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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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

AND

RETIREMENT AND PROPOSED APPOINTMENT OF DIRECTORS

Financial Highlights	For the year ended 31 December		
	2020	2019	Change
Revenue (RMB million)	121.6	134.8	-9.8%
Gross profit (RMB million)	30.3	30.6	-1.0%
Profit before income tax (RMB million)	2.9	11.1	-74.0%
Profit for the year (RMB million)	2.4	8.1	-70.1%
Profit attributable to equity shareholders of the Company (RMB million)	2.4	8.1	-70.1%
Basic and diluted earnings per share (RMB)	0.02	0.06	-66.7%

ANNUAL 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**” or “**Sunlit**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (the “**Year**”).

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
	Note	2020	2019
Revenue	3	121,620	134,757
Cost of sales		<u>(91,361)</u>	<u>(104,177)</u>
Gross profit		30,259	30,580
Selling expenses		(2,245)	(4,799)
Administrative expenses		(25,511)	(35,923)
Net reversal of impairment losses on financial assets		872	10,496
Other income	5	773	1,245
Other (losses)/gains — net	6	<u>(4,613)</u>	<u>5,256</u>
Operating (loss)/profit		(465)	6,855
Finance income	7	<u>3,339</u>	<u>4,204</u>
Profit before income tax		2,874	11,059
Income tax expense	8	<u>(455)</u>	<u>(2,980)</u>
Profit for the year attributable to equity shareholders of the Company		<u>2,419</u>	<u>8,079</u>
Earnings per share attributable to equity shareholders of the Company for the year (expressed in RMB per share)			
— Basic and diluted	9	<u>0.02</u>	<u>0.06</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Year ended 31 December	
	2020	2019
Profit for the year	2,419	8,079
Other comprehensive income	—	—
	<hr/>	<hr/>
Total comprehensive income for the year attributable to equity shareholders of the Company	<u>2,419</u>	<u>8,079</u>

CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
	Note	2020	2019
ASSETS			
Non-current assets			
Right-of-use assets		18,465	23,044
Property, plant and equipment		78,491	97,838
Investment properties		40,235	22,148
Intangible assets		55	78
Other receivables	10	1,905	1,993
Deferred income tax assets — net		12,829	12,977
		<u>151,980</u>	<u>158,078</u>
Current assets			
Inventories	11	113,547	88,511
Properties held for sale	12	49,482	57,254
Prepayments		14,005	2,428
Trade and other receivables	10	203,319	196,725
Derivative financial instruments		121	—
Financial assets at fair value through profit or loss		—	30,440
Restricted cash		48,402	24,290
Time deposits		113,186	125,407
Cash and cash equivalents		53,863	62,478
		<u>595,925</u>	<u>587,533</u>
Total assets		<u><u>747,905</u></u>	<u><u>745,611</u></u>
EQUITY			
Share capital		128,000	128,000
Share premium		311,464	311,464
Reserves		66,772	66,886
Retained earnings		127,464	124,931
Total equity		<u><u>633,700</u></u>	<u><u>631,281</u></u>

	<i>Note</i>	As at 31 December	
		2020	2019
LIABILITIES			
Current liabilities			
Trade and other payables	13	73,439	72,573
Contract liabilities		40,766	41,757
		<u>114,205</u>	<u>114,330</u>
Non-current liabilities		<u>—</u>	<u>—</u>
Total liabilities		<u>114,205</u>	<u>114,330</u>
Total equity and liabilities		<u>747,905</u>	<u>745,611</u>

NOTES TO FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

1 GENERAL INFORMATION OF THE GROUP

Wuxi Sunlit Science and Technology Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in the manufacturing and sale of a range of equipment for steel wire production lines.

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 1 Yanxin Road East, Huishan Economic Development Zone, Wuxi, Jiangsu Province, 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.

These consolidated financial statements are presented in Renminbi thousands (RMB’000), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 26 March 2021.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”). The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

(a) New standards and amendments and interpretation to standards adopted by the Group

The Group has applied the following new standards and amendments and interpretation to standards for the first time for the Group’s financial year commencing 1 January 2020.

Standards/Amendments/ Interpretation	Subject
HKFRS 3 (Amendments)	Definition of a Business
HKAS 1 and HKAS 8 (Amendments)	Definition of Material
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform
HKFRS 16 (Amendments)	COVID-19-related Rent Concessions

The adoption of the new standards and amendments does not have significant impact on the consolidated financial information.

(b) New standards and amendments and interpretation to standards that have been issued but are not effective

The following new standards and amendments and interpretation to standards have been issued but are not effective for the financial year beginning 1 January 2020 and have not been early adopted by the Group:

Standards/Amendments/ Interpretation	Subject	Effective for annual years beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term loan	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of the above new standards and amendments and interpretations to standards, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Group, it is expected that the above new standards and amendments and interpretations to standards will not have a significant impact on the Group's operating results or financial position when they become effective.

3 REVENUE

The chief operating decision-maker (“CODM”) has been identified as the board of 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 manufacturing and sale of a range of equipment for manufacturing steel wire products and leasing. Revenue from sales of goods and rental income for the years ended 31 December 2020 and 2019 are as follows:

	Year ended 31 December	
	2020	2019
Production lines		
— Brass electroplating wire production lines	50,053	44,111
— Other production lines	—	385
Standalone machines	51,922	68,507
Other mould repairing equipment, component parts and accessories	11,857	18,548
Rental income	4,695	2,973
Agent business income	3,093	233
	<u>121,620</u>	<u>134,757</u>
Timing of revenue recognition		
— Over time	4,695	2,973
— At a point in time	116,925	131,784
	<u>121,620</u>	<u>134,757</u>

For the years ended 31 December 2020 and 2019, the geographical information on the total revenue is as follows:

	Year ended 31 December	
	2020	2019
Revenue		
— Mainland China	103,103	127,975
— Others	18,517	6,782
	<u>121,620</u>	<u>134,757</u>

The Group's revenues were derived from the following external customers that individually contributed more than 10% of the Group's revenues.

	Year ended 31 December	
	2020	2019
Company A	61,220	101,929
Company B	28,545	N/A ¹
Company C	18,284	N/A ¹

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

4 DEPRECIATION AND AMORTISATION

Depreciation and amortisation charged to the consolidated income statement are as follow:

	Year ended 31 December	
	2020	2019
Depreciation and amortisation	9,582	8,940

5 OTHER INCOME

	Year ended 31 December	
	2020	2019
Government subsidies (<i>note (a)</i>)	449	576
Value-added tax ("VAT") refunds (<i>note (b)</i>)	324	669
	773	1,245

Notes:

- (a) Government subsidies mainly represented subsidies for the Group's development and for talent training programmes.
- (b) According to the relevant tax regulations, the sale of self-developed software products of a wholly owned subsidiary, Wuxi Haisheng Software Technology Co., Ltd. ("Haisheng Software"), was entitled to VAT refunds from December 2011 until October 2016. In March 2017, Haisheng Software was approved to be entitled to VAT refunds for the sales of self-developed software products from March 2017 to March 2022.

6 OTHER (LOSSES)/GAINS — NET

	Year ended 31 December	
	2020	2019
Fair value gain on financial assets at fair value through profit or loss	2,368	3,654
Foreign exchange (losses)/gains — net	(7,242)	1,613
Unrealised fair value gain on derivative financial instruments (Note (a))	121	—
Gains/(losses) on disposal of properties held for sale	81	(320)
Gains on disposal of property, plant and equipment	2	—
Others	57	309
	<u>(4,613)</u>	<u>5,256</u>

Note:

- (a) The gain was attributable to the fair value change of certain outstanding forward foreign exchange contracts as at 31 December 2020. The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 December 2020 were USD2,773,000, equivalent to approximating RMB18,094,000.

7 FINANCE INCOME

	Year ended 31 December	
	2020	2019
Bank interest income	3,242	4,140
Amortisation of unearned financial income	97	64
Finance income	<u>3,339</u>	<u>4,204</u>

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
Current income tax — PRC corporate income tax	307	813
Deferred income tax	148	2,167
Income tax expense	<u>455</u>	<u>2,980</u>

Except for the PRC corporate income tax described below, the Group is not subject to income tax of other jurisdictions.

PRC corporate income tax (“CIT”)

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 year ended 31 December 2020 (2019: 15%).

Yixing branch of the Company was qualified as the Small and Micro Enterprise, the taxable profit less than 1 million applied a reduced CIT rate of 5%, the taxable profit between 1 million and 3 million applied a reduced CIT rate of 10% for the years ended 31 December 2020 and 2019.

Wuxi Haisheng Software Technology Co., Ltd. (“**Haisheng Software**”) was qualified as the Small and Micro Enterprise for the year ended 31 December 2020 (2019: 25%).

Jiangsu Sunlit Equipment Technology Company Limited applied a CIT rate of 25% for the year ended 31 December 2020 (2019: 25%).

9 EARNINGS PER SHARE

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

	Year ended 31 December	
	2020	2019
Profit attributable to equity shareholders of the Company (RMB’000)	2,419	8,079
Weighted average number of ordinary shares in issue (thousand)	<u>128,000</u>	<u>128,000</u>
Basic and diluted earnings per share (RMB/share)	<u><u>0.02</u></u>	<u><u>0.06</u></u>

As the Company did not have any dilutive potential ordinary shares outstanding as at 31 December 2020 and 2019, diluted earnings per share is equal to basic earnings per share.

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
Trade receivables		
Accounts receivable <i>(note (a))</i>	190,569	137,814
Less: allowance for impairment of accounts receivable	<u>(48,970)</u>	<u>(50,054)</u>
Accounts receivable — net	141,599	87,760
Commercial acceptance notes <i>(note (b))</i>	12,612	58,485
Less: allowance for impairment of commercial notes	(476)	(384)
Bank acceptance notes <i>(note (b))</i>	<u>46,097</u>	<u>20,906</u>
Trade receivables — net	<u>199,832</u>	<u>166,767</u>
Other receivables		
Other receivables	4,578	31,038
Less: unearned financial income	(408)	(476)
Less: allowance for impairment of other receivables	<u>(593)</u>	<u>(473)</u>
Other receivables — net	<u>3,577</u>	<u>30,089</u>
Interest receivable	1,134	1,862
Contract assets	<u>681</u>	<u>—</u>
	<u>205,224</u>	<u>198,718</u>
Non-current portion	1,905	1,993
Current portion	<u>203,319</u>	<u>196,725</u>
	<u>205,224</u>	<u>198,718</u>

Notes:

- (a) For sale of production lines, standalone machines and equipment, apart from a portion of the contract sum retained by customers to cover the Group's product quality warranty, the Group does not grant credit terms to customers in the sales contract. Included in accounts receivable as at 31 December 2020 are such retained sums of approximately RMB46,602,000 (2019: RMB44,219,000) representing 24.5% (2019: 32.1%) of accounts receivable. These are due for collection upon the expiry of product quality warranty period (which is usually 12 months from the acceptance by the customer of the equipment).

For sale of components parts and accessories, the Group grants 30 to 90 days credit terms to certain customers in sales contract.

- (b) Notes receivable of the Group include bank acceptance notes and commercial acceptance notes, and are usually settled within six months or twelve months from the date of issue.

As at 31 December 2020, no notes receivables were pledged as security. As at 31 December 2019, notes receivables of RMB10,000,000 were pledged as security for the Group's notes payables.

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

	As at 31 December	
	2020	2019
Within 1 year	98,148	53,717
1–2 years	35,793	28,735
2–3 years	15,759	4,895
Over 3 years	40,869	50,467
	<u>190,569</u>	<u>137,814</u>

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

	Year ended 31 December	
	2020	2019
Opening as at 1 January	<u>50,911</u>	<u>62,190</u>
Additional allowance for impairment	8,630	6,619
Reversal of allowance for impairment	(9,502)	(17,115)
Receivables written off as uncollectible	<u>—</u>	<u>(783)</u>
Closing balance at 31 December	<u>50,039</u>	<u>50,911</u>

11 INVENTORIES

	As at 31 December	
	2020	2019
Raw materials	35,504	18,840
Work in progress	34,647	32,061
Finished goods	43,396	37,610
	<u>113,547</u>	<u>88,511</u>

For the year ended 31 December 2020, the cost of inventories recognised as expense and included in “Cost of sales” amounted to approximately RMB79,207,000 (2019: RMB89,452,000), which included the allowance for impairment of inventories of RMB902,000 (2019: the allowance for impairment of inventories of RMB1,770,000).

12 PROPERTIES HELD FOR SALE

	Year ended 31 December	
	2020	2019
Opening balance at 1 January	57,254	69,671
Disposals	(7,772)	(3,984)
Reversal of allowance/(allowance) for impairment	—	(8,433)
	<u>49,482</u>	<u>57,254</u>
Closing balance at 31 December	<u>49,482</u>	<u>57,254</u>
At 31 December		
Cost	59,515	68,724
Allowance for impairment	(10,033)	(11,470)
	<u>49,482</u>	<u>57,254</u>
Net book amount	<u>49,482</u>	<u>57,254</u>

13 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
Trade payables (<i>note (a)</i>)	38,406	20,334
Notes payable (<i>note (b)</i>)	26,038	41,285
Quality warranty deposits from suppliers	2,433	2,373
Employee benefits payable	2,147	2,315
Other taxes payable	920	2,560
Provision for quality warranty expenses	157	197
Payables for property, plant and equipment	13	2
Others	3,325	3,507
	<u>73,439</u>	<u>72,573</u>

Notes:

(a) The aging analysis of the trade payables is as follows:

	As at 31 December	
	2020	2019
Within 1 year	38,309	20,215
1–2 years	—	—
2–3 years	—	104
Over 3 years	97	15
	<u>38,406</u>	<u>20,334</u>

(b) The notes payable is secured by pledge of cash deposits to banks.

14 DIVIDENDS

The Company did not declare any dividend for the year ended 31 December 2019. The 2018 final dividend of RMB0.05 per share, amounted to a total dividend of RMB6,400,000 was fully paid in 2019.

A final dividend in respect of the year ended 31 December 2020 of RMB0.05 per share, amounting to a total dividend of RMB6,400,000, has been proposed by the Board of Directors of the Company but not recognised as a liability at year end. The proposed dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 18 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2020, the impact of the unforeseen novel coronavirus disease pandemic (“**COVID-19**”) spread from social aspects to economic aspects and presented a major challenge to both economies and businesses in China and across the world. It had a profound impact on the development of both the Chinese and world economies, reduced consumption and investment growth, and materially increased the uncertainty as to whether goals and missions can be achieved. Against this backdrop, the Group has not only striven to prevent and control the pandemic, but also adjusted its operation strategies, strengthened its internal management, controlled its operating costs, prevented risks and reinforced its safety and environmental controls in a timely manner so as to ensure smooth production and operation.

In the first half of the year, COVID-19 wreaked havoc on and impacted the automobile industry to a significant extent. Nevertheless, bolstered by the implementation of pandemic control and favourable national policies, the growth of annual automobile production and sales in China remained stable, albeit with a slight decrease, in 2020. According to the data from the China Association of Automobile Manufacturers (“**CAAM**”), the production and sales of automobiles in 2020 amounted to 25.225 million vehicles and 25.311 million vehicles, respectively, representing decreases of 2% and 1.9%, respectively, as compared with the corresponding period last year.

Complicated market environment and industrial factors have, to a certain extent, affected the Group’s performance for the Year. The overall results of the Group for the Year showed a decline as compared to that of 2019. Sales amounted to RMB121.6 million in the Year, representing a decrease of 9.8% as compared to that of last year. Net profit of the Group for the year ended 31 December 2020 dropped to RMB2.4 million, mainly due to the increase of foreign exchange losses.

FINANCIAL REVIEW

Revenue

	Year ended 31 December					
	2020			2019		
	<i>Unit(s) sold</i>	<i>RMB'000</i>	<i>%</i>	<i>Unit(s) sold</i>	<i>RMB'000</i>	<i>%</i>
Brass electroplating wire production lines	5	50,053	41.2	5	44,111	32.7
Other production lines	—	—	—	1	385	0.3
Standalone machines	367	51,922	42.7	575	68,507	50.8
Other mould repairing equipment, component parts and accessories	N/A	11,857	9.7	N/A	18,548	13.8
Rental income	N/A	4,695	3.9	N/A	2,973	2.2
Agent business income	N/A	3,093	2.5	N/A	233	0.2
		<u>121,620</u>	<u>100.0</u>		<u>134,757</u>	<u>100.0</u>

During the year, our revenue decreased by approximately RMB13.2 million or approximately 9.8% to approximately RMB121.6 million when compared with the revenue of approximately RMB134.8 million in 2019. The decrease is mainly due to a more intense competition in the downstream industry and drop in market demand for products of the Group, and the Group delayed the delivery and testing of equipment as a result of the outbreak of COVID-19 in 2020.

Brass electroplating wire production lines. During the year, revenue from sales of brass electroplating wire production lines increased by approximately 13.5% to approximately RMB50.1 million when compared with the revenue of approximately RMB44.1 million in 2019. During the year of 2019 and 2020, 5 sets of brass electroplating wire production lines were accepted by the customers. The increase was mainly due to the difference in unit price, which is caused by different structure and model of the production lines accepted.

Other production lines. No revenue from the sale of other production lines was generated in 2020. It decreased RMB0.4 million compared to that of 2019.

Standalone machines. Revenue from sales of standalone machines decreased by approximately 24.2% to approximately RMB51.9 million during the year, when compared with the revenue of approximately RMB68.5 million in 2019. The decrease was due to the drop in sales quantity of standalone machines.

Other mould repairing equipment, component parts and accessories. Revenue from sales of other mould repairing equipment, component parts and accessories decreased by approximately 36.1% to approximately RMB11.9 million during the year, when compared with the revenue of approximately RMB18.5 million in 2019. The decrease was primarily due to the decrease in prices of other component parts and accessories to customers.

Rental income. Revenue from rental income arose from the Group's investment properties, which were rented to third parties in 2019 and 2020. As more parts of buildings were rented out in 2020, the rental income increased to RMB4.7 million by 57.9% comparing to that of RMB3.0 million in 2019.

Agent business income. There is also an increase in revenue from agent business from RMB0.2 million in 2019 to RMB3.1 million in 2020.

Gross profit and gross profit margin

During the year, our gross profit decreased by approximately 1.0% to approximately RMB30.3 million when compared with RMB30.6 million in 2019. Our overall gross profit margin increased from approximately 22.7% in 2019 to approximately 24.9% in 2020, mainly due to the increase in agent business income.

Other income

During the year, our other income decreased by approximately 37.9% to approximately RMB0.8 million when compared with RMB1.2 million in 2019. The decrease was primarily due to less value-added tax refunds and government subsidies received.

Selling expenses

During the year, our selling expenses decreased by approximately 53.2% to approximately RMB2.2 million when compared with RMB4.8 million in 2019. The decrease was primarily due to the decrease in employee benefit expenses.

Administrative expenses

Our administrative expenses decreased from approximately RMB35.9 million in 2019 to approximately RMB25.5 million in 2020. This is primarily due to the decrease in allowance for impairment of properties held for sale.

Net reversal of impairment losses on financial assets

Our net reversal of impairment losses on financial assets decreased from approximately RMB10.5 million in 2019 to approximately RMB0.9 million in 2020, primarily due to the collection of long-aging trade receivables.

Other (losses)/gains — net

The Group recorded net other losses of approximately RMB4.6 million in 2020, compared with the net other gains of approximately RMB5.3 million in 2019. Net other losses mainly included foreign exchange losses and fair value gain on financial assets at fair value through profit or loss. The increase in net other losses in 2020 is mainly due to foreign exchange losses.

Finance income

The Group recorded finance income of approximately RMB3.3 million in 2020, compared with finance income of approximately RMB4.2 million in 2019. The decrease in finance income was mainly due to decrease of interest income from US dollar deposits.

Income tax expense

During the year, the Group recorded income tax expense of approximately RMB0.5 million, compared with the income tax expense of approximately RMB3.0 million in 2019. The Group recognised the deferred income tax assets only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Trade receivables

Our gross trade receivables increased by approximately 14.8% from approximately RMB217.2 million as at 31 December 2019 to approximately RMB249.3 million as at 31 December 2020. The increase was primarily due to the trade receivables amounted to RMB28.1 million generated from agent business. Meanwhile, the allowance for trade receivables decreased from approximately RMB50.4 million at the end of 2019 to approximately RMB49.4 million at the end of 2020.

Inventories

Our inventories increased by approximately 28.3% from approximately RMB88.5 million at the end of 2019 to approximately RMB113.5 million at the end of 2020. It is mainly because of the increase in the unfinished sales contracts as at 31 December 2020 as compared with those as at 31 December 2019.

Trade and notes payables

Our trade and notes payables increased by approximately 4.6% from approximately RMB61.6 million as at 31 December 2019 to approximately RMB64.4 million as at 31 December 2020. It is primarily due to the increase in purchase volumes in the second half of the year as compared with last year.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position and fund available

As at 31 December 2020, the total cash and bank balances of the Group were approximately RMB215.5 million (31 December 2019: approximately RMB212.2 million), comprising cash and cash equivalents of approximately RMB53.9 million (31 December 2019: approximately RMB62.5 million), restricted cash of approximately RMB48.4 million (31 December 2019: approximately RMB24.3 million) and time deposits of approximately RMB113.2 million (31 December 2019: approximately RMB125.4 million).

As at 31 December 2020, the current ratio of the Group was 5.2 (31 December 2019: 5.1).

The gearing ratio of the Group (calculated as total borrowings divided by total equity) was zero (31 December 2019: zero).

The Group was in a strong net cash position as at 31 December 2019 and 2020. The Group has sufficient and readily available finance resources for general working capital requirement and foreseeable capital expenditure.

Borrowings

As at 31 December 2020, the Group had no borrowings (31 December 2019: Nil).

CAPITAL EXPENDITURES

During the Year, the Group's capital expenditures amounted to approximately RMB3.8 million (2019: approximately RMB7.4 million) which was related to the purchase of machineries and equipments of approximately RMB3.8 million.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the Year. The capital of the Group only comprises ordinary shares.

FOREIGN CURRENCY RISK

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

The Group operates in mainland China 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 translation risk. The Group has entered into forward foreign exchange contracts in an aggregate value of approximately US\$2,773,000 to mitigate foreign exchange risk, including the

potential exchange loss due to the depreciation of USD against RMB, during the year ended 31 December 2020. The Group will continued to monitored foreign exchange changes to best preserve the Group's cash value.

If the USD had appreciated/depreciated by 5% against the RMB while all other variables had been held constant, the Group's net result for the year ended 31 December 2020 would have been approximately RMB4,463,000 better/worse (2019: RMB4,058,000), for 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) (the "**Net Proceeds**").

With a view to improving efficiency in the use of the Company's temporary idle raised Net 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 has proposed to utilise part of the temporary idle raised Net Proceeds to purchase wealth management products in order to increase the capital revenue, improve the efficiency and effectiveness in the use of the Company's temporary idle raised proceeds, which in turn shall further enhance the overall revenue of the Company and pursue better investment return to the Company and the shareholders of the Company (the "**Shareholders**") as a whole. For more details regarding the change of use of Net Proceeds from the Listing, please refer to the announcement of the Company dated 29 March 2016 (the "**Announcement**").

At the annual general meeting of the Company held on 29 June 2020, the Board was authorised, within one year commencing from the approval, to exercise the decision-making power regarding purchase of wealth management products by utilising temporary idle proceeds for not more than RMB35 million in aggregate at any time. Since the authority granted to the Board to purchase wealth management products with the temporary idle proceeds will expire one year after such approval, a special resolution will be proposed at the forthcoming annual general meeting of the Company to renew such authority. For details of the grant of such authorities, please refer to the circular of the Company dated 29 April 2019.

Together with the income to be generated from the wealth management products, the Company will continue apply the Net Proceeds from the Listing 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 of the Company dated 30 October 2014 (the “**Prospectus**”) and in the Announcement.

The following table sets forth the status of use of proceeds from the Listing:

	Planned use of Net Proceeds from the Listing <i>(approximately)</i>	Utilised Net Proceeds up to 31 December 2020 <i>(approximately)</i>	Net Proceeds		Expected timeline for unused net proceeds from the Listing
			Utilised during the Year ended 31 December 2020 <i>(approximately)</i>	Unutilised balance of Net Proceeds up to 31 December 2020 <i>(approximately)</i>	
Funding the construction of the New Wuxi Facility and the New Research & Development Centre	HK\$163.00 million	HK\$108.28 million	HK\$8.26 million	HK\$64.89 million	by 2022
Developing certain targeted research and development projects	HK\$25.50 million	HK\$26.63 million	HK\$4.72 million	—	—
General working capital and other general corporate purposes	<u>HK\$21.00 million</u>	<u>HK\$21.00 million</u>	—	—	—
Total:	<u>HK\$209.50 million</u>	<u>HK\$155.91 million</u>	<u>HK\$12.98 million</u>	<u>HK\$64.89 million</u>	

The net proceeds allocated have been adjusted and recalculated with reference to (i) the actual net proceeds from the Listing of approximately HK\$209.5 million after the deduction of underwriting commissions, fees and listing-related expenses; and (ii) the percentage of use of proceeds allocated to each of the purposes as disclosed in the Prospectus.

As at 31 December 2020, the unutilised proceeds amounted to approximately HK\$64.89 million. Among the unutilised proceeds of approximately HK\$64.89 million, the unused proceeds, including the net proceeds of HK\$54.72 million and interest of net proceeds of HK\$10.17 million, were deposited in licensed banks in the PRC.

As at 31 December 2020, the net proceeds of HK\$25.50 million and interest of net proceeds of HK\$1.13 million have been utilised for developing certain targeted research and development projects.

There has been a delay in the utilisation of the Net Proceeds on the construction of 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. However, the Company will utilise the unutilised portion of the Net Proceeds according to the disclosure of the Prospectus and the Announcement.

PROSPECTS

In 2021, China will continue to focus on its supply-side structural reform. 2021 will present both challenges and opportunities to the Group. In particular, tire manufacturers in China will see opportunities as the performance of international behemoths plummets amidst COVID-19 and countless uncertainties in the global environment. With respect to market segments, the passenger car market has maintained growth since May 2020, while starting from July, the monthly sales volume of new energy vehicles sustained a year-on-year surge, which in turn lifted annual sales to over 1.3 million units for the first time. After the downturn throughout the first 8 months of 2020, vehicle exports recorded historic highs for 2 consecutive months in November and December 2020, and is expected to record rebound with positive growth in 2021. This will drive the demand for brass electroplating wire and, in turn, boost investment in, and production of, related equipment. The Group will seize such opportunities through its consistently stringent management, cost control and lean production. It will closely monitor market and industrial developments, step up its technological investment, nurture technological management and innovation talents, upgrade and improve product performance, and help customers reduce costs, increase efficiency and enhance competitiveness in order for the Group to maintain its leadership position in the market. Also, with a sound financial position, the Group is confident of achieving breakthroughs when market opportunities arose and thus safeguarding the interests of its shareholders.

EMPLOYEE AND REMUNERATION INFORMATION

As at 31 December 2020, the Group employed a total of 138 full-time employees (31 December 2019: 146), including administration, finance, internal audit, research and development, technical application, quality control, manufacturing, procurement, sales and marketing staff. For the year ended 31 December 2020, the Group's total employee remuneration was approximately RMB15.9 million (2019: approximately RMB18.9 million).

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 regard 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 quality personnel by providing orientation programmes to the new employees and on-going internal training to the existing employees to enhance their industry, 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 to 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 our 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.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any significant contingent liabilities (31 December 2019: Nil).

SIGNIFICANT INVESTMENTS

Save and except for the wealth management products as disclosed under paragraph headed “Discloseable Transaction in relation to Wealth Management Deposit — Structured Product” below in this announcement, the Group had no significant investments held during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

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 carry a total gross floor area of 18,920.9 square metres for the residential units and 3,331.2 square metres for the 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 Year, the Group sold 21 units of residential units at the total consideration of approximately RMB8.5 million, the carrying amount of the unsold units as at 31 December 2020 is approximately RMB49.5 million, representing 6.6% of the total assets of the Group.

TRANSACTION IN RELATION TO ACQUISITION OR DISPOSAL OF PROPERTIES

Save as disclosed in this announcement, during the year, the Group had no transaction in relation to acquisition or disposal of properties.

CHARGE ON GROUP ASSETS

As at 31 December 2020, the cash deposits in the amount of approximately RMB48.4 million were pledged to banks as security for notes payable and were secured for forward foreign exchange contracts. As at 31 December 2019, the cash deposits in the amount of approximately RMB24.3 million and time deposits in the amount of RMB10.0 million were pledged to banks as security for notes payable and letter of guarantee for domestic sales. Save for that, the Group did not have any charges on its assets as at 31 December 2020 or 31 December 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDS

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

Save as disclosed in the Prospectus and in this announcement, the Group had no future plans for material investments and expected source of funds as at 31 December 2020.

DISCLOSEABLE TRANSACTIONS IN RELATION TO SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT — STRUCTURED DEPOSIT

At the annual general meeting of the Company held on 29 June 2020, a special resolution has been passed by the Shareholders, under which, among other things, the Board was authorised to exercise within one year thereof the investment decision for purchasing wealth management products by utilising temporarily unused portion of the net proceeds of the Company, subject to the cap of RMB35 million.

On 21 July 2020, the Company subscribed for a wealth management product of structured deposit issued by China Merchants Bank Co., Ltd. (“**China Merchants Bank**”) with an aggregate amount of RMB24 million (the “**Structured Deposit**”). The total RMB24 million Structured Deposit was financed by the temporarily unused portion of the net proceeds raised from the Listing. The Structured Product reached its maturity on 30 October 2020 and the Company received an income of approximately RMB193,000 in addition to the return of the principal of RMB24 million.

The subscription amounts are aggregated in accordance with Rule 14.22 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the subscription exceed 5% but are below 25%, the subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders’ approval requirements, under Chapter 14 of the Listing Rules.

For details of the above transaction, please refer to the announcement of the Company dated 29 April 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE “CG CODE”)

The Company complied with all code provisions of the CG Code contained in Appendix 14 to the Listing Rules throughout the Year.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding securities transactions by the Directors and supervisors of the Company. Upon making specific enquiries of all the Directors and supervisors of the Company, each of the Directors and supervisors of the Company confirmed that he/she has fully complied with the required standards set out in the Model Code throughout the Year. The Board is of the opinion that the Model Code has been fully complied with during the year end 31 December 2020.

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 would be prohibited from dealing by the Model Code as if he were a Director.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Year.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this announcement.

DIVIDEND

For the Year, the Board has proposed a final dividend of RMB0.05 per share (before tax) totalling RMB6.4 million (before tax), subject to approval by the Shareholders at the annual general meeting of the Company to be held on Friday, 18 June 2021 (the “AGM”). The final dividend, if approved by the Shareholders at the AGM, will be paid to the Shareholders whose names appeared on the register of members of the Company on Wednesday, 30 June 2021. Dividends payable to the holders of the Company’s domestic shares shall be paid in RMB, whereas dividends payable to the holders of the Company’s H shares shall be paid in Hong Kong dollars. Dividends on H share are also subject to PRC Withholding Income Tax. It is expected that the final dividend will be payable on or around Friday, 16 July 2021 and a detailed plan of distribution will be set out in the circular of the Company to be despatched on or around 28 April 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 18 May 2021 to Friday, 18 June 2021, both dates inclusive, the period during which no transfer of shares will be effected. The holders of shares whose names appear on the register of members of the Company on Friday, 18 June 2021 will be entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 18 June 2021 (the “AGM”). In order to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong (in respect of H shares), or to the Company’s registered office in the PRC at 1 Yanxin Road East, Huishan Economic Development Zone, Wuxi, Jiangsu Province, the PRC (in respect of Domestic shares) no later than 4:00 p.m. on Monday, 17 May 2021.

The register of members of the Company will be closed from Thursday, 24 June 2021 to Wednesday, 30 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for receiving the final dividend for the year ended 31 December 2020, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong (in respect of H shares), or to the Company’s registered office in the PRC at 1 Yanxin Road East, Huishan Economic Development Zone, Wuxi, Jiangsu Province, the PRC (in respect of Domestic shares) no later than 4:00 p.m. on Wednesday, 23 June 2021.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 18 June 2021. Notice of the AGM will be sent to the Shareholders according to the articles of association of the Company and the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) was established with terms of reference in compliance with the CG Code. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, financial reporting system, risk management and internal control systems, and has reviewed the Group’s annual results for the Year.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of this announcement of the Group’s results for the year ended 31 December 2020 have been agreed by the Company’s external auditor, PricewaterhouseCoopers (“**PwC**”), to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2020. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PwC on this announcement.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.wxsunlit.com) respectively. The annual report for the Year will be dispatched to the Shareholders and available on the above websites according to the Listing Rules.

RETIREMENT OF DIRECTORS AT THE AGM

The Board hereby announces that with effect from the conclusion of the AGM, Mr. Liu Chaojian (“**Mr. Liu**”), Mr. Gao Fuping (“**Mr. Gao**”) and Mr. Ho Yuk Ming, Hugo (“**Mr. Ho**”), all being independent non-executive Directors (“**INEDs**”), will retire as INEDs and all their positions in different Board committees due to the expiration of their tenure as the INEDs of the six sessions of the Board. Mr. Liu, Mr. Gao and Mr. Ho confirmed that they have no disagreement with the Board and there is no matter concerning their retirement that needs to be brought to the attention of the Shareholders of the Company. The Board takes this opportunity to express its gratitude to Mr. Liu, Mr. Gao and Mr. Ho for their valuable contributions to the Company during their tenures of office.

PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Following the retirement of Mr. Liu, Mr. Gao and Mr. Ho as the INEDs, upon the recommendation of the Nomination Committee, the Board nominates Mr. Leung Yiu Cho (“**Mr. Leung**”), Mr. Yu Jianfeng (“**Mr. Yu**”) and Mr. Zhong Ruifeng (“**Mr. Zhong**”) as candidates of INEDs, whose appointment will be approved at the AGM and will then take immediate effect upon the conclusion of the AGM. Mr. Leung, Mr. Yu and Mr. Zhong are not current INEDs and each of them has made his consent to be nominated as a candidate. The proposed composition of the board committees will be as follows:

Board Committees	Current members	Proposed members
Audit Committee	Mr. Ho Yuk Ming, Hugo (<i>chairman</i>) Mr. Liu Chaojian Mr. Gao Feng	Mr. Leung Yiu Cho (<i>chairman</i>) Mr. Gao Feng Mr. Yu Jianfeng
Nomination Committee	Mr. Zhang Degang (<i>chairman</i>) Mr. Ho Yuk Ming, Hugo Mr. Gao Fuping	Mr. Zhang Degang (<i>Chairman</i>) Mr. Zhong Ruifeng Mr. Yu Jianfeng
Remuneration and Appraisal Committee	Mr. Liu Chaojian (<i>chairman</i>) Mr. Gao Fuping Mr. Zhang Deqiang	Mr. Yu Jianfeng (<i>chairman</i>) Mr. Zhong Ruifeng Mr. Zhang Deqiang

The biographical background of the candidates is as follows:

Mr. Leung Yiu Cho (梁耀祖), aged 41, obtained a master’s degree in Corporate Finance from The Hong Kong Polytechnic University. He was admitted as a fellow member of the Associate of Chartered Certified Accountants in March 2019.

Mr. Leung was the assistant financial controller of Ta Yang Group Holdings Limited (1991.HK) from 2006 to 2007, the chief financial officer and board secretary of Highland Asset Management Corporation from 2012 to 2013, an executive director and the vice investment principal of Artini Holdings Limited (789.HK) from 2013 to 2019 and an independent non-executive director and the chairman of the audit committee of CAA Resources Limited (2112.HK) from 2017 to 2020. Since 2016, he has been an independent non-executive director and the chairman of the audit committee of Zheng Li Holdings Limited (8283.HK).

Mr. Leung will enter into a service contract with the Company for a term of three years commencing from 18 June 2021. He will be entitled to an annual Director's fee of RMB80,000 (before tax), which was determined by the Board with reference to the prevailing market price and the Company's remuneration policy. The Board is not aware of any other matters that need to be brought to the attention of the Shareholders in respect of the proposed appointment of Mr. Leung.

Save as disclosed above, Mr. Leung did not hold any directorship in other listed companies in Hong Kong or overseas for the last three years and does not hold any other positions in the Group. Mr. Leung does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company. Mr. Leung does not hold any positions in the Group. Mr. Leung does not have any interests in the shares within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Mr. Leung is subject to retirement by rotation in accordance with the Articles of Association of the Company.

There is no other information that should be disclosed in respect of Mr. Leung pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Mr. Yu Jianfeng (俞建峰), aged 46, obtained a doctor's degree in mechanical and electrical engineering from Shanghai Jiao Tong University. He obtained his higher education teaching certificate (高等學校教師資格證) from the Jiangsu Education Department in November 2015 and was admitted as a professor of Jiangnan University in June 2018.

Mr. Yu received the third prize (三等獎) from the People's Government of Jiangsu Province in February 2016 for his research, development and application of the typical process of fortifying food with microwave (微波強化食品典型過程關鍵技術及裝備研發應用).

From 2004 to 2006, Mr. Yu was the chief technician (主任工藝師) of the diesel engine factory of China FAW (中國一汽) in Wuxi; from 2006 to 2014, he was a senior engineer of the mechanical and electrical department of the Wuxi Entry-Exit Inspection and Quarantine Bureau (無錫出入境檢驗檢疫局機電中心); from February 2014 to June 2018, he was an associate professor of Jiangnan University; and since June 2018, he has been a professor of Jiangnan University.

Mr. Yu will enter into a service contract with the Company for a term of three years commencing from 18 June 2021. He will be entitled to an annual Director's fee of RMB80,000 (before tax), which was determined by the Board with reference to the prevailing market price and the Company's remuneration policy. The Board is not aware of any other matters that need to be brought to the attention of the Shareholders in respect of the proposed appointment of Mr. Yu.

Save as disclosed above, Mr. Yu did not hold any directorship in other listed companies in Hong Kong or overseas for the last three years and does not hold any other positions in the Group. Mr. Yu does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company. Mr. Yu does not hold any positions in the Group. Mr. Yu does not have any interests in the shares within the meaning of Part XV of the SFO. Mr. Yu is subject to retirement by rotation in accordance with the Articles of Association of the Company.

There is no other information that should be disclosed in respect of Mr. Yu pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Mr. Zhong Ruifeng (鍾瑞峰), aged 44, graduated from Jiangyin Polytechnic College majoring in mechanical and electrical integration. Mr. Zhong was a technician of 無錫科航動力機械有限公司 from 1999 to 2000, the head of production of 無錫科航動力機械有限公司 from 2000 to 2001, a plant manager of 無錫科航動力機械有限公司 from 2001 to 2002, the manager of the technology department of 江陰新大壓鑄有限公司 from 2005 to 2013 and the executive vice president of 江陰新大壓鑄有限公司 from 2013 to 2016. Since 2016, he has been the general manager of 江陰澄成佳機械製造有限公司.

Mr. Zhong will enter into a service contract with the Company for a term of three years commencing from 18 June 2021. He will be entitled to an annual Director's fee of RMB80,000 (before tax), which was determined by the Board with reference to the prevailing market price and the Company's remuneration policy. The Board is not aware of any other matters that need to be brought to the attention of the Shareholders in respect of the proposed appointment of Mr. Zhong.

Save as disclosed above, Mr. Zhong did not hold any directorship in other listed companies in Hong Kong or overseas for the last three years and does not hold any other positions in the Group. Mr. Zhong does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company. Mr. Zhong does not hold any positions in the Group. Mr. Zhong does not have any interests in the shares within the meaning of Part XV of the SFO. Mr. Zhong is subject to retirement by rotation in accordance with the Articles of Association of the Company.

There is no other information that should be disclosed in respect of Mr. Zhong pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Ordinary resolutions will be proposed at the AGM for the appointment of Mr. Leung, Mr. Yu and Mr. Zhong as the independent non-executive Directors in place of the retiring Directors. An AGM circular, which will contain further information in relation to Mr. Leung, Mr. Yu and Mr. Zhong's proposed appointment will be published and despatched to shareholders 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, 26 March 2021

As at the date of this announcement, the executive Directors are Mr. Zhang Degang and Mr. Zhang Deqiang, the non-executive Directors are Ms. Zhang Jinghua and Mr. Gao Feng, and the independent non-executive Directors are Mr. Liu Chaojian, Mr. Ho Yuk Ming, Hugo and Mr. Gao Fuping.

* *For identification purposes only*