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無錫盛力達科技股份有限公司

Wuxi Sunlit Science and Technology Company Limited*

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 1289)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2024 (RMB'000)	2023 (RMB'000)	Change
Revenue	153,535	53,076	189.3%
Gross profit	46,851	17,161	173.0%
Profit before income tax	36,466	9,736	274.5%
Profit for the period	31,557	7,928	298.0%
Profit for the period attributable to shareholders of the Company	31,557	7,928	298.0%
Earnings per share attributable to shareholders of the Company for the period (expressed in RMB cents)			
— Basic and diluted	24.65	6.19	298.2%

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of 無錫盛力達科技股份有限公司 (Wuxi Sunlit Science and Technology Company Limited*) (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023. The unaudited interim financial statements have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

(All amounts in RMB thousands unless otherwise stated)

		Six months ended 30 June	
		2024	2023
	Note	Unaudited	Unaudited
Revenue	4	153,535	53,076
Cost of sales	5	<u>(106,684)</u>	<u>(35,915)</u>
Gross profit		46,851	17,161
Selling expenses	5	(1,697)	(1,256)
Administrative expenses	5	(20,669)	(15,686)
Net reversal of/(allowance of) impairment losses on financial assets		4,488	(5,074)
Other income		1,528	173
Other gains — net		<u>1,867</u>	<u>11,574</u>
Operating profit		32,368	6,892
Finance income		<u>4,098</u>	<u>2,844</u>
Profit before income tax		36,466	9,736
Income tax expense	6	<u>(4,909)</u>	<u>(1,808)</u>
Profit for the period attributable to shareholders of the Company		<u>31,557</u>	<u>7,928</u>
Earnings per share attributable to shareholders of the Company for the period (expressed in RMB cents)			
— Basic and diluted earnings per share	7	<u>24.65</u>	<u>6.19</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Profit for the period	31,557	7,928
Other comprehensive income	—	—
Total comprehensive income for the period attributable to shareholders of the Company	<u>31,557</u>	<u>7,928</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

		30 June 2024	31 December 2023
	<i>Note</i>	Unaudited	Audited
ASSETS			
Non-current assets			
Right-of-use assets		20,272	20,580
Property, plant and equipment		80,800	86,310
Investment properties		14,950	15,750
Properties held for sale		11,927	14,489
Intangible assets		89	102
Trade and other receivables	8	46,389	53,189
Deferred income tax assets — net		18,558	19,135
		192,985	209,555
Current assets			
Inventories		352,222	260,340
Properties held for sale		6,866	8,489
Prepayments		3,971	5,764
Trade and other receivables	8	219,032	265,061
Contract assets		41,188	33,541
Restricted cash		109,523	65,053
Time deposits		163,808	107,376
Cash and cash equivalents		82,282	73,946
		978,892	819,570
Total assets		1,171,877	1,029,125
EQUITY			
Share capital		128,000	128,000
Share premium		311,464	311,464
Reserves		72,539	72,674
Retained earnings		183,035	161,583
Total equity		695,038	673,721

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

		30 June 2024	31 December 2023
	Note	Unaudited	Audited
LIABILITIES			
Current liabilities			
Trade and other payables	9	229,461	193,281
Contract liabilities		233,715	153,915
Current income tax liabilities		3,423	8,208
Dividend payables	10	10,240	—
		<u>476,839</u>	<u>355,404</u>
Total liabilities		<u>476,839</u>	<u>355,404</u>
Total equity and liabilities		<u>1,171,877</u>	<u>1,029,125</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

1 GENERAL INFORMATION OF THE GROUP

無錫盛力達科技股份有限公司 (Wuxi Sunlit Science and Technology Company Limited*) (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in the manufacturing and sales of a range of equipment for steel wire production lines and standalone machineries.

The Company was incorporated in the People’s Republic of China (the “**PRC**”) as a limited liability company on 21 March 2006. The Company was converted into a joint stock company with limited liabilities under relevant PRC laws and regulations on 24 July 2012. The address of the Company’s registered office is No.1 East Yanxin Road, Huishan Economic Development Zone, Wuxi, Jiangsu Province, the PRC.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 November 2014.

The interim condensed consolidated financial information is presented in Renminbi thousands (RMB’000), unless otherwise stated.

The interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, ‘Interim financial reporting’. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), and any public announcements made by the Group during the interim reporting period.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those applied in the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

- (a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.
- (b) New and amended standards and interpretation to standards adopted by the Group

The Group has applied the following new and amended standards and interpretation to standards for the first time for the Group's financial year commencing 1 January 2024.

Standards/Amendments/ Interpretation	Subject
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current
Amendment to HKAS 1	Non-current Liabilities with Covenants
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendment to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The new and amended standards and interpretation to standards listed above did not have significant impact on the condensed consolidated interim financial information.

- (c) New and amended standards and interpretation to standards that have been issued but are not effective

The following new and amended standards and interpretation to standards have been issued but are not effective for the financial year beginning 1 January 2024 and have not been early adopted by the Group:

Standards/Amendments/ Interpretation	Subject	Effective for annual years beginning on or after
Amendment to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendment to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendment to Hong Kong Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027 (has incorporated the references to HKFRS 18)
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

4 REVENUE

The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Company. The CODM regards the Group’s business as a single operating segment and reviews the financial statements accordingly.

The Group is principally engaged in the manufacturing and sales of a range of equipment for manufacturing steel wire products and leasing. Revenue from sales of goods and rental income for the Period and the six months ended 30 June 2023 are as follows:

	Six months ended 30 June	
	2024	2023
Sales of production lines		
— Brass electroplating wire production lines	85,221	5,929
— Other production lines	6,997	590
Sales of standalone machines	49,242	36,241
Sales of other mould repairing equipment, component parts and accessories	9,707	7,978
Rental income	2,368	2,338
	<u>153,535</u>	<u>53,076</u>

For the Period and the six months ended 30 June 2023, the geographical information on the total revenue is as follows:

	Six months ended 30 June	
	2024	2023
Revenue		
— PRC	147,259	52,014
— Others	6,276	1,062
	<u>153,535</u>	<u>53,076</u>

The Group’s revenues were derived from the following external customers that individually contributed more than 10% of the Group’s revenue:

	Six months ended 30 June	
	2024	2023
Company A	85,281	N/A ¹
Company B	48,576	28,120
Company C	N/A ¹	9,015
Company D	N/A ¹	5,993

¹ The corresponding revenue did not contribute 10% or more of the Group’s total revenue.

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
Changes in inventories of finished goods and work in progress	(97,498)	(79,600)
Raw materials used	179,725	99,644
Employee benefit expenses	15,355	14,810
Outsourced installation fee and transportation expenses	13,198	4,355
Depreciation and amortisation	5,728	5,569
Allowance for impairment of properties held for sale	3,795	—
Other tax charges	3,290	1,477
Professional fees	1,033	774
Travelling expenses	794	619
Office expenses	661	772
Entertainment expenses	549	897
Auditor's remuneration	547	472
Inventory impairment	—	1,599
Other expenses	1,873	1,469
Total cost of sales, selling expenses and administrative expenses	129,050	52,857

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
Current income tax — PRC corporate income tax	4,332	2,156
Deferred income tax	577	(348)
Income tax expense	4,909	1,808

Except for the PRC corporate income tax (“CIT”), the Group is not subject to income tax of other jurisdictions.

CIT is provided on the assessable income of entities within the Group established in the PRC.

Pursuant to the PRC Corporate Income Tax Law (the “New CIT Law”), the Company’s applicable CIT rate is 25%. Under the relevant regulations of the New CIT Law, the Company was qualified as High/New Tech Enterprise and applied a reduced CIT rate of 15% for the Period (six months ended 30 June 2023: 15%).

Under the relevant regulations of the New CIT Law, for eligible enterprises which meet the criteria of Small and Micro Enterprise, the taxable income that is not more than RMB1 million shall be recognized at 25% of income and be subject to a CIT rate of 20%; the taxable income that is more than RMB1 million but less than RMB3 million shall be recognized at 50% of income and be subject to a CIT rate of 20%. For the Period, Wuxi Haisheng Software Technology Co., Ltd. (“Haisheng Software”) was eligible for Small and Micro Enterprise and subject to stated preferential income tax rates (Six months ended 30 June 2023: CIT rate of 25%).

The other subsidiary of the Company applied a CIT rate of 25% for the Period and for the six months ended 30 June 2023.

7 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024	2023
Profit for the period attributable to equity shareholders of the Company (<i>RMB'000</i>)	31,557	7,928
Weighted average number of ordinary shares in issue (<i>thousand</i>)	128,000	128,000
Basic and diluted earnings per share (<i>RMB cents</i>)	24.65	6.19

As the Company did not have any dilutive potential ordinary shares outstanding as at 30 June 2024 and 30 June 2023, diluted earnings per share is equal to basic earnings per share.

8 TRADE AND OTHER RECEIVABLES

	30 June 2024	31 December 2023
Trade receivables		
Accounts receivable (<i>note (a)</i>)	260,921	309,515
Less: allowance for impairment of accounts receivable	(61,236)	(72,835)
Accounts receivable — net	199,685	236,680
Commercial acceptance notes (<i>note (b)</i>)	50,802	61,112
Less: allowance for impairment of commercial notes	(2,820)	(3,393)
Commercial acceptance notes — net (<i>note (b)</i>)	47,982	57,719
Bank acceptance notes (<i>note (b)</i>)	13,830	21,073
Trade receivables — net	261,497	315,472
Other receivables		
Other receivables	5,118	3,928
Less: unearned financial income	(144)	(179)
Less: allowance for impairment of other receivables	(1,050)	(971)
Other receivables — net	3,924	2,778
	265,421	318,250
Non-current portion	46,389	53,189
Current portion	219,032	265,061
	265,421	318,250

Notes:

- (a) For sale of production lines, standalone machines and equipment, the Group grants less than 180 days credit terms to customers. For sale of components parts and accessories, the Group grants 30 to 90 days credit terms to certain customers.
- (b) Notes receivable of the Group include bank acceptance notes and commercial acceptance notes, and are usually settled within six months or one year from the date of issue.

As at 30 June 2024, no note receivable was pledged as security for the Group's notes payable (31 December 2023: nil).

Aging analysis based on recognition date of the gross accounts receivable at the respective balance sheet dates are as follows:

	30 June 2024	31 December 2023
Within 1 year	110,861	140,739
1–2 years	38,351	42,364
2–3 years	27,864	67,870
Over 3 years	83,845	58,542
	<u>260,921</u>	<u>309,515</u>

Net reversal of impairment losses on the Group's financial assets was RMB4,488,000 (Six months ended 30 June 2023: net allowance of impairment losses RMB5,074,000). The Group expects the exposure to the credit risks have no significant changes with those of the previous year and corresponding interim period.

Movements of allowance for impairment of accounts receivable, commercial acceptance notes and other receivables are as follows:

	Six months ended 30 June	
	2024	2023
Opening balance at 1 January	77,199	54,748
Net (reversal of impairment losses)/impairment losses	(4,938)	5,407
Receivables written off as uncollectible	(7,155)	—
	<u>65,106</u>	<u>60,155</u>

9 TRADE AND OTHER PAYABLES

	30 June 2024	31 December 2023
Notes payable (<i>note (a)</i>)	107,020	98,502
Trade payables (<i>note (b)</i>)	97,053	77,208
Other taxes payable	15,705	7,217
Quality warranty deposits from suppliers	3,302	3,470
Employee benefits payables	2,663	3,235
Provision for quality warranty expenses	613	463
Payables for property, plant and equipment	81	504
Others	3,024	2,682
	<u>229,461</u>	<u>193,281</u>

Notes:

- (a) The notes payable is secured by pledge of cash deposits to banks.
- (b) The aging analysis of the trade payables is as follows:

	30 June 2024	31 December 2023
Within 1 year	95,068	71,548
1–2 years	6	5,571
Over 2 years	1,979	89
	<u>97,053</u>	<u>77,208</u>

10 DIVIDENDS

A final dividend in respect of the year ended 31 December 2023 of RMB0.08 per share, amounting to a total dividend of RMB10,240,000 was approved by the shareholders at the Annual General Meeting on 26 June 2024. The dividend has been paid on 19 July 2024.

The directors of the Company do not recommend the declaration of a dividend in respect of the Period (six months ended 30 June 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2024, the Group has been committed to the development of the industry. To ensure the competitive advantages of products of the Company in the market, the Company has continued to improve the technology of our products, increased the investment in research and development, and broadened the fields of application of our products, thereby maintaining its leading position in the industry.

According to the data from the China Association of Automobile Manufacturers (“CAAM”), domestic sales of automobiles increased slightly year-on-year in the first half of 2024, the production and sales of automobiles in the PRC amounted to 13.891 million units and 14.047 million units, respectively, representing slight increases of 4.9% and 6.1%, respectively, as compared to the corresponding period of last year. China exported 2.793 million automobiles, representing an increase of 30.5% year-on-year. Driven by the continuous growth of the automobile market, the production of rubber tyre outer tyres increased by 10.5% to 525.92 million units in the first half of 2024 as compared to that for the corresponding period of last year.

The Group completed the acceptance and commissioning of a number of projects in the first half of the year, achieving a substantial growth in overall performance as compared to that for the corresponding period of last year. For the Period, the Group’s total revenue increased by approximately 189.3% year-on-year to RMB153.54 million, while net profit increased by approximately 298.0% to approximately RMB31.56 million.

Revenue

	For the six months ended 30 June					
	2024			2023		
<i>Unit(s)</i> <i>sold</i>	<i>RMB'000</i>	<i>%</i>	<i>Unit(s)</i> <i>sold</i>	<i>RMB'000</i>	<i>%</i>	
Sales of brass electroplating wire production lines	8	85,221	55.5	1	5,929	11.2
Sales of other production lines	6	6,997	4.6	1	590	1.1
Sales of standalone machinery	312	49,242	32.1	202	36,241	68.3
Sales of mould repairing equipment, component parts and accessories	N/A	9,707	6.3	N/A	7,978	15.0
Rental income	N/A	2,368	1.5	N/A	2,338	4.4
		<u>153,535</u>	<u>100.0</u>		<u>53,076</u>	<u>100.0</u>

Our revenue for the Period was RMB153.5 million, representing an increase of RMB100.5 million, or approximately 189.3%, from RMB53.1 million for the corresponding period of 2023.

The increase in revenue was mainly due to the signing of a large sales order with a major customer in 2023. Several orders have been tested and accepted in the first half of 2024.

Brass electroplating wire production lines. Revenue from the sales of brass electroplating wire production lines for the Period increased by RMB79.3 million as compared with the six months ended 30 June 2023, mainly because 8 sets of brass electroplating wire production lines were accepted by the customers in the first half of 2024 while 1 set was accepted in the corresponding period of 2023.

Other production lines. Revenue from the sales of other production lines amounted to RMB7.0 million for the Period, representing an increase of 1,085.9% as compared with RMB0.6 million for the corresponding period in last year. The increase was primarily attributable to the increase in total volume of sales of other production lines.

Standalone machines. Revenue from the sales of standalone machines for the Period was RMB49.2 million, representing an increase of approximately 35.9% from RMB36.2 million for the corresponding period in 2023. The increase was attributable to the increase in sales volume of standalone machines. 312 sets of standalone machines were accepted by our customers during the Period, while 202 sets were accepted for the corresponding period in 2023.

Mould repairing equipment, component parts and accessories. Revenue from the sales of mould repairing equipment, component parts and accessories for the Period was RMB9.7 million, representing an increase of approximately 21.7% from RMB8.0 million for the corresponding period in 2023.

Rental income. The rental income remained relatively stable at RMB2.4 million for the Period.

Gross profit and gross profit margin

Gross profit for the Period amounted to RMB46.9 million, representing an increase of approximately 173.0% from RMB17.2 million for the corresponding period in 2023. Overall gross profit margin for the Period and the six months ended 30 June 2023 were approximately 30.5% and 32.3%, respectively. Such decrease in gross profit margin was mainly due to a change in the revenue mix, with a lower share of revenue from the sales of standalone machines, which had higher gross profit margin.

Administrative expenses

Our administrative expenses amounted to RMB20.7 million, representing an increase of RMB5.0 million as compared with RMB15.7 million for the corresponding period in 2023. This was mainly attributable to the increase in impairment losses on properties held for sale.

Net reversal of/(allowance of) impairment losses on financial assets

The Group recorded a net reversal of impairment losses on financial assets of RMB4.5 million for the Period, which was primarily due to the decrease in account receivables, from RMB309.5 million as at 31 December 2023 to RMB260.9 million as at 30 June 2024.

Other gains — net

The Group recorded net other gains of RMB1.9 million for the Period, as compared to the net other gains of RMB11.6 million for the corresponding period in 2023. The decrease in net other gains was mainly due to the absence of the gain on the disposal of a building during the Period from a subsidiary of the Company, namely Haisheng Software, which was recorded in the corresponding period of 2023.

Finance income

The Group recorded finance income of RMB4.1 million for the Period, as compared to the finance income of RMB2.8 million for the corresponding period in 2023. The increase was primarily attributable to the increase in bank interest income.

Income tax expense

The Group recorded income tax expense of RMB4.9 million for the Period, as compared to income tax expense of RMB1.8 million for the corresponding period in 2023. The increase in income tax expense was mainly due to the increase in taxable income.

Contract assets and trade receivables

As at 30 June 2024, contract assets amounted to RMB41.2 million, representing an increase of 22.8% as compared with that of RMB33.5 million as at 31 December 2023, which was mainly due to the increase in sales orders.

As at 30 June 2024, trade receivables amounted to RMB261.5 million, representing a decrease of 17.1% as compared with that of RMB315.5 million as at 31 December 2023, which was primarily attributable to the collection of a substantial portion of the receivables of the Group.

INVENTORIES

Our inventories increased by approximately 35.3% from RMB260.3 million as at 31 December 2023 to RMB352.2 million as at 30 June 2024, which is mainly due to an increase in work in progress products as a result of (i) the increase in production orders; and (ii) the delay of delivery and testing of equipment to customers.

TRADE AND NOTES PAYABLES

As at 30 June 2024, trade and note payables amounted to RMB229.5 million, representing an increase of 18.7% as compared with that of RMB193.3 million as at 31 December 2023, which was primarily attributable to the increased procurement amount in this period.

CASH POSITION AND FUND AVAILABLE

During the Period, the Group maintained a healthy liquidity position with working capital being financed by its operating cash flows. There was no outstanding bank borrowings of the Group as at 30 June 2024.

As at 30 June 2024, the total cash and bank balances of the Group amounted to RMB355.6 million (31 December 2023: RMB246.4 million), which were principally denominated in RMB and comprised cash and cash equivalents of RMB82.3 million (31 December 2023: RMB73.9 million), restricted cash of RMB109.5 million (31 December 2023: RMB65.1 million) and time deposits of RMB163.8 million (31 December 2023: RMB107.4 million). The Group did not enter into any financial instrument for hedging purpose during the Period.

As at 30 June 2024, the current ratio of the Group was 2.05 times (31 December 2023: 2.31 times). The decrease was primarily due to the increase in contract liabilities.

As at 30 June 2024, the gearing ratio of the Group (calculated as total borrowings divided by total equity) was nil (31 December 2023: Nil).

SIGNIFICANT INVESTMENTS

During the Period, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

As at April 2024, Jiangsu Sunlit Equipment Technology Company Limited, a subsidiary of the Company, disposed of eight sets of properties for a total consideration of RMB 2,560,800. The Group recorded a gain of RMB1,169,000 for the disposal of the properties in the six months ended 30 June 2024. The Group had no other material acquisition and disposal of assets during the Period.

During the Period, the Group had no acquisition or disposal of subsidiaries, associates or joint ventures.

CHARGES ON GROUP ASSETS

As at 30 June 2024, the cash deposits in the amount of RMB109.5 million (31 December 2023: RMB65.1 million) were pledged to banks as security for notes payable and letter of guarantee. Save as disclosed above, the Group did not have any charges on assets as at 30 June 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

In the future, the Group will continue to implement its diversified development strategy and proactively identify potential investment opportunities.

Save as disclosed in the prospectus of the Company dated 30 October 2014 (the “**Prospectus**”) or in this announcement, the Group had no future plans for material investments and expected sources of funding as at 30 June 2024.

CAPITAL EXPENDITURES

For the Period, the Group’s capital expenditures amounted to RMB0.4 million (six months ended 30 June 2023: RMB4.7 million), which mainly relates to the purchase of machinery and equipment.

PROPERTIES HELD FOR SALE

In 2018, the Group purchased 166 residential units of Tong Xing Garden, No. 269 Guangxing Road, Kenli District, Dongying City, Shandong Province, the PRC (the “**Properties**”), which have a total gross floor area of 18,920.9 square metres for residential units and 3,331.2 square metres for ancillary facilities. The Group has an intention to sell the Properties and, accordingly, such rights are recognised as properties held for sale upon the completion of the transfer of the title of the Properties from the vendor to the Company on 29 May 2018.

During the Period, the Group sold 2 of the residential units at a total consideration of approximately RMB0.4 million, and the carrying value of the unsold units as at 30 June 2024 was approximately RMB18.8 million, representing 1.6% of the total assets of the Group.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had RMB0.01 million capital expenditures contracted for but not incurred (31 December 2023: RMB2.5 million).

CAPITAL STRUCTURE

There was no change in the capital structure of the Group during the Period. The capital of the Group only comprises ordinary shares. During the Period, the Company did not hold or sell any Treasury Shares.

FOREIGN CURRENCY RISK

Foreign exchange risk arises when business transaction or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates in the PRC with most of the Group's transactions denominated and settled in RMB, except that certain trade receivables and bank deposits are denominated in US dollar ("USD") which are exposed to foreign currency exchange risk. During the Period, the Group has not entered into any foreign currency investments which were hedged by currency borrowings or any other hedging instruments.

If the USD had strengthened/weakened by 5% against the RMB while all other variables had been held constant, the Group's net results for the Period would have been approximately RMB4.1 million (six months ended 30 June 2023: RMB3.2 million) better/worse, due to various financial assets denominated in USD.

USE OF NET PROCEEDS FROM THE LISTING

The Company's H shares have been listed (the "**Listing**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 11 November 2014 (the "**Listing Date**"). The net proceeds from the Listing after the deduction of underwriting commissions, fees and listing-related expenses amounted to approximately HK\$209.5 million (equivalent to approximately RMB165.3 million).

With a view to improving efficiency in the use of the Company's temporary idle proceeds, on the condition that the construction of the committed projects and planned usage of the proceeds for such construction will not be affected, the Board proposed to utilise part of the temporary idle proceeds to purchase wealth management products in order to increase capital revenue. The purposes are to improve the efficiency and effectiveness in the use of the Company's temporary idle proceeds, which will in turn further enhance the overall revenue of the Company, and to pursue better investment return for the Company and the shareholders as a whole. For more details regarding the change of the use of net proceeds from the Listing, please refer to the announcement of the Company dated 29 March 2016 (the "**Announcement**").

The Company will continue to apply the net proceeds from the Listing, together with the income to be generated from the wealth management products, for the construction of the new manufacturing facility located in Wuxi, Jiangsu Province of the PRC (the "**New**

Wuxi Facility”) and the new research & development centre to be established in the New Wuxi Facility (the “**New Research & Development Centre**”) and for other purposes in accordance with the Prospectus and the Announcement.

As at the beginning of the Period, the unutilised balance of the net proceeds brought forward from the year ended 31 December 2023 was approximately HK\$40.55 million. The status of the use of proceeds during the Period is as follows:

	Planned use of net proceeds from the Listing (HK\$ million) (approximately)	Utilised as of 30 June 2024 (HK\$ million) (approximately)	Utilised amount during the Period (HK\$ million) (approximately)	Unutilised balance up to 30 June 2024 (HK\$ million) (approximately)	Expected timeline for unused net proceeds from the Listing
Funding the construction of the New Wuxi Facility and the New Research & Development Centre	163.00	137.09	7.50	39.79	By 31 December 2027
Developing certain targeted research and development projects	25.50	26.63		—	
General working capital and other general corporate purposes	21.00	21.00		—	
Total:	<u>209.50</u>	<u>184.73</u>	<u>7.50</u>	<u>39.79</u>	

Notes:

- (1) The net proceeds allocated have been adjusted and recalculated with reference to (1) the actual net proceeds from the Listing of approximately HK\$209.50 million after the deduction of underwriting commissions, fees and listing related expenses; and (2) the percentage of the use of proceeds allocated to each of the purposes as disclosed in the Prospectus.
- (2) As at 30 June 2024, the unutilised proceeds amounted to approximately HK\$39.79 million. Among the unutilised proceeds of approximately HK\$39.79 million, the unutilised proceeds, including the net proceeds of approximately HK\$25.91 million and interest from net proceeds of approximately HK\$13.88 million, were deposited in licensed banks in the PRC.
- (3) Net proceeds of HK\$25.50 million and interest therefrom of HK\$1.13 million have been utilised to develop certain targeted research and development projects.

There has been a delay in the utilisation of the net proceeds from the Listing to the construction of the New Wuxi Facility and the New Research and Development Centre as there was a change in business development strategies with the reasons set out in the Announcement. There has been further delay in the use of the net proceeds for the construction of the New Wuxi Facility and the New Research and Development Centre as a result of the outbreak of Pandemic, which affected the economy, business environment and customers’ demand, and caused a delay in the construction schedule. However, the Company will utilise the unutilised portion of the net proceeds from the Listing according to the disclosure in the Prospectus and the Announcement.

PROSPECTS

The Group is not only a player in the upstream segment of the tyre industry chain, but also a leading domestic quality carbon steel wire production line manufacturer. With years of experience in the industry, it will continue to step up the research and development of the new products, new technology and new processes, increase the transformation effort of technological innovations, broaden the industrial layout, actively promote the sustainable development of the Company, secure existing domestic market and actively expand into overseas markets, reinforce and enlarge its market share, enhance the risk-resistant capability of the Company and strive to protect the interests of its shareholders.

EMPLOYEE AND REMUNERATION INFORMATION

As at 30 June 2024, the Group employed a total of 191 full-time employees (31 December 2023: 197 full-time employees), including administrative, finance, internal audit, research and development, technical application, quality control, manufacturing, procurement, sales and marketing staff. For the Period, the Group's total employee remuneration was approximately RMB15.4 million (six months ended 30 June 2023: approximately RMB14.8 million), representing approximately 10.0% of the Group's total revenue.

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability and the staff performance, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regards to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

A remuneration committee is set up for reviewing the Group's remuneration policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Group places great emphasis on recruiting and training of quality personnel by providing orientation programmes to the new employees and on-going internal training to the existing employees to enhance their industrial, technical and product knowledge, their work ethics, as well as their knowledge of industry quality standards and work safety standards. Furthermore, the Group encourages its employees to take advanced courses and obtain professional certifications.

The Group is confident that its employees will continue to provide a solid foundation for the success of the Group and will maintain a high standard of service to the customers.

The Group has not experienced any disruption of its normal business operations due to labour disputes or significant turnover of staff. The Directors consider that the Group has maintained a very good relationship with its staff.

SHARE SCHEME

As at 30 June 2024, the Company did not have any share scheme (as defined under Chapter 17 of the Listing Rules) in force. There is no outstanding option or share award granted by the Company as at 30 June 2024.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to upholding a high standard of corporate governance and business ethics in the firm belief that they are essential for enhancing investors' confidence and maximising shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders, comply with increasingly stringent regulatory requirements and fulfill its commitment to excellence in corporate governance.

The Company has adopted the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules as its own code for corporate governance. The Board is satisfied that the Company has complied with all code provisions under the CG Code during the Period and up to the date of this announcement.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS OF DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors and supervisors of our Company. Upon making specific enquiries of all of the Directors and supervisors by the Company, all the Directors and supervisors of the Company confirmed that each of them had fully complied with the required standards set out in the Model Code up to the date of this announcement.

Any employee of the Company or director or employee of any subsidiary of the Company who, because of their office in the Company, are likely to be in possession of inside information in relation to the securities of the Company, have also been requested not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2024, the interests or short positions of the Directors, supervisors and the chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the “SFO”)) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, will be as follows:

(i) Interests of the Directors in the shares of the Company

Name of Director	Class of shares	Number of shares	Nature of interest	Approximate percentage in the relevant class of share capital <i>(Note 1)</i>	Approximate percentage in the total issued share capital <i>(Note 1)</i>
Mr. Zhang Degang	Domestic Shares	34,821,504	Beneficial owner	36.27%	27.21%
	Domestic Shares	42,410,496	Interest held jointly with another person <i>(Note 2)</i>	44.18%	33.13%
	Domestic Shares	4,416,000	Interest in controlled corporation <i>(Note 3)</i>	4.60%	3.45%
Mr. Zhang Deqiang	Domestic Shares	29,983,104	Beneficial owner	31.23%	23.42%
	Domestic Shares	47,248,896	Interest held jointly with another person <i>(Note 2)</i>	49.22%	36.92%
	Domestic Shares	4,416,000	Interest in controlled corporation <i>(Note 3)</i>	4.60%	3.45%
Ms. Zhang Jinghua	Domestic Shares	12,427,392	Beneficial owner	12.95%	9.71%
	Domestic Shares	69,220,608	Interest held jointly with another person <i>(Note 2)</i>	72.10%	54.08%

Notes:

- The calculation is based on the total number of 128,000,000 ordinary shares of the Company in issue as at 30 June 2024, which comprised 96,000,000 domestic shares and 32,000,000 H shares.
- Mr. Zhang Degang, Mr. Zhang Deqiang and Ms. Zhang Jinghua are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by each other. By the acting in concert agreement dated 26 July 2013, each of Mr. Zhang Degang, Mr. Zhang Deqiang and Ms. Zhang Jinghua confirmed that they have exercised their voting rights at the meetings of the shareholders and/or directors of the members of the Group in unanimity since the establishment of 江陰三知工控機械有限公司 (Jiangyin Sanzhi Gongkong Machinery Company Limited*) on 17 April 2009, and will continue to do so.
- These Shares were owned by 無錫順欣投資企業 (有限合夥) (Wuxi Shunxin Investment Enterprise (Limited Partnership*)) (“Shunxin”). Mr. Zhang Degang and Mr. Zhang Deqiang are two of the general partners of Shunxin and are therefore deemed to be interested in the shares held by Shunxin.

Save as disclosed above, as at 30 June 2024, none of the Directors, supervisors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company 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.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2024, no persons or corporations (other than the Directors, chief executive or supervisors of the Company) had or deemed or taken to have an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

DIRECTORS' MATERIAL INTEREST IN CONTRACTS

Save as disclosed in the Prospectus or above, no Director had any material interests in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

COMPETING BUSINESS

During the Period, the Directors were not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DIVIDENDS

The proposal for the payment of a final dividend of RMB0.08 per Share (before tax) totalling RMB10.24 million (before tax) for the year ended 31 December 2023 to the shareholders was approved at the Annual General Meeting. The 2023 final dividend has been paid on 19 July 2024.

The Directors have resolved not to recommend any interim dividend in respect of the Period (six months ended 30 June 2023: nil).

AUDIT COMMITTEE

The Audit Committee has held meetings to discuss the risk management, internal control systems and financial reporting matters of the Company, including the review of the unaudited interim results and the unaudited interim condensed consolidated financial information of the Group for the Period. The interim condensed consolidated financial information of the Group for the Period in this announcement has not been audited or reviewed by the auditor of the Company but has been reviewed by the Audit Committee.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed minimum public float under the Listing Rules up to the date of this announcement.

IMPORTANT EVENTS AFTER REPORTING PERIOD

There is no significant events occurred subsequent to 30 June 2024 and up to the date of this announcement which requires disclosure.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.wxsunlit.com). The interim report for the Period containing all relevant information required by Appendix D2 to the Listing Rules will be published by the Company and made available on the above websites according to the Listing Rules.

By order of the Board
無錫盛力達科技股份有限公司
Wuxi Sunlit Science and Technology Company Limited*
Zhang Degang
Chairman

Hong Kong, 29 August 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Degang, Mr. Zhang Deqiang and Ms. Feng Lili, the non-executive Director is Ms. Zhang Jinghua, and the independent non-executive Directors are Mr. Leung Yiu Cho, Mr. Yu Jianfeng and Mr. Zhong Ruifeng.

* For identification purpose only