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無錫盛力達科技股份有限公司

Wuxi Sunlit Science and Technology Company Limited*

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 1289)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024 AND
CHANGE IN COMPOSITION OF THE NOMINATION COMMITTEE

Financial Highlights	For the year ended		Change
	31 December 2024	2023	
Revenue (RMB million)	516.0	313.3	64.7%
Gross profit (RMB million)	143.2	95.9	49.3%
Profit before income tax (RMB million)	56.7	34.1	66.3%
Profit for the year (RMB million)	49.5	29.3	68.9%
Profit attributable to shareholders of the Company (RMB million)	49.5	29.3	68.9%
Basic and diluted earnings per share (RMB cents)	38.70	22.93	68.8%

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 2024 (the “**Year**”).

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
	Notes	2024	2023
Revenue	3	516,019	313,265
Cost of sales		<u>(372,806)</u>	<u>(217,393)</u>
Gross profit		143,213	95,872
Selling expenses		(4,751)	(2,773)
Administrative expenses		(55,584)	(52,994)
Net impairment losses of impairment losses on financial assets		(40,673)	(23,857)
Other income		10,232	2,423
Other gain — net	4	<u>2,871</u>	<u>9,392</u>
Operating profit/(loss)		55,308	28,063
Finance income		<u>1,422</u>	<u>6,038</u>
Profit before income tax		56,730	34,101
Income tax expense	5	<u>(7,191)</u>	<u>(4,755)</u>
Profit for the year attributable to equity shareholders of the Company		<u>49,539</u>	<u>29,346</u>
Earnings per share attributable to equity shareholders of the Company for the year (expressed in RMB cents)			
—Basic and diluted earnings per share	6	<u>38.70</u>	<u>22.93</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Year ended 31 December	
	2024	2023
Profit for the year	49,539	29,346
Other comprehensive income	<u>—</u>	<u>—</u>
Total comprehensive income for the year attributable to equity shareholders of the Company	<u>49,539</u>	<u>29,346</u>

CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
	Notes	2024	2023
ASSETS			
Non-current assets			
Right-of-use assets		19,965	20,580
Property, plant and equipment		76,564	86,310
Investment properties		14,151	15,750
Properties held for sale		7,863	14,489
Intangible assets		77	102
Trade and other receivables	8	27,516	53,189
Deferred income tax assets — net		29,789	19,135
		<u>175,925</u>	<u>209,555</u>
Current assets			
Inventories	9	208,243	260,340
Properties held for sale	10	577	8,489
Prepayments		1,900	5,764
Trade and other receivables	8	203,426	265,061
Contract assets	7	49,465	33,541
Restricted cash		76,869	65,053
Time deposits		246,846	107,376
Cash and cash equivalents		100,313	73,946
		<u>887,639</u>	<u>819,570</u>
Total assets		<u><u>1,063,564</u></u>	<u><u>1,029,125</u></u>
EQUITY			
Share capital		128,000	128,000
Share premium		311,464	311,464
Reserves		79,238	72,674
Retained earnings		194,318	161,583
Total equity		<u><u>713,020</u></u>	<u><u>673,721</u></u>

	<i>Notes</i>	As at 31 December	
		2024	2023
LIABILITIES			
Current liabilities			
Trade and other payables		175,046	193,281
Contract liabilities		168,941	153,915
Current income tax liabilities		6,557	8,208
		<u>350,544</u>	<u>355,404</u>
Total liabilities		<u>350,544</u>	<u>355,404</u>
Total equity and liabilities		<u>1,063,564</u>	<u>1,029,125</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 2025.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and 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 standards and amendments to standards adopted by the Group

The Group has applied the following amendments and annual improve for the first time for their annual reporting period commencing 1 January 2024:

Standards/Amendments/ Interpretation	Subject
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current
Amendment to HKAS 1	Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendment to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback

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

(b) New standards, amendments 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 2024 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 21	Lack of Exchangeability	01-Jan-25
Amendment to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	01-Jan-26
Volume 11	Annual Improvements to HKFRS Accounting Standards	01-Jan-26
HKFRS 18 and Hong Kong Interpretation 5	Presentation and Disclosure in Financial Statements	01-Jan-27
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	01-Jan-27

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

3 REVENUE

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

The Group is principally engaged in manufacturing and sale of a range of equipment for manufacturing steel wire products and leasing. Revenue from sales of goods and rental income for the years ended 31 December 2024 and 2023 are as follows:

	Year ended 31 December	
	2024	2023
Sales of production lines		
— Brass electroplating wire production lines	98,962	52,472
— Other production lines	21,055	8,711
Standalone machines	376,147	233,758
Other mould repairing equipment, components parts and accessories	15,107	13,624
Rental income	4,748	4,700
	<u>516,019</u>	<u>313,265</u>
Timing of revenue recognition		
— Over time	4,748	4,700
— At a point in time	511,271	308,565
	<u>516,019</u>	<u>313,265</u>

For the years ended 31 December 2024 and 2023, the geographical information on the total revenue is as follows:

	Year ended 31 December	
	2024	2023
Revenue		
— PRC	468,626	312,100
— Others	47,393	1,165
	<u>516,019</u>	<u>313,265</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	
	2024	2023
Company A	394,481	217,391
Company B	77,195	42,524
Company C	N/A¹	31,777

¹ The corresponding revenue during the 2024 did not contribute 10% or more of the Group's total revenue.

4 OTHER GAINS — NET

	Year ended 31 December	
	2024	2023
Foreign exchange gains	1,440	1,120
Gains on disposal of property, plant and equipment	1,311	2,267
Fair value gains on financial assets at FVPL	61	232
Gains on disposal of investment properties	—	5,934
Others	59	(161)
	<u>2,871</u>	<u>9,392</u>

Note:

(a) There are no outstanding forward foreign exchange contracts as at 31 December 2024.

5 INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
Current income tax — PRC corporate income tax	17,845	10,401
Deferred income tax	(10,654)	(5,646)
	<u>7,191</u>	<u>4,755</u>

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 2024 (2023: 15%).

Under the relevant regulations of the New CIT Law, for eligible enterprises which meet the criteria of Small and Micro Enterprise, the taxable income that is not more than RMB3 million shall be recognised at 25% of income and be subject to a CIT rate of 20%. For the year ended 31 December 2024, Wuxi Haisheng Software Technology Co., Ltd. (“Haisheng Software”) and Jiangsu Sunlit Equipment Technology Co., Ltd (“Jiangsu Sunlit”) were eligible for Small and Micro Enterprise and subject to stated preferential income tax rates (2023: CIT rate of 25%).

The applicable corporate income tax rate for Sunlit (Hong Kong) International Trade Limited in 2024 is 16.5% (2023: not applicable).

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Group did not have assessable profit in Hong Kong for the year.

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	
	2024	2023
Profit attributable to equity shareholders of the Company (RMB'000)	49,539	29,346
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><u>38.70</u></u>	<u><u>22.93</u></u>

As the Company did not have any dilutive potential ordinary shares outstanding as at 31 December 2024 and 2023, diluted earnings per share is equal to basic earnings per share.

7 CONTRACT ASSETS

	Year ended 31 December	
	2024	2023
Contract assets		
Contract assets	55,654	36,028
Less: allowance for impairment of contract assets	<u>(6,189)</u>	<u>(2,487)</u>
 Contract assets — net	 <u><u>49,465</u></u>	 <u><u>33,541</u></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	
	2024	2023
Within 1 year	52,443	33,864
1–2 years	<u>3,211</u>	<u>2,164</u>
	<u><u>55,654</u></u>	<u><u>36,028</u></u>

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

	Year ended 31 December	
	2024	2023
Opening balance as at 1 January	2,487	1,306
Net impairment losses	<u>3,702</u>	<u>1,181</u>
 Closing balance at 31 December	 <u><u>6,189</u></u>	 <u><u>2,487</u></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	
	2024	2023
Trade receivables		
Accounts receivable <i>(note (a))</i>	294,087	309,515
Less: allowance for impairment of accounts receivable	<u>(109,252)</u>	<u>(72,835)</u>
Accounts receivable — net	<u>184,835</u>	<u>236,680</u>
Commercial acceptance notes <i>(note (b))</i>	44,261	61,112
Less: allowance for impairment of commercial notes	<u>(3,967)</u>	<u>(3,393)</u>
Commercial acceptance notes — net <i>(note (b))</i>	40,294	57,719
Bank acceptance notes <i>(note (b))</i>	<u>3,981</u>	<u>21,073</u>
Trade receivables — net	<u>229,110</u>	<u>315,472</u>
Other receivables		
Other receivables	2,894	3,928
Less: unearned financial income	(111)	(179)
Less: allowance for impairment of other receivables	<u>(951)</u>	<u>(971)</u>
Other receivables — net	<u>1,832</u>	<u>2,778</u>
	<u>230,942</u>	<u>318,250</u>
Non-current portion	27,516	53,189
Current portion	<u>203,426</u>	<u>265,061</u>
	<u>230,942</u>	<u>318,250</u>

- (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 2024, no notes receivables was pledged as security for the Group's notes payable (As at 31 December 2023 : Nil).

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

	As at 31 December	
	2024	2023
Within 1 year	130,275	140,739
1–2 years	49,031	42,364
2–3 years	26,868	67,870
Over 3 years	87,913	58,542
	<u>294,087</u>	<u>309,515</u>

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

	Year ended 31 December	
	2024	2023
Opening balance as at 1 January	<u>77,199</u>	<u>54,748</u>
Net impairment losses	36,971	22,676
Receivables written off as uncollectible	<u>—</u>	<u>(225)</u>
Closing balance at 31 December	<u>114,170</u>	<u>77,199</u>

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

	Year ended 31 December	
	2024	2023
RMB	227,430	316,053
USD	<u>3,512</u>	<u>2,197</u>
	<u>230,942</u>	<u>318,250</u>

9 INVENTORIES

	As at 31 December	
	2024	2023
Raw materials	20,335	44,233
Work in progress	1,067	24,490
Finished goods	<u>194,004</u>	<u>195,964</u>
Cost	215,406	264,687
Allowance for impairment	<u>(7,163)</u>	<u>(4,347)</u>
Net book amount	<u><u>208,243</u></u>	<u><u>260,340</u></u>

For the year ended 31 December 2024, the cost of inventories recognised as expense and included in “Cost of sales” amounted to approximately RMB357,269,000 (2023: RMB199,223,000), which included the allowance for impairment of inventories of RMB2,819,000 (2023: RMB1,589,000) and reversal of impairment of RMB3,000 (2023: RMB824,000) as the Group sold the relevant goods.

10 PROPERTIES HELD FOR SALE

	Year ended 31 December	
	2024	2023
Opening balance at 1 January	22,977	43,554
Addition	—	130
Disposals	(390)	(2,036)
Allowance for impairment	<u>(14,147)</u>	<u>(18,671)</u>
Closing balance at 31 December	<u>8,440</u>	<u>22,977</u>
At 31 December		
Cost	51,801	52,669
Allowance for impairment	<u>(43,361)</u>	<u>(29,692)</u>
Net book amount	<u>8,440</u>	<u>22,977</u>

As at 31 December 2024, considering the decrease in market price of such properties, the Company provided allowance of RMB14,147,000, based on recent estimated selling price and cost to sale.

	As at 31 December 2024
— to be sold within 12 months	577
— to be sold after more than 12 month	<u>7,863</u>
	<u>8,440</u>

11 DIVIDENDS

A final dividend in respect of the year ended 31 December 2023 of RMB0.08 per share, amounting to RMB10,240,000 was approved by the shareholders at the Annual General Meeting held on 26 June 2024. The final dividend of 2023 has been paid on 19 July 2024.

A final dividend in respect of the year ended 31 December 2024 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 27 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Amid subdued global economic growth and an increasingly complex international landscape in 2024, the Company will maintain sharp focus on its core business operations while rigorously executing its established development strategy. We will implement comprehensive refinements to management practices, strengthen internal governance frameworks, and prioritize safety and environmental sustainability initiatives. Through the collective dedication of our workforce, we aim to methodically advance all operational priorities with sustained momentum.

During the Year, China's macroeconomic performance maintained overall stability, with annual automotive production and sales achieving steady expansion. According to data from the China Association of Automobile Manufacturers ("CAAM"), the production and sales volume of automobile in China for 2024 amounted to approximately 31.282 million of vehicles and approximately 31.436 million of vehicles, respectively, representing increases of 3.7% and 4.5%, respectively, as compared with that of last year.

As a result, during the Year, the overall performance of the Group achieved breakthrough growth as compared with that of 2023. For the year ended 31 December 2024, revenue amounted to RMB516.0 million, representing an increase of 65% as compared with that of 2023. Net profit of the Group for the year ended 31 December 2024 was RMB49.54 million.

FINANCIAL REVIEW

Revenue

	Year ended 31 December					
	2024			2023		
	<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	9	98,962	19.2%	5	52,472	16.8%
Other production lines	23	21,055	4.1%	14	8,711	2.8%
Standalone machines	2,975	376,147	72.9%	1,906	233,758	74.6%
Other mould repairing equipment, components parts and accessories	N/A	15,107	2.9%	N/A	13,624	4.3%
Rental income	N/A	4,748	0.9%	N/A	4,700	1.5%
		<u>516,019</u>	<u>100%</u>		<u>313,265</u>	<u>100%</u>

During the Year, our revenue increased by approximately RMB202.8 million or approximately 64.7% to approximately RMB516.0 million when compared with the revenue of approximately RMB313.3 million in 2023.

The increase in revenue for the Year was mainly due to the signing of a large sales order with a major customer in 2024.

Brass electroplating wire production lines: During the Year, revenue from sales of brass electroplating wire production lines increased by approximately 88.6% to approximately RMB99.0 million when compared with the revenue of approximately RMB52.5 million in 2023. 9 sets of brass electroplating wire production lines were accepted by the customers in 2024 while 5 sets were accepted by the customers in 2023. The increase was mainly due to growth in sales volume.

Other production lines: Revenue from sales of other production lines increased by RMB12.3 million when compared with the revenue of approximately RMB8.7 million in 2023.

Standalone machines: Revenue from sales of standalone machines increased by approximately 60.9% to approximately RMB376.1 million during the Year, when compared with the revenue of approximately RMB233.8 million in 2023. The increase was due to the growth in sales quantity of standalone machines.

Other mould repairing equipment, components parts and accessories: Revenue from sales of other mould repairing equipment, components parts and accessories increased by approximately 10.9% to approximately RMB15.1 million during the Year, when compared with the revenue of approximately RMB13.6 million in 2023. The increase was primarily due to an increase in the number of renovation projects.

Rental income: Rental income arose from the Group's investment properties, which were rented to third parties in 2024 and 2023. As the rent increase in 2024, the rental income increased by 1.0% comparing to that of 2023.

Gross profit and gross profit margin

Our gross profit increased by approximately 49.4% from approximately RMB95.9 million for 2023 to approximately RMB143.2 million for 2024.

Our overall gross profit margin decreased to approximately 27.8% in the Year by approximately 2.8 percentage points compared to that of 2023, mainly due to a decline in product gross profit.

Other income

Our other income increased by approximately 325% from approximately RMB2.4 million for 2023 to approximately RMB10.2 million for 2024, primarily due to increasing interest income from time deposits.

Selling expenses

Our selling expenses increased by approximately 71.4% from approximately RMB2.8 million for 2023 to approximately RMB4.8 million for 2024, primarily due to increasing sales orders.

Administrative expenses

Our administrative expenses is RMB55.6 million at 2024, almost the same as last year (2023: RMB53.0 million).

Net provision for impairment losses on financial and contract assets

The Group net impairment losses on financial assets was approximately RMB23.9 million in 2023, compared with the net impairment losses on financial assets of approximately RMB40.7 million for 2024. The primary reasons were changes in the economic environment and the inability of certain clients to comply with the repayment agreements as scheduled, which led to an increase in credit risk compared with that in the previous year.

Other gains — net

The Group recorded net other gain of approximately RMB2.9 million in 2024, compared with the net other gains of approximately RMB9.4 million in 2023. The major reason is net other gains in 2023 mainly included approximately RMB5.9 million gains on disposal of subsidiary's investment properties but no such gain in 2024.

Finance income

The Group recorded finance income of approximately RMB1.4 million in 2024, compared with finance income of approximately RMB6.0 million in 2023.

The decrease in finance income was mainly due to decrease of interest income from short term deposits.

Income tax expense

The Group recorded income tax expense of approximately RMB7.2 million for 2024, compared with the income tax expense of approximately RMB4.8 million for 2023.

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

Trade receivables

Our gross trade receivables decreased by approximately 12.6% from approximately RMB391.7 million as at 31 December 2023 to approximately RMB342.3 million as at 31 December 2024.

Inventories

Our inventories decreased by approximately 20.0% from approximately RMB260.3 million at the end of 2023 to approximately RMB208.2 million at the end of 2024.

It is mainly because of the decrease in the unfinished sales contracts as at 31 December 2024 as compared with those as at 31 December 2023.

Trade and notes payables

Our trade and notes payables decreased by approximately 9.5% from approximately RMB193.3 million as at 31 December 2023 to approximately RMB175.0 million as at 31 December 2024.

It is primarily due to the decrease in purchase volumes during the Year as compared with that of 2023.

Net profit for the Year and net profit margin

The profit for the Year attributable to equity shareholders of the Company is RMB49.5 million as compared to RMB29.3 million for the year ended 31 December 2023. The net profit margin for the Year was approximately 9.6%, as compared to approximately 9.4% for the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position and fund available

As at 31 December 2024, the total cash and bank balances of the Group were approximately RMB424,028,000 (31 December 2023: approximately RMB246,375,000), comprising cash and cash equivalents of approximately RMB100,313,000 (31 December 2023: approximately RMB73,946,000), restricted cash of approximately RMB76,869,000 (31 December 2023: approximately RMB65,053,000) and time deposits of approximately RMB246,846,000 (31 December 2023: approximately RMB107,376,000).

As at 31 December 2024, the current ratio of the Group was 2.53 (31 December 2023: 2.31).

The gearing ratio of the Group (calculated as total borrowings divided by total equity) was zero (31 December 2023: zero).

The Group was in a strong net cash position as at 31 December 2024 and 2023. The Group has sufficient and readily available finance resources for general working capital requirement and foreseeable capital expenditure.

Borrowings

As at 31 December 2024, the Group had no borrowings (31 December 2023: Nil).

CAPITAL EXPENDITURES

During the Year, the Group's capital expenditures amounted to approximately RMB984,000 (2023: approximately RMB5,200,000) which was related to the purchase of machineries and equipment.

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. During the Year, the Group did not hold or sell any treasury shares.

The Group did not use financial instruments for hedging purposes and did not engage in any foreign currency investments which were hedged by currency borrowings and other hedging instruments.

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, bank deposits are denominated in US dollar (“USD”) or HK dollar (“HK\$”) which are exposed to foreign currency translation risk. The Board considers the foreign currency risk has been kept at an acceptable level during the Year.

If the USD had strengthened/weakened by 5% against the RMB while all other variables had been held constant, the Group's post tax profits for the year ended 31 December 2024 would have been approximately RMB4,350,000 higher/lower (2023: RMB3,495,000).

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 2024 was approximately HK\$39.127 million. The unutilised balance of the Net Proceeds brought forward from 31 December 2023 was approximately HK\$40.55 million.

The status of the use of proceeds is as follows:

	Planned use of net proceeds from the Listing	Utilised up to 31 December 2024	Interest income up to 31 December 2024	Utilised amount during the year ended 31 December 2024	Unutilised balance up to 31 December 2024	Expected timeline for unutilised net proceeds from the Listing
Funding the construction of the New Wuxi Facility and the New Research & Development Centre	HK\$163,000,000.00	HK\$138,340,000.00	HK\$14,467,000.00	HK\$2,200,000.00	HK\$39,127,000.00	By 31 December 2027
Developing certain targeted research and development projects	HK\$25,500,000.00	HK\$26,634,000.00	HK\$1,134,000.00	—	—	
General working capital and other general corporate purposes	HK\$21,000,000.00	HK\$21,000,000.00	—	—	—	
Total:	<u>HK\$209,500,000.00</u>	<u>HK\$185,974,000.00</u>	<u>HK\$15,601,000.00</u>	<u>HK\$2,200,000.00</u>	<u>HK\$39,127,000.00</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 2024, the unutilised proceeds for funding the construction of the New Wuxi Facility and the New Research & Development Centre amounted to approximately HK\$39.127 million. Among the unutilised proceeds of approximately HK\$39.127 million, the unutilised proceeds, including the net proceeds of HK\$24.66 million and interest from net proceeds of HK\$14.467 million, were deposited in licensed banks in the PRC.
- (3) Net proceeds of HK\$25.50 million and interest therefrom of HK\$1.13 million have been utilised to develop certain targeted research and development projects.

There was 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 was 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 tire market is influenced by fluctuations in the global macroeconomic environment and cyclical changes in upstream and downstream industries. Currently, trade frictions and the global trade and investment landscape are fraught with uncertainties. Amid these complex economic conditions, the Chinese tire industry will face significant challenges.

The Company will continue to leverage its long-established brand strengths and ramp up R&D investments. By collaborating with strategic partners across the industry chain to tackle core technological challenges, we will drive the advancement of our products toward a higher-end, intelligent and green development, so as to achieve sustainable growth while fulfilling our social responsibilities.

EMPLOYEE AND REMUNERATION INFORMATION

As at 31 December 2024, the Group employed a total of 181 full-time employees (31 December 2023: 197), including administration, finance, internal audit, research and development, technical application, quality control, manufacturing, procurement, sales and marketing staff. For the year ended 31 December 2024, the Group's total employee remuneration was approximately RMB28.8 million (2023: approximately RMB27.9 million).

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability and the staff performance, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with 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 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

SIGNIFICANT INVESTMENTS

The Group had no significant investments held during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND ASSETS

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures of the Group during the Year.

As at April 2024, Jiangsu Sunlit Equipment Technology Company Limited, a subsidiary of the Company, disposed of eight sets of properties for a total consideration of RMB2,560,800. The Group recorded a gain of RMB1,169,000 for the disposal of the properties in the year ended 31 December 2024. The Group had no other material acquisition and disposal of assets during the Year.

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 2 units of residential units at the total consideration of approximately RMB0.4 million, the carrying amount of the unsold units as at 31 December 2024 is approximately RMB8.4 million, representing approximately 4.7% of the total assets of the Group.

CHARGE ON GROUP ASSETS

As at 31 December 2024, the cash deposits in the amount of approximately RMB76.9 million were pledged to banks as security for notes payable and letter of guarantee. (31 December 2023: approximately RMB65.1 million). Save for that, the Group did not have any charges on its assets as at 31 December 2024 or 31 December 2023.

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 2024.

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

The Company complied with all code provisions of the CG Code contained in Appendix C1 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.

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 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 2024.

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. During the Year, the Company did not hold or sell any treasury shares.

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 Friday, 27 June 2025 (the "AGM"). The final dividend, if approved by the Shareholders at the AGM, will be paid to the Shareholders whose names appeared on the register of members of the Company on Wednesday, 9 July 2025. 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, 18 July 2025 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 2025.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 27 June 2025. 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 Wednesday, 28 May 2025 to Friday, 27 June 2025, both dates inclusive, the period during which no transfer of shares will be effected. The holders of shares whose names appear on the register of members of the Company on Friday, 27 June 2025 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 Tuesday, 27 May 2025.

The register of members of the Company will be closed from Friday, 4 July 2025 to Wednesday, 9 July 2025, 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 2024, 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 Thursday, 3 July 2025.

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 2024 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 2024. 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 2025.

CHANGE IN COMPOSITION OF NOMINATION COMMITTEE

The Board announces that with effect from 28 March 2025, Ms. Zhang Jinghua, currently a non-executive Director, will be appointed as a member of the Nomination Committee of the Company. Mr. Zhong Ruifeng, who is currently an independent non-executive Director, will be appointed as a chairman of the Nomination Committee of the Company. Mr. Zhang Degang, the chairman of the Board and an executive Director, will cease to be the chairman of the Nomination Committee of the Company with effective from 28 March 2025.

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 2025

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