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溫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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE FACTORY PREMISES
AND DORMITORIES LEASE AGREEMENT**

On 11 January 2023, Sunrise (as landlord), a wholly-owned subsidiary of the Company, and Qiaoling Investment (as tenant), a connected person of the Company, entered into the Factory Premise and Dormitories Lease Agreement with a term commencing from 1 January 2023 to 31 December 2025.

As at the date of this announcement, Qiaoling Investment, who is interested in approximately 14.48% of the issued share capital of the Company and one of the Controlling Shareholders, and together with other Controlling Shareholders who in aggregate will hold 72.75% equity interest in the Company. Therefore, Qiaoling Investment is a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Factory Premise and Dormitories Lease Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios under the Listing Rules for the Annual Caps are less than 25% and the annual consideration is less than HK\$10,000,000, the continuing connected transactions contemplated under the Factory Premise and Dormitories Lease Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 11 January 2023, Sunrise (as landlord), a wholly-owned subsidiary of the Company, and Qiaoling Investment (as tenant), a connected person of the Company, entered into the Factory Premise and Dormitories Lease Agreement with a term commencing from 1 January 2023 to 31 December 2025.

PRINCIPAL TERMS OF THE FACTORY PREMISE AND DORMITORIES LEASE AGREEMENT

Date:	11 January 2023
Landlord:	Wenling Sunrise Real Estate Development Co., Ltd.*
Tenant:	Wenling City Qiaoling Investment Development Company Limited*
Lease Premises:	<p>(i) Factory buildings with aggregated floor area of 26,818.82 sq.m.; and</p> <p>(ii) Dormitories with aggregated floor area of 4,359.00 sq.m. situated</p> <p>at Sunrise Measuring and Cutting tools Incubation Park, Chenshan Village, Wenqiao Town, Wenling City, Zhejiang Province, the PRC* (中國浙江省溫嶺市溫嶠鎮琛山村旭日工量刃具創業園)</p>
Term:	3 years from 1 January 2023 to 31 December 2025 (both dates inclusive)
Rent:	<p>The annual rent is RMB6,943,641.12, including:</p> <p>(i) Factory buildings at a monthly rate of RMB18.0 per sq.m.; and</p> <p>(ii) Dormitories at a monthly rate of RMB22.0 per sq.m.</p>
Advance Payment:	The rent is paid on an annual basis. The rent for the first year is required to be paid in advance to the Landlord upon signing of the Factory Premise and Dormitories Lease Agreement.
Sub-leasing:	Tenant can sub-lease the lease premises to other parties by giving to the Landlord 10 days' notice in writing. The Tenant shall procure the sub-leaser to be bound by the term of the Factory Premise and Dormitories Lease Agreement.

PRICING POLICIES

As a general principle, the monthly rent of the leased properties will be charged on normal commercial terms, negotiated on an arm's length basis, on similar basis as the Group's leases to independent third party tenants and shall be on terms which are no more favourable to the Tenants than those offered to independent third party tenants.

Subject to the general principle disclosed above, the Group will take into account the following factors when determining the monthly rent to be paid to the Group contemplated under the Factory Premises and Dormitories Lease Agreement: (i) attributes of the lease premises; (ii) location of the lease premises; (iii) size of the lease premises; and (iv) rental rate of surrounding properties with similar attributes, including those offered by the Group to independent third party tenants (if any).

ANNUAL CAPS

The historical transaction amount for the transactions in respect of the letting of the lease premises under the Factory Premise and Dormitories Lease Agreement.

The annual caps set for the transactions contemplated under the Factory Premise and Dormitories Lease Agreement for each of the financial years ending 31 December 2023, 2024 and 2025 (the "Annual Caps") is RMB6,943,541.12, which is equivalent to the rent for the year receivable by the Sunrise under the Factory Premise and Dormitories Lease Agreement.

REASONS AND BENEFITS FOR ENTERING INTO THE LEASE AGREEMENT AND VIEWS OF THE DIRECTORS

The leasing of the premises by the Qiaoling Investment from Sunrise can increase the occupancy rate and bring stable rental income to the Group and is in the interest of the Group and its shareholders as a whole.

Taking into account the above, the Directors, including the independent non-executive Directors, are of the view that the Factory Premise and Dormitories Lease Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group. Having considered the market rent in nearby areas and the market value of the properties, the Directors, including the independent non-executive Directors, are of the view that the terms of the Factory Premise and Dormitories Lease Agreement and the Annual Caps are fair and reasonable and in the interest of the Company and its shareholders as a whole.

None of the Directors have a material interest in the Factory Premise and Dormitories Lease Agreement, nor are they required to abstain from voting in the relevant board resolutions.

REQUIREMENTS UNDER LISTING RULES

As at date of this announcement, Qiaoling Investment, who is interested in approximately 14.48% of the issued share capital of the Company and one of the Controlling Shareholders, and together with other Controlling Shareholders who in aggregate will hold 72.75% equity interest in the Company. Therefore, Qiaoling Investment is a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Factory Premise and Dormitories Lease Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios under the Listing Rules for the Annual Caps are less than 25% and the annual consideration is less than HK\$10,000,000, the continuing connected transactions contemplated under the Factory Premise and Dormitories Lease Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval and circular requirements under Chapter 14A of the Listing Rules. None of the directors of the Company has a material interest in the transaction.

GENERAL

The principal business of the Group is property leasing and real estate development.

Sunrise is a company incorporated in the PRC and a direct wholly-owned subsidiary of the Company. Its principal business is property leasing and real estate development.

Qiaoling Investment is a company established in the PRC with limited liability and is wholly-owned by Wenqiao Town People's Government and is one of our Controlling Shareholders. The principal business is to make investments.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	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), a joint stock company established in the PRC with limited liability, whose H Shares are listed and traded on the Stock Exchange (stock code: 1379)

“connected person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and in the case of the Company, means pursuant to the concert party agreement and concert party supplemental agreement, Wenling City Wenqiao Town People’s Government* (溫嶺市溫嶠鎮人民政府), Wenling City Wenqiao Town Qianyangxia Village Villagers Committee* (溫嶺市溫嶠鎮前洋下村村民委員會), Wenling City Wenqiao Town Maoyang Village Villagers Committee* (溫嶺市溫嶠鎮茅洋村村民委員會), Wenling City Wenqiao Town Zhongjie Village Villagers Committee* (溫嶺市溫嶠鎮中街村村民委員會), Wenling City Wenqiao Town Shangjie Village Villagers Committee* (溫嶺市溫嶠鎮上街村村民委員會), Wenling City Wenqiao Town Xuzhai Village Villagers Committee* (溫嶺市溫嶠鎮許宅村村民委員會) and Wenling City Wenqiao Town Zhang Laoqiao Village Villagers Committee* (溫嶺市溫嶠鎮張老橋村村民委員會) and their respective controlled corporations are acting in concert with one another and each of them is deemed to exercise or control the exercise of an aggregate of 72.75% of the voting power at the general meetings of the Company pursuant to the SFO
“Director(s)”	director(s) of the Company
“Factory Premise and Dormitories Lease Agreement”	the factory premise and dormitories lease agreement entered into between the Sunrise (as landlord) and the Qiaoling Investment (as tenant) dated 11 January 2023
“Group”	the Company and its subsidiaries
“independent third party(ies)”	person(s) or company(ies) which is/are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China

“Qiaoling Investment” or “Tenant”	Wenling City Qiaoling Investment Development Company Limited* (溫嶺市嶠嶺投資發展有限公司), a company established in the PRC with limited liability and one of the Controlling Shareholders of the Company which holds 14.48% of the issued share capital of the Company at the date of this announcement and is wholly-owned by Wenling City Wenqiao Town People’s Government* (溫嶺市溫嶠鎮人民政府)
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunrise” or “Landlord”	Wenling Sunrise Real Estate Development Co., Ltd.* (溫嶺市旭日投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

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
Pan Haihong
Executive Director

Zhejiang Province, the PRC, 11 January 2023

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. Wong Ka Wai as independent non-executive Directors.

* For identification purpose only