 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.

## 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 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 (the “Model Code”) (currently 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, the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and this interim report, and discussed auditing, risk management, internal control and financial reporting matters.

## DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (2023: Nil).

## CHANGES IN INFORMATION ON DIRECTORS AND CHIEF EXECUTIVES

There was no material discloseable change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the six months ended 30 June 2024.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, the underlying Shares and the debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (a) Long positions in the Shares, the underlying Shares and the debentures of the Company

Name of Director	Nature of interest	Number of ordinary Shares held	Approximate percentage of interests in the Company <sup>(Note 3)</sup>
Mr. Xiang Jie	Beneficial owner and interest in controlled corporation	386,394,347 <sup>(Note 1)</sup>	24.08%
Mr. Gong Renyuan	Beneficial owner and interest of spouse	19,360,000 <sup>(Note 2)</sup>	1.21%
Mr. Yue Zhoumin	Beneficial owner	2,000,000	0.12%

Notes:

- As at 30 June 2024, among the 386,394,347 Shares, 48,066,000 Shares were directly held by Mr. Xiang Jie and the remaining 338,328,347 Shares were held by Max Vision Holdings Limited. As at 30 June 2024, Max Vision Holdings Limited was wholly-owned by Jiekun Limited, which was wholly-owned by Sapphire Skye Holdings Limited. As at 30 June 2024, Sapphire Skye Holdings Limited was wholly-owned by Zedra Trust Company (Singapore) Limited, which was the trustee of a private trust of which Mr. Xiang Jie was the settlor and his family members were the beneficiaries.
- As at 30 June 2024, among the 19,360,000 Shares, 15,060,000 Shares were held by Mr. Gong Renyuan and the remaining 4,300,000 Shares were held by Ms. Ren Jie, who is the spouse of Mr. Gong Renyuan. Mr. Gong Renyuan was deemed under the SFO to be interested in the 4,300,000 Shares held by Ms. Ren Jie.
- There were 1,604,912,000 Shares in issue as at 30 June 2024.

### (b) Short positions in the Shares, the underlying Shares and the debentures of the Company

None of the Directors or the chief executives of the Company had any short position in the Shares, the underlying Shares and the debentures of the Company or any associated corporation as at 30 June 2024.



## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the interests or short positions of the persons, other than a Director or a chief executive of the Company, in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO, were as follows:

#### (a) Long positions in the Shares and the underlying Shares

Name of substantial Shareholder	Nature of interest	Number of ordinary Shares held	Approximate percentage of interests in the Company <i>(Note 3)</i>
Max Vision Holdings Limited	Beneficial owner	338,328,347 <i>(Note 1)</i>	21.08%
Jiekun Limited	Interest in controlled corporation	338,328,347 <i>(Note 1)</i>	21.08%
Sapphire Skye Holdings Limited	Nominee	338,328,347 <i>(Note 1)</i>	21.08%
Zedra Trust Company (Singapore) Limited	Trustee	338,328,347 <i>(Note 1)</i>	21.08%
Meng Fankun	Interest of spouse	386,394,347 <i>(Notes 1 and 2)</i>	24.08%

#### Notes:

- As at 30 June 2024, Max Vision Holdings Limited was wholly-owned by Jiekun Limited, which was wholly-owned by Sapphire Skye Holdings Limited. As at 30 June 2024, Sapphire Skye Holdings Limited was wholly-owned by Zedra Trust Company (Singapore) Limited, which was the trustee of a private trust of which Mr. Xiang Jie was the settlor and his family members were the beneficiaries. As such, Jiekun Limited, Sapphire Skye Holdings Limited and Zedra Trust Company (Singapore) Limited were deemed under the SFO to be interested in the 338,328,347 Shares held by Max Vision Holdings Limited.
- Ms. Meng Fankun, who is the spouse of Mr. Xiang Jie, was deemed under the SFO to be interested in the 386,394,347 Shares in which Mr. Xiang Jie was interested.
- There were 1,604,912,000 Shares in issue as at 30 June 2024.

#### (b) Short positions in the Shares and the underlying Shares

Save as disclosed above, as at 30 June 2024, the Company had not been notified of any short position in the Shares or the underlying Shares which were required to be recorded in the register required to be kept under section 336 of the SFO.

## SHARE OPTION SCHEMES

Prior to the listing of the Shares on the Stock Exchange (the “Listing”), the Company conditionally adopted a share option scheme (the “2010 Share Option Scheme”) on 23 September 2010 which became effective and unconditional upon the Listing. The purpose of the 2010 Share Option Scheme is to enable the Group to grant share options to the Eligible Participants (as defined in the section headed “Share Option Scheme” of the prospectus of the Company dated 30 September 2010) as rewards or incentives for their contribution to the Group.

The 2010 Share Option Scheme was terminated on 3 June 2020 such that no further share options could be offered but in all other respects the provisions of the 2010 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any share option granted prior to the termination. Prior to the termination, the Board might, at its absolute discretion, offer share options to the Eligible Participants to subscribe for the Shares at an exercise price and subject to the terms of the 2010 Share Option Scheme. Prior to the 2020 Share Option Scheme (as defined below) becoming effective, the total number of Shares which may be issued upon the exercise of all share options to be granted under the 2010 Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 136,604,000, representing 10% of the total number of Shares in issue upon the Listing. As at the Latest Practicable Date, the total number of Shares available for issue upon the exercise of all outstanding share options granted under the 2010 Share Option Scheme was 5,370,000, representing approximately 0.3% of the total number of Shares in issue as at the date of publication of this interim report (assuming no Shares are issued or repurchased from the Latest Practicable Date to the date of publication of this interim report).

## OTHER INFORMATION

The total number of Shares issued and to be issued upon the exercise of the share options granted to each Eligible Participant under the 2010 Share Option Scheme and any other schemes of the Group (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue. Under the 2010 Share Option Scheme, each share option has a 10-year exercise period unless otherwise determined by the Board. There is no minimum period for which a share option must be held before it can be exercised unless otherwise determined by the Board and specified in the offer. HK\$1 shall be payable on acceptance of the share options within such time as may be specified in the offer, which shall not be later than 21 days from the date on which the share options are offered.

The exercise price shall be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the share options are offered;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the share options are offered; and
- (c) the nominal value of a Share.

Details of movements in the share options granted under the 2010 Share Option Scheme during the six months ended 30 June 2024 and outstanding share options as at the beginning and the end of the period are set out below:

Grantees	Date of grant	Number of share options					outstanding as at 30 June 2024	Exercise price per Share (HK\$)	Weighted average closing price per Shares immediately before the date of exercise (HK\$)	Vesting period	Exercisable period
		outstanding as at 1 January 2024	granted during the period	exercised during the period	cancelled during the period	lapsed during the period					
Employees in aggregate	1 April 2020	5,670,000	-	(300,000)	-	-	5,370,000	1.10	1.18	One year from the date of grant	1 April 2021 to 31 March 2026
<b>Total</b>		<b>5,670,000</b>	<b>-</b>	<b>(300,000)</b>	<b>-</b>	<b>-</b>	<b>5,370,000</b>				

The Company conditionally adopted a new share option scheme (the “**2020 Share Option Scheme**”) and conditionally terminated the 2010 Share Option Scheme pursuant to the shareholders' approval obtained in the general meeting of the Company held on 21 May 2020. The 2020 Share Option Scheme and the termination of the 2010 Share Option Scheme became effective on 3 June 2020. The purpose of the 2020 Share Option Scheme is to enable the Company to grant share options to the following participants (the “**Eligible Participant(s)**”) as incentives or rewards for their contribution to the Group:

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary or any entity in which any member of the Group holds any equity interest (the “**Invested Entity**”);
- (b) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity;
- (c) any supplier of goods to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity,

and, for the purposes of the 2020 Share Option Scheme, the offer may be made to any company wholly-owned by one or more Eligible Participants.

## OTHER INFORMATION

Despite the above definition of Eligible Participants, the Company does not intend to grant share option to any Eligible Participant that does not come under the definition of “eligible participant” in Chapter 17 of the Listing Rules.

The Board may, at its absolute discretion, offer share options to the Eligible Participants to subscribe for the Shares at an exercise price and subject to the terms of the 2020 Share Option Scheme. The total number of Shares which may be issued upon the exercise of all share options to be granted under the 2020 Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 163,083,100, representing 10% of the total number of Shares in issue as at the date of approval of the 2020 Share Option Scheme. As no share option had been granted under the 2020 Share Option Scheme from the adoption to the Latest Practicable Date and no share option is expected to be granted under the 2020 Share Option Scheme from the Latest Practicable Date to the date of publication of this interim report, no Share was available for issue upon the exercise of all outstanding share options granted under the 2020 Share Option Scheme as at the date of publication of this interim report.

The total number of Shares issued and to be issued upon the exercise of the share options granted or to be granted to each Eligible Participant under the 2020 Share Option Scheme and any other schemes of the Group (including both exercised and outstanding share options) in any 12-month period shall not exceed 1% of the Shares in issue. The 2020 Share Option Scheme will remain in force for a period of 10 years. Under the 2020 Share Option Scheme, each share option has a 10-year exercise period unless otherwise determined by the Board. There is no minimum period for which a share option must be held before it can be exercised unless otherwise determined by the Board and specified in the offer. HK\$1 shall be payable on acceptance of the share options within such time as may be specified in the offer, which shall not be later than 21 days from the date on which the share options are offered.

The exercise price shall be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date on which the share options are offered;
- (b) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date on which the share options are offered; and
- (c) the nominal value of a Share.

As no share option had been granted under the 2020 Share Option Scheme since the adoption and during the six months ended 30 June 2024, the number of share options available for grant under the 2020 Share Option Scheme at 1 January 2024 and 30 June 2024 were both 163,083,100.



To the board of directors of Sun.King Technology Group Limited  
(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 36, which comprises the condensed consolidated statement of financial position of Sun.King Technology Group Limited (the “**Company**”) and its subsidiaries as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in compliance with IAS 34.

### Ernst & Young

*Certified Public Accountants*

27/F., One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

21 August 2024

# 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>	2023 RMB' 000 (Unaudited)
<b>REVENUE</b>	5	<b>655,758</b>	459,480
Cost of sales		<b>(420,974)</b>	(335,298)
<hr/>			
Gross profit		<b>234,784</b>	124,182
Other income and gains	5	<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	7	<b>(8,541)</b>	(4,045)
Share of losses of:			
A joint venture		-	(395)
Associates		<b>(7)</b>	(25)
<hr/>			
<b>PROFIT/(LOSS) BEFORE TAX</b>	6	<b>36,349</b>	(4,970)
Income tax expense	8	<b>(15,416)</b>	(8,412)
<hr/>			
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>20,933</b>	(13,382)
<hr/>			
<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		<b>5,243</b>	(1,234)
<hr/>			
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>576</b>	234
<hr/>			
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>21,509</b>	(13,148)
<hr/>			
Income/(loss) attributable to:			
Owners of the parent		<b>33,722</b>	(6,088)
Non-controlling interests		<b>(12,789)</b>	(7,294)
<hr/>			
		<b>20,933</b>	(13,382)
<hr/>			
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)
<hr/>			
		<b>21,509</b>	(13,148)
<hr/>			
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
	10		
Basic		<b>RMB2.09 cents</b>	RMB(0.37 cents)
<hr/>			
Diluted		<b>RMB2.09 cents</b>	RMB(0.37 cents)
<hr/>			

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	<i>Notes</i>	<b>30 June 2024 RMB' 000 (Unaudited)</b>	31 December 2023 RMB' 000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	659,133	635,866
Investment properties		16,956	16,956
Right-of-use assets		55,008	56,468
Deposits for purchase of property, plant and equipment		27,081	13,424
Goodwill		5,689	5,689
Other intangible assets		71,674	73,746
Investments in associates		2,392	1,599
Contract assets		42,231	35,459
Time deposits		80,000	–
Deferred tax assets		5,709	4,816
<b>Total non-current assets</b>		<b>965,873</b>	<b>844,023</b>
<b>CURRENT ASSETS</b>			
Inventories		318,233	229,919
Trade and bills receivables	12	1,074,495	814,606
Contract assets		15,177	9,669
Prepayments, deposits and other receivables		53,279	39,486
Derivative financial instruments		292	5,993
Financial investments at fair value through other comprehensive income		–	55,192
Pledged deposits		10,456	39,265
Cash and cash equivalents		463,093	799,300
<b>Total current assets</b>		<b>1,935,025</b>	<b>1,993,430</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	371,911	301,529
Other payables and accruals		112,324	114,347
Contract liabilities		16,137	26,950
Lease liabilities		3,027	3,400
Interest-bearing bank and other borrowings		243,350	226,100
Tax payable		25,401	19,329
<b>Total current liabilities</b>		<b>772,150</b>	<b>691,655</b>
<b>NET CURRENT ASSETS</b>		<b>1,162,875</b>	<b>1,301,775</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,128,748</b>	<b>2,145,798</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	<i>Note</i>	<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
<b>Total non-current liabilities</b>		<b>197,658</b>	224,137
<b>Net assets</b>		<b>1,931,090</b>	1,921,661
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	<i>14</i>	<b>137,468</b>	139,081
Treasury shares		<b>(398)</b>	(378)
Reserves		<b>1,729,061</b>	1,708,946
<b>Non-controlling interests</b>		<b>1,866,131</b>	1,847,649
		<b>64,959</b>	74,012
<b>Total equity</b>		<b>1,931,090</b>	1,921,661

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent											
	Issued capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Deemed contribution reserve RMB'000 <i>(note a)</i>	Other reserve RMB'000 <i>(note b)</i>	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	139,768	-	400,089	2,576	4,332	14,765	409,215	860,947	(673)	1,831,019	82,929	1,913,948
Loss for the period	-	-	-	-	-	-	-	(6,088)	-	(6,088)	(7,294)	(13,382)
Fair value gains on investments at fair value through other comprehensive income	-	-	-	-	-	-	1,468	-	-	1,468	-	1,468
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(1,118)	(1,118)	(116)	(1,234)
Total comprehensive loss for the period	-	-	-	-	-	-	1,468	(6,088)	(1,118)	(5,738)	(7,410)	(13,148)
Shares repurchased and cancelled	(53)	-	(834)	-	53	-	-	(53)	-	(887)	-	(887)
Exercise of share options	170	-	2,301	(604)	-	-	-	-	-	1,867	-	1,867
Share-based payments	-	-	-	217	-	-	-	-	-	217	-	217
Transfer from retained profits	-	-	-	-	-	-	10,757	(10,757)	-	-	-	-
At 30 June 2023	139,885	-	401,556	2,189	4,385	14,765	421,440	844,049	(1,791)	1,826,478	75,519	1,901,997
At 1 January 2024	139,081	(378)	390,030*	2,695*	5,205*	14,765*	419,701*	880,864*	(4,314)*	1,847,649	74,012	1,921,661
Profit for the period	-	-	-	-	-	-	-	33,722	-	33,722	(12,789)	20,933
Fair value losses on investments at fair value through other comprehensive income	-	-	-	-	-	-	(4,667)	-	-	(4,667)	-	(4,667)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	3,957	3,957	1,286	5,243
Total comprehensive income for the period	-	-	-	-	-	-	(4,667)	33,722	3,957	33,012	(11,503)	21,509
Capital injection from non-controlling shareholders	-	-	-	-	-	-	4,300	-	-	4,300	2,450	6,750
Shares repurchased and cancelled	(1,641)	(20)	(17,546)	-	1,641	-	-	(1,641)	-	(19,207)	-	(19,207)
Exercise of share options	28	-	369	(96)	-	-	-	-	-	301	-	301
Share-based payments	-	-	-	76	-	-	-	-	-	76	-	76
Transfer from retained profits	-	-	-	-	-	-	10,120	(10,120)	-	-	-	-
At 30 June 2024	137,468	(398)	372,853*	2,675*	6,846*	14,765*	429,454*	902,825*	(357)*	1,866,131	64,959	1,931,090

## Notes:

- (a) The deemed contribution reserve represents share-based payment expense incurred and recognised by the Group as settled by issue of shares of Sun.King Group Limited (賽晶集團有限公司) (“**Sunking BVI**”), a former shareholder of the Company.
- (b) The other reserve mainly represents a certain waiver of loans and/or advances by Sun.King BVI to the Group in prior years, the reserve arose from acquisition of non-controlling interests and capital contribution from non-controlling shareholders, as well as statutory reserve of the subsidiaries established in the People’s Republic of China (the “**PRC**”).

\* These reserve accounts comprise the consolidated reserves of RMB1,729,061,000 (31 December 2023: RMB1,708,946,000 (audited)) in the condensed consolidated statement of financial position.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		<b>36,349</b>	(4,970)
Adjustments for:			
Finance costs	7	<b>8,541</b>	4,045
Share of losses of a joint venture and associates		<b>7</b>	420
Interest income	5	<b>(5,930)</b>	(6,432)
Fair value gains on financial investments at fair value through profit or loss	5	<b>(1,092)</b>	(601)
Fair value gains on financial investments at fair value through other comprehensive income	5	<b>(5,250)</b>	–
Loss on disposal of property, plant and equipment, net	6	<b>90</b>	19
Depreciation of property, plant and equipment	6	<b>21,413</b>	19,756
Depreciation of right-of-use assets	6	<b>2,580</b>	2,116
Amortisation of other intangible assets		<b>6,315</b>	5,763
Impairment of trade receivables and contract assets, net	6	<b>1,622</b>	(660)
Impairment of financial assets included in prepayments, other receivables and other assets, net	6	<b>604</b>	(165)
Write-off of trade receivables	6	<b>536</b>	–
Fair value loss on foreign currency forward contracts, net	6	<b>10,648</b>	1,181
Write-down of inventories to net realisable value, net	6	<b>653</b>	2,960
Amortisation of deferred income		<b>(2,169)</b>	(1,444)
Share-based payment expense		<b>76</b>	217
Gain on bargain purchases	5	<b>–</b>	(3,470)
		<b>74,993</b>	18,735
Increase in inventories		<b>(88,967)</b>	(34,836)
Increase in trade and bills receivables and contract assets		<b>(273,378)</b>	(36,809)
Decrease/(increase) in prepayments, other receivables and other assets		<b>(13,480)</b>	656
Decrease in pledged deposits		<b>28,809</b>	1,455
Increase/(decrease) in trade and bills payables		<b>70,382</b>	(38,977)
Increase/(decrease) in other payables and accruals and contract liabilities		<b>(20,858)</b>	5,908
Increase in non-current portion of deferred income		<b>1,260</b>	–
Change in derivative financial instruments		<b>(4,947)</b>	6,262
Effect of foreign exchange rate changes, net		<b>9,098</b>	(5,883)
Cash used in operations		<b>(217,088)</b>	(83,489)
Interest paid		<b>(4,276)</b>	(4,062)
Income taxes paid		<b>(9,960)</b>	(11,101)
Net cash flows used in operating activities		<b>(231,324)</b>	(98,652)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash flows used in operating activities	(231,324)	(98,652)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	4,064	4,906
Purchase of property, plant and equipment	(44,403)	(78,004)
Additions to other intangible assets	(5,820)	(5,943)
Placement of time deposits with original maturity of over three months when acquired	(80,000)	–
Purchase of financial investments at fair value through profit or loss	(534,786)	(66,400)
Proceeds from disposal/maturity of financial investments at fair value through profit or loss	535,878	67,001
Proceeds from maturity of financial investments at fair value through other comprehensive income	55,250	–
Proceeds from disposal of property, plant and equipment	156	6,696
Increase in deposits for purchase of property, plant and equipment	(13,657)	(4,167)
Capital contribution to an associate	(800)	–
Acquisition of a subsidiary	–	(4,387)
Net cash flows used in investing activities	(84,118)	(80,298)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of share options	301	1,867
Repurchase of shares	(19,207)	(887)
New bank loans	87,470	124,300
Repayment of bank loans	(92,450)	(35,000)
Capital injection from non-controlling interests	6,750	–
Principal portion of lease payments	(1,988)	(1,505)
Net cash flows from/(used in) financing activities	(19,124)	88,775
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(334,566)</b>	<b>(90,175)</b>
Cash and cash equivalents at beginning of period	799,300	618,768
Effect of foreign exchange rate changes, net	(1,641)	2,202
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>463,093</b>	<b>530,795</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	463,093	530,795

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 1. CORPORATE INFORMATION

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 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. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

## 3. 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 IAS 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.

## 3. CHANGES IN ACCOUNTING POLICIES (continued)

- (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.

## 4. 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.

## 5. REVENUE, OTHER INCOME AND GAINS

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

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

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains is as follows:

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

\* 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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 6. 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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold	420,321	332,338
Write-down of inventories to net realisable value, net	653	2,960
<b>Cost of sales</b>	<b>420,974</b>	<b>335,298</b>
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	–

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank loans	4,130	3,887
Interest on other loans	4,265	–
Interest on lease liabilities	146	158
<b>Total</b>	<b>8,541</b>	<b>4,045</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 8. 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 PRC income tax laws, 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

## 9. 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)).

## 10. 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:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	33,722	(6,088)

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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

	Number of shares For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	1,616,157,705	1,630,849,602
Effect of dilution – weighted average number of ordinary shares:		
Share options	370,317	–
<b>Total</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.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at an aggregate cost of RMB45,630,000 (30 June 2023: RMB81,876,000 (unaudited)).

During the six months ended 30 June 2024, the Group disposed of assets with an aggregate net book value of RMB246,000 (30 June 2023: RMB6,715,000 (unaudited)).

## 12. TRADE AND BILLS RECEIVABLES

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



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 12. TRADE AND BILLS RECEIVABLES (continued)

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
Total	<b>911,349</b>	727,260

At 30 June 2024, the Group's bills receivable would mature within six (31 December 2023: six (audited)) months.

## 13. 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
Total	<b>371,911</b>	301,529

## 14. ISSUED CAPITAL

During the period, the subscription rights attaching to 300,000 (six months ended 30 June 2023: 1,924,000 (unaudited)) share options were exercised at the subscription prices of HK\$1.10 per share (six months ended 30 June 2023: HK\$1.10 per share), resulting in the issue of 300,000 (six months ended 30 June 2023: 1,924,000 (unaudited)) shares of HK\$0.10 (six months ended 30 June 2023: HK\$0.10 per share) each for a total cash consideration, before expenses, of approximately HK\$330,000 (equivalent to approximately RMB301,000) (six months ended 30 June 2023: HK\$2,116,000 (equivalent to approximately RMB1,867,000) (unaudited)). An amount of RMB96,000 (six months ended 30 June 2023: RMB604,000 (unaudited)) was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

During the period, the Company repurchased and cancelled a total of 18,244,000 and 18,178,000 of the Company's shares, respectively (six months ended 30 June 2023: repurchased and cancelled a total of 590,000 of the Company's shares). The total consideration paid to repurchase these shares was RMB19,207,000 (six months ended 30 June 2023: RMB887,000 (unaudited)), which has been deducted from equity attributable to owners of the parent.

## 15. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Buildings	23,833	13,992
Plant and equipment	61,526	77,094
<b>Total</b>	<b>85,359</b>	<b>91,086</b>

Commitments under foreign currency forward contracts:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Purchase of Swiss franc	155,883	174,284

## 16. RELATED PARTY TRANSACTIONS

### (a) Compensation of key management personnel of the Group:

	<b>For the six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Short term employee benefits	16,123	13,785
Post-employment benefits	1,461	1,313
Share-based payment expense	33	68
<b>Total compensation paid to key management personnel</b>	<b>17,617</b>	<b>15,166</b>

### (b) Outstanding balance with a related party:

On 26 May 2020, 4 December 2020, 3 December 2021 and 16 August 2022, Jiashan Sunking Power Equipment Technology Co., Ltd. (嘉善華瑞賽晶電氣設備科技有限公司) (“**Jiashan Sunking**”) and Beijing Yaoting Tengyi Investment Partnership (Limited Partnership) (“**Yaoting**”), a then joint venture of the Group, entered into loan agreements pursuant to which Jiashan Sunking agreed to advance loans of RMB4,500,000, RMB4,920,000, RMB20,000 and RMB10,000 to Yaoting. The loans were unsecured, interest-bearing at a rate of 8.3% per annum and repayable within one year. On 25 May and 3 December 2021, Jiashan Sunking and Yaoting reached supplemental agreements to extend the aforementioned loans of RMB4,500,000 and RMB4,920,000 to 31 December and 3 December 2022, respectively. On 3 December 2022, Jiashan Sunking and Yaoting reached another supplemental agreement to extend the aforementioned loans to 31 December 2023. On 26 December 2023, Yaoting became a subsidiary of the Group and the outstanding balances were eliminated in full on consolidation.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Financial assets</b>				
Bills receivable	163,146	87,346	163,146	87,346
Financial investments at fair value through other comprehensive income	–	55,192	–	55,192
Time deposits	80,000	–	80,000	–
Derivative financial instruments	292	5,993	292	5,993
<b>Total</b>	<b>243,438</b>	148,531	<b>243,438</b>	148,531
<b>Financial liabilities</b>				
Interest-bearing bank borrowings	377,720	382,700	380,003	384,073

Management has assessed that the fair values of the Group's financial instruments, except for bills receivable, financial investments at fair value through profit or loss, derivative financial instruments and non-current portion of interest-bearing bank borrowings, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of bills receivables, financial investments, comprising certificates of deposits, and non-current time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group enters into derivative financial instruments with various counterparties. Derivative financial instruments, comprising foreign currency forward contracts, are measured using valuation techniques similar to forward pricing value calculations. The models incorporate various market observable inputs including foreign exchange forward rates at the delivery dates.

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2024 were assessed to be insignificant.

**17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>As at 30 June 2024 (unaudited)</b>				
Bills receivable	-	163,146	-	163,146
Derivative financial instruments	-	292	-	292
Financial assets at fair value through other comprehensive income	-	-	-	-
Time deposits	-	80,000	-	80,000
<b>Total</b>	<b>-</b>	<b>243,438</b>	<b>-</b>	<b>243,438</b>
<b>As at 31 December 2023 (audited)</b>				
Bills receivable	-	87,346	-	87,346
Derivative financial instruments	-	5,993	-	5,993
Financial assets at fair value through other comprehensive income	-	55,192	-	55,192
Time deposits	-	-	-	-
<b>Total</b>	<b>-</b>	<b>148,531</b>	<b>-</b>	<b>148,531</b>

Liabilities for which fair values are disclosed:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>As at 30 June 2024 (unaudited)</b>				
Interest-bearing bank borrowings	-	380,003	-	380,003
<b>As at 31 December 2023 (audited)</b>				
Interest-bearing bank borrowings	-	384,073	-	384,073

During the period, there was no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2023: Nil).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## **18. EVENTS AFTER THE REPORTING PERIOD**

Between 1 July 2024 and the date of approval of this financial information, the Company repurchased a total of 946,000 of the Company's shares on the Stock Exchange at a total consideration of RMB934,000.

## **19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 21 August 2024.