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温嶺浙江工量刃具交易中心股份有限公司
Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited*
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1379)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2021	2020	Change
Revenue (<i>RMB'000</i>)	57,205	46,743	22.4%
Gross profit (<i>RMB'000</i>)	47,267	37,625	25.6%
Gross profit margin	82.6%	80.5%	2.1%
Profit for the year (<i>RMB'000</i>)	47,317	28,081	68.5%
Net profit margin	82.7%	60.1%	22.6%
Basic and diluted earnings per share (<i>RMB</i>)	0.59	0.47	N/A

The Board has recommended the payment of a final dividend of RMB0.32 (before tax) per share for the year ended 31 December 2021 (2020: nil).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited* (温岭浙江工量刃具交易中心股份有限公司) (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 RMB'000	2020 RMB'000
Revenue	3	57,205	46,743
Cost of services		<u>(9,938)</u>	<u>(9,118)</u>
Gross profit		47,267	37,625
Valuation gains on investment properties	9	19,905	3,207
Other net income	4	8,480	4,883
Selling and marketing expenses		(641)	(113)
Administrative expenses		<u>(10,477)</u>	<u>(8,158)</u>
Profit from operations		64,534	37,444
Finance costs	5(a)	<u>(736)</u>	<u>–</u>
Profit before taxation	5	63,798	37,444
Income tax	6	<u>(16,481)</u>	<u>(9,363)</u>
Profit for the year		<u>47,317</u>	<u>28,081</u>
Other comprehensive income for the year		<u>–</u>	<u>–</u>
Total comprehensive income for the year		<u>47,317</u>	<u>28,081</u>
Earnings per share	8		
Basic and diluted (RMB)		<u>0.59</u>	<u>0.47</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 RMB'000	2020 RMB'000
Non-current assets			
Investment properties	9	1,014,600	1,027,340
Property, plant and equipment		6,676	7,483
Lease prepayments		559	581
Intangible assets		–	72
Other non-current assets		<u>3,392</u>	<u>3,674</u>
		<u>1,025,227</u>	<u>1,039,150</u>
Current assets			
Properties under development for sale		121,747	–
Other receivables and prepayments		10,163	7,344
Land appreciation tax and income tax prepaid		2,970	–
Restricted cash		270	2,624
Cash and cash equivalents		<u>78,734</u>	<u>85,389</u>
		<u>213,884</u>	<u>95,357</u>
Current liabilities			
Short-term loans	10	15,000	40,462
Other payables and accruals		53,594	26,292
Contract liabilities		95,786	–
Receipts-in-advance, current		50,999	53,114
Current taxation		<u>9,677</u>	<u>10,158</u>
		<u>225,056</u>	<u>130,026</u>
Net current liabilities		<u>(11,172)</u>	<u>(34,669)</u>
Total assets less current liabilities		<u>1,014,055</u>	<u>1,004,481</u>

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current liabilities			
Long-term loan	<i>10</i>	–	40,000
Receipts-in-advance, non-current		73,757	78,349
Deferred tax liabilities		178,278	171,429
		<u>252,035</u>	<u>289,778</u>
NET ASSETS		<u>762,020</u>	<u>714,703</u>
CAPITAL AND RESERVES			
Share capital		80,000	80,000
Reserves		682,020	634,703
TOTAL EQUITY		<u>762,020</u>	<u>714,703</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was formerly named as Wenling City Wenxi Measuring and Cutting Tools Trading Centre Company Limited*. (溫嶺市溫西工量刀具交易中心有限公司), which was established as a limited liability company incorporated in Wenling City, Zhejiang Province in the People's Republic of China (the "PRC") on 14 May 2003. The principal activity of the Group is property leasing and property development.

On 3 May 2018, the Company was converted into a joint stock limited liability company with a registered capital of RMB60,000,000 in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Upon completion of this conversion, the Company changed its name to Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited* (溫嶺浙江工量刀具交易中心股份有限公司).

On 30 December 2020, 20,000,000 H shares of the Company were listed on the Main Board of the Stock Exchange (the "**Listing**").

2 SIGNIFICANT ACCOUNTING POLICES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "**Group**").

The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment properties which are stated at its fair value.

The consolidated financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the fact that the Group had net current liabilities of RMB11,172,000 as at 31 December 2021. As at 31 December 2021, the Group had banking facilities of RMB333,000,000 from third-party banks, of which the unutilized amount was RMB318,000,000. The drawdown of the credit facilities is subject to the terms and conditions of each agreement. The directors are of the opinion that, based on a detailed review of the working capital forecast of the Group for the twelve-month period from 1 January 2022 to 31 December 2022, the Group will take necessary measures, including drawdown of additional loans from the presently available banking facilities, to ensure the Group will have necessary liquid funds to repay its debts as and when they fall due, and to finance its working capital and capital expenditure requirements.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

They are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated.

(c) **Changes in accounting policies**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this financial report for the current accounting year:

- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*
- Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendment to HKFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021 (2021 amendment)

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The adoption of the amendments does not have a significant impact on the consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”).

The amendments do not have an impact on this financial report as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

3 REVENUE

Disaggregation of revenue

The amount of each significant category of revenue is as follows:

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Property leasing	<i>(i)</i>	54,786	43,827
Others	<i>(ii)</i>	2,419	2,916
Total		57,205	46,743

Notes:

- (i) During the year, the Group’s revenue mainly consists of revenue from property leasing and provision of property management services. Rental refunds are recognised in the profit and loss when the Group has an obligation for the refunds.

Due to the outbreak of COVID-19 epidemic in China, the trading centre of the Group was closed from 30 January 2020 to 21 February 2020. As approved by Board of Directors, the Company provided a one-off rental refund of approximately RMB1.7 million to its tenants in the fourth quarter of 2021 (2020: RMB4.5 million).

- (ii) Others mainly represent revenue for provision of property management services and is recognised over time in accordance with HKFRS 15, Revenue from Contracts with Customers.

The Group’s customer base is diversified and no single customer with whom transactions have exceeded 10% of the Group’s revenues during the year.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its provision of property management services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for provision of property management services that have an original expected duration of one year or less.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied) as at 31 December 2021 and the expected timing of recognizing revenue are as follows:

	Sales of properties <i>RMB'000</i>	Property management services <i>RMB'000</i>
Within one year	<u>94,383</u>	<u>1,403</u>

4 OTHER NET INCOME

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income	415	66
Government grants	8,228	4,817
Net exchange loss	<u>(163)</u>	<u>–</u>
Total	<u>8,480</u>	<u>4,883</u>

Note:

- (i) During the year ended 31 December 2021, the government grants in connection with the Company's H share listing in HKEX in 2020 amounted to RMB8.0 million (2020: nil). During the year ended 31 December 2020, the local government provided government subsidies of approximately RMB4.4 million to the Group to partially compensate the rental refund the Group provided to its tenants.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest expenses	3,918	4,120
Less: Interest expenses capitalised into an investment property under development and properties under development for sale	<u>(3,182)</u>	<u>(4,120)</u>
	<u>736</u>	<u>–</u>

The borrowing costs have been capitalised at a rate of 5.1% per annum during the year ended 31 December 2021 (2020: 5.6%).

(b) **Staff costs**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and other benefits	2,155	1,864
Contributions to the PRC local retirement schemes	<u>449</u>	<u>249</u>
	<u>2,604</u>	<u>2,113</u>
Included in:		
Cost of services	1,124	899
Administrative expenses	<u>1,480</u>	<u>1,214</u>
	<u>2,604</u>	<u>2,113</u>

Pursuant to the relevant labour rules and regulations in the PRC, the Company and its subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the “**Defined Contribution Scheme**”) organised by the local government authorities whereby the Company and its subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee’s salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group has no other obligation for the payment of retirement and other post-retirement benefits of employees other than the contributions described above.

The Group’s contributions to the Defined Contribution Scheme vest fully with the employees upon such contributions being made and there are no forfeited contributions under the Defined Contribution Scheme that would be used by the Group to reduce the existing level of contributions.

(c) **Other items**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amortisation	<u>72</u>	<u>106</u>
Depreciation		
– owned property, plant and equipment	834	1,134
– lease prepayments	<u>22</u>	<u>23</u>
	<u>856</u>	<u>1,157</u>
Auditor’s remuneration	<u>1,000</u>	<u>950</u>

During the year ended 31 December 2021, lease cost arising from short-term leases that have lease term of 12 months or less amounted to RMB nil (2020: RMB340,000).

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
– PRC Corporate Income Tax	9,101	6,133
– Under-provision in respect of prior years	<u>531</u>	<u>–</u>
	9,632	6,133
Deferred tax	<u>6,849</u>	<u>3,230</u>
	<u>16,481</u>	<u>9,363</u>

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	<i>Note</i>	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation		63,798	37,444
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	<i>(i)</i>	15,949	9,361
Under-provision in respect of prior years		531	–
Tax effect of non-deductible expenses		<u>1</u>	<u>2</u>
Actual tax expense		<u>16,481</u>	<u>9,363</u>

Note:

(i) The Company and its subsidiaries in the PRC are subject to PRC statutory income tax at 25%.

7 DIVIDENDS

- (i) Dividends payable to equity shareholders of the Company attributable to the year:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of RMB0.32 (2020: nil) per ordinary share	<u>25,600</u>	<u>–</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year	<u>–</u>	<u>3,000</u>
	<u>–</u>	<u>3,000</u>

The directors consider that the dividends declared and approved during the year are not indicative of the future dividend policy of the Group.

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of RMB47,317,000 (2020: RMB28,081,000) and the weighted average of 80,000,000 ordinary shares in issue (2020: 60,109,589 shares) during the year, calculated as follows:

Weighted average number of ordinary shares

	2021	2020
Issued ordinary shares at 1 January	80,000,000	60,000,000
Effect of shares issued in the Company's initial public offerings ("IPO")	<u>–</u>	<u>109,589</u>
Weighted average number of ordinary shares at 31 December	<u>80,000,000</u>	<u>60,109,589</u>

The Company did not have any potential ordinary shares outstanding during the year. Diluted earnings per share is equal to basic earnings per share.

9 INVESTMENT PROPERTIES

	Completed investment property RMB'000	Investment property under development RMB'000	Total RMB'000
At 1 January 2020	852,000	85,000	937,000
Additions	957	86,176	87,133
Fair value adjustments	<u>(1,957)</u>	<u>5,164</u>	<u>3,207</u>
At 31 December 2020 and 1 January 2021	851,000	176,340	1,027,340
Additions	262	77,693	77,955
Transfer to properties under development for sale	–	(110,600)	(110,600)
Fair value adjustments	<u>14,738</u>	<u>5,167</u>	<u>19,905</u>
At 31 December 2021	<u><u>866,000</u></u>	<u><u>148,600</u></u>	<u><u>1,014,600</u></u>

Fair value adjustments of investment properties are recognised in the line item “Valuation gains on investment properties” on the face of the consolidated statement of profit or loss and other comprehensive income.

The Group pledged a completed investment property with a carrying value of RMB866,000,000 (2020: RMB851,000,000) as at 31 December 2021 for two banking facilities amounting to RMB233,000,000 and RMB100,000,000 from two banks, respectively.

In September 2021, the management changed the use of a certain portion of investment properties under development. This portion of investment properties under development was transferred to properties under development for sale with a fair value of RMB110,600,000.

10 BANK LOANS

As at 31 December 2021, the bank loans were repayable as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	<u>15,000</u>	<u>40,462</u>
After 1 year but within 2 years	<u>–</u>	<u>40,000</u>
Total non-current bank loans	<u>–</u>	<u>40,000</u>
	<u><u>15,000</u></u>	<u><u>80,462</u></u>

As at 31 December 2021, the bank loans were secured as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans		
– secured	<u>15,000</u>	<u>80,462</u>

Notes:

- (i) In November 2018, the Company obtained a banking facility of RMB233,000,000 valid from 28 November 2018 to 28 November 2023 from a third-party bank, which was pledged by a completed investment property with a carrying value of RMB866,000,000 as of 31 December 2021. The drawdown of the credit facility is subject to the terms and conditions of the agreement.
- (ii) In January 2019, the Company obtained a banking facility of RMB100,000,000 valid from 3 January 2019 to 1 January 2024 from a third-party bank, which was secondary pledged by the same investment property with a carrying value of RMB866,000,000 as of 31 December 2021. The drawdown of the credit facility is subject to the terms and conditions of the agreement. As of 31 December 2021, the Group had an outstanding loan of RMB15,000,000 under this banking facility with an effective interest rate of 5.496% per annum. The loan was repaid on 4 January 2022.

11 COMMITMENTS

Capital commitments outstanding at 31 December 2021 not provided for in the financial statements were as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Authorised but not contracted for	26,294	132,687
Contracted for	<u>76,112</u>	<u>92,912</u>
	<u>102,406</u>	<u>225,599</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Measuring and cutting tools refer to those tools or products which are used in the machine manufacturing process for measuring and cutting or as auxiliaries for measuring and cutting. They mainly include measuring tools, cutting tools, and other tools. For the purpose of improving production efficiency and reducing the probability of systematic error, high-quality measuring and cutting functioning are important for manufacturing process.

In 2021, China successfully overcame multiple challenges such as the COVID-19 pandemic and the flood, forged ahead in the face of adversity, with the economy recovering steadily and gross domestic product (GDP) increasing by 8.1% over the previous year, exceeding expectations. According to the National Bureau of Statistics, in 2021, the added value of China's industries of designated size increased by 9.6% over the previous year, of which the added value of equipment manufacturing industry increased by 12.9% over the previous year, especially the high-tech manufacturing industry and equipment manufacturing industry grew rapidly, representing the continuous development of industrial production.

In December 2021, the Ministry of Industry and Information Technology of the PRC and other departments promulgated the "14th Five-Year" Development Plan of Smart Manufacturing (hereinafter referred to as the "**Smart Manufacturing Plan**"). It is noteworthy that the Smart Manufacturing Plan lists the tackling of advanced process technologies such as additive manufacturing and ultra-precision processing as one of the first key tasks. With the accelerated transformation of China's manufacturing industry, downstream sectors such as automotive, aerospace and 3C electronics are increasingly demanding processing precision. In the case of automobiles, for example, due to the accelerating renewal of vehicle models and the rising demand for higher grades, the demand for refined and efficient parts and components has increased accordingly. The machine tool industry is the foundation of industrial manufacturing. All parts and components requiring higher processing precision and finer surface roughness are required to be processed by machine tools, and the measuring and cutting tools are the key components of machine tools. When the manufacturing industry is further optimised and upgraded, it will promote the innovative development of high-end CNC (Computerised Numerical Control) measuring and cutting tools industry and stimulate the demand for measuring and cutting tools. The establishment of a manufacturing innovation centre of measuring and cutting tools industry will promote industrial clusters and industry chains to create linkage effects and coordinated development between the upstream and downstream of the manufacturing industry.

BUSINESS REVIEW

The Group is primarily an established measuring and cutting tools trading centre operator in China. The Company was founded in 2003 and owns, operates and manages the four-storey trading centre located in Qianyangxia Village, Wenqiao Town, Wenling City, Zhejiang Province, the PRC* (中國浙江省溫嶺市溫嶠鎮前洋下村) (the “**Trading Centre**”), which is essentially for product displaying and trading purposes, such that it primarily targets to provide units for use as shops for the tenants to display, trade and promote their measuring and cutting tools products to their downstream customers. The principal activity and source of revenue of the Group were primarily derived from property leasing business through our operation of the Trading Centre for the measuring and cutting tools industry. The Group also engages in real estate investment, development and management business through its material subsidiary, Wenling Sunrise Real Estate Development Co., Ltd. The Group aims to expand such property leasing business in the measuring and cutting tools industry into the science and technology innovation park (the “**Science and Technology Innovation Park**”) on the land in Chenshan Village, Wenqiao Town, Wenling City, Zhejiang Province, the PRC* (中國浙江省溫嶺市溫嶠鎮琛山村) (the “**Land**”) with a saleable area of approximately 55,425 sq.m..

Trading Centre

Our Trading Centre is a four-storey commercial complex with basement with a total gross floor area (“**GFA**”) of approximately 74,204.7 sq.m., of which a total GFA of approximately 71,817.5 sq.m. is held for leasing to our tenants for their trading and products displaying purpose and a total GFA of approximately 2,387.2 sq.m. is held for our own offices. The land use rights of the Trading Centre were granted for a term expiring on 15 November 2046, which is a long-term lease, for commercial uses. As at 31 December 2021, the value of the Trading Centre was RMB886.0 million (2020: RMB851.0 million), the interest of which is wholly owned by the Group.

We lease the units on the first and the second floors to corporations and individuals selling measuring and cutting tools. We designate part of the third floor as the electronic business park for leasing to the measuring and cutting tools e-commerce business operators. We use the fourth floor as our office, and the basement as the car park. We also provide property management service and support services, namely the Wenling • China Measuring and Cutting Tools index (溫嶺 • 中國工量刃具指數) and the measuring and cutting tools financing service, to the tenants. As at 31 December 2021 and 2020, our Trading Centre had 595 and 610 tenants, respectively.

For the year ended 31 December 2021, 110 lease agreements expired, representing approximately 7.8% of the leased area of our Trading Centre. In light of such expiration, we held a public tender in July 2021 for the purpose of inviting interested corporations and individuals to submit bids for renting the relevant units of the e-commerce park (with lease agreements expiring in 2021) on the third floor in our Trading Centre (the “**2021 Public Tender**”). As a results of the 2021 Public Tender, all 110 units on the third floor have been successfully renewed. Accordingly, the occupancy rate of the Company’s e-commerce park on the third floor achieved 100%, and the average rent increased by 268.7% year-on-year as compared with the previous year.

The following table sets forth the information regarding the average monthly effective rent per square meter for the leased area in the Company’s Trading Centre for the years.

	For the year ended 31 December	
	2021	2020
	Average monthly effective rent (in RMB per sq.m.)	Average monthly effective rent (in RMB per sq.m.)
First floor	383.6	341.1
Second floor	158.4	95.9
Third floor	39.6	20.7
Basement	17.1	14.3

Note:

Average monthly effective rent is calculated by total rental income dividend by the weighted average leased leaseable gross floor area (“**LFA**”) during the years indicated.

For the year ended 31 December 2021, the LFA of the Trading Centre and the percentage of LFA leased to our tenants are 25,474.8 sq.m. and 98.18%, respectively (2020: 25,931.3 sq. m. and 99.4%). The percentage of LFA leased is calculated as the percentage of LFA retained and leased by the Company to the tenants comparing to the LFA for each of the years.

Informatisation Service

With the rapid development of e-commerce in the PRC, the measuring and cutting tools online shops have been gaining popularity in recent years. In the first half of 2021, the Company launched the “measuring and cutting tools + Internet” training programme and the measuring and cutting tools “livestreaming representative” skills related training programme to provide relevant training for tenants, bringing the measuring and cutting tools industry into the digital world, focusing on promoting the development of short video e-commerce channels such as TikTok, Pinduoduo, Kwai, bilibili, Xiaohongshu, and striving to become a national model city for e-commerce in rural areas. Meanwhile, the Company also launched the “Qilin programme” which aimed to transform the Trading Centre into an internet-enabled Trading Centre through cross-border e-commerce training and cooperation agreements, etc. At present, the development of the Company’s online market has achieved certain results. However, the Group still needs to step up its efforts and invest further resources to provide talent support for merchants in the development of the online market, continuously improve the professional service level of the e-commerce platform, promote the improvement and development of the online market, and help enterprises in the industry to compete in a healthy manner.

Value-added Services

In order to make good use of the advantages of the Trading Centre, in the first half of 2021, the Group also collaborated with local qualified testing centres to successfully build a cutting tool quality inspection centre and a provincial industrial quality service platform, which were included in the list of industrial innovation service complexes created by the Science and Technology Department of Zhejiang Province. We offer product testing services, quality inspection and other services to tenants in order to further improve the quality assurance of their products. Furthermore, the Trading Centre has set up a leadership group with Wenling Market Supervision Bureau to coordinate and enhance the protection of intellectual property rights in the market. It has effectively established a provincial standardised market for intellectual property rights protection, and has consistently passed the provincial five standardised market assessment and acceptance to develop a market service system integrating “convenience, intelligence, humanisation, specialisation and standardisation”, creating a healthier and sustainable business environment for tenants.

The Group will take Science and Technology Innovation Park as the carrier, deepen the cooperation with Taizhou University and jointly build Wenling Research Institute of Taizhou University to conduct subject research and address technical issues in the development of advanced coating technology and new materials, high-end equipment and industrial big data and other industries. We will promote development with technology, extend upstream and downstream of the industrial chain, and explore more high-end value-added services.

Science and Technology Innovation Park

According to the F&S Report, the measuring and cutting tools industry is in demand of an industrial park, primarily because (1) there is a strong governmental support to develop a measuring and cutting tools industrial park; and (2) the existing measuring and cutting tools industrial park in Wenling City, Zhejiang Province, the PRC is immaturely developed. Considering the above and leveraging the Company's experience, knowledge and network through years of being an active market player in the measuring and cutting tools industry, the Company believe that the development of the Science and Technology Innovation Park is an excellent opportunity to expand our business and to capitalise our market position in the measuring and cutting tools industry.

In December 2018, the Group successfully won the bid for the Land at the bid price of RMB63.5 million for the construction of the Science and Technology Innovation Park. The land use rights of the Science and Technology Innovation Park were granted for a term expiring on 27 January 2069, which is a long-term lease. The Group estimates that the floor area of the Science and Technology Innovation Park shall be approximately 116,000 sq.m., including a factory floor area of approximately 78,000 sq.m. and involving 13 standard factories and 2 integrated administration buildings. The Group will invest an aggregate of approximately RMB330.0 million to the Science and Technology Innovation Park (including acquisition of the Land). The Science and Technology Innovation Park is mainly for manufacturing purpose that it targets to provide units for use as factories and workshops, where upstream manufacturers would conduct manufacturing and production of measuring and cutting tools (as compared with our Trading Centre where tenants therein primarily use the units as shops to conduct product display, trading and promotion).

The construction of the Science and Technology Innovation Park was commenced in February 2020 and it is expected to commenced operation in the second half of 2022. In September 2021, the Group obtained the pre-sale certificates of certain properties in the Science and Technology Innovation Park and completed the sales of 33 units with areas of approximately 54,000 sq.m. to 10 enterprises, accounting for approximately 98.28% of the saleable area. Such pre-sales units have been transferred from the investment properties to properties under development for sale and recorded at cost of approximately RMB121.7 million as at 31 December 2021. The Group believes that the Science and Technology Innovation Park will become a cluster area for measuring and cutting tools innovative enterprises after its official opening, serving as a key carrier for regional economic growth, opening up and attracting investment. Moreover, we expect to facilitate financing service as well as professional support to the tenants' manufacturing business.

As at 31 December 2021, the Group has incurred a total of approximately RMB264.8 million (2020: RMB170.6 million) for the acquisition of the Land and construction works, representing completion of 80.2% of total costs.

As at 31 December 2021, the fair value of the Science and Technology Innovation Park as investment property under development was approximately RMB148.6 million (2020: 176.3 million), the interest of which is wholly-owned by the Group.

OUTLOOK

Looking ahead to 2022, the Company will endeavour to strengthen the position of the Trading Centre in the measuring and cutting tools industry, and carry out extensive innovation activities such as “five-star civilised and standardised market” and “smart market”. We will continue to improve the construction, management and service level of the Trading Centre, realise the deep integration of Internet data, artificial intelligence and the real economy, and promote the transformation and upgrading to the smart market. Under the new development pattern, we will seize the opportunities presented by new business models and formats such as livestream e-commerce and cross-border e-commerce.

Based on the successful construction of the phase I of the measuring and cutting tools Science and Technology Innovation Park, the Group seizes the chance to continue planning and constructing the phase II of the Science and Technology Innovation Park project, so as to realise the new situation where the measuring and cutting tools building and the two phases of Science and Technology Innovation Park project will go hand in hand, and to build a comprehensive industrial cluster area integrating research and development, production and service, to achieve positive interaction and form a regional cluster economy of “industry + market”.

The Group will deepen the collaboration with universities and scientific research institutions, and actively bring in renowned universities to jointly establish laboratories and research institutes for special cutting tools for rail transit, so as to guide the research and development of Wenling enterprises to connect with the marine and aerospace cutting tool supply system and the rail transit equipment manufacturing industry, and promote the healthy development of the industry, as well as explore more opportunities for the Group’s future development.

FINANCIAL REVIEW

Revenue

Total revenue increased by approximately 22.4% from approximately RMB46.7 million for the year ended 31 December 2020 to approximately RMB57.2 million for the year ended 31 December 2021, mainly because of (i) an increase in rental rate when the Group renewed the lease agreements with the tenants in the second half of 2020, (ii) the rental refund due to COVID-19 pandemic is lower in 2021.

Cost of Services

Cost of services increased by approximately 9.0% from approximately RMB9.1 million for the year ended 31 December 2020 to approximately RMB9.9 million for the year ended 31 December 2021, mainly because of (i) an increase in staff costs; and (ii) an increase in utilities and property management fee as the Trading Centre was closed for around a month in February 2020 as part of the control measures under the COVID-19 pandemic which resulted in lower utilities and property management fee during the year ended 31 December 2020.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 25.6% from approximately RMB37.6 million for the year ended 31 December 2020 to approximately RMB47.3 million for the year ended 31 December 2021, mainly because of the increase in the Group's revenue resulted from an increase in the rental rate. As such, gross profit margin increased from approximately 80.5% for the year ended 31 December 2020 to approximately 82.6% for the year ended 31 December 2021.

Valuation Gains on Investment Properties

The valuation gains on the Group's investment properties increased from approximately RMB3.2 million for the year ended 31 December 2020 to approximately RMB19.9 million for the year ended 31 December 2021 mainly because of the increase in adjusted market rent of the comparable properties to the Group's investment properties during the year ended 31 December 2021.

Other Net Income

Other net income increased by approximately RMB3.6 million from approximately RMB4.9 million for the year ended 31 December 2020 to approximately RMB8.5 million for the year ended 31 December 2021, primarily due to the granting of government subsidies of approximately RMB8.0 million to the Group for the Listing on the Stock Exchange for the year ended 31 December 2021 as compared with the granting of government subsidies of approximately RMB4.4 million in relation to compensation of the rental refund provided by the Group to the tenants for the year ended 31 December 2020 Group due to the COVID-19 pandemic.

Administrative Expenses

Administrative expenses increased by approximately 28.4% from approximately RMB8.2 million for the year ended 31 December 2020 to approximately RMB10.5 million for the year ended 31 December 2021, primarily due to an increasing in professional fees after the Listing on the Stock Exchange.

Income Tax Expenses

Income tax expenses increased by approximately 76.0% from approximately RMB9.4 million for the year ended 31 December 2020 to approximately RMB16.5 million for the year ended 31 December 2021, primarily due to an increase in the Group's taxable profits and an increase in deferred taxation arising from increase in valuation gains on our investment properties. The effective tax rate were at 25.0% and 25.8% for both of the year ended 31 December 2020 and 2021, respectively.

Profit for the Year and Net Profit Margin

As a result of the foregoing, profit for the year increased by approximately 68.5% from approximately RMB28.1 million for the year ended 31 December 2020 to approximately RMB47.3 million for the year ended 31 December 2021, and the Group's net profit margin increased from approximately 60.1% for the year ended 31 December 2020 to approximately 82.7% for the year ended 31 December 2021.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's operations are primarily financed by cash generated from operating activities, the proceeds of capital contributions from the Shareholders, the net proceeds received from the global offering of the Company completed on 30 December 2020 (the "**Global Offering**") and the bank borrowings. As at 31 December 2020 and 2021, the Group had cash and cash equivalents of approximately RMB85.4 million and RMB78.7 million, respectively. Decrease in cash and cash equivalents is mainly attributing to repayment of the bank loans offset by the advance payment received from the customers in relation to pre-sales of properties under development for sale during the year ended 31 December 2021.

Funding and Treasury Policy

The Group monitors its cash flows and cash balance on a regular basis and seek to maintain optimal level of liquidity that can meet the working capital needs while supporting a healthy level of business and its various growth strategies. In the future, the Group will continue relying on cash flows from operation and other debt and equity financing to fund our working capital needs and finance part of our business expansion.

Foreign Currency Exchange Risk

The transactions of the Group are denominated in RMB and most of the assets and all liabilities are denominated in RMB. The foreign exchange risk that the Group has to bear is low. During the year, the Group did not use any financial instrument for hedging the foreign currency risk.

Bank Loans and Charge on Assets

As at 31 December 2021, the Group's bank loan amounted to approximately RMB15.0 million (2020: RMB80.5 million) which were pledged by the certain investment properties with a carrying amount of approximately RMB866.0 million (2020: RMB1,027.3 million).

The bank loan as at 31 December 2021 was denominated in RMB at fixed interest rate of 5.5% per annum (2020: 4.3% to 5.5% per annum). The following table sets forth the amount of indebtedness of the Group as at the date indicated:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Repayment Schedule		
Bank loans		
Within 1 year	15,000	40,462
After 1 year but within 2 years	—	40,000
	<u> </u>	<u> </u>
Total borrowings	<u>15,000</u>	<u>80,462</u>

Gearing Ratio

The gearing ratio decreased from 11.3% as at 31 December 2020 to 2.0% as at 31 December 2021, such decrease was a result of a decrease in bank loans of approximately RMB65.5 million.

Gearing ratio equals total debt divided by total equity as at the end of the year. Total debt includes all interest-bearing bank loans.

Capital Expenditure

For the year ended 31 December 2021, the capital expenditure was approximately RMB49.1 million (2020: approximately RMB76.4 million). The capital expenditure incurred for the year ended 31 December 2021 primarily related to construction of the Science and Technology Innovation Park.

Capital Commitments

As at 31 December 2021, the capital commitments of the Group in respect of property, plant and equipment and land use rights contracted amounted for approximately RMB102.4 million (2020: approximately RMB225.6 million).

Contingent Liabilities

As at 31 December 2021, the contingent liabilities of the Group was approximately RMB37.5 million (2020: Nil) in relation to the mortgage loan guarantees provided by the Group to the banks. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group at initial recognition are insignificant and the Directors consider that the possibility of default of these financial guarantee contracts is remote. Accordingly, no value has been recognised at the inception of the guarantee contracts as at 31 December 2021.

SIGNIFICANT INVESTMENTS HELD, AND MATERIAL ACQUISITIONS AND DISPOSALS

Saved as disclosed in this announcement, the Group had no significant investments held or material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group had total of 27 employees (2020: 28 employees). For the year ended 31 December 2021, the Group has incurred total staff costs of approximately RMB2.6 million (2020: RMB2.1 million), representing an increase of approximately 23.2% as compared with those for the year ended 31 December 2020 mainly resulted from the absence of exemption of payment of certain social insurance granted by the government due to the COVID-19 pandemic and an increment of the staff salaries during the period as compared with the corresponding period in 2020.

The Group believe that its employees are one of the most valuable assets and have greatly contributed to its success. The Group provide training to its employees to enhance their business efficiency and conduct yearly reviews of their performance. The Group believes that these initiatives have contributed to stronger work incentive among the employees. In addition, the salaries of our employees are mainly determined with reference to their seniority and performance, and the total compensation includes salaries, performance-based bonuses and special awards.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on 30 December 2020. The net proceeds from the Company's issue in a total of 20,000,000 new H Shares in the Global Offering amounted to approximately HK\$61.9 million (after deducting underwriting commissions and related Listing expenses which equivalent to approximately RMB52.1 million) with the final offer price of HK\$6.25 per H Share. For the period from the Listing Date to 31 December 2021, the Company has utilised net proceeds from the Global Offering amounting to approximately RMB42.3 million. The Company intends to use the remaining net proceeds of approximately RMB9.7 million in the same manner and proportion as set out in the section headed "Future Plans and Use of Proceeds" contained in the prospectus of the Company dated 11 December 2020 (the "**Prospectus**").

During the year ended 31 December 2021, the Group has applied the net proceeds as follows:

Usage	%	Budgeted amount as set out in the Prospectus <i>RMB'000</i>	Proceeds brought forward from previous year <i>RMB'000</i>	Actual usage up to 31 December 2021 <i>RMB'000</i>	Remaining balance as at 31 December 2021 <i>RMB'000</i>	Expected timeline of full utilisation of the balance
- Finance partly the costs and expenses for the establishment and construction of the Science and Technology Innovation Park	70.0	36,441	36,441	36,441	-	
- Finance further development of the Third Floor, including refurbishment and renovation of the Third Floor	20.0	10,412	10,412	700	9,712	July 2022
- General working capital and other general corporate purposes	10.0	5,205	5,205	5,205	-	
	<u>100.0</u>	<u>52,058</u>	<u>52,058</u>	<u>42,346</u>	<u>9,712</u>	

As at 31 December 2021, the unused balanced of the net proceeds from the Global Offering of approximately RMB9.7 million was placed into short-term demand.

As of the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2021, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company.

DIRECTORS' AND SUPERVISORS' COMPETING INTERESTS

None of the controlling shareholders, Directors and supervisors and their respective close associates has any interests in any business which directly or indirectly competes or is likely to compete with the Group's business.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has adopted the code provisions (the “**Code Provisions**”) of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). For the year ended 31 December 2021, the Company has fully complied with the Code Provisions.

The Company strictly complied with the CG Code. The Directors review the corporate governance policies and compliance with the CG Code for each financial year. On 1 January 2022, the amendments to the CG Code (the “**New CG Code**”) came into effect and the requirements under the New CG code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of the shareholders and investors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' and Supervisors' securities transactions. Upon specific enquiries, all Directors and Supervisors' confirmed that they have complied with the relevant provisions of the Model Code for the year ended 31 December 2021 and up to the date of this announcement.

EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the Group provided mortgage loan guarantees to banks in the range of RMB5.32 million to RMB14.09 million per unit. These guarantees will be released upon receiving the property ownership certificate of the respective properties by the banks as a pledge for security to the mortgage loans granted. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group at initial recognition are insignificant and the Directors consider that the possibility of default of these financial guarantee contracts is remote.

In December 2021, the Company entered into a subscription agreement to subscribe 20% shares of an independent third-party company (the “**Target Company**”) with a consideration of RMB8.0 million. The principal business of the Target Company engages in provision for a platform to provide one-stop service such as technology support service, equipment service and raw material supply service which will be available to the Science and Technology Innovation Park tenants. The Directors considered that the Target Company can enable and enhance the Company’s provision of value added services and to benefit from the synergy created. In addition, the business collaboration will also bring further business opportunities to the Group. The Company have fully paid the consideration on 11 January 2022.

FINAL DIVIDEND

Proposal for profit distribution of 2021

Audited profit available for distribution to shareholders of the Company as at 31 December 2021 calculated in accordance with PRC Accounting Standards for Business Enterprises amounted to approximately RMB46.3 million.

The Board of Directors of the Company has recommended profit distribution for 2021 of RMB0.32 in cash (before tax) per share as the final dividend based on the number of shares held by shareholders registered as at the close of business on the record date for profit distribution and dividend payment. The dividend will be denominated and declared in RMB, and distributed to the domestic shareholders in RMB and to the overseas shareholders in Hong Kong Dollars. The exchange rate for the dividend calculation in Hong Kong Dollars is based on the average benchmark exchange rate of RMB against Hong Kong Dollar as published by the People’s Bank of China one week preceding the date of the declaration of such dividend.

The Company expects to pay the dividend to shareholders on 27 June 2022.

In respect of the Company's distribution of final Dividend to Shareholders whose names appear on the H share register of the Company on 20 May 2022, the Company will process income tax payable on dividends and profit distributions in accordance with relevant taxation laws and regulations of China. The details are as follow:

1. In connection with overseas non-resident corporate H shareholders, a 10% enterprise income tax to be withheld and paid on behalf of such shareholders by the Company shall apply in accordance with relevant provisions of the "Notice of the State Administration of Taxation on issues concerning the withholding and payment of enterprise income tax on dividends paid by Chinese resident enterprises to overseas non-resident corporate H shareholders" (Guo Shui Han 2008 No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函2008897號)). Any H shares registered in the name of non-resident corporate H shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident corporate H shareholders, and consequently will be subject to the withholding of the enterprise income tax.
2. Pursuant to relevant laws and regulations and regulatory documents such as the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Nonresidents under Tax Treaties (Tentative) (Guo Shui Fa 2009 No. 124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發2009124號)) and the Notice of the State Administration of Taxation on the Issues Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa 1993 No. 45 (Guo Shui Han 2011 No. 348) (《國家稅務總局關於國稅發199345號文件廢止後有關個人所得稅徵管問題的通知》(國稅函2011348號)), dividends received by overseas resident individual shareholders from the stocks issued by domestic non-foreign investment enterprises in Hong Kong is subject to the payment of individual income tax, which shall be withheld by the withholding agents. However, overseas resident individual shareholders of the stocks issued by domestic non-foreign investment enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries in which they are residents and China, or the tax arrangements between Mainland China and Hong Kong (Macau). For individual holders of H shares, dividends payable to them are subject to the individual income tax withheld at a tax rate of 10% in general unless otherwise specified by the tax regulations and the relevant tax agreements.

ANNUAL GENERAL MEETING

The Annual General Meeting (the “AGM”) will be held on 6 May 2022. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 28 April 2022 to 6 May 2022, both days inclusive, during which period no transfer of H shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer of H shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company’s H share registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on 27 April 2022, being the business day before the first day of closure of the register of members.

For the purpose of ascertaining shareholders’ entitlement to the final dividend, the register of members of the Company will be closed from 13 May 2022 to 20 May 2022, both days inclusive, during which period no transfer of H shares of the Company will be registered. In order to establish entitlements to the final dividend, all transfer of H shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company’s H share registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on 12 May 2022, being the business day before the first day of closure of the register of members. The members of the H shares whose names appear on the H share register of members on 20 May 2022 will be entitled to receive the final dividend.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been compared by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 the auditor.

PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2021 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.cnglj.com>) and the 2021 Annual Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

AUDIT COMMITTEE

The audit committee of the Company has reviewed together with the management and external auditor of the Company about the accounting principles and policies adopted by the Group and discussed the internal control and financial reporting matters including a review of the annual results of the Group for the year ended 31 December 2021.

By order of the Board
**Wenling Zhejiang Measuring and
Cutting Tools Trading Centre Company Limited***
溫嶺浙江工量刃具交易中心股份有限公司
HUANG Qun
Chairman

Wenling City, the PRC, 30 March 2022

As at the date of this announcement, the Board comprises Mr. Pan Haihong and Mr. Zhou Guilin as executive Directors; Mr. Huang Qun, Mr. Wang Wenming, Mr. Cheng Jinyun and Mr. Ye Yunzhi as non-executive Directors; and Mr. Xu Wei, Mr. Jin Hongqing and Mr. Tsoi Ka Shing as independent non-executive Directors.

* *For identification purpose only*