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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015 AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Financial Highlights	For the year ended 31 December		
	2015	2014	**Change**
Revenue (RMB million)	**68.2**	314.3	–78.3%
Gross profit (RMB million)	**18.2**	152.8	–88.1%
(Loss)/profit before income tax (RMB million)	**(91.8)**	140.0	N/A
(Loss)/profit for the year (RMB million)	**(88.8)**	111.6	N/A
(Loss)/profit attributable to shareholders of the Company (RMB million)	**(88.8)**	111.6	N/A
Basic and diluted (loss)/earnings per share (RMB)	**(0.69)**	1.11	N/A

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Wuxi Sunlit Science and Technology Company Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015.

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2015**	2014
Revenue	*2*	**68,168**	314,298
Cost of sales		**(49,969)**	(161,545)
Gross profit		**18,199**	152,753
Selling expenses		**(3,701)**	(5,464)
Administrative expenses		**(117,475)**	(22,200)
Other income	*4*	**3,697**	11,710
Other gains-net	*5*	**2,847**	5,063
Operating (loss)/profit		**(96,433)**	141,862
Finance income	*6*	**4,846**	1,692
Finance expense	*6*	**(257)**	(3,514)
Finance income/(expense)-net	*6*	**4,589**	(1,822)
(Loss)/profit before income tax		**(91,844)**	140,040
Income tax credit/(expense)	*7*	**3,040**	(28,438)
(Loss)/profit for the year attributable to shareholders of the Company		**(88,804)**	111,602
(Loss)/earnings per share attributable to shareholders of the Company for the year (RMB)			
– Basic and diluted	*8*	**(0.69)**	1.11

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Year ended 31 December	
	2015	2014
(Loss)/profit for the year	**(88,804)**	111,602
Other comprehensive income	**–**	–
Total comprehensive income for the year attributable to shareholders of the Company	**(88,804)**	111,602

CONSOLIDATED BALANCE SHEET
(All amounts in RMB thousands unless otherwise stated)

	Note	**As at 31 December 2015**	As at 31 December 2014
ASSETS			
Non-current assets			
Land use rights		**25,785**	34,251
Property, plant and equipment		**107,994**	104,555
Investment properties		**19,671**	–
Intangible assets		**200**	347
Trade receivables	*9*	**3,470**	27,000
Deferred income tax assets		**9,655**	5,581
		166,775	171,734
Current assets			
Inventories	*10*	**63,318**	78,693
Prepaid income tax		**19**	1,661
Prepayments		**9,084**	12,027
Trade and other receivables	*9*	**181,688**	304,925
Restricted cash		**13,056**	10,123
Cash and cash equivalents		**169,801**	239,557
		436,966	646,986
Total assets		**603,741**	818,720
EQUITY			
Share capital		**128,000**	128,000
Share premium		**311,464**	311,464
Reserves		**55,463**	56,767
Retained earnings		**39,541**	146,241
Total equity		**534,468**	642,472

		As at 31 December	
	Note	**2015**	2014
LIABILITIES			
Current liabilities			
Trade and other payables	*11*	**48,159**	56,968
Advances from customers		**21,114**	42,117
Current income tax liabilities		**–**	1,913
Borrowings		**–**	75,250
		69,273	176,248
Non-current liabilities		**–**	–
Total liabilities		**69,273**	176,248
Total equity and liabilities		**603,741**	818,720

Notes:

(All amounts in RMB thousands unless otherwise at stated)

1 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.

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 and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2015. The adoption of these new and amended standards and interpretations did not have any significant impact to the Group's consolidated financial statements.

HKAS 19 (Amendment)	Defined Benefit Plants: Employee Contributions
HKFRSs (Amendment)	Annual Improvements 2010–2012 Cycle and 2011–2013 Cycle

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

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted by the Group:

HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 11 (Amendment)	Acquisitions of Interests in Joint Operations[1]
HKAS 16 and 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[1]
HKFRS 10, 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception[1]
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements[1]
HKFRSs (Amendment)	Annual Improvements 2012–2014 Cycle[1]
HKAS 1	Disclosure initiative[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2018

[3] The amendments was originally intended to be effective for annual periods beginning on or after 1 January 2016. In December 2015, the HKICPA Financial Reporting Standards Committee approved the deferral/removal of the effective date of the Amendments. A new effective date of the Amendments will be determined at a future date. Early application of the Amendments continues to be permitted.

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

There are no other amendments or interpretations to HKFRS that are not yet effective that would be expected to have a material impact on the Group.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2 REVENUE

The Group is principally engaged in manufacturing and sale of a range of equipment for manufacturing steel wire products. Revenues from sales of goods were as follows:

	Year ended 31 December	
	2015	2014
Production lines		
– Brass electroplating wire production lines	**23,571**	183,538
– Other production lines	**1,856**	20,432
Standalone machines	**25,718**	91,769
Other mould repairing equipment, component parts and accessories	**15,590**	18,559
Rental income	**1,433**	–
	68,168	314,298

The chief operating decision-maker ("CODM") has been identified as the executive Directors of the Company. The CODM regards the Group's business as a single operating segment and reviews the financial statements accordingly. Also, the Group operates its business only within mainland China. Therefore, no business/geographical segment information is presented.

The Group's revenues were derived from the following external customers that individually contributed more than 10% of the Group's revenues in the year ended either 31 December 2015 or 31 December 2014:

	Year ended 31 December	
	2015	2014
Company A	**20,611**	13,971
Company B	**12,410**	12,825
Company C	**11,455**	131
Company D	**5,167**	56,426
Company E	**3,562**	88,256
Company F	**382**	81,506
	53,587	253,115

3 DEPRECIATION AND AMORTISATION

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

	Year ended 31 December	
	2015	2014
Depreciation and amortisation	**7,768**	4,663

4 OTHER INCOME

	Year ended 31 December	
	2015	2014
Government subsidies *(note (a))*	**2,705**	8,340
Value-added tax(“VAT”) refunds *(note (b))*	**992**	3,370
	3,697	11,710

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 the Company and a wholly-owned subsidiary, Wuxi Haisheng Software Technology Co., Ltd. (“Haisheng Software”), are entitled to VAT refunds from July 2010 until June 2015 and from December 2011 until October 2016, respectively.

5 OTHER GAINS – NET

	Year ended 31 December	
	2015	2014
Gains on disposal of plant and equipment, net	**2,552**	52
Foreign exchange gains	**172**	9
Compensation gains *(note)*	**–**	5,002
Others	**123**	–
	2,847	5,063

Note: The compensation gains represented penalty paid by customers who terminated their purchase contracts with the Group.

6 FINANCE INCOME AND EXPENSE

	Year ended 31 December	
	2015	2014
Interest expense:		
– Bank borrowings	**(429)**	(4,338)
Less: amounts capitalised on qualifying assets	**172**	1,498
Exchange losses on financing activities	**–**	(674)
Total finance expense	**(257)**	(3,514)
Finance income:		
– Bank interest income	**2,611**	1,692
– Exchange gain	**2,180**	–
– Interest income on wealth management products	**55**	–
	4,846	1,692
Net finance income/(expense)	**4,589**	(1,822)

7 INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2015	2014
Current income tax – PRC corporate income tax	**1,034**	10,684
Deferred income tax	**(4,074)**	17,754
Income tax (credit)/expense	**(3,040)**	28,438

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 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 qualified as High/New Tech Enterprise for three years from 2013 to 2015. Therefore, the Company applied a reduced CIT rate of 15% for the year ended 31 December 2015 (2014: 15%).

(b) Haisheng Software, a subsidiary of the Company, qualified as a newly established software enterprise under the New CIT Law in 2012. According to relevant tax regulations, Haisheng Software is 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. For the year ended 31 December 2015, the applicable CIT rate is 12.5% (2014: 12.5%).

8 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 of the Company during the year.

	Year ended 31 December	
	2015	2014
(Loss)/profit attributable to shareholders of the Company	**(88,804)**	111,602
Weighted average number of ordinary shares in issue(thousand)	**128,000**	100,384
Basic and diluted (loss)/earnings per share (RMB)	**(0.69)**	1.11

As the Company did not have any dilutive potential ordinary shares outstanding as at 31 December 2015 and 2014, diluted earnings per share is equal to basic earnings per share.

9 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
Trade receivables *(note)*		
– Related parties	**–**	1,543
– Third parties	**243,349**	251,996
	243,349	253,539
Less: allowance for impairment of trade receivables	**(106,665)**	(23,324)
Trade receivables – net	**136,684**	230,215
Notes receivable	**47,698**	101,357
Interest receivable	**364**	–
Other receivables – third parties	**624**	353
Less: allowance for impairment of other receivables	**(212)**	–
	185,518	331,925
Less: non-current portion – trade receivables	**(3,470)**	(27,000)
Current portion	**181,688**	304,925

Note: 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 trade receivables as at 31 December 2015 are such retained sums of approximately RMB71.3 million (2014: RMB80.5 million) representing approximately 29.3% (2014: 31.7%) of 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).

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

	As at 31 December	
	2015	2014
Up to 1 year	**24,812**	132,678
1-2 years	**119,936**	67,153
2-3 years	**54,177**	21,605
Over 3 years	**44,424**	32,103
	243,349	253,539

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

	Year ended 31 December	
	2015	2014
At the beginning of year	**23,324**	45,201
Additional allowance for impairment	**97,956**	22,527
Reversal of allowance for impairment	**(13,470)**	(44,284)
Receivables written off as uncollectible	**(933)**	(120)
At the end of year	**106,877**	23,324

10 INVENTORIES

	As at 31 December	
	2015	2014
Raw materials	**18,843**	21,959
Work in progress	**33,008**	39,203
Finished goods	**11,467**	17,531
	63,318	78,693

For the year ended 31 December 2015, the cost of inventories recognised as expense and included in "cost of sales" amounted to approximately RMB44,172,000 (2014: RMB155,278,000), which included inventory write-down of RMB2,159,000 (2014: Nil).

11 TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
Trade payables *(note (a))*	**11,038**	12,870
Notes payable *(note (b))*	**18,653**	19,886
Payables for property, plant and equipment	**10,030**	5,350
Other taxes payable	**357**	2,085
Employee benefits payable	**1,905**	2,548
Quality warranty deposits from suppliers	**3,940**	4,070
Interest payable	**–**	121
Provision for quality warranty expenses	**100**	471
Listing expenses payable	**–**	6,146
Others	**2,136**	3,421
	48,159	56,968

Notes:

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

	As at 31 December	
	2015	2014
Up to 1 year	**9,001**	9,833
1-2 years	**661**	957
2-3 years	**–**	692
Over 3 years	**1,376**	1,388
	11,038	12,870

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in manufacturing and sale of a range of equipment for manufacturing steel wire products. As an integrated production solution provider of steel wire products in the PRC, the activities of the Group include research and development, design, manufacturing, equipment supply, installation, testing, repairs and maintenance of production lines for manufacturing steel wire products. In 2015, China's economic growth further narrowed. The domestic local debt, overcapacity and other issues led to the contraction of investment in fixed assets. In the year, the Group's financial results was influenced by overcapacity situation of steel cord industry and slowing or even declining growth of investment, as well as the increasingly intense market competition. Affected by the market conditions and the industrial factors, the turnover of the Group decreased as compared to the corresponding period of last year. Also, the Group made allowance for impairment for doubtful trade receivables. As a result, the Group recorded a loss of RMB88.8 million and the revenue dropped to 68.2 million in 2015. During the Year, the Group's gross profit declined by 88.1% to RMB18.2 million, and its gross profit margin decreased from 48.6% to 26.7%.

Financial Review

Revenue

	Year ended 31 December					
	2015			2014		
	Unit(s) sold	***RMB'000***	***%***	*Unit(s) sold*	*RMB'000*	*%*
Brass electroplating wire production lines	**2**	**23,571**	**34.6**	10	183,538	58.4
Other production lines	**2**	**1,856**	**2.7**	13	20,432	6.5
Standalone machines	**173**	**25,718**	**37.7**	592	91,769	29.2
Mould repairing equipment, component parts and accessories	**N/A**	**15,590**	**22.9**	N/A	18,559	5.9
Rental income	**N/A**	**1,433**	**2.1**	N/A	–	–
		68,168	**100.0**		314,298	100.0

Our revenue decreased by RMB246.1 million, or approximately 78.3%, to RMB68.2 million for 2015 from RMB314.3 million for 2014. The decrease is mainly due to our customers' delayed payment and acceptance checking as (i) the slowdown of the growth of downstream industries; (ii) the overproduction capacity of steel cord industry; and (iii) more intense market competition leading to the slowdown of the pace of the original expansion plan of our customers.

Brass electroplating wire production lines. Revenue from sales of brass electroplating wire production lines decreased by 87.1% to RMB23.6 million for 2015 from RMB183.5 million for 2014. Only 2 sets of brass electroplating wire production lines were accepted by the customers in 2015 while 10 sets were accepted by the customers in 2014. As the growth of downstream industries slowed down, our customers delayed their original expansion plan.

Other production lines. Revenue from sales of other production lines decreased by 90.7% to RMB1.9 million for 2015 from RMB20.4 million for 2014. The decrease was mainly due to a decrease in the number of other production lines accepted by our customers after testing from 13 sets for 2014 to 2 sets for 2015.

Standalone machines. Revenue from sales of standalone machines decreased by 72.0% to RMB25.7 million for 2015 from RMB91.8 million for 2014. The decrease was due to the decrease in both sale prices and sale quantity in the standalone machines. As standalone machines sold in 2015 were of a simpler product type they were sold with lower prices than those in 2014. In addition, we endeavour to increase our competitiveness by reducing the average selling price of our standalone machines. Meanwhile, the number of standalone machines sold decreased from 592 sets in 2014 to 173 sets in 2015.

Mould repairing equipment, component parts, and accessories. Revenue from sales of mould repairing equipment, component parts, and accessories slightly decreased by 16.1% to RMB15.6 million for 2015 from RMB18.6 million for 2014. The decrease was primarily due to decease in equipment modification services provided to customers.

Rental income. Revenue from rental income arose from its investment properties, which was rented to a third party in 2015.

Gross profit and gross profit margin

Our gross profit decreased by 88.1% from RMB152.8 million for 2014 to RMB18.2 million for 2015. Our overall gross profit margin decreased from 48.6% for 2014 to 26.7% for 2015 due to a higher proportion of the standalone machines in the sales mix, with a relatively lower gross profit margin as compared to brass electroplating wire production lines. In addition, in view of the difficult situation of downstream industry, we reduced the selling price of our products to maintain the relationship with our customers and increase the competitiveness, which also lead to the decrease in our profit margin.

Other income

Our other income decreased by 68.4% from RMB11.7 million for 2014 to RMB3.7 million for 2015, primarily due to a decrease in VAT refunds to one of our subsidiaries and reduced government subsidies.

Selling expenses

Our selling expenses decreased by 32.7% from RMB5.5 million for 2014 to RMB3.7 million for 2015, primarily due to the decrease of transportation expenses.

Administrative expenses

Our administrative expenses increased from RMB22.2 million for 2014 to RMB117.5 million for 2015. This is primarily due to a net reversal of impairment of receivables of RMB21.8 million resulting from subsequent collection of long-aged trade receivables under the continuing effort of the Group during 2014. During 2015, we made an additional allowance amounting to RMB84.5 million for impairment of receivables for the following reasons: (i) from 2015, the weak market demand for capacity expansion in our high-end downstream automobile industry has led to decreasing demand for products by our direct downstream customers such as those in the steel cords producing industry, and also the continuous decrease in sales price of steel cords due to the intense competition in the industry; these have caused our downstream customers to preserve their liquidity funds through deferring production capacity plan or delaying payments; and (ii) failure by certain customers to adhere to the agreed repayment schedules since the second quarter of 2015, and the collection of receivables has not improved in the subsequent period. Furthermore, the impact of the additional allowance for the receivables was partially offset by a decrease in research and development expenses.

Other gains/(losses) – net

The Group recorded net other gains of RMB2.8 million in 2015, compared with the net other gains of RMB5.1 million in 2014. Other gains mainly included the gains on disposal of land use right plant and equipment, as one of our subsidiaries, Jiangyin Sanzhi Gungkang Machinery Co., Ltd. was relocated to the new manufacturing facility in Wuxi Jiangsu, the PRC and its land use right was expropriated by the government.

Finance income/(expense) – net

The Group record a net finance income of RMB4.6 million in 2015, compared with the net finance expense of RMB1.8 million in 2014. The increase in finance income was mainly due to a foreign exchange gain generated from the settlement of exchange of the proceeds from the initial public offering (“IPO”) during 2015 and reduced interest expense as the Group has repaid bank borrowings since February 2015.

Income tax expense

The Group recorded a credit to income tax expense of RMB3.0 million for 2015, compared with the income tax expense of RMB28.4 million for 2014. The effective tax rates decrease to 3.3% for 2015 from 20.3% for 2014 as the Group has not recognised deferred tax asset for part of deductible temporary difference where realisation is uncertain.

Trade receivables

Our gross trade receivables decreased by 4.0% from RMB253.5 million at 31 December 2014 to RMB243.3 million as at 31 December 2015, primarily due to the weak market demand and the declining industry, which resulted in a decrease of new orders from downstream customers.

Inventories

Our inventories decreased by 19.6% from RMB78.7 million at the end of 2014 to RMB63.3 million at the end of 2015 as a result of a decrease on work in progress and finished goods.

The work in progress decreased from RMB39.2 million at the end of 2014 to RMB33.0 million at the end of 2015, primarily due to a decrease in the orders on hand at the year end. In addition, a provision of RMB2.2 million was made as at the end of 2015.

The finished goods decreased from RMB17.5 million at the end of 2014 to RMB11.5 million at the end of 2015, primarily due to declining of standalone machines on hand during 2015. Meanwhile, according to production schedule, some standalone machines were in the progress of production as at the end of 2015 and were not completed for transfer to finished goods.

Trade payables

Our trade payables decreased by 14.7% from RMB12.9 million at the end of 2014 to RMB11.0 million at the end of 2015, primarily due to a decrease in our purchase of raw materials during the year, in line with a decrease in the balance of inventories as at 31 December 2015.

Liquidity and financial resources

Cash position and fund available

During the year ended 31 December 2015, the Group maintained a healthy liquidity position, with working capital being financed by our operating cash flows.

As at 31 December 2015, the total cash and bank balances of the Group were RMB182.9 million (31 December 2014: RMB249.7 million), comprising cash and cash equivalents of RMB169.8 million (31 December 2014: RMB239.6 million) and restricted cash of RMB13.1 million (31 December 2014: RMB10.1 million).

As at 31 December 2015, the current ratio of the Group was 6.3 (31 December 2014: 3.7).

The Group was in a strong net cash position as at 31 December 2015 and 2014. The Group has sufficient and readily available finance resources for general working capital requirement and foreseeable capital expenditure.

Borrowings

As at 31 December 2014, the bank borrowing was secured over the land use rights of the Group, and the borrowing was repaid during the year ended 31 December 2015 with the related pledge released.

Capital expenditures

In 2015, the Group's capital expenditures amounted to RMB27.1 million (2014: RMB28.6 million) which mainly was related to the construction of the new manufacturing facility located in Wuxi (the "New Wuxi Facility").

Capital Commitments

As at 31 December 2015, the Group's capital commitments in relation to the construction of New Wuxi Facility amounted to RMB3.2 million (31 December 2014: RMB19.4 million).

Foreign Currency Risk

Foreign exchange risk arises when 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 31 December 2015 were denominated in the respective Group companies' functional currencies.

USE OF NET PROCEEDS FROM THE IPO

The Company's ordinary shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 November 2014. The net proceeds from the IPO after deduction of underwriting commissions, fees and listing related expenses payables amounted to approximately HK$209.5 million (equivalent to approximately RMB165.3 million). During the year ended 31 December 2015, we used approximately HK$65.4 million, HK$6.1 million and HK$21.0 million for funding the construction of the New Wuxi Facility and New Research & Development Centre, developing certain targeted research and development projects, and general working capital and other general corporate purposes, respectively. As at 31 December 2015, the unused proceeds of approximately HK$117.0 million were deposited in licensed banks in the PRC.

BUSINESS PROSPECTS

2016 is full of challenges and opportunities for the Group. As the industry leader and a listed company in Hong Kong, the Group believes that Sunlit management will strive to maintain its leading position through strict enterprise management, controlling costs and improving operational efficiency, in the face of difficult business environment and intense competition. The re-alignment of the industry and re-distribution of demand will be the development task in the next five years. Sunlit will face more opportunities in this environment. The management expects that in the next financial year, it will continue to stabilize and expand the scope of business of the Group. Also the Group is taking a strategic orientation, to enhance technology development, train talents on technology management and technology innovation; explore new overseas markets actively, stabilize and expand current market share, recover the Group's long-term sustainable growth and profitability. However, market volatility may obscure short-term performance, but Sunlit believes that the Group has made adequate preparation for further breakthroughs when the time is ripe, and is committed to safeguarding the interests of the Company's shareholders. At the same time, Sunlit believes that it will obtain further support from more domestic and overseas customers in the future, and that the Group will not only maintain its leading position in the domestic market but will also continue to work towards the goal of being a leading manufacturer of steel wire products internationally so that it can achieve better results.

EMPLOYEE AND REMUNERATION INFORMATION

As at 31 December 2015, the Group had 159 employees (2014: 241). The Group's remuneration and bonus policies are principally determined with reference to the qualification, experience and performance of individual employee.

Remuneration of employees including Directors' emoluments and all staff related costs for the year ended 31 December 2015 was approximately RMB19.6 million (2014: RMB25.0 million).

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 2015, the Group did not have any significant contingent liabilities (2014: Nil).

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

Throughout the year ended 31 December 2015, 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").

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

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors and supervisors of our Company as set out in Appendix 10 to the Listing Rules. Upon making specific enquiries of all the Directors and supervisors of the Company, all 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 year ended 31 December 2015.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

DIVIDENDS

During 2014, a special dividend of RMB1.25 per share was declared and paid by the Company.

During 2015, the Company declared and paid a final dividend of RMB0.15 per share in relation to the year ended 31 December 2014.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015.

ANNUAL GENERAL MEETING (THE "AGM")

The AGM will be held on 7 June 2016. Notice of the AGM will be sent to the shareholders of the Company in due course.

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 matters including a review of the Group's consolidated annual results for the year ended 31 December 2015.

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 annual results announcement, the Company has maintained the prescribed minimum public float under the Listing Rules for the year ended 31 December 2015 and up to the date of this annual results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.wxsunlit.com). The annual report for the year ended 31 December 2015 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 in due course.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposes to make certain amendments to the articles of association of the Company (the "Articles of Association") in order to reflect the transfer of shares. Specific amendments are as follows:

Amend Article 3.5 of the Articles of Association

Original:

Article 3.5 On July 24th 2012, the Company was converted into a joint stock limited company issuing a sum of 96,000,000 ordinary shares which were subscribed for and held by the promoters of the Company. The details of the shareholding are as follows:

No.	**Name of Promoters**	**Number of Shares** *(in ten thousands)*	**Proportion of Total Share Capital** *(%)*	**Contribution Method**
1	Zhang Degang	4,322.1504	45.02	Net asset
2	Zhang Deqiang	2,998.3104	31.23	Net asset
3	Zhang Jinghua	402.7392	4.20	Net asset
4	Shanghai Yudao Tiansui Investment Development Center (Limited Partnership)	480	5.00	Net asset
5	Wuxi Shunxin Investment Enterprise (Limited Partnership)	441.60	4.60	Net asset
6	Huaxuan (Shanghai) Equity Investment Fund Company Limited	192	2.00	Net asset

No.	Name of Promoters	Number of Shares *(in ten thousands)*	Proportion of Total Share Capital *(%)*	Contribution Method
7	Zuoli Holdings Group Company Limited	192	2.00	Net asset
8	Shanghai Anfuda Equity Investment Fund Partnership (Limited Partnership)	120	1.25	Net asset
9	Shanghai Fengyao Investment Partnership (Limited Partnership)	115.20	1.20	Net asset
10	Changzhou Jinling Huaruan Venture Capital Partnership (Limited Partnership)	96	1.00	Net asset
11	Shaanxi Xinjian Industrial Development Company Limited	96	1.00	Net asset
12	Shanghai Zhongjing Investment Partnership (Limited Partnership)	96	1.00	Net asset
13	Suzhou Industrial Park Heyuan Northern Light Venture Capital Partnership (Limited Partnership)	48	0.50	Net asset

The date of the contribution was July 19th 2012.

Amended to:

The details of the shareholders of the Company's domestic shares and their shareholdings upon transfer of shares are as follows:

No.	**Name of Promoters**	**Number of Shares** *(in ten thousands)*	**Proportion of Total Share Capital** *(%)*
1	Zhang Degang	4,322.1504	33.77
2	Zhang Deqiang	2,998.3104	23.42
3	Zhang Jinghua	402.7392	3.15
4	Shanghai Yudao Tiansui Investment Development Center (Limited Partnership)	480	3.75
5	Wuxi Shunxin Investment Enterprise (Limited Partnership)	441.60	3.45
6	Huaxuan (Shanghai) Equity Investment Fund Company Limited	192	1.5
7	Zuoli Holdings Group Company Limited	192	1.5
8	Shanghai Anfuda Equity Investment Fund Partnership (Limited Partnership)	120	0.94
9	Shanghai Fengyao Investment Partnership (Limited Partnership)	115.20	0.9
10	Changzhou Jinling Huaruan Venture Capital Partnership (Limited Partnership)	96	0.75
11	Shaanxi Xinjian Industrial Development Company Limited	96	0.75
12	Shanghai Zhongjing Investment Partnership (Limited Partnership)	96	0.75
13	Suzhou Industrial Park Heyuan Northern Light Venture Capital Partnership (Limited Partnership)	48	0.37

Save and except for the aforesaid amendments, other terms of the Articles of Association shall remain unchanged.

The proposed amendments to the Articles of Association are subject to the approval of the shareholders of the Company by way of a special resolution at the forthcoming AGM.

A circular containing the details of the proposed amendments to the Articles of Association as well as a notice of the AGM will be despatched to the shareholders of the Company in due course.

By order of the Board
Wuxi Sunlit Science and Technology Company Limited
Zhang Degang
Chairman

Hong Kong, 29 March 2016

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. Gao Fuping and Mr. Ho Yuk Ming, Hugo.