

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.



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 2023**

Financial Highlights	For the year ended		Change
	31 December 2023	2022	
Revenue (<i>RMB million</i>)	313.3	208.0	50.6%
Gross profit (<i>RMB million</i>)	95.9	47.5	101.9%
Profit before income tax (<i>RMB million</i>)	34.1	23.4	45.9%
Profit for the year (<i>RMB million</i>)	29.3	22.6	29.8%
Profit attributable to shareholders of the Company (<i>RMB million</i>)	29.3	22.6	29.8%
Basic and diluted earnings per share (<i>RMB cents</i>)	22.93	17.66	29.8%

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of 無錫盛力達科技股份有限公司 (Wuxi Sunlit Science and Technology Company Limited*) (the “**Company**” or “**Sunlit**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Year**”).

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
	Note	2023	2022
Revenue	3	313,265	208,048
Cost of sales		<u>(217,393)</u>	<u>(160,567)</u>
Gross profit		95,872	47,481
Selling expenses		(2,773)	(2,478)
Administrative expenses		(52,994)	(29,677)
Net impairment losses on financial and contract assets		(23,857)	(4,284)
Other income		2,423	1,232
Other gains — net	4	<u>9,392</u>	<u>8,167</u>
Operating profit		28,063	20,441
Finance income		<u>6,038</u>	<u>2,925</u>
Profit before income tax		34,101	23,366
Income tax expense	5	<u>(4,755)</u>	<u>(762)</u>
Profit for the year attributable to equity shareholders of the Company		<u>29,346</u>	<u>22,604</u>
Earnings per share attributable to equity shareholders of the Company for the year (expressed in RMB cents)			
—Basic and diluted	6	<u>22.93</u>	<u>17.66</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Year ended 31 December	
	2023	2022
Profit for the year	29,346	22,604
Other comprehensive income	<u>—</u>	<u>—</u>
Total comprehensive income for the year attributable to equity shareholders of the Company	<u>29,346</u>	<u>22,604</u>

CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December 2023	2022
ASSETS			
Non-current assets			
Right-of-use assets		20,580	21,195
Property, plant and equipment		86,310	91,708
Investment properties		15,750	20,605
Properties held for sale	9	14,489	—
Intangible assets		102	13
Trade and other receivables	8	53,189	3,408
Deferred income tax assets — net		19,135	13,489
		<u>209,555</u>	<u>150,418</u>
Current assets			
Inventories	10	260,340	196,474
Properties held for sale	9	8,489	43,554
Prepayments		5,764	12,001
Contract assets	7	33,541	22,488
Trade and other receivables	8	265,061	238,960
Restricted cash		65,053	108,617
Time deposits		107,376	59,970
Cash and cash equivalents		73,946	113,250
		<u>819,570</u>	<u>795,314</u>
Total assets		<u><u>1,029,125</u></u>	<u><u>945,732</u></u>
EQUITY			
Share capital		128,000	128,000
Share premium		311,464	311,464
Reserves		72,674	66,282
Retained earnings		161,583	148,869
Total equity		<u><u>673,721</u></u>	<u><u>654,615</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables		193,281	171,181
Contract liabilities		153,915	117,414
Current income tax liabilities		8,208	522
Borrowings		—	2,000
		<u>355,404</u>	<u>291,117</u>
Total liabilities		<u><u>355,404</u></u>	<u><u>291,117</u></u>
Total equity and liabilities		<u><u>1,029,125</u></u>	<u><u>945,732</u></u>

NOTES TO FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

1 GENERAL INFORMATION OF THE GROUP

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

The Company was incorporated in the People’s Republic of China (the “**PRC**”) as a limited liability company on 21 March 2006. The Company was converted into a joint stock company with limited liabilities under relevant PRC laws and regulations on 24 July 2012. The address of the Company’s registered office is 1 Yanxin Road East, Huishan Economic Development Zone, Wuxi, Jiangsu Province, PRC.

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

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

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 28 March 2024.

2 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair value.

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

(a) New and amended standards adopted by the Group

The Group has applied the following amendments and annual improvements for the first time for their annual reporting period commencing 1 January 2023:

Standards/Amendments	Subject
HKFRS 17 and amendments to HKFRS 17	Insurance Contract (including Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information)
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (including International Tax Reform — Pillar Two Model Rules)

The new standard and amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

The following new standards, amendments and interpretation to standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group:

Standards/Amendments/ Interpretation	Subject	Effective for annual years beginning on or after
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendment to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendment to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendment to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be Determined

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

3 REVENUE

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

The Group is principally engaged in the manufacturing and sale of a range of equipment for manufacturing steel wire products and leasing. Revenue from sales of goods and rental income for the years ended 31 December 2023 and 2022 are as follows:

	Year ended 31 December	
	2023	2022
Sales of production lines		
— Brass electroplating wire production lines	52,472	21,206
— Other production lines	8,711	34,696
— Heat treatment phosphating lines	—	22,793
Sales of standalone machines	233,758	99,306
Sales of other mould repairing equipment, components parts and accessories	13,624	24,433
Rental income	4,700	5,614
	313,265	208,048
Timing of revenue recognition		
— Over time	4,700	5,614
— At a point in time	308,565	202,434
	313,265	208,048

For the years ended 31 December 2023 and 2022, the geographical information on the total revenue is as follows:

	Year ended 31 December	
	2023	2022
Revenue		
— PRC	312,100	199,491
— Others	<u>1,165</u>	<u>8,557</u>
	<u><u>313,265</u></u>	<u><u>208,048</u></u>

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

	Year ended 31 December	
	2023	2022
Company A	217,391	54,052
Company B	42,524	27,750
Company C	31,777	N/A ¹
Company D	N/A ¹	39,713

¹ The corresponding revenue during the years ended 31 December 2022 and 2023 did not contribute 10% or more of the Group's total revenue.

4 OTHER GAINS — NET

	Year ended 31 December	
	2023	2022
Gains on disposal of investment properties (<i>note (a)</i>)	5,934	—
Gains on disposal of property, plant and equipment (<i>note (a)</i>)	2,267	16
Foreign exchange gains	1,120	7,817
Fair value gains on financial assets at FVPL	232	237
Fair value gains on derivative financial instruments	—	173
Others	<u>(161)</u>	<u>(76)</u>
	<u><u>9,392</u></u>	<u><u>8,167</u></u>

Note:

(a) On 31 January 2023, Wuxi Haisheng Software Technology Co., Ltd. (“**Haisheng Software**”) entered into an agreement with a local government authority and disposed a building for a total consideration of RMB13,085,000. The gains on disposal of investment property and property, plant and equipment are RMB5,934,000 and RMB2,515,000 respectively.

5 INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
Current income tax — PRC corporate income tax	10,401	438
Deferred income tax	<u>(5,646)</u>	<u>324</u>
	<u>4,755</u>	<u>762</u>

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

PRC corporate income tax (“CIT”)

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

Pursuant to the PRC Corporate Income Tax Law (the “**New CIT Law**”), the Company’s applicable CIT rate is 25%. Under the relevant regulations of the New CIT Law, the Company was qualified as High/New Tech Enterprise, and applied a reduced CIT rate of 15% for the year ended 31 December 2023 (2022: 15%).

Haisheng Software was qualified as the Small and Micro Enterprise for the year ended 31 December 2022, which was no longer qualified for the year ended 31 December 2023.

The other subsidiary of the Company applied a CIT rate of 25% for the year ended 31 December 2023 (2022: 25%).

6 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 during the year.

	Year ended 31 December	
	2023	2022
Profit attributable to equity shareholders of the Company (RMB’000)	29,346	22,604
Weighted average number of ordinary shares in issue (thousand)	<u>128,000</u>	<u>128,000</u>
Basic and diluted earnings per share (RMB cents)	<u>22.93</u>	<u>17.66</u>

As the Company did not have any dilutive potential ordinary shares outstanding as at 31 December 2023 and 2022, diluted earnings per share is equal to basic earnings per share.

7 CONTRACT ASSETS

	As at 31 December	
	2023	2022
Contract assets		
Contract assets	36,028	23,794
Less: allowance for impairment of contract assets	<u>(2,487)</u>	<u>(1,306)</u>
Contract assets — net	<u>33,541</u>	<u>22,488</u>

Contract assets are due for collection upon the expiry of product quality warranty period, which is usually 12 or 18 months from the acceptance by the customer of the equipment.

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

	As at 31 December	
	2023	2022
Within 1 year	33,864	21,637
Over 1 years	<u>2,164</u>	<u>2,157</u>
	<u>36,028</u>	<u>23,794</u>

Movements of allowance for impairment of contract assets are as follows:

	Year ended 31 December	
	2023	2022
Opening balance as at 1 January	1,306	—
Net impairment losses	<u>1,181</u>	<u>1,306</u>
Closing balance at 31 December	<u>2,487</u>	<u>1,306</u>

The creation and release of allowance for impaired contract assets have been included in “Net impairment losses on financial and contract assets” in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

8 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
Trade receivables		
Accounts receivable <i>(note (a))</i>	309,515	216,915
Less: allowance for impairment of accounts receivable	<u>(72,835)</u>	<u>(52,239)</u>
Accounts receivable — net	<u>236,680</u>	<u>164,676</u>
Commercial acceptance notes <i>(note (b))</i>	61,112	43,495
Less: allowance for impairment of commercial notes	<u>(3,393)</u>	<u>(2,042)</u>
Commercial acceptance notes — net <i>(note (b))</i>	57,719	41,453
Bank acceptance notes <i>(note (b))</i>	<u>21,073</u>	<u>33,457</u>
Trade receivables — net	<u>315,472</u>	<u>239,586</u>
Other receivables		
Other receivables	3,928	3,503
Less: unearned financial income	(179)	(254)
Less: allowance for impairment of other receivables	<u>(971)</u>	<u>(467)</u>
Other receivables — net	<u>2,778</u>	<u>2,782</u>
	<u>318,250</u>	<u>242,368</u>
Non-current portion	53,189	3,408
Current portion	<u>265,061</u>	<u>238,960</u>
	<u>318,250</u>	<u>242,368</u>

Notes:

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

As at 31 December 2023, no note receivable was pledged as security for the Group's notes payable (As at 31 December 2022: RMB9,610,000).

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

	As at 31 December	
	2023	2022
Within 1 year	140,739	66,447
1–2 years	42,364	75,971
2–3 years	67,870	38,029
Over 3 years	58,542	36,468
	<u>309,515</u>	<u>216,915</u>

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at 31 December	
	2023	2022
RMB	316,053	240,231
USD	2,197	2,137
	<u>318,250</u>	<u>242,368</u>

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

	Year ended 31 December	
	2023	2022
Opening balance as at 1 January	<u>54,748</u>	<u>51,866</u>
Net impairment losses	22,676	2,978
Receivables written off as uncollectible	(225)	(96)
Closing balance at 31 December	<u>77,199</u>	<u>54,748</u>

9 INVENTORIES

	As at 31 December	
	2023	2022
Raw materials	44,233	89,425
Work in progress	24,490	91,856
Finished goods	195,964	18,775
	<u>264,687</u>	<u>200,056</u>
Cost	264,687	200,056
Allowance for impairment	(4,347)	(3,582)
	<u>(4,347)</u>	<u>(3,582)</u>
Net book amount	<u>260,340</u>	<u>196,474</u>

For the year ended 31 December 2023, the cost of inventories recognised as expense and included in “Cost of sales” amounted to approximately RMB199,223,000 (2022: RMB143,586,000), which included the allowance for impairment of inventories of RMB1,589,000(2022: RMB1,145,000) and reversal of impairment of RMB824,000(2022: RMB2,068,000) as the Group sold the relevant goods.

10 PROPERTIES HELD FOR SALE

	Year ended 31 December	
	2023	2022
Opening balance at 1 January	43,554	46,495
Addition	130	—
Disposals	(2,036)	(2,941)
Allowance for impairment	(18,671)	—
	<u>22,977</u>	<u>43,554</u>
Closing balance at 31 December	22,977	43,554
At 31 December		
Cost	52,669	55,146
Allowance for impairment	(29,692)	(11,592)
	<u>(29,692)</u>	<u>(11,592)</u>
Net book amount	<u>22,977</u>	<u>43,554</u>

As at 31 December 2023, considering the decrease in market price of such properties, the Company provided allowance of RMB18,671,000, based on recent estimated selling price and cost to sale.

	As at 31 December 2023
— to be sold within 12 months	8,488
— to be sold after more than 12 months	14,489
	<u>22,977</u>

11 DIVIDENDS

A final dividend in respect of the year ended 31 December 2022 of RMB0.08 per share, amounting to RMB10,240,000 was approved by the shareholders at the Annual General Meeting on 9 June 2023. The dividend has been paid on 17 July 2023.

A final dividend in respect of the year ended 31 December 2023 of RMB0.08 per share, amounting to RMB10,240,000 has been proposed by the Board of Directors of the Company but not recognised as a liability at year end. The proposed dividend is subject to the approval by the shareholders at the Annual General Meeting to be held on 26 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2023, the Company comprehensively promoted refined and lean production management, strengthened the improvement and optimisation of production and operation management, expanded production capacity, and enhanced collaboration among various departments to work together towards common goals for the production and operation in an orderly and powerful manner to achieve the annual production and operation targets and tasks.

During the year of 2023 (the “Year”), China’s overall macroeconomic operation remained stable with a rapid growth in automobile production and sales in 2023 and a steady rebound in the commercial vehicle market. According to data from the China Association of Automobile Manufacturers (“CAAM”), the production and sales volume of automobile in China for 2023 amounted to approximately 30.161 million of vehicles and approximately 30.094 million of vehicles, respectively, representing increases of approximately 11.6% and approximately 12%, respectively, as compared with the corresponding period last year.

As a result, the overall performance of the Group for the Year improved as compared with the corresponding period of 2022. For the year ended 31 December 2023, revenue amounted to approximately RMB313.3 million, representing an increase of approximately 50.6% as compared with the corresponding period last year. Net profit of the Group for the year ended 31 December 2023 was approximately RMB29.3 million.

FINANCIAL REVIEW

Revenue

	Year ended 31 December					
	2023			2022		
	<i>Unit(s)</i> <i>sold</i>	<i>RMB'000</i>	<i>%</i>	<i>Unit(s)</i> <i>sold</i>	<i>RMB'000</i>	<i>%</i>
Brass electroplating wire production lines	5	52,472	16.8%	3	21,206	10.2%
Other production lines	14	8,711	2.8%	33	34,696	16.7%
Heat treatment phosphating lines	N/A	—	0.0%	2	22,793.00	11.0%
Standalone machines	1,906	233,758	74.6%	598	99,306	47.7%
Other mould repairing equipment, components parts and accessories	N/A	13,624	4.3%	N/A	24,433	11.7%
Rental income	N/A	4,700	1.5%	N/A	5,614	2.7%
		<u>313,265</u>	<u>100%</u>		<u>208,048</u>	<u>100%</u>

During the Year, our revenue increased by approximately RMB105.3 million or approximately 50.6% to approximately RMB313.3 million when compared with the revenue of approximately RMB208.0 million in 2022.

The increase in revenue for the Year was mainly due to the signing of a large sales order with a major customer in 2023. Most machines of the orders have been tested and accepted at the end of 2023.

Brass electroplating wire production lines: During the Year, revenue from sales of brass electroplating wire production lines increased by approximately 147.4% to approximately RMB52.5 million when compared with the revenue of approximately RMB21.2 million in 2022. 5 sets of brass electroplating wire production lines were accepted by the customers in 2023 while 3 sets were accepted by the customers in 2022. The increase was mainly due to increase in sales volume.

Other production lines: Revenue from sales of other production lines in 2023 decreased approximately 74.9% or approximately RMB25.99 million when compared with the revenue of approximately RMB34.7 million in 2022.

Standalone machines: Revenue from sales of standalone machines increased by approximately 135.4% to approximately RMB233.8 million during the Year, when compared with the revenue of approximately RMB99.3 million in 2022. The significant increase was mainly due to a large scale of sales orders of standalone machine has been delivered and accepted in 2023.

Other mould repairing equipment, components parts and accessories: Revenue from sales of other mould repairing equipment, components parts and accessories decreased by approximately 44.2% to approximately RMB13.6 million during the Year, when compared with the revenue of approximately RMB24.4 million in 2022. The decrease was primarily due to a decrease in the number of renovation projects with higher profit margins.

Rental income: Revenue from rental income arose from the Group's investment properties, which were rented to third parties in 2023 and 2022. As the no. of rental properties decreased in 2023, the rental income in 2023 decreased by approximately 16.3% or approximately RMB0.91 million when comparing to that of 2022.

Gross profit and gross profit margin

Our gross profit increased by approximately 101.9% from approximately RMB47.5 million for 2022 to approximately RMB95.9 million for 2023.

Our overall gross profit margin increased from approximately 22.8% for 2022 to approximately 30.6% for 2023, mainly due to the proportion of standalone machines with higher profit margins, is significantly higher than that of the last year.

Other income

Our other income increased by approximately 96.7% from approximately RMB1.2 million for 2022 to approximately RMB2.4 million for 2023, primarily because the Company was entitled an additional 5% deduction of current deductible input VAT according to the relevant tax regulations.

Selling expenses

Our selling expenses remained relatively stable at approximately RMB2.8 million and approximately RMB2.5 million in 2023 and 2022, respectively.

Administrative expenses

Our administrative expenses increased from approximately RMB29.7 million in 2022 to approximately RMB53.0 million in 2023, primarily due to the increase in impairment losses on properties held for sales.

Net impairment losses on financial and contract assets

The Group incurred net impairment losses on financial and contract assets of approximately RMB23.8 million in 2023, when compared with that of approximately RMB4.3 million in 2022. With the balances of contract assets, accounts receivable and commercial acceptance notes as at 31 December 2023 which are significantly higher than the balances at the end of 2022, the Group considered to take more expected credit losses in 2023.

Other gains — net

The Group recorded net other gains of approximately RMB9.4 million in 2023, when compared with the net other gains of approximately RMB8.2 million in 2022.

The increase of net other gains was mainly because a subsidiary of the Group disposed a building to a local government authority, which contributed gains on disposal of investment properties and property, plant and equipment with total amount of RMB8.4 million.

Finance income

The Group recorded finance income of approximately RMB6.0 million in 2023, when compared with finance income of approximately RMB2.9 million in 2022.

The increase in finance income was mainly due to the increase of interest income from deposits in 2023.

Income tax expense

The Group recorded income tax expense of approximately RMB4.8 million for 2023, when compared with that of approximately RMB0.8 million for 2022.

The Group recognised the deferred income tax assets only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Contract assets and trade receivables

Our gross contract assets and trade receivables increased by approximately 34.6% from approximately RMB427.7 million as at 31 December 2022 to approximately RMB317.7 million as at 31 December 2023 primarily due to the increased revenue in 2023.

Meanwhile, the allowance for impairment of contract assets and trade receivables increased from approximately RMB55.6 million at the end of 2022 to approximately RMB78.7 million at the end of 2023.

Inventories

Our inventories increased by approximately 32.5% from approximately RMB196.5 million at the end of 2022 to approximately RMB260.3 million at the end of 2023.

It is mainly because of the increase in the unfinished sales contracts as at 31 December 2023 as compared with those as at 31 December 2022.

Trade and notes payables

Our trade and notes payables increased by approximately 8.7% from approximately RMB157.6 million as at 31 December 2022 to approximately RMB175.7 million as at 31 December 2023.

It is primarily due to an increase in purchase of raw materials and equipment in 2023 as compared with 2022 to meet the production requirements for new orders.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position and fund available

As at 31 December 2023, the total cash and bank balances of the Group were approximately RMB246.4 million (31 December 2022: approximately RMB281.9 million), comprising cash and cash equivalents of RMB73.9 million (31 December 2022: approximately RMB113.3 million), restricted cash of approximately RMB65.1 million (31 December 2022: approximately RMB108.6 million) and time deposits of approximately RMB107.4 million (31 December 2022: approximately RMB60.0 million).

As at 31 December 2023, the current ratio of the Group was 2.31 (31 December 2022: 2.7).

The gearing ratio of the Group (calculated as total borrowings divided by total equity) was nil (31 December 2022: 0.003).

The Group was still in a strong net cash position of approximately RMB108.6 million as at 31 December 2023 and 2022. The Group has sufficient and readily available finance resources for general working capital requirement and foreseeable capital expenditure.

Borrowings

As at 31 December 2022, the Group had borrowings of approximately RMB2.0 million, which were related to transferred receivables. The bank acceptance notes were discounted but were not derecognised as the Group retained late payment and credit risk of the issuers. No borrowing was recorded as at 31 December 2023.

CAPITAL EXPENDITURES

During the Year, the Group's capital expenditures amounted to approximately RMB5.2 million (2022: approximately RMB15.2 million) which was related to the purchase of machineries and equipments.

CAPITAL STRUCTURE

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

FOREIGN CURRENCY RISK

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

The Group operates in mainland China with most of the Group's transactions denominated and settled in RMB, except that certain trade receivables and bank deposits are denominated in US dollar ("USD") which are exposed to foreign currency translation risk.

If the USD had strengthened/weakened by 5% against the RMB while all other variables had been held constant, the Group's after tax profit for the year ended 31 December 2023 would have been approximately RMB3,495,000 higher/lower (2022: approximately RMB3,109,000) for various financial assets denominated in USD.

USE OF NET PROCEEDS FROM THE LISTING

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

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

Together with the income to be generated from the wealth management products, the Company will continue to apply the Net Proceeds from the Listing for the construction of the new manufacturing facility located in Wuxi, Jiangsu Province of the PRC (the “**New Wuxi Facility**”) and the new research & development centre to be established in the New Wuxi Facility (the “**New Research & Development Centre**”) and for other purposes in accordance with the prospectus of the Company dated 30 October 2014 (the “**Prospectus**”) and in the Announcement. The balance of net proceeds brought forward from 31 December 2022 was approximately HK\$46.13 million.

The status of the use of proceeds:

	Planned use of net proceeds from the Listing ^(Note 1) <i>(HK\$ million)</i> <i>(approximately)</i>	Utilised up to 31 December 2022 <i>(HK\$ million)</i> <i>(approximately)</i>	Utilised amount during the year ended 31 December 2023 <i>(HK\$ million)</i> <i>(approximately)</i>	Utilised balance up to 31 December 2023 ^(Note 2) <i>(HK\$ million)</i> <i>(approximately)</i>	Expected timeline for unused net proceeds from the Listing
Funding the construction of the New Wuxi Facility and the New Research & Development Centre	163.00	136.14	6.55	40.55	By 31 December 2027
Developing certain targeted research and development projects	25.50	26.63 ^(Note 3)	—	—	
General working capital and other general corporate purposes	21.00	21.00	—	—	
Total:	<u>209.50</u>	<u>183.77</u>	<u>6.55</u>	<u>40.55</u>	

Notes:

- (1) The net proceeds allocated have been adjusted and recalculated with reference to (1) the actual net proceeds from the Listing of approximately HK\$209.50 million after the deduction of underwriting commissions, fees and listing related expenses; and (2) the percentage of the use of proceeds allocated to each of the purposes as disclosed in the Prospectus.
- (2) As at 31 December 2023, the unutilised proceeds amounted to approximately HK\$40.55 million. Among the unutilised proceeds of approximately HK\$40.55 million, the unutilised proceeds, including the net proceeds of approximately HK\$26.86 million and interest from net proceeds of approximately HK\$13.69 million, were deposited in licensed banks in the PRC.
- (3) Net proceeds of approximately HK\$25.50 million and interest therefrom of approximately HK\$1.13 million have been utilised to develop certain targeted research and development projects.

There has been a delay in the utilisation of the Net Proceeds from the Listing to the construction of the New Wuxi Facility and the New Research and Development Centre as there was a change in business development strategies with the reasons set out in the Announcement. There has been further delay in the use of the Net Proceeds since the outbreak of COVID-19 which affected the economy, business environment and customers' demand. However, the Company will utilise the unutilised portion of the Net Proceeds from the Listing according to the disclosure in the Prospectus and the Announcement.

PROSPECTS

Looking ahead, the domestic market is working to further unleash the potential of consumption demand, stimulate the vitality of the consumption market, trying to stabilise the consumption of major durables such as cars, with efforts to stabilise automobile consumption and enhance the overall competitiveness of China's automobile industry, as well as boosting the ancillary and replacement markets, so as to contribute to the further development of the industry. The Group will closely monitor national policies and global economic developments, and utilise the Company's technological and informational advantages to establish a solid foundation for product and technology research and development, to secure that the Company's overall technological level ranks among the most advanced in the industry. To enhance the Company's core competitiveness, it is important to focus on improving product quality, optimising the production processes, and enhancing service levels. This will enable customers to achieve cost reduction and efficiency enhancement, while will also actively promote our sustainable business development.

EMPLOYEE AND REMUNERATION INFORMATION

As at 31 December 2023, the Group employed a total of 197 full-time employees (31 December 2022: 192), including administration, finance, internal audit, research and development, technical application, quality control, manufacturing, procurement, sales and marketing staff. For the year ended 31 December 2023, the Group's total employee remuneration was approximately RMB27.9 million (2022: approximately RMB24.3 million).

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

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

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

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

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

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).

SIGNIFICANT INVESTMENTS

The Group had no significant investments held during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

PROPERTIES HELD FOR SALE

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

During the year, the Group sold 6 units of residential units at the total consideration of approximately RMB1.9 million, the carrying amount of the unsold units as at 31 December 2023 is approximately RMB23.0 million, representing approximately 2.2% of the total assets of the Group.

CHARGE ON GROUP ASSETS

As at 31 December 2023, the cash deposits in the amount of approximately RMB65.1 million were pledged to banks as security for notes payable and letter of guarantee. (31 December 2022: approximately RMB108.6 million). Save for that, the Group did not have any charges on its assets as at 31 December 2023 or 31 December 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS

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 or in this announcement, the Group had no future plans for material investments as at 31 December 2023.

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

The Company complied with all code provisions of the CG Code contained in Appendix C1 (previously Appendix 14) to the Listing Rules throughout the Year. For further information in respect of the corporate governance of the Group during the year, please refer to the corporate governance report in the annual report of the Company for the Year, which will be published in April 2024 according to the Listing Rules.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (previously Appendix 10) to the Listing Rules (the “**Model Code**”) as the code of conduct regarding securities transactions by the Directors and supervisors of the Company. Upon making specific enquiries of all the Directors and supervisors of the Company, each of the Directors and supervisors of the Company confirmed that he/she has fully complied with the required standards set out in the Model Code throughout the Year. The Board is of the opinion that the Model Code has been fully complied with during the year ended 31 December 2023.

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

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

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

EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the Year and up to the date of this report.

DIVIDEND

For the Year, the Board has resolved to recommend a final dividend of RMB0.08 per share (before tax) totalling RMB10.24 million (before tax), subject to approval by the Shareholders at the annual general meeting of the Company to be held on Wednesday, 26 June 2024 (the "AGM"). The final dividend, if approved by the Shareholders at the AGM, will be paid to the Shareholders whose names appeared on the register of members of the Company on Monday, 8 July 2024. Dividends payable to the holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to the holders of the Company's H shares shall be paid in Hong Kong dollars. Dividends on H share are also subject to PRC Withholding Income Tax. It is expected that the final dividend will be payable on or around Friday, 19 July 2024 and a detailed plan of distribution will be set out in the circular of the Company to be issued and despatched to the Shareholders on or around 22 April 2024.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 26 June 2024. Notice of the AGM will be sent to the Shareholders according to the articles of association of the Company and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the identity of the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 27 May 2024 to Wednesday, 26 June 2024, both dates inclusive, the period during which no transfer of shares will be effected. The holders of shares whose names appear on the register of members of the Company on Wednesday, 26 June 2024 will be entitled to attend and vote at the AGM. In order to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong (in respect of H shares), or to the Company's registered office in the PRC at 1 Yanxin Road East, Huishan Economic Development Zone, Wuxi, Jiangsu Province, the PRC (in respect of Domestic shares) no later than 4:00 p.m. on Friday, 24 May 2024.

The register of members of the Company will be closed from Wednesday, 3 July 2024 to Monday, 8 July 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for receiving the final dividend for the year ended 31 December 2023, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong (in respect of H shares), or to the Company's registered office in the PRC at 1 Yanxin Road East, Huishan Economic Development Zone, Wuxi, Jiangsu Province, the PRC (in respect of Domestic shares) no later than 4:00 p.m. on Tuesday, 2 July 2024.

REVIEW BY AUDIT COMMITTEE

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

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of this announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Company's external auditor, PricewaterhouseCoopers (“**PwC**”), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PwC on this announcement.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.wxsunlit.com) respectively. The annual report for the Year will be issued and made available on the above websites according to the Listing Rules by April 2024.

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, 28 March 2024

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

** For identification purposes only*