Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2017	2016	Change
	RMB'000	*RMB'000*	
Revenue	**45,112**	30,162	49.6%
Gross profit	**17,932**	7,547	137.6%
Profit before income tax	**15,277**	6,708	127.7%
Profit for the period	**12,000**	5,271	127.7%
Profit for the period attributable to shareholders of the Company	**12,000**	5,271	127.7%
Earnings per share attributable to shareholders of the Company for the period (expressed in RMB per share)			
— Basic and diluted	**0.09**	0.04	125.0%

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of 無錫盛力達科技股份有限公司 (Wuxi Sunlit Science and Technology Company Limited*) (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017, together with the comparative figures for the corresponding period in 2016.

* *For identification purpose only*

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

*(All amounts in Renminbi ("**RMB**") thousands unless otherwise stated)*

		Six months ended 30 June	
		2017	2016
	Note	**Unaudited**	Unaudited
Revenue	4	**45,112**	30,162
Cost of sales		**(27,180)**	(22,615)
Gross profit		**17,932**	7,547
Selling expenses		**(2,175)**	(2,142)
Administrative expenses		**(4,795)**	(895)
Other income	6	**310**	253
Other gains — net	7	**2,504**	1,104
Operating profit		**13,776**	5,867
Finance income		**1,501**	913
Finance expense		**—**	(72)
Finance income — net	8	**1,501**	841
Profit before income tax		**15,277**	6,708
Income tax expense	9	**(3,277)**	(1,437)
Profit for the period attributable to shareholders of the Company		**12,000**	5,271
Earnings per share attributable to shareholders of the Company for the period (expressed in RMB per share)			
— Basic and diluted	10	**0.09**	0.04

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(All amounts in RMB thousands unless otherwise stated)

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Profit for the period	**12,000**	5,271
Other comprehensive income	**—**	—
Total comprehensive income for the period attributable to shareholders of the Company	**12,000**	5,271

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

	Note	**30 June 2017 Unaudited**	31 December 2016 Audited
ASSETS			
Non-current assets			
Land use rights		**24,583**	25,335
Property, plant and equipment		**105,434**	109,328
Investment properties		**22,444**	20,934
Intangible assets		**38**	62
Trade receivables	11	**7,715**	15,922
Deferred income tax assets		**20,898**	24,175
		181,112	195,756
Current assets			
Inventories	12	**97,621**	45,924
Prepayments		**9,797**	2,252
Trade and other receivables	11	**152,076**	155,353
Financial assets at fair value through profit or loss		**—**	30,248
Restricted cash		**35,199**	13,096
Time deposits		**54,015**	—
Cash and cash equivalents		**174,827**	193,562
		523,535	440,435
Total assets		**704,647**	636,191
EQUITY			
Share capital		**128,000**	128,000
Share premium		**311,464**	311,464
Reserves		**56,807**	56,245
Retained earnings		**72,405**	67,367
Total equity		**568,676**	563,076
LIABILITIES			
Current liabilities			
Trade and other payables	13	**79,277**	48,349
Advances from customers		**50,294**	24,412
Dividend payables		**6,400**	—
Current income tax liabilities		**—**	354
		135,971	73,115
Non-current liabilities		**—**	—
Total liabilities		**135,971**	73,115
Total equity and liabilities		**704,647**	636,191

NOTES :

(All amounts in RMB thousands unless otherwise stated)

1 GENERAL INFORMATION

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 registered office of the Company and its headquarters and principal place of business in the PRC is situated at 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 (the "**Listing**").

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, 'Interim financial reporting'. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016 as described therein.

(a) Amendments to standards adopted by the Group

The following amendments to standards are mandatory for the Group's financial year beginning 1 January 2017. The adoption of these amended standards does not have any significant impact on the Group's operating results or financial position.

Standards	Subject of amendment
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealized losses
HKAS 7 (Amendment)	Disclosure initiative
HKFRS 12 (Amendment)	Disclosure of interest in other entities

(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 2017 and have not been early adopted by the Group:

Standards/Interpretation	Subject of standards/amendment	Effective for annual years beginning on or after
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 4 (Amendment)	Insurance Contracts	1 January 2018
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKAS 28 (Amendment)	Investments in associates and joint ventures	1 January 2018
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment on the impact of these standards and amendments and interpretation to standards on the financial statements of the Group in the initial application. The adoption of the above is not expected to have a significant impact on the Group's operating results or financial position.

(c) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual earnings.

4 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. Revenues from sales of goods for the six months ended 30 June 2017 and 2016 are as follows:

	Six months ended 30 June	
	2017	2016
Production lines		
— Brass electroplating wire production lines	**21,265**	21,396
— Other production lines	**5,812**	4,094
Standalone machineries	**5,020**	—
Other mould repairing equipment, components parts and accessories	**11,858**	3,716
Rental income	**1,157**	956
	45,112	30,162

The Group mainly operates its business within the PRC. For the six months ended 30 June 2017 and 2016, the geographical information on the total revenue is as follows:

	Six months ended 30 June	
	2017	2016
Revenue		
— Mainland China	**39,056**	17,364
— Others	**6,056**	12,798
	45,112	30,162

The Group's revenues were derived from the following external customers that individually contributed more than 10% of the Group's revenues in the six months ended either 30 June 2017 or 30 June 2016:

	Six months ended 30 June	
	2017	2016
Company A	**10,750**	11,419
Company B	**10,723**	—
Company C	**10,048**	222
Company D	**5,941**	12,798
Company E	**46**	3,271
	37,508	27,710

5 DEPRECIATION AND AMORTISATION

	Six months ended 30 June	
	2017	2016
Depreciation and amortisation	**4,885**	4,401

6 OTHER INCOME

	Six months ended 30 June	
	2017	2016
Government subsidies *(Note (a))*	**300**	4
Value-added tax ("**VAT**") refunds *(Note (b))*	**10**	249
	310	253

Notes:

(a) Government subsidies mainly represented subsidies for the Group's technical research projects and for corporate development.

(b) According to the relevant tax regulations, the sales of self-developed software products of a wholly-owned subsidiary of the Company, 無錫海盛軟件科技有限公司 (Wuxi Haisheng Software Technology Company Limited*) ("**Haisheng Software**"), was entitled to VAT refunds from December 2011 to October 2016. In March 2017, Haisheng Software was approved to be entitled to VAT refunds for its sales of-self-develop software products from March 2017 to March 2022.

7 OTHER GAINS — NET

	Six months ended 30 June	
	2017	2016
Gains on disposal of financial assets at fair value through profit or loss	**2,642**	1,096
Compensation gains	**—**	49
Foreign exchange losses	**(138)**	(41)
	2,504	1,104

8 FINANCE INCOME — NET

	Six months ended 30 June	
	2017	2016
Finance expense:		
— Exchange losses	**—**	(72)
Finance income:		
— Amortisation of unearned financial income	**793**	—
— Bank interest income	**708**	913
	1,501	913
Finance income — net	**1,501**	841

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
Current income tax — PRC corporate income tax	**—**	371
Deferred income tax	**3,277**	1,066
Income tax expense	**3,277**	1,437

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

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

Pursuant to the PRC Corporate Income Tax Law (the "**New CIT Law**"), the CIT is unified at 25% for all types of entities effective from 1 January 2008.

(a) The Company's applicable CIT rate is 25% according to the New CIT Law. Under the relevant regulations of the New CIT Law, the Company was qualified as High/New Tech Enterprise for three years from 2016 to 2018. Therefore, the Company applied a reduced CIT rate of 15% for the six months ended 30 June 2017 (six months ended 30 June 2016: 15%).

(b) Haisheng Software, a wholly-owned subsidiary of the Company, was qualified as a newly established software enterprise under the new CIT Law in 2012. As approved by the PRC tax authorities, Haisheng Software was exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years, commencing either from the first year of commercial operations or from the first year of profitable operation after offsetting tax losses incurred in prior years. The aforementioned preferential policy is not applicable commencing from 1 January 2017. Therefore, Haisheng Software applied a CIT rate of 25% for the six months ended 30 June 2017 (six months ended 30 June 2016: 12.5%).

10 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017	2016
Profit attributable to shareholders of the Company *(RMB'000)*	**12,000**	5,271
Weighted average number of ordinary shares in issue *(thousand)*	**128,000**	128,000
Basic and diluted earnings per share *(RMB/share)*	**0.09**	0.04

As the Company did not have any dilutive potential ordinary shares outstanding as at 30 June 2017 and 2016, diluted earnings per share is equal to basic earnings per share.

11 TRADE AND OTHER RECEIVABLES

	30 June 2017	31 December 2016
Trade receivables — third parties *(Note (a))*	**175,992**	194,441
Less: unearned financial income	**(1,670)**	(2,463)
	174,322	191,978
Notes receivable	**60,342**	65,673
Interest receivable	**727**	378
Other receivables — third parties	**621**	718
	236,012	258,747
Less: allowance for impairment of trade receivables	**(76,009)**	(87,260)
Less: allowance for impairment of other receivables	**(212)**	(212)
	(76,221)	(87,472)
	159,791	171,275
Less: non-current portion — trade receivables	**7,715**	15,922
Current portion	**152,076**	155,353
	159,791	171,275

Note:

(a) Apart from a portion of the contract sum retained by customers to cover the Group's product quality warranty, the Group did not grant credit terms to customers in the sales contracts. Included in the trade receivables as at 30 June 2017 are such retained sums of approximately RMB60,891,000 (31 December 2016: RMB66,112,000) representing approximately 34.6% (31 December 2016: 34.0%) of the trade receivables. 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).

The ageing analysis based on recognition date of the gross trade receivables at the respective balance sheet dates is as follows:

	30 June 2017	31 December 2016
Within 1 year	**46,430**	42,853
Over 1 year and within 2 years	**11,835**	8,369
Over 2 years and within 3 years	**59,324**	80,496
Over 3 years	**58,403**	62,723
	175,992	194,441

Movements of allowance for impairment of trade and other receivables are as follows:

	Six months ended 30 June	
	2017	2016
At the beginning of period	**87,472**	106,877
Reversal of allowance for impairment	**(8,312)**	(13,245)
Receivables written off as uncollectible	**(2,939)**	(3,721)
At the end of period	**76,221**	89,911

12 INVENTORIES

	At 30 June 2017	At 31 December 2016
Raw materials	**19,207**	13,721
Work in progress	**31,257**	29,535
Finished goods	**47,157**	2,668
	97,621	45,924

13 TRADE AND OTHER PAYABLES

	At 30 June 2017	At 31 December 2016
Notes payable	**36,216**	23,008
Trade payables *(Note (a))*	**32,697**	12,953
Quality warranty deposits from suppliers	**3,017**	3,260
Payables for property, plant and equipment	**1,941**	2,937
Employee benefits payable	**1,698**	1,618
Other taxes payable	**866**	336
Provision for quality warranty expenses	**183**	157
Others	**2,659**	4,080
	79,277	48,349

Note:

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

	At 30 June 2017	At 31 December 2016
Within 1 year	**31,375**	11,655
Over 1 year and within 2 years	**211**	440
Over 2 years and within 3 years	**439**	242
Over 3 years	**672**	616
	32,697	12,953

14 DIVIDENDS

A dividend in respect of the year ended 31 December 2016 of RMB 0.05 per share, amounted to a total dividend of RMB 6,400,000, has been declared during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

The Directors of the Company do not recommend the declaration of a dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2017, the PRC's economy grew steadily with an improving economic structure. Manufacturing investment and private investment rebounded. In addition, the demand for automobiles increased as a result of the government's stimulus policies, leading to a slow recovery in the tire market and aftermarket.

According to the data from China Association of Automobile Manufactures, in June 2017, automobile manufacturing and selling grew slightly both year-on-year and month-on-month. In the first half of 2017, the growth rate of automobile manufacturing and selling decreased year-on-year, among which the growth rate of passenger cars decreased significantly over the same period last year, while that of commercial vehicles increased significantly over the same period last year. In the context of an improving macroeconomic environment, the demand for tires increased year-on-year with the increase in automobile manufacturing and selling, which was benefited from the acceleration of the PRC's new infrastructure projects and the increase in demand for heavy vehicles as driven by policies and regulations. The demand for radial tire steel cord showed continual growth during the reporting period. The Group, as a radial tire steel cord equipment supplier, actively optimised and adjusted its management concepts and strengthened its risk prevention and control, which enabled the Group's business to achieve steady growth. As a result, the Group recorded a revenue of approximately RMB45.1 million and a profit for the period attributable to shareholders of the Company of approximately RMB12.0 million during the six months ended 30 June 2017, representing an increase of approximately 49.6% and 127.7%, respectively, over the same period last year.

Revenue

	For the six months ended 30 June					
	2017			2016		
	Unit(s) sold	***RMB'000***	***%***	*Unit(s) sold*	*RMB'000*	*%*
Brass electroplating wire production lines	**2**	**21,256**	**47.1**	2	21,396	70.9
Other production lines	**1**	**5,812**	**12.9**	4	4,094	13.6
Standalone machines	**27**	**5,020**	**11.1**	–	–	–
Mould repairing equipment, component parts and accessories	**N/A**	**11,858**	**26.3**	N/A	3,716	12.3
Rental income	**N/A**	**1,157**	**2.6**	N/A	956	3.2
		45,112	**100.0**		30,162	100.0

Our revenue increased by approximately RMB15.0 million, or approximately 49.6%, to approximately RMB45.1 million for the six months ended 30 June 2017 from approximately RMB30.2 million in the corresponding period in 2016. The increase in revenue is mainly due to the recovery in downstream industry and growth in market demand.

Brass electroplating wire production lines. Revenue from sales of brass electroplating wire production lines slightly decreased by approximately 0.7% to approximately RMB21.3 million for the six months ended 30 June 2017 from RMB21.4 million in the corresponding period in 2016. Two sets of brass electroplating wire production lines were accepted by the customers for the six months ended 30 June 2017 and the same number were accepted in the corresponding period in 2016.

Other production lines. Revenue from sales of other production lines increased by approximately 42.0% to RMB5.8 million for the six months ended 30 June 2017 from RMB4.1 million in the corresponding period in 2016. For the six months ended 30 June 2017, our customer accepted one set of other production line with a higher price due to different model with more complicated structure, while four sets were accepted by the customers in the corresponding period in 2016.

Standalone machineries. Revenue from sales of standalone machineries was 5.0 million for the six months ended 30 June 2017, while there was no revenue generated from standalone machineries in corresponding period in 2016. The increase was due to the recovery in downstream industry, which led to a growth of market demand. 27 sets of standalone machineries were accepted by our customers during the six months ended 30 June 2017.

Mould repairing equipment, component parts and accessories. Revenue from sales of mould repairing equipment, component parts and accessories increased by approximately 219.1% to approximately RMB11.9 million for the six months ended 30 June 2017 from RMB3.7 million in the corresponding period in 2016. The increase was primarily due to the increased equipment modification services provided to customers and sales of other component parts and accessories to customers.

Rental income. Revenue from rental income was derived from its investment properties, which were rented to third parties for the six months ended 30 June 2017 and the corresponding period in 2016. As more properties had been rented out during the six months ended 30 June 2017, the rental income increased.

Gross profit and gross profit margin

Gross profit increased by approximately 137.6% to approximately RMB17.9 million for the six months ended 30 June 2017 from approximately RMB7.5 million in the corresponding period in 2016. The overall gross profit margin increased to approximately 39.7% for the six months ended 30 June 2017 from approximately 25.0% in the corresponding period in 2016 due to (i) the sales of another production lines with higher gross profit margin during the six months ended 30 June 2017, as compared to that of corresponding period in 2016; (ii) more equipment modification services with high profit margin provided to customers as there was a growth in market demand.

Other income

Other income mainly represented the VAT refunds and government subsidies received by the Group. Our other income increased by approximately 22.5% to approximately RMB310,000 for the six months ended 30 June 2017 from approximately RMB253,000 in the corresponding period in 2016, primarily due to the net impact of more government subsidies received and less VAT refund received.

Selling expenses

Our selling expenses increased by approximately 1.5% to approximately RMB2.2 million for the six months ended 30 June 2017 from approximately RMB2.1 million in the corresponding period in 2016, primarily due to the increase in transportation expenses.

Administrative expenses

Our administrative expenses increased by approximately 435.8% from approximately RMB0.9 million for the six months ended 30 June 2016 to approximately RMB4.8 million for the six months ended 30 June 2017. This is primarily because there was a net reversal of allowance for impairment of receivables of approximately RMB8.3 million for the six months ended 30 June 2017, while the amount of net reversal of allowance was approximately RMB13.2 million in corresponding period in 2016.

Other gains — net

The Group recorded net other gains of approximately RMB2.5 million for the six months ended 30 June 2017, compared with the net other gains of approximately RMB1.1 million in the corresponding period in 2016. Other gains mainly included the gains on disposal of financial assets at fair value through profit or loss.

Finance income — net

The Group recorded net finance income of approximately RMB1.5 million for the six months ended 30 June 2017, as compared with the net finance income of approximately RMB0.8 million in the corresponding period in 2016. The increase was primarily due to the amortization of unearned finance income of long-term trade receivables in the amount of approximately RMB0.8 million during the six months ended 30 June 2017, while no such income was recorded in the corresponding period in 2016.

Income tax expense

The Group recorded an income tax expense of approximately RMB3.3 million for the six months ended 30 June 2017, compared with income tax expense of approximately RMB1.4 million in the corresponding period in 2016. The effective tax rate increased to 21.5% for the six months ended 30 June 2017 from 21.4% in the corresponding period in 2016.

TRADE RECEIVABLES

Our gross trade receivables decreased by approximately 9.5% from approximately RMB194.4 million at 31 December 2016 to approximately RMB176.0 million as at 30 June 2017. The decrease was primarily due to the adoption of more stringent collection policy over the customers and the increase of repayment ability of our customers resulting from the gradual recovery in downstream industries, so that the Group collected approximately RMB8.3 million impaired trade receivables during the six months ended 30 June 2017. The allowance for trade receivables decreased from approximately RMB87.3 million at the end of 2016 to approximately RMB76.0 million as at 30 June 2017.

INVENTORIES

Our inventories increased by approximately 112.6% from approximately RMB45.9 million as at 31 December 2016 to approximately RMB97.6 million as at 30 June 2017 as a result of an increase in orders on hand at the period end.

TRADE PAYABLES

Our trade payables increased by approximately 152.4% from approximately RMB13.0 million as at 31 December 2016 to approximately RMB32.7 million as at 30 June 2017, primarily due to an increase in our purchase of raw materials during the six months ended 30 June 2017.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position and fund available

During the six months ended 30 June 2017, the Group maintained a healthy liquidity position, with working capital being financed by our operating cash flows.

As at 30 June 2017, the total cash and bank balances of the Group were approximately RMB264.0 million (31 December 2016: approximately RMB206.7 million), comprising cash and cash equivalents of approximately RMB174.8 million (31 December 2016: approximately RMB193.6 million), restricted cash of approximately RMB35.2 million (31 December 2016: approximately RMB13.1 million) and time deposits of approximately RMB54.0 million (31 December 2016: Nil).

As at 30 June 2017, the current ratio of the Group was 3.9 (31 December 2016: 6.0). The decrease is primarily due to the increase in trade and other payables and advances from customers.

As at 30 June 2017, as the Group had no borrowings, the gearing ratio of the Group (calculated as total borrowings divided by total equity) was zero (31 December 2016: Zero).

SIGNIFICANT INVESTMENTS

Save and except for the investment properties and wealth management products, the Group had no significant investments held during the six months ended 30 June 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2017, the Group had no acquisition or disposal of subsidiaries, associates or joint ventures.

CHARGE ON GROUP ASSETS

As at 30 June 2017, the cash deposits in the amount of approximately RMB35.2 million (31 December 2016: approximately RMB13.1 million) were pledged to banks as security for notes payable and letter of guarantee for export sales. Save for that, the Group did not have any charges on its assets as at 30 June 2017 or 31 December 2016.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

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

Save as disclosed in the prospectus of the Company dated 30 October 2014 (the "**Prospectus**") or in this announcement, the Group had no future plans for material investments and expected sources of funding as at 30 June 2017.

CAPITAL EXPENDITURES

During the six months ended 30 June 2017, the Group's capital expenditures amounted to RMB1.7 million (six months ended 30 June 2016: RMB11.5 million) which was mainly related to the construction of the new manufacturing facility located in Wuxi, Jiangsu of the PRC (the "**New Wuxi Facility**").

CAPITAL COMMITMENTS

As at 30 June 2017, the Group's capital commitments in relation to the construction of the New Wuxi Facility and the new research & development centre to be established in the New Wuxi Facility (the "**New Research & Development Centre**") amounted to approximately RMB50,000 (31 December 2016: approximately RMB200,000).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the six months ended 30 June 2017. The capital of the Group only comprises ordinary shares.

FOREIGN CURRENCY RISK

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

The Group operates in the PRC with most of its transactions denominated and settled in RMB. The Group's assets and liabilities, and transactions arising from its operations do not expose the Group to material foreign exchange risk as the Group's assets and liabilities as at 30 June 2017 were denominated in the respective Group companies' functional currencies.

During the six months ended 30 June 2017, the Group did not employ any financial instruments for hedging purposes. The management will continue to monitor foreign currency risk and adopt prudent measures as and when appropriate.

USE OF NET PROCEEDS FROM THE IPO

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

With a view to improve efficiency in the use of the Company's temporary idle raised 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 utilize part of the temporary idle raised 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 temporarily 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 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 proposed change of use of net proceeds was approved at the annual general meeting of the Company held on 7 June 2016 whereby the Board was authorised to purchase wealth management products within one year commencing from the approval at such general meeting, subject to a cap of RMB75 million. As such authority has expired, at the annual general meeting of the Company held on 9 June 2017, 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. For details of the grant of such authorities, please refer to the circulars of the Company dated 21 April 2016 and 21 April 2017, respectively.

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 Wuxi Facility and the New Research & Development Centre as stated in the Prospectus.

Up to 30 June 2017, out of the net proceeds from the Listing, the Group has used approximately HK$92.4 million, HK$9.7 million and HK$21.0 million for (i) funding the construction of the New Wuxi Facility and the New Research & Development Centre; (ii) developing certain targeted research and development projects; and (iii) general working capital and other general corporate purposes, respectively. In addition, the Group utilised a part of the proceeds for purchasing wealth management products during the six months ended 30 June 2017. Up to 30 June 2017, all these wealth management products had been disposed. As at 30 June 2017, the unused proceeds of approximately HK$90.1 million, including net proceeds of HK$86.4 million and interest of net proceeds of HK$3.7 million, were deposited in licensed banks in the PRC.

PROSPECTS

It is expected that in the second half of 2017, the steel cord market will continue to grow slowly with the demand for steel cords. Also, the demand for automobiles in the PRC will continue to rise. As the supply-side structural reforms intensify, it is believed that the favorable trend of automobile manufacturing and selling in the automobile industry will be extended after hitting the record high in 2016. In addition, the overall performance of the photovoltaic industry was remarkable in the first half of 2017 despite some fluctuations. The total installed photovoltaic capacity has exceeded 22GW, and approximately 70% of photovoltaic enterprises recorded growth in their results for the first half of 2017. Benefited from national policies, the photovoltaic industry in the PRC has been turned into the world's largest photovoltaic market. The boom in the photovoltaic industry has also driven the demand for electroplated brass wires. Moreover, the demand for heavy trucks has been driven by the "Belt and Road" initiative and "Illegal Overloading and Oversize" regulations. The Board is of the view that the Group will face more opportunities in this environment, and expects that the Group's business will grow steadily in the second half of 2017. The Group is taking a strategic framework and upgrading the existing production lines to improve the production capacity of radial tire steel cords. In addition, the Group is actively exploring overseas markets to stabilize and expand the existing market share.

EMPLOYEE AND REMUNERATION INFORMATION

As at 30 June 2017, the Group employed a total of 144 full-time employees (31 December 2016: 132 full-time employees), including administrative, finance, internal audit, research and development, technical application, quality control, manufacturing, procurement, sales and marketing staff. For the six months ended 30 June 2017, the Group's total employee remuneration was approximately RMB9.3 million (six months ended 30 June 2016: approximately RMB8.5 million), representing approximately 20.6% of the Group's total revenue.

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

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

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

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any significant contingent liabilities (31 December 2016: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE "CG CODE")

For the six months ended 30 June 2017, the Company has complied with all code provisions of the CG Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Listing Rules").

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS OF DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and supervisors of our Company. Upon making specific enquiries of all of the Directors and supervisors of the Company, all the Directors and supervisors of the Company confirmed that each of them had fully complied with the required standards set out in the Model Code throughout the six months ended 30 June 2017.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2017.

DIVIDENDS

The Directors do not recommend the declaration of a dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

AUDIT COMMITTEE

The audit committee of the Board has held meetings to discuss the risk management, internal controls and financial reporting matters of the Company, including the review of the unaudited interim results and the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2017.

SUFFICIENCY OF PUBLIC FLOAT

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

IMPORTANT EVENTS AFTER REPORTING PERIOD

(i) Discloseable transaction in relation to subscription of wealth management product

On 3 July 2017, the Company and 平安銀行 (Ping An Bank Co., Ltd.*) ("**Ping An Bank**") entered into the wealth management product agreement, 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 which was financed by the temporary idle internal funds of the Company.

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.

(ii) Discloseable transaction in relation to subscription of wealth management product

On 14 July 2017, the Company and 招商銀行 (China Merchants Bank Co., Ltd.*) ("**China Merchants Bank**") entered into the wealth management product agreement, 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 which was financed by the temporary idle proceeds of the Company raised from the Listing.

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 transactions, please refer to the announcements of the Company dated 3 July 2017 and 14 July 2017, respectively.

* *For identification purpose only*

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.wxsunlit.com). The interim report for the six months ended 30 June 2017 containing all relevant information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and available on the above websites.

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, 25 August 2017

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 purpose only*