
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in 無錫盛力達科技股份有限公司 (Wuxi Sunlit Science and Technology Company Limited*) (the “**Company**”), you should at once hand this circular to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

Sunlit

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)

**MAJOR TRANSACTION
ACQUISITION OF PROPERTIES**

* *For identification purposes only*

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Introduction	3
The Sale and Purchase Agreements	4
Reasons for and Benefits of the Acquisition	5
Information on the Group	6
Information on Shandong SNTON Group and Vendor	6
Financial Effects on the Acquisition	6
Listing Rules Implications	6
Recommendation	7
Additional Information	7
Appendix I — Financial Information of the Group	I-1
Appendix II — Property Valuation Report	II-1
Appendix III — General Information	III-1

DEFINITIONS

In this circular, the following expressions have the meanings correspondingly ascribed below unless the context otherwise requires:

“Acquisition”	the acquisition of the Properties by the Company from the Vendor pursuant to the Sale and Purchase Agreements
“Board”	the board of Directors of the Company
“Company”	無錫盛力達科技股份有限公司 (Wuxi Sunlit Science and Technology Company Limited*), a joint stock company incorporated in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the domestic share(s) in the share capital of the Company with a par value of RMB1.00 each, which are subscribed for in Renminbi by investors inside the PRC
“Group”	the Company and its subsidiary(ies)
“H Share(s)”	the overseas listed foreign invested share(s) in the share capital of the Company with a par value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of and not connected or acting in concert with the Company and any of its connected persons or any of their respective associates (as defined under the Listing Rules)
“Latest Practicable Date”	15 June 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“persons acting in concert”	has the meaning given to it under the Takeovers Code
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Properties”	166 residential units of Tong Xing Garden, No. 269 Guanxing Road, Kenli District, Dongying City, Shandong Province, the PRC

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreements”	166 sale and purchase agreements entered into between the Company and the Vendor on 19 April 2018, 20 April 2018, 21 April 2018 and 22 April 2018 in relation to the Acquisition
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shandong SNTON Group”	Shandong SNTON Group Co., Ltd. (山東勝通集團股份有限公司), a company incorporated in the PRC
“Shandong SNTON Steelcord”	Shandong SNTON Steelcord Co., Ltd. (山東勝通鋼簾線有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Shandong SNTON Group
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Vendor”	Shandong SNTON Real Estate Development Co., Ltd. (山東勝通房地產開發有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Shandong SNTON Group
“%”	percent

Amounts denominated in RMB in this circular have been converted into HK\$ at the rate of RMB1.00 = HK\$1.25 for illustration purpose. No representation is made that any amount in HK\$ or RMB is or could have been or could be converted at such rate or at any other rate or at all.

** for identification purposes only*



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)

Executive Directors:

Mr. Zhang Degang (*Chairman*)

Mr. Zhang Deqiang

Non-executive Directors:

Ms. Zhang Jinghua

Mr. Gao Feng

Independent Non-Executive Directors:

Mr. Liu Chaojian

Mr. Gao Fuping

Mr. Ho Yuk Ming, Hugo

Registered office and

headquarters in the PRC:

1 Yanxin Road East

Huishan Economic Development Zone

Wuxi

Jiangsu Province

PRC

Principal place of

business in Hong Kong:

33rd Floor

Shui On Centre

6–8 Harbour Road

Wanchai

Hong Kong

20 June 2018

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION ACQUISITION OF PROPERTIES

INTRODUCTION

Reference is made to the announcement dated 24 April 2018 in relation to the Acquisition. It was announced that the Company and the Vendor entered into the Sale and Purchase Agreements, pursuant to which the Company agreed to purchase and the Vendor agreed to sell the Properties at an aggregate consideration of RMB74,347,796 (equivalent to approximately HK\$92,934,745).

The purpose of this circular is to provide you with, among other things, further details of the Acquisition, the valuation report of the Properties and such other information as required pursuant to the Listing Rules.

* *For identification purposes only*

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENTS

The principal terms of the Sale and Purchase Agreements are set out below:

- DATE: 19 April 2018, 20 April 2018, 21 April 2018 and 22 April 2018
- PARTIES: (a) The Company as purchaser
- (b) Shandong SNTON Real Estate Development Co., Ltd.
as vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Information of the Properties

The Properties to be acquired by the Company from the Vendor comprise 166 residential units of Tong Xing Garden, No. 269 Guanxing Road, Kenli District, Dongying City, Shandong Province, the PRC. The Properties have a total gross floor area of 18,920.94 square metres and 3,331.19 square metres for the residential units and ancillary facilities (including car parking spaces and storage rooms), respectively. The Vendor is the property developer of the property development project of the Properties.

Consideration

The aggregation consideration for the Properties under the Sale and Purchase Agreements is RMB74,347,796 (equivalent to approximately HK\$92,934,745), which will be deducted from the amount payable to us by Shandong SNTON Steelcord upon the transfer of the title of the Properties from the Vendor to us.

The consideration was determined between the parties by reference to the prevailing market conditions, as well as location of the Properties and market price of comparable properties in the same area.

According to the property valuation report prepared by BMI Appraisals Limited, the market value of the Properties is RMB74,900,000 (equivalent to approximately HK\$93,625,000) as at 30 April 2018. Please refer to Appendix II of this circular for more details on the property valuation report.

The Vendor and the Company has mutually agreed that the aggregation consideration for the Properties shall be paid by way of setting off the same outstanding amount owed to the Company by Shandong SNTON Steelcord.

Transfer of title

The transfer of the title of the Properties has been completed on 29 May 2018.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

Before the Acquisition, an aggregate amount of RMB74,347,796 (equivalent to approximately HK\$92,934,745) for the purchase of equipment under the Company's trade receivables from Shandong SNTON Steelcord remained outstanding.

As at 31 December 2017, the Company has recognised a bad debt impairment of approximately RMB8,706,825 in respect of the outstanding amount owed by Shandong SNTON Steelcord.

As Shandong SNTON Steelcord mainly relies on Shandong SNTON Group for its working capital, the Company has conducted comprehensive assessment on the financial position of Shandong SNTON Group. Shandong SNTON Group has a relatively high debt to asset ratio and reliance on bank borrowings. In addition, it also provides guarantees to other companies, which would potentially create relatively high pressure for Shandong SNTON Group in repaying its debts. Accordingly, the Company was of the view that the potential bad debt risk of Shandong SNTON Steelcord is high.

In order to recover the outstanding amount and to reduce the risk of bad debts, the Company agreed to purchase the Properties from the Vendor, a related company of Shandong SNTON Steelcord, to set off the amount outstanding from Shandong SNTON Steelcord. After the Acquisition, the outstanding amount of RMB74,347,796 (inclusive of the bad debt impairment amount of approximately RMB8,706,825) for the purchase of equipment by Shandong SNTON Steelcord would fully be repaid. The Company believes that the Acquisition is more efficient and less time consuming than any other ways for the recovery of the outstanding amount.

As at the Latest Practicable Date, the Company has not yet formulated any plan in relation to the disposal of the Properties. The Company intends to sell the Properties in the future, and the Company confirms that the Properties will not be used for rental purposes or self-use. The Company will make further disclosure in compliance with Chapter 14 of the Listing Rules if the future sale of the Properties constitutes notifiable transactions under Chapter 14 of the Listing Rules.

The Company confirms that it will impose stringent assessment on Shandong SNTON Steelcord's business risk and ability to repay liabilities for future business relationship with Shandong SNTON Steelcord, and will only enter into transactions with Shandong SNTON Steelcord if the Company is satisfied that the risk of Shandong SNTON Steelcord and its ability to repay liabilities can be controlled.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Sale and Purchase Agreements are on normal commercial terms, are fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Group is principally engaged in the research and development, design, manufacture, equipment supply, installation, testing, repair and maintenance of production lines for manufacturing steel wire products in the PRC.

INFORMATION ON SHANDONG SNTON GROUP AND VENDOR

The Vendor is a company incorporated in the PRC which is principally engaged in property developments in the PRC, and is a wholly-owned subsidiary of Shandong SNTON Group.

Shandong SNTON Group is an investment holding company incorporated in the PRC and the principal business of Shandong SNTON Group and its subsidiaries include steel cord, fine chemicals, machine manufacturing, electric equipment, architectural construction, and real estate development.

FINANCIAL EFFECTS ON THE ACQUISITION

Earnings

Following the Acquisition, the Group expects there will be an increase in profit due to the reversal of the bad debt impairment amount of approximately RMB8,706,825.

Except for the above, the Company did not recognise any gain or loss when the consideration is set off by the same outstanding amount owed to the Company by Shandong SNTON Steelcord.

Assets and liabilities

Following the Acquisition, the total current liabilities will be decreased by approximately RMB3,540,371, due to the offset of input value-added tax against output value added-tax of approximately RMB3,540,371. The total current assets would be decreased by approximately RMB3,540,371, due to the decrease in the trade receivables by approximately RMB74,347,796, the decrease in cash and cash equivalents by approximately RMB2,161,397 arising from the payment of the related costs of the Acquisition, and the properties held for sale will be increased by approximately RMB72,968,822, representing the consideration of the Properties exclusive of value-added tax amounting to approximately RMB70,807,425 and other related costs of approximately RMB2,161,397 in connection with the Acquisition.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Acquisition. As such, no Shareholder would be required to abstain from voting if a general meeting were convened to approve the Acquisition. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of a general meeting. Written approval of the Acquisition has been obtained from a closely allied group of shareholders of the Company, namely Mr. Zhang Degang, Mr. Zhang Deqiang and Ms. Zhang Jinghua, who respectively holds 43,221,504 Shares, 29,983,104 Shares and 4,027,392 Shares, representing 33.77%, 23.42% and 3.15% of the issued share capital of the Company. Mr. Zhang Degang, Mr. Zhang Deqiang and Ms. Zhang Jinghua are family members and persons acting in concert, and they collectively hold 77,232,000 Shares, representing approximately 60.34% of the issued share capital of the Company as at the date of the written approval. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Acquisition and the Sale and Purchase Agreements.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Given that Shareholders' approval is required for the Acquisition, the Company has obtained a written approval from Mr. Zhang Degang, Mr. Zhang Deqiang and Ms. Zhang Jinghua representing an aggregate of 60.34% of the total voting rights of the Company under recommendation from the Directors. The Directors would recommend other Shareholders to vote in favour of the Acquisition should a general meeting be required to hold.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
On behalf 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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the years ended 31 December 2015, 2016 and 2017 are disclosed in the annual reports of the Company for the three years ended 31 December 2015 (page 60–123), 2016 (pages 98–171), and 2017 (pages 103–175). All of the abovementioned annual reports are available on the Company's website at www.wxsunlit.com and the website of the Stock Exchange at www.hkexnews.hk.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2018, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any outstanding debt securities, term loans, mortgages, charges, debentures, bank loans and overdrafts or other similar indebtedness, liabilities under acceptances, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 30 April 2018.

3. WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseeable circumstances, upon the completion of the Acquisition and taking into account of the Group's internal resources, cash flow from operations and the available banking facilities, the Group will have sufficient working capital for its present requirements and for the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

As at 31 December 2017, the trade receivables and other receivables of the Group amount to approximately RMB176,718,000, which has increased from approximately RMB171,275,000 as at 31 December 2016.

The finance department of the Group is responsible for monitoring the past due trade receivables, keeping track of the trade receivable movements, and ensuring the outstanding amounts due do not exceed the maximum balance allowable for a customer. Specific review on the recoverability of past due trade receivables is performed on a regular basis. As a procedure for recovering the outstanding trade receivables, the Company has entered into the Sale and Purchase Agreements with the Vendor to set off the outstanding trade receivable amount owed by Shandong SNTON Steelpcord. The Directors are of the view that the Acquisition will reduce the risks of bad debts, and as a result, the Group's financial position will be improved.

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 30 April 2018 of the real property located in the People's Republic of China.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33rd Floor, Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心33樓
Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
Email電郵：info@bmintelligence.com Website網址：www.bmi-appraisals.com

20 June 2018

**無錫盛力達科技股份有限公司 (Wuxi Sunlit Science and Technology Company Limited*)
(the “Company”)**

1 Yanxin Road East
Huishan Economic Development Zone
Wuxi City
Jiangsu Province
The People's Republic of China

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from the Company for us to value the real property located in the People's Republic of China (the “PRC”). We confirm that we have conducted an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the real property as at 30 April 2018 (the “valuation date”).

BASIS OF VALUATION

Our valuation of the real property has been based on the Market Value, which is defined by The Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”. The Market Value is also understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

* For identification purposes only

VALUATION METHODOLOGY

We have valued the real property on market basis by the Comparison Approach assuming sale in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the market. Appropriate adjustments have then been made to account for the differences between the real property and the comparables in terms of time, location, size, view, aspect and other relevant factors.

TITLE INVESTIGATION

We have been provided with copies of title documents and have been advised by the Company that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuation, we have relied upon the advice and information given by the Company's PRC legal advisor — Dentons Law Firm (大成律師事務所) regarding the title of the real property located in the PRC. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the real property is sold in the market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the value of the real property.

In addition, no account has been taken of any option or right of pre-emption concerning or effecting sale of the real property and no forced sale situation in any manner is assumed in our valuation.

VALUATION CONSIDERATIONS

The real property was inspected by Mr. Lawrence Lee (MSc Construction and Real Estate) in May 2018. We have inspected the real property externally and where possible, the interior of the real property. In the course of our inspection, we did not note any serious defects. However, no structural survey has been made. We are, therefore, unable to report whether the real property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the real property and any other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the real property but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the real property or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the real property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors and the International Valuation Standards (IVS) published by The International Valuation Standards Council.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Renminbi (RMB) and no allowances have been made for any exchange transfers.

Our Summary of Value and the Valuation Certificate are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED
Joannau W. F. Chan
BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Note: Ms. Joannau W.F. Chan is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 25 years' experience in valuations of real properties in Hong Kong and over 19 years' experience in valuations of real properties in the PRC.

SUMMARY OF VALUE

Real Property held for investment in the PRC

**Market Value
in existing state
as at 30 April 2018
RMB**

Real Property

166 residential units and ancillary facilities
including carparking spaces and storage rooms of
Tong Xing Garden,
No. 269 Guanxing Road,
Kenli District, Dongying City,
Shandong Province,
the PRC

74,900,000

中國山東省
東營市墾利區
廣興路269號
同興花園的166個住宅單位
及配套設施
(包括停車庫及儲藏室)

VALUATION CERTIFICATE

Real Property held for investment in the PRC

Real Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 April 2018 RMB
166 residential units and ancillary facilities including carparking spaces and storage rooms of Tong Xing Garden, No. 269 Guanxing Road, Kenli District, Dongying City, Shandong Province, the PRC. 中國山東省 東營市墾利區 廣興路269號 同興花園的 166個住宅單位 及配套設施 (包括停車庫及儲藏室)	The real property comprises 166 residential units, 166 car parking spaces and storage rooms located within a large-scale residential development comprising 54 low-rise and 9 medium-rise residential blocks known as “Tong Xing Garden” completed in about 2015. The total gross floor area (“GFA”) of the residential units of the real property is approximately 18,920.94 sq.m. with unit size ranging from 82.72 sq.m. to 130 sq.m. The total GFA of the car parking spaces and storage rooms of the real property is approximately 3,331.19 sq.m. The land use rights of the real property have been granted for a term expiring on 14 November 2080 for residential use.	The real property is vacant.	74,900,000

Notes:

- The real property was inspected by Mr. Lawrence Lee (MSc Construction and Real Estate) who has over 8 years’ experience in valuations of real properties in the PRC.
- The real property is located in Kenli District, Dongying City of Shandong Province and the immediate locality is a residential area.
- Pursuant to 166 Real Estate Title Certificates (不動產權証), Lu (2017) Ken Li Bu Dong Chan Quan (魯(2017) 墾利不動產權) Di Nos. 0006994, 0007013, 0007016, 0007018, 0007019, 0007023, 0007024, 0007028, 0007030, 0007032, 0007033, 0007036 to 0007038, 0007040 to 0007066, 0007068 to 0007073, 0007102 to 0007122, 0007124, 0007126, 0007128 to 0007130, 0007131, 0007133 to 0007165, 0007194 to 0007200, 0007202 to 0007205, 0007207 to 0007224, 0007228 to 0007239, 0007245, 0007246, 0007248 to 0007252, 0007254, 0007255, 0007257 to 0007261 and 0007263 to 0007266 issued by Dongying City Kenli District Land and Resources Bureau (東營市墾利區國土資源局) dated 28 and 29 May 2018, the land use rights of the real property have been granted to the Company for a term expiring on 14 November 2080 for residential use and the building ownership rights of the real property with a total GFA of approximately 22,252.13 sq.m. are held by the Company.

4. The opinion of the PRC legal advisor to the Company contains, inter alia, the following:
 - a. The Company is in possession of a proper legal title to the real property and is entitled to transfer the real property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. All land premium/purchase consideration and other costs of ancillary utility services have been settled in full;
 - c. The real property is not subject to mortgage or any other material encumbrances; and
 - d. The real property can be disposed of freely in the market.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTEREST

As at the Latest Practicable Date, the interests or short position of the Directors, supervisors and 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 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 and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Class of Shares	Number of shares	Nature of interest	Approximate percentage in the relevant class of share capital ⁽¹⁾	Approximate percentage in the total issued share capital ⁽¹⁾
Mr. Zhang Degang	Domestic Shares	43,221,504	Beneficial owner	45.02%	33.77%
	Domestic Shares	34,010,496	Interest held jointly with another person ⁽²⁾	35.43%	26.57%
	Domestic Shares	4,416,000	Interest in controlled corporation ⁽³⁾	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 ⁽²⁾	49.22%	36.92%
	Domestic Shares	4,416,000	Interest in controlled corporation ⁽³⁾	4.60%	3.45%
Ms. Zhang Jinghua	Domestic Shares	4,027,392	Beneficial owner	4.20%	3.15%
	Domestic Shares	77,620,608	Interest held jointly with another person ⁽²⁾	80.85%	60.64%

Notes:

- (1) The calculation is based on the total number of 128,000,000 ordinary shares of the Company in issue as at Latest Practicable Date, which comprised 96,000,000 Domestic Shares and 32,000,000 H Shares.
- (2) 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.

- (3) Mr. Zhang Degang and Mr. Zhang Deqiang are two of the general partners of 無錫順欣投資企業(有限合夥) (Wuxi Shunxin Investment Enterprise (Limited Partnership)*) (“Shunxin”) and therefore deemed to be interested in the Shares held by Shunxin.

Save as disclosed above, as at the Latest Practicable Date, 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 for Securities Transactions by Directors of Listed Issuers.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at the Latest Practicable Date, 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, underlying shares or debentures 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.

4. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or supervisors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or any of their respective close associates had any business or interest that competes or may compete with the business of the Company or any of its subsidiaries nor had any other conflicts of interest with the Group.

6. DIRECTORS’ INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2017 (being the date to which the latest published audited financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within two years immediately preceding the Latest Practicable Date and which are, or may be, material to the Group:

- (a) the Sale and Purchase Agreements;
- (b) a wealth management product agreement dated 3 July 2017 between the Company and 平安銀行 (Ping An Bank Co., Ltd.*) (“**Ping An Bank**”), pursuant to which the Company has agreed to subscribe for a wealth management product of Ping An Bank in the amount of RMB50,000,000; and
- (c) a wealth management product agreement dated 14 July 2017 between the Company and 招商銀行 (“**China Merchants Bank**”), pursuant to which the Company has agreed to subscribe for a wealth management product of China Merchants Bank in the amount of RMB26,000,000.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
BMI Appraisals Limited	Property valuer

The letter, report and/or opinion from the above expert is given as of the date of this circular for incorporation in this circular. The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report and/or opinion, as the case may be, and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert:

- (a) did not have any direct or indirect interest in any assets which have since 31 December 2017 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. GENERAL

- (a) The registered office and the headquarters of the Company are situated at 1 Yanxin Road East, Huishan Economic Development Zone, Wuxi, Jiangsu Province, PRC.
- (b) The principal place of business of the Company in Hong Kong is at 33rd Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong.
- (c) The share registrar for the H Shares in Hong Kong is Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.
- (d) The company secretary of the Company is Ms. Ho Wing Yan, who is an associate of both The Hong Kong Institute of Chartered Secretaries (“HKICS”) and The Institute of Chartered Secretaries and Administrators. She is also a holder of the Practitioner’s Endorsement issued by HKICS.
- (e) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal office of the Company 33rd Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong, during normal business hours on any business day from the date of this circular up to and including 4 July 2018:

- (a) the articles of association of the Company;
- (b) the property valuation report prepared by BMI Appraisals Limited, the text of which is set out in Appendix II of this circular;
- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;

- (d) the consent letter from BMI Appraisals Limited referred to in the paragraph headed “Expert and Consent” in this appendix;
- (e) the annual reports of the Company for two years ended 31 December 2016 and 2017; and
- (f) this circular.