Sun.King Power Electronics Group Limited
賽晶電力電子集團有限公司

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

- Turnover increased by approximately 42.6% to RMB610.3 million.
- Gross profit dropped by approximately 13.8% to RMB99.1 million.
- Gross profit margin decreased from 26.9% to 16.2%.
- Loss attributable to owners of the Company amounted to RMB59.4 million.
- Loss per share amounted to RMB4.35 cents.

ANNUAL RESULTS

The board (the "**Board**") of Directors (the "**Directors**") of Sun.King Power Electronics Group Limited 賽晶電力電子集團有限公司 (the "**Company**") is pleased to announce the audited annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2011, with the comparative figures for the corresponding year in 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Revenue	3	**610,311**	427,996
Cost of sales		**(511,239)**	(313,044)
Gross profit		**99,072**	114,952
Investment income and other gains and losses	4	**4,611**	1,085
Distribution and selling expenses		**(46,573)**	(14,046)
Administrative and general expenses		**(86,294)**	(40,199)
Other expenses	5	**(16,586)**	(4,280)
Interest on bank borrowings wholly repayable within five years		**(4,339)**	(5,099)
Share of results of jointly controlled entities		**(380)**	30
(Loss) profit before tax	6	**(50,489)**	52,443
Income tax expense	7	**(2,793)**	(14,851)
(Loss) profit and total comprehensive (expense) income for the year		**(53,282)**	37,592
(Loss) profit attributable to:			
Owners of the Company		**(59,360)**	37,592
Non-controlling interests		**6,078**	–
		(53,282)	37,592
		RMB cents	*RMB cents*
(Losses) earnings per share – basic and diluted	8	**(4.35)**	3.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	Notes	At 31 December 2011 RMB'000	At 31 December 2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**211,897**	136,190
Deposits paid for acquisition of property, plant and equipment		**8,908**	17,757
Deposits paid for prepaid lease payments		**7,117**	–
Prepaid lease payments		**56,387**	36,585
Intangible assets		**26,373**	561
Interests in jointly controlled entities		**–**	3,655
Available-for-sale investment		**–**	3,540
Club memberships		**2,534**	1,734
Goodwill		**40,357**	–
Trade receivables	*9*	**25,206**	–
Deferred tax assets		**4,341**	–
TOTAL NON-CURRENT ASSETS		**383,120**	200,022
CURRENT ASSETS			
Inventories		**175,479**	67,740
Trade and other receivables	*9*	**497,522**	376,820
Amount due from a director		**–**	22
Deposits and prepayments		**14,103**	2,028
Other financial assets		**–**	4,739
Prepaid lease payments		**1,041**	767
Pledged bank deposits		**25,110**	1,203
Bank balances and cash		**184,452**	446,016
TOTAL CURRENT ASSETS		**897,707**	899,335
TOTAL ASSETS		**1,280,827**	1,099,357
CURRENT LIABILITIES			
Trade and other payables	*10*	**198,745**	194,827
Other financial liabilities		**886**	–
Bank borrowings		**227,130**	48,324
Tax payables		**12,193**	12,883
TOTAL CURRENT LIABILITIES		**438,954**	256,034

	Notes	At 31 December 2011 RMB'000	At 31 December 2010 RMB'000
Net current assets		**458,753**	643,301
Total assets less current liabilities		**841,873**	843,323
NON-CURRENT LIABILITIES			
Deferred income		**3,143**	3,524
Deferred tax liabilities		**11,649**	5,167
TOTAL NON-CURRENT LIABILITIES		**14,792**	8,691
Total net assets		**827,081**	834,632
CAPITAL AND RESERVES			
Share capital		**117,385**	117,425
Reserves		**663,899**	715,707
Equity attributable to owners of the Company		**781,284**	833,132
Non-controlling interests		**45,797**	1,500
TOTAL EQUITY		**827,081**	834,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1. GROUP RESTRUCTURING AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 19 March 2010. Its shares 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 office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

In the opinion of the directors, the Company's immediate and ultimate holding company is Max Vision Holdings Limited, which in turn is controlled by Mr. Xiang Jei ("**Mr. Xiang**"), the founder and a director of the Company.

Pursuant to a special resolution passed on 21 June 2011, the name of the Company changed from Sun.King Power Electronics Group Limited to Sun.King Power Electronics Group Ltd. and then subsequently from Sun.King Power Electronics Group Ltd. to Sun.King Power Electronics Group Limited 賽晶電力電子集團有限公司.

Pursuant to a group reorganisation (the "**Group Reorganisation**") to rationalise the group structure in preparation for the listing (the "**Listing**") of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 23 September 2010 by issuing shares of the Company in exchange for the entire issued share capital of Sunking Pacific Limited ("**Sunking Pacific**"). Details of the Group Reorganisation were set out in the section headed "History and Development" of the prospectus (the "**Prospectus**") dated 30 September 2010 issued by the Company. The Group Reorganisation is a reorganisation of companies under common control. Accordingly, the Group resulting from the Group Reorganisation including the Company and its subsidiaries is regarded as a continuing entity.

The consolidated statement of comprehensive income, the consolidated statement of cash flows and consolidated statement of changes in equity for the year ended 31 December 2010 prepared in accordance with the principles of merger accounting include the financial statements of the companies then comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the period or since their respective dates of incorporation or establishment whichever is the shorter period.

The consolidated financial statements are presented in Renminbi ("**RMB**"), the currency of the primary economic environment in which the Company and its principal subsidiaries operate.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS")

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised standards and interpretations issued by the International Accounting Standards Board ("**IASB**") and the International Financial Reporting Interpretations Committee ("**IFRIC**") of IASB.

IFRSs (Amendments)	Improvements to IFRSs 2010
IAS 24 (Revised 2009)	Related Party Disclosures
IAS 32 (Amendments)	Classification of Rights Issues
IFRIC 14 (Amendments)	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

IFRS 7 (Amendments)	Disclosures: Transfers of Financial Assets[1]
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[3]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Government Loans[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
IAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets[4]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and are of the opinion that it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that this standard will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of IFRS 13 may result in more extensive disclosures in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The directors of the Company anticipate that this standard will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Other than disclosed above, the directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Mr. Xiang, the Chief Executive Officer and Chairman of the Company, is the chief operating decision maker of the Group (the "**CODM**") and he regularly reviews revenue to make decisions about resources allocation and performance assessment.

In conjunction with a reassessment of the Group's overall performance for its trading and manufacturing activities, starting January 2011, the CODM reviews the sales generated from these two functions in substitution for review of sales by product categories in prior years. Accordingly, the segment revenue for the year ended 31 December 2010 is restated in consistence with that of the year ended 31 December 2011.

The following table sets forth a breakdown of the Group's revenue:

	2011	2010
	RMB'000	*RMB'000*
Trading of power electronic components	**156,128**	138,535
Manufacturing of power electronic components	**454,183**	289,461
Total	**610,311**	427,996

Geographical information

The Group's operations are located in the PRC, country of domicile of the operating subsidiaries.

Information about major customers

Revenue from major customers individually accounted for 10% or more of the Group's revenue is as follows:

	2011	2010
	RMB'000	*RMB'000*
Customer A (for both trading and manufacturing of goods)	**125,870**	109,296
Customer B (for both trading and manufacturing of goods)	**84,377**	*
Customer C (for manufacturing of goods)	#	69,785

* *The sales to customer B was less than 10% for the year ended 31 December 2010.*
\# *Customer C was acquired by the Group in 2011. Accordingly, it ceased to be a customer in 2011.*

4. INVESTMENT INCOME AND OTHER GAINS AND LOSSES

	2011	2010
	RMB'000	*RMB'000*
Bank interest income	**1,174**	801
Net foreign exchange losses	**(2,991)**	(9,057)
(Loss) gain on fair value change of foreign exchange forward contracts	**(5,114)**	4,179
Gain (loss) on fair value change of embedded derivatives	**31**	(864)
Government grants	**8,365**	6,088
Change in fair value of equity interests in investees	**403**	–
Loss on disposal of property, plant and equipment	**(206)**	(62)
Commission income	**2,958**	–
Loss on disposal of a subsidiary	**(9)**	–
Total	**4,611**	1,085

5. OTHER EXPENSES

	2011	2010
	RMB'000	*RMB'000*
Allowance for doubtful debts	**5,157**	1,523
Research and development costs	**6,929**	2,757
Others	**4,500**	–
	16,586	4,280

6. (LOSS) PROFIT BEFORE TAX

	2011	2010
	RMB'000	*RMB'000*
(Loss) profit before tax has been arrived at after charging:		
Directors' remuneration, including share-based payment expense and retirement benefit schemes contributions	**3,690**	2,259
Other staff costs	**29,903**	11,259
Other staff's retirement benefit schemes contribution	**4,042**	1,198
Other staff's share-based payment expense	**5,962**	1,730
	43,597	16,446
Write down of inventory	**3,861**	1,104
Depreciation for property, plant and equipment	**11,939**	5,623
Amortisation of intangible assets and prepaid lease payment	**8,357**	508
Auditor's remuneration	**3,600**	1,711
Cost of inventories recognised as an expense	**511,239**	313,044
Operating lease rentals in respect of premises	**2,680**	2,230

7. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax ("**EIT**")	**7,559**	11,859
Deferred taxation:		
Current year	**(4,766)**	2,992
Total tax expense	**2,793**	14,851

Sunking Pacific was incorporated in Hong Kong. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Jiashan Sunking Power Equipment Technology Co., Ltd. ("**Jiashan Sunking**") was recognised as a foreign invested manufacturing enterprise and is entitled to tax exemption from EIT for two years commencing from its first profit making year in 2007, followed by a 50% tax rate reduction for EIT for the subsequent three years. Therefore, the applicable income tax rate for Jiashan Sunking is 12.5% for the years ended 31 December 2011 and 2010.

Jiujiang Jiuzheng Rectifier Co. Ltd. ("**Jiujiang Rectifier**") and Wuhan Langde Electrics Technology Co., Ltd. ("**Wuhan Langde**") acquired by the Group in April and May 2011 respectively obtained New and High Technology status in 2010 and accordingly, they are entitled to income tax rate of 15% for the years from 2011 to 2013.

The tax charge for the year can be reconciled to (loss) profit before tax per the consolidated statement of comprehensive (expense) income as follows:

	2011	2010
	RMB'000	*RMB'000*
(Loss) profit before tax	**(50,489)**	52,443
Tax at PRC EIT rate of 25% *(note)*	**(12,622)**	13,111
Tax effect of expenses not deductible for tax purpose	**14,733**	6,561
Tax effect of income not taxable for tax purpose	**95**	72
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(138)**	(146)
Tax effect of share of loss of jointly controlled entities	**(95)**	8
Tax effect of tax concession	**(5,948)**	(10,572)
Tax effect of unused tax losses and other deductible temporary differences not recognised	**7,704**	2,545
Deferred tax arising from withholding tax on undistributed profit of a PRC subsidiary	**(936)**	3,274
Tax charge for the year	**2,793**	14,851

note: The PRC income tax rate for the year was 25% (2010: 25%), which represented the applicable income tax rate of the PRC subsidiaries through which the Group's operations were substantially conducted.

8. (LOSSES) EARNINGS PER SHARE

The calculation of the basic and diluted (losses) earnings per share attributable to the owners of the Company is based on the following data:

	2011	2010
	RMB'000	*RMB'000*
Earnings		
(Loss) profit for the year attributable to owners of the Company	**(59,360)**	37,592
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (losses) earnings per share	**1,365,913,945**	1,099,389,315

The computation of diluted loss per share for the year does not assume the exercise of share options since their exercise would result in a decrease in loss per share. Therefore, the basic and diluted losses per share are the same.

There was no potential dilutive share for the year ended 31 December 2010.

9. TRADE AND OTHER RECEIVABLES

	As at 31 December 2011 *RMB'000*	As at 31 December 2010 *RMB'000*
Trade receivables	**292,441**	313,949
Less: Allowance for doubtful debts	**(5,550)**	(393)
	286,891	313,556
Less: Amount shown as non current	**(25,206)**	–
	261,685	313,556
Notes receivable	**206,853**	45,541
Value-added tax receivable	**16,150**	5,163
Receivable from partial disposal of equity interest in a subsidiary	**3,500**	–
Other receivables	**9,334**	12,560
Total	**497,522**	376,820

The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, presented based on invoice date at the end of the reporting period:

	As at 31 December 2011 *RMB'000*	As at 31 December 2010 *RMB'000*
0-90 days	**146,231**	199,668
91-180 days	**85,489**	87,253
181-360 days	**37,933**	25,302
Over 360 days	**17,238**	1,333
Total	**286,891**	313,556

In general, the Group allows an average credit period of 90 days to its trade customers. For certain major and well established customers, the credit period could be extended to half year and 10% of the invoiced amount will only be due at the end of the relevant warranty period, which is the shorter of eighteen months from the date of delivery or twelve months from the date of installation.

Before accepting a new customer, the Group has to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. In determining the recoverability of the trade receivables, the management of the Group monitors the financial positions of the customers regularly through meetings, independent investigation and review of publicly available information.

Included in the Group's trade receivable balances are trade receivables with an aggregate carrying amount of RMB128,939,000 (2010: RMB171,006,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as, in the opinion of the directors, there has been no significant change in credit quality. The Group does not hold any collateral over these balances.

Aging analysis for trade receivables past due but not impaired based on invoice date is follows:

	2011	2010
	RMB'000	*RMB'000*
0-180 days	**108,056**	164,472
181-360 days	**13,832**	6,206
Over 360 days	**7,051**	328
	128,939	171,006

Certain trade receivables with carrying amount of RMB96,060,000 as at 31 December 2011 are pledged against short-term bank borrowings extended to the Group (2010: RMB18,960,000).

Movement in the allowance for doubtful debts

	2011	2010
	RMB'000	*RMB'000*
At 1 January	**393**	–
Impairment losses recognised	**5,157**	1,523
Written off as uncollectible	**–**	(1,130)
At 31 December	**5,550**	393

The credit risk on notes receivable is limited because the counterparties are state-owned banks located in the PRC. The aging of notes receivable presented based on the invoice date at the end of the reporting period is as follows:

	2011	2010
	RMB'000	*RMB'000*
0-180 days	**206,853**	45,041
181-360 days	**–**	500
	206,853	45,541

No notes receivable as at 31 December 2011 (2010: carrying amount of RMB800,000) was pledged to a bank against bank borrowing granted to the Group.

10. TRADE AND OTHER PAYABLES

	As at 31 December 2011 *RMB'000*	As at 31 December 2010 *RMB'000*
Trade payables	**142,020**	156,902
Advance from customers	**38,079**	3,000
Value-added tax payable	**2,375**	3,950
Other taxes payables	**1,266**	12,780
Accrued expenses	**958**	8,052
Payroll payable	**4,769**	–
Other payables	**9,278**	10,143
Total	**198,745**	194,827

The following is an ageing analysis of trade payables based on invoice date at the end of reporting period:

	As at 31 December 2011 *RMB'000*	As at 31 December 2010 *RMB'000*
0-180 days	**136,327**	151,923
Over 181 days	**5,693**	4,979
Total	**142,020**	156,902

The credit period varies with suppliers and ranges from 30 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

11. FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2011 (2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, notwithstanding the occurrence of volatile global market economy as featured by the slower growth in the US and the sovereign debts crisis in some euro zone countries, the PRC economy maintained a steady growth. With a series of tightened monetary policies put in place aiming at cutting down the consistent high levels of the inflationary pressure in the PRC, various fiscal and corporate investments were affected.

In 2011, the rise in both raw material costs and operating costs was still a challenge faced by the Group. As Swiss Francs ("**CHF**") continued to appreciate during the year, the cost of purchases of the Group had been increased. In addition, the acquisition of Jiujiang Rectifier in May 2011 led to the increase in the number of employees which resulted in higher administrative expenses.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by RMB182.3 million, or 42.6%, from RMB428.0 million for the year ended 31 December 2010 to RMB610.3 million for the year ended 31 December 2011 primarily reflecting an increase in sales of manufacturing of power electronic components, in particular, the sale of IGBT power modules and silicon rectifier valves and others.

The following table sets forth the breakdown of the Group's revenue by products and their contribution to the Group's total revenue for the year ended 31 December 2011, with corresponding comparative figures for 2010:

	Year ended 31 December			
	2011	**2011**	2010	2010
	RMB'000	*%*	*RMB'000*	*%*
Sales by:				
Trading of power electronic components	**156,128**	**25.6**	138,535	32.4
Manufacturing of power electronic components	**454,183**	**74.4**	289,461	67.6
Total	**610,311**	**100.0**	427,996	100.0

The sales of trading of power electronic components and manufacturing of power electronic components increased by 12.7% and 56.9% respectively to RMB156.1 million and RMB454.2 million respectively for the year ended 31 December 2011 from RMB138.5 million and RMB289.5 million respectively for the corresponding year in 2010.

With the contraction in rail transportation investments in the second half of 2011 in the PRC followed by the high speed rail incident in July 2011, the sales of trading of power electronic components recorded a stable growth of 12.7% for 2011. Most of the sales of trading of power electronic components were derived from the distribution of IGBT products to China CNR Corporation Limited under the non-exclusive distribution agreement. The sales of trading of goods accounted for 25.6% of the total sales in 2011 as compared to a higher proportion in the previous year which demonstrated the corresponding increment in the Group's manufacturing of power electronic components was larger than the trading of power electronic components in 2011.

The Group's manufacturing of power electronic components achieved a robust growth of 56.9% in 2011 compared to the previous year. This was due to the launch of new products for the energy saving and power improvement applications and the recognition of the Group's high-voltage power capacitors products by state and provincial grid's corporation. In addition, the increase in demand for domestic manufactured products as encouraged by the PRC government and the consolidation of the results following the acquisition of Jiujiang Rectifier during the year also contributed to the sales growth. The sales of manufacturing of power electronic components accounted for a higher proportion at 74.4% of the Group's sales in 2011 as compared with the previous year, reflecting the Group has made a great progress in transforming to a manufacturing-focused business entity.

Cost of sales

Cost of sales increased by 63.3% from RMB313.0 million for the year ended 31 December 2010 to RMB511.2 million for the corresponding year in 2011. The increase primarily reflects the combined effects of increases in sales, higher cost of trading of goods that are denominated in CHF and the higher exchange rate of CHF: RMB during the year ended 31 December 2011 compared to the corresponding year in 2010.

Gross profit margin

Gross profit decreased by approximately RMB15.9 million, or 13.8%, from RMB115.0 million for the year ended 31 December 2010 to RMB99.1 million for the corresponding year in 2011. The Group's gross profit margin decreased from 26.9% for the year ended 31 December 2010 to 16.2% for the corresponding year in 2011. The decrement was primarily a result of (i) the change in the product mix of the Group's products sold in the year ended 31 December 2011 compared to the corresponding period in 2010, (ii) the increase in the cost of imported power electronic components and some raw materials of manufactured goods that are denominated in CHF, which was at a much higher value on average relative to RMB during the year ended 31 December 2011 compared to the corresponding year in 2010 and (iii) the decrease of the average selling prices of the Group's products generally.

The high average exchange rate of CHF: RMB for year ended 31 December 2011 contributed to the Group's lower gross profit margin recorded for that year compared to the corresponding year in 2010.

Investment income

Bank interest income increased from RMB0.8 million for the year ended 31 December 2010 to RMB1.2 million for the corresponding year in 2011 primarily due to an increase in the Group's interest-bearing bank deposits for the year in 2011 as compared to last year.

Other gains and losses

Other income and other gains and losses increased to approximately RMB3.4 million (2010: RMB0.3 million) for the year ended 31 December 2011 primarily due to (i) government grants of RMB8.4 million received for the achievements in scientific and technological innovation in the current year; (ii) recovery of bad debts of RMB3.0 million represents the recovery of bad debts written off by Jiujiang Rectifier before its acquisition by the Group; and offset by loss on fair value change of foreign currency forward contracts of RMB5.1 million and the net foreign exchange losses of RMB3.0 million.

Distribution and selling expenses

Distribution and selling expenses which constituted 7.6% (2010: 3.3%) of the Group's total revenue increased by 231.6% to approximately RMB46.6 million (2010: RMB14.0 million) primarily reflecting an increase in salaries and social welfare paid to the increased number of staff employed and an increase in transportation costs due to the change of product mix and the increase in sales volume as well as advertising and promotion expenses incurred for new product launch and branding.

Administrative and general expenses

Administrative and general expenses increased by 114.7% to approximately RMB86.3 million (2010: RMB40.2 million) for the year ended 31 December 2011 primarily reflecting an increase in number of headcounts and other administrative expenses incurred due to the acquisitions of subsidiaries during the year and the share-based payments expenses resulting from the share option granted during the year. The increase of administrative expenses was also attributable to an increase in depreciation for property, plant and equipment and amortisation of intangible assets and prepaid lease payments. Administrative and general expenses constituted 14.1% (2010: 9.4%) of the Group's total revenue for the year ended 31 December 2011.

Other expenses

Other expenses increased to approximately RMB16.6 million (2010: RMB4.3 million) for the year ended 31 December 2011 primarily due to the following expenses incurred during the year ended 31 December 2011, (i) the recognition of RMB5.2 million impairment loss on the Group's trade receivables; (ii) additional RMB4.1 million research and development fees paid in relation to a power electronic component to be applied in the Group's own development and manufacturing of goods; and (iii) others.

Interest on bank borrowings wholly repayable within five years

Interest on bank borrowings wholly repayable within five years decreased to approximately RMB4.3 million (2010: RMB5.1 million) for the year ended 31 December 2011 primarily due to i) increase in Hong Kong bank borrowings with lower interest rate during the year ended 31 December 2011; and ii) part of the use of proceeds were used to repaid the PRC bank borrowings close to the reporting date of 2010 which decreased the bank borrowings as at 31 December 2010.

Loss before tax

The Group recorded a loss before tax of RMB50.5 million for the year ended 31 December 2011, compared with profit before tax of RMB52.4 million primarily due to decrease in gross profit and increase in operating expenses.

Income tax expense

In spite of the Group's net loss for the year ended 31 December 2011, certain subsidiaries in the PRC incurred net profit and were subject to PRC enterprise income tax. As a result, income tax expenses amounted to RMB2.8 million was provided for the year ended 31 December 2011 as compared to the RMB14.9 million for the corresponding year in 2010.

Loss for the year and total comprehensive expense for the year attributable to owners of the Company

The Group's loss for the year and total comprehensive expense for the year attributable to owners of the Company amounted to RMB59.4 million for the year ended 31 December 2011, when compared to profit and total comprehensive income of RMB37.6 million for the year ended 31 December 2010. The Group's net loss margin, which is calculated as loss attributable to owners of the Company for the year divided by total revenue, changed from a net profit margin of 8.8% in the year ended 31 December 2010 to 9.7% for the corresponding year in 2011.

Inventories

The inventory balances increased by 159.0% to approximately RMB175.5 million as at 31 December 2011 (as at 31 December 2010: RMB67.7 million) reflecting an increase in both raw materials and work-in-process as a result of the acquisition of Jiujiang Rectifier with a longer production cycle of its product.

The average inventory turnover days increased to approximately 86.8 days (2010: 51.2 days) for the year ended 31 December 2011.

Trade receivables

Trade receivables decreased to approximately RMB286.9 million (as at 31 December 2010: RMB313.6 million) as at 31 December 2011 and the average trade receivables turnover days decreased to approximately 179.6 days (2010: 187.1 days) for the year ended 31 December 2011. This was because of the stringent credit control over customers.

Trade and other payables

Trade and other payables increased to approximately RMB198.7 million (as at 31 December 2010: RMB194.8 million) as at 31 December 2011 and the average turnover days for trade payables decreased to approximately 106.7 days (2010: 117.1 days) for the year ended 31 December 2011 primarily due to stringent control over the trade payable.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from the sale of its products and bank borrowings. As at 31 December 2011, the Group's current ratio (current assets divided by current liabilities) was 2.05 (as at 31 December 2010: 3.51). As at 31 December 2011, the Group had cash and cash equivalents of RMB184.5 million (as at 31 December 2010: RMB446.0 million), which were mainly denominated in RMB, USD and HKD, and short-term bank loans of RMB227.1 million (as at 31 December 2010: RMB48.3 million). The increase in short-term bank loans was mainly for working capital purposes. As at 31 December 2011, the Group's gearing ratio measured on the basis of total short-term bank loans to total equity was 27.5%, as compared to 5.8% as at 31 December 2010.

As at 31 December 2010 and 31 December 2011, all the Group's bank loans were at variable interest rates, mainly denominated in RMB, and had contractual maturity within one year from the end of the reporting year. The effective interest rates on the Group's fixed-rate bank borrowings were also equal to the weighted average contracted interest rates of 5.48% per annum as at 31 December 2011 (as at 31 December 2010: 4.61% per annum). During the year under review, there was no material change to the Group's funding and treasury policy.

The majority of the Group's funds have been deposited in banks in the PRC and licensed banks in Hong Kong. The management believes that the Group possesses sufficient cash and cash equivalents to meet its commitments and working capital requirements in the next financial year.

The Group continues to implement prudent financial management policies and monitor its capital structure based on the ratio of total liabilities to total assets.

Interest rate and foreign currency exposure

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings. The Group currently has not entered into interest rate swaps to hedge against its exposure to changes in fair values of its borrowings. The Group's cash flow interest rate risk relates primarily to its variable-rate bank deposits. Currently, the Group does not have a specific policy to manage its interest rate risk, but will closely monitor the interest rate risk exposure in the future. In the opinion of the management, the Group did not have significant exposure to cash flow interest rate risk as at 31 December 2010 and 31 December 2011.

As most of the principal subsidiaries of the Company are operating in the PRC, their functional currency is RMB. However, certain purchases of the Group are either denominated in CHF, USD, Euro and Hong Kong dollars, which are currencies other than the functional currency of the relevant Group entities and expose the Group to foreign currency risk.

Since 2007, the Group has reduced its CHF exposure against RMB by using foreign exchange forward contracts in order to increase its foreign exchange visibility and limit losses. The carrying amount of foreign currency forward contracts outstanding as at 31 December 2011 was RMB0.9 million (as at 31 December 2010: RMB4.2 million).

Contingent liabilities

As at 31 December 2011, the Group had no material contingent liabilities.

Charges on group assets

As at 31 December 2011, the Group's pledged bank deposits of RMB14,857,000 (2010: RMB1,203,000) are principally deposits pledged to banks for the Group's trading finance purpose including issuance of letter of credit. The pledged bank deposits will be released upon the settlement of the relevant letters of credit and obligation.

In addition, the Group bank borrowings were secured by certain trade and notes receivables amounting to RMB96,060,000 (2010: RMB19,760,000) in aggregate and pledged bank deposits amounting to RMB14,857,000 (2010: RMB1,203,000). In 2010, certain of the Group's prepaid lease payment and buildings were also pledged to banks to secure the Group's bank borrowings whilst there is none in 2011.

USE OF PROCEEDS FROM LISTING

Net proceeds of approximately HK$593.0 million were raised from the listing of the Company's share on the Stock Exchange in October 2010.

Apart from the above, as at 31 December 2011, out of the total net proceeds from the Global Offering, RMB284.3 million was utilised for repayment of bank borrowings, land acquisition and construction of buildings for expansion of production capacity, building construction for research and development and working capital and general corporate expenses.

HUMAN RESOURCES

As at 31 December 2011, the Group employed approximately 655 employees. Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group conducts periodic reviews of the performance of its employees and their salaries and bonuses are performance related. The Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees. The Group maintains a good relationship with its employees.

PROSPECTS

Looking ahead, the PRC economy is expected to grow moderately through the increase in fiscal spending and ease monetary policies to support domestic demand in particular to boost social and infrastructure investment. The Group's vision is to become a leading enabler of power efficiency and emission reduction in the PRC by providing a comprehensive range of power electronic components, integrated systems and technology solutions in the PRC and abroad. The Group will focus on the PRC rail transportation and power distribution and transmission sectors, which are expected to benefit from the investments encouraged by the PRC government's policies.

The Group recognises the importance of product diversification and technological innovation through strengthening its research and development capability. The Group will strive to enlarge its market share and diversify its product offerings, as well as enhance its capability in developing high end products through proprietary know-how and strategic business alliance with prominent international market leaders. The joint venture with Trainelec and Traintic of Construcciones y Auxiliar de Ferrocarriles (CAF), S.A., for the manufacture and sale of electronic traction systems, train control and monitoring systems and auxiliary power supply systems is expected to be in operation by 2013.

In addition, the Group will also continue to improve production efficiency, utilisation rate and operational efficiency for its manufacturing facilities in order to achieve a sustainable growth. Whilst the global economy is still foreseen to be challenging in the coming year, the management of the Group is committed to dedicate all its effort to lead the entire staff team to promote the Group's development in order to maximise benefits for the shareholders.

The Group will seize opportunities for growth in terms of market share and revenue through strategic alliance with selected partners, mergers and acquisitions and formation of business collaboration with large customers for the long run and will gradually explore and step into both regional and overseas markets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company made the following purchases of its own shares which were cancelled subsequently on the Stock Exchange:

Month of purchase in 2011	No of shares purchased	Consideration per shares *Highest HK$*	Consideration per shares *Lowest HK$*	Aggregate consideration paid HK$
September	460,000	0.66	0.50	269,720

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2011.

MATERIAL ACQUISITIONS AND DISPOSALS

On 15 April 2011, Jiashan Sunking, an indirectly wholly owned subsidiary of the Company, entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Rui Hua Ying Investment Holdings Co., Ltd. (瑞華贏投資控股有限公司) ("**Rui Hua Ying**"), pursuant to which Jiashan Sunking agreed to acquire from Rui Hua Ying 56% equity interest in Jiujiang Rectifier for a cash consideration of RMB63,700,000. Prior to the aforesaid acquisition, the Company through Jiashan Sunking held 5% equity interest in Jiujiang Rectifier. Upon completion of the Equity Transfer Agreement, Jiujiang Rectifier became a subsidiary of the Company.

On 25 April 2011, Jiashan Sunking entered into an equity transfer agreement (the "**Equity Transfer Agreement II**") with Mr. Zhu Xiaodong (朱曉東先生), pursuant to which Jiashan Sunking agreed to acquire from Mr. Zhu 41% equity interest in Shanghai Lang Zhi De Resources Technology Co., Ltd. (上海朗之德能源科技有限公司) ("**Shanghai Lang Zhi De**"), which in turn owns 100% equity interest in Wuhan Langde, for a cash consideration of RMB2,600,000 together with an embedded derivative with a fair value of RMB542,000 at the date of acquisition. Upon completion of the Equity Transfer Agreement II, Shanghai Lang Zhi De became a subsidiary of the Company. Afterwards, Jiashan Sunking transferred the equity interest in Shanghai Lang Zhi De to Sudian Power Electronics (Wuxi) Co., Ltd. (蘇電電力電子技術（無錫）有限公司), an indirectly wholly owned subsidiary of the Group.

Subsequent to the Shanghai Lang Zhi De acquisition, Shanghai Lang Zhi De was owned as to 61% by the Group and as to 39% by two non-controlling shareholders. In connection with a group restructuring, Shanghai Lang Zhi De distributed Wuhan Langde to its then shareholders resulting in the then shareholders holding Wuhan Langde reflecting that of their shareholdings in Shanghai Lang Zhi De. In July 2011, the Group disposed of its equity interest in Shanghai Lang Zhi De to an individual unconnected to the Group at a consideration of RMB26,000.

Save as disclosed in the above, the Group did not engage in any material acquisitions or disposals during the year 2011.

CORPORATE GOVERNANCE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders. The Company has adopted the Code on Corporate Governance Practices (the "**Corporate Governance Code**") as set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange as its own code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices. During the year ended 31 December 2011, the Company has continued to apply the code provisions (the "**Code Provisions**") of the Corporate Governance Code, except for the deviation set out as below:

Code Provision A2.1

The Code Provision A2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

At present, the positions of the chairman of the Board and the chief executive officer of the Company are held by Mr. Xiang. Although this deviates from the practice under the Code Provision A2.1, where the two positions should be held by two different individuals, as Mr. Xiang has considerable and extensive knowledge and experience in the industry and in enterprise operation and management in general, the Board believes that it is in the best interest of the Company and its shareholders as a whole to continue to have Mr. Xiang as an executive chairman so the Board can benefit from his knowledge of the business and his capability in leading the Board in the long term development of the Group. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the Chairman should not be able to monopolise the voting result. The Board considers that the balance of power between the Board and the senior management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action is taken should the need arise.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, the Directors have complied with the required standards as set out in the Model Code during the year ended 31 December 2011.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee (the "**Audit Committee**") was established on 19 August 2010 with written terms of reference in compliance with the Listing Rules. The duties of the Audit Committee include (without limitation) (i) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor; (ii) monitoring integrity of the financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and (iii) reviewing the financial controls, internal control and risk management systems.

The Audit Committee has reviewed with the management accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2011. The consolidated financial statements for the year ended 31 December 2011 have been audited by the Company's external auditor, Deloitte Touche Tohmatsu.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2012 is scheduled to be held on Wednesday, 16 May 2012. A notice convening the annual general meeting will be issued in due course.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Monday, 14 May 2012 to Wednesday, 16 May 2012, both dates inclusive, during which period no transfer of shares will be registered.

In order to establish the identity of the shareholders who are entitled to attend and vote at the annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Friday, 11 May 2012.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the website of the Company at www.speg.hk. The Company's annual report for the year 2011 will be available at the same websites and will be despatched to the Company's shareholders in due course.

TELEPHONE CONFERENCE

The Company will host a telephone conference to discuss the annual results of the Group for the year ended 31 December 2011 with its shareholders and potential investors on 30 March 2012 from 10:00 a.m. to 11:00 a.m. (Hong Kong time). The dial-in details are as follows:

Telephone number: 86-21-60845858
Conference code: 935621#

Participants should press *8# before asking questions during the telephone conference.

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

Hong Kong, 27 March 2012

As at the date of this announcement, the executive Directors are Mr. Xiang Jie, Mr. Gong Renyuan, Mr. Yue Zhoumin and Mr. Huang Xiangqian; the non-executive Directors are Mr. Ye Weigang Greg and Mr. Wong Kun Kau; and the independent non-executive Directors are Mr. Wang Yi, Mr. Li Fengling and Mr. Chen Shimin.

The English text of this announcement shall prevail over the Chinese text in case of any inconsistency.