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 2022

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2022	2021	**Change**
Revenue *(RMB'000)*	**230,860**	57,205	303.6%
Gross profit *(RMB'000)*	**89,234**	47,267	88.8%
Gross profit margin	**38.7%**	82.6%	-43.9
Profit for the year *(RMB'000)*	**57,509**	47,317	21.5%
Net profit margin	**24.9%**	82.7%	-57.8
Basic and diluted earnings per share *(RMB)*	**0.72**	0.59	22.0%

The Board has recommended the payment of a final dividend of RMB0.2 (before tax) per share for the year ended 31 December 2022 (2021: RMB0.32 per share).

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of 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) (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 2022, 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 2022

	Note	**2022** **RMB'000**	2021 RMB'000
Revenue	*3*	**230,860**	57,205
Cost of sales		**(141,626)**	(9,938)
Gross profit		**89,234**	47,267
Valuation gains on investment properties	*9*	**1,706**	19,905
Other net income	*4*	**754**	8,480
Selling and marketing expenses		**(641)**	(641)
Administrative expenses		**(11,805)**	(10,477)
Profit from operations		**79,248**	64,534
Finance costs	*5(a)*	**(8)**	(736)
Share of losses of an associate		**(260)**	–
Profit before taxation	*5*	**78,980**	63,798
Income tax	*6*	**(21,471)**	(16,481)
Profit for the year		**57,509**	47,317
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**57,509**	47,317
Earnings per share	*8*		
Basic and diluted *(RMB)*		**0.72**	0.59

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Investment properties	9	**1,047,500**	1,014,600
Property, plant and equipment		**6,373**	6,676
Lease prepayments		**536**	559
Interest in associates		**7,740**	–
Other non-current assets		**5,692**	3,392
		1,067,841	1,025,227
Current assets			
Properties under development for sale		**–**	121,747
Completed properties held for sale		**21,023**	–
Amounts due from associate		**116**	–
Other receivables and prepayments		**1,554**	10,163
Land appreciation tax and income tax prepaid		**6,578**	2,970
Restricted cash		**–**	270
Cash and cash equivalents		**72,826**	78,734
		102,097	213,884
Current liabilities			
Short-term loans	10	**–**	15,000
Other payables and accruals		**55,361**	53,594
Contract liabilities		**10,331**	95,786
Receipts-in-advance, current		**52,631**	50,999
Current taxation		**9,091**	9,677
		127,414	225,056
Net current liabilities		**(25,317)**	(11,172)
Total assets less current liabilities		**1,042,524**	1,014,055

	Note	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Receipts-in-advance, non-current		**68,863**	73,757
Deferred tax liabilities		**179,732**	178,278
		248,595	252,035
NET ASSETS		**793,929**	762,020
CAPITAL AND RESERVES			
Share capital		**80,000**	80,000
Reserves		**713,929**	682,020
TOTAL EQUITY		**793,929**	762,020

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. (温嶺市温西工量刃具交易中心有限公司, “**the Company**”), 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 Company and its subsidiaries (together, the “**Group**”) is property leasing.

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. Upon completion of this conversion, the Company changed its name to Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited (温嶺浙江工量刃具交易中心股份有限公司).

On 30 December 2020, the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited and issued 20,000,000 new ordinary shares.

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 2022 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 RMB25,317,000 as at 31 December 2022. As at 31 December 2022, the Group had banking facilities of RMB333,000,000 from third-party banks, of which the unutilized amount was RMB333,000,000. 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 2023 to 31 December 2023, 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.

(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 period:

- Amendment to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

- Amendment to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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 HKAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts − cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

3 REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follow:

		2022	2021
	Note	***RMB'000***	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15			
Sales of completed properties	*(i)*	**171,239**	–
Others	*(ii)*	**2,935**	2,419
		174,174	2,419
Revenue from other sources			
Property leasing	*(i)*	**56,686**	54,786
		230,860	57,205

Disaggregation of revenue from contracts with customers by timing of revenue recognition is as follows:

	2022	2021
	RMB'000	*RMB'000*
− Point in time		
Sales of completed properties	**171,239**	–
− Overtime		
Others	**2,935**	2,419
Total	**174,174**	2,419

(i) During the year, the Group's revenue mainly consists of sales of completed properties and revenue from property leasing. Sales of completed properties are recognised in accordance with HKFRS 15, Revenue from Contracts with Customers.

(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.

For the year ended 31 December 2022, revenue from three customers (2021: nil) of the property development has exceeded 10% of the Group's revenue. Approximately 12.30%, 10.60% and 10.00% of the Group's total revenue was attributable to each of the three customers respectively (2021: nil).

The Group has applied the practical expedient in paragraph 121(a) 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 2022 and the expected timing of recognizing revenue are as follows:

	Sales of properties	**Property management services**
	RMB'000	*RMB'000*
Within one year	8,479	1,852

4 OTHER NET INCOME

	2022	2021
	RMB'000	*RMB'000*
Interest income from bank deposits	**774**	415
Government grants	**84**	8,228
Net exchange loss	**(104)**	(163)
Total	**754**	8,480

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2022	2021
	RMB'000	*RMB'000*
Interest expenses	**8**	3,918
Less: Interest expenses capitalised into an investment property under development and properties under development for sale	**–**	(3,182)
	8	736

No borrowing costs have been capitalised during the twelve months ended 31 December 2022. The borrowing costs have been capitalised at a rate of 5.1% per annum during the year ended 31 December 2021.

(b) Staff costs

	2022	2021
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**2,869**	2,155
Contributions to the PRC local retirement schemes	**617**	449
	3,486	2,604
Included in:		
Cost of services	**1,457**	1,124
Administrative expenses	**2,029**	1,480
	3,486	2,604

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 Schemes**") 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

	2022	2021
	RMB'000	*RMB'000*
Amortisation	**–**	72
Depreciation		
– owned property, plant and equipment	**319**	834
– lease prepayments	**23**	22
	342	856
Auditor's remuneration	**1,000**	1,000
Cost of inventories	**127,093**	–

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:

	2022	2021
	RMB'000	*RMB'000*
Current tax		
– PRC CIT	**17,655**	9,101
– (Over)/under-provision in respect of prior years	**(1,007)**	531
– PRC LAT	**3,369**	–
	20,017	9,632
Deferred tax		
– PRC CIT	**1,343**	6,849
– PRC LAT	**111**	–
	1,454	6,849
	21,471	16,481

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

	2022	2021
	RMB'000	*RMB'000*
Profit before taxation	**78,980**	63,798
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**19,745**	15,949
(Over)/under-provision in respect of prior years	**(1,007)**	531
Tax effect of non-deductible expenses	**206**	1
LAT	**3,369**	–
Tax effect of LAT	**(842)**	–
Actual tax expense	**21,471**	16,481

(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:

	2022	2021
	RMB'000	*RMB'000*
Final dividend proposed after the statement of financial position date is RMB0.2 (2021: RMB0.32) per ordinary share	**16,000**	25,600

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:

	2022	2021
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year	**25,600**	–

The directors consider that the dividends declared and approved during the year ended 31 December 2022 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 RMB57,509,000 (2021: RMB47,317,000) and the weighted average of 80,000,000 ordinary shares in issue (2021: 80,000,000 shares) during the year.

Weighted average number of ordinary shares

	2022	2021
Issued ordinary shares and weighted average number of ordinary shares at 1 January and 31 December	**80,000,000**	80,000,000

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 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	14,738	5,167	19,905
At 31 December 2021 and 1 January 2022	866,000	148,600	1,014,600
Additions	–	31,194	31,194
Transfer	179,794	(179,794)	–
Fair value adjustments	1,706	–	1,706
At 31 December 2022	1,047,500	–	1,047,500

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 RMB859,100,000 (2021: RMB866,000,000) as at 31 December 2022 for two banking facilities amounting to RMB233,000,000 and RMB100,000,000 from two banks, respectively. The drawdown of the credit facility is subject to the terms and conditions of the agreement. As at 31 December 2022, there is no drawdown of the banking facilities.

10 BANK LOANS

The short-term secured bank loan of RMB15,000,000 as of 31 December 2021 was repaid on 4 January 2022.

11 COMMITMENTS

Capital commitments outstanding at 31 December 2022 not provided for in the financial statements were as follows:

	2022	2021
	RMB'000	*RMB'000*
Authorised but not contracted for	**88**	26,294
Contracted for	**2,034**	76,112
	2,122	102,406

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. High-quality measuring and cutting functioning are important for manufacturing process for improving production efficiency and reducing the probability of systematic error.

According to the National Bureau of Statistics of China, the gross domestic product (GDP) of China in 2022 increased by 3.0% year-on-year. As compared with the GDP growth of 8.4% in 2021, we observe an obvious slowdown in economic, which was mainly due to multiple factors that have brought pressure on the economy, mostly the pandemic outbreaks in various places and the pandemic prevention and control measures. In addition, the weakening property market and geopolitical frictions also affected the economic growth. In 2022, the added value of China's industries of designated size increased by 3.6% over the previous year, of which the added value of the manufacturing industry increased by 3% over the previous year, indicating that industrial activities growth maintained steady despite the continuous impact of the pandemic. In February 2023, the People's Government of Wenling estimated that the GDP of Wenling in 2022 to be approximately RMB130.8 billion, representing an increase of approximately 2.1%. Given the relatively high pressure to stabilise growth, local government has implemented a series of measures to promote the steady uplift of the economy.

Cutting and processing accounts for approximately 90% of the machining workload. Cutting and processing refers to a machining method that removes excess material from the surface of the workpiece to ensure that the geometry, dimensional precision, surface quality and other aspects of the workpiece meet the design requirements. Cutting and processing is normally done by cutting machine tools. Cutting tools are key consumables and core of industrial machine tools, which quality directly affects the technology standards, production efficiency and product quality of the machinery manufacturing industry. China is the second largest cutting tools market in the world. According to data from China Machine Tool Industry Association, in 2021, the scale of the cutting tools market in China amounted to RMB47.7 billion, with a compound annual growth rate of 8.18% for the past five years. Considering cutting tools are key components for high-end manufacturing and smart manufacturing, China has issued a number of policies in recent years to support the development of the industry. With the implementation of the "Thirteenth Five-Year Plan", the manufacturing industry is rapidly moving towards automation and intelligence, which promotes the rapid development of the cutting tools industry.

Taking cemented carbide cutting tools, the most popular cutting tools, as an example, products from Europe, the United States, Japan and South Korea currently occupy the mid-to-high-end market in China, while the domestic substitution of the products by domestic cutting tools companies is in the process. On one hand, amid international trade frictions, domestic manufacturing companies in aerospace, military and other industries have expanded their demand for domestic cutting tools for the security of supply chain, which provided an opportunity for the development of high-end projects for domestic cutting tool companies. Moreover, overseas cutting tool companies suffered from suspensions due to the pandemic in 2022, and thus disrupted the imported supply chain, especially for Japanese and Korean companies, which experienced a more severe decline. In the first half of 2022, import disruptions of overseas companies once again provided an excellent chance for domestic companies to accelerate the domestic substitution of the products in the market. This has inspired domestic cutting tool companies to continuously increase investments in production and research and development and improve channel layout in recent years. On top of a substantially higher competitive edge in terms of qualities and prices, quality of domestic products have gained growing recognition among downstream companies. Domestic substitution of the products is an irreversible trend and will enter an era of development opportunities.

BUSINESS REVIEW

The Group is 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* (中國浙江省温嶺市温嶠鎮前洋下村) (the "**Trading Centre**"). In October 2022, the Group's newly invested science and technology innovation park (the "**Science and Technology Innovation Park**") located in Chenshan Village, Wenqiao Town, Wenling City, Zhejiang Province, the PRC* (中國浙江省温嶺市温嶠鎮琛山村) has been officially put into service. The principal activity and source of revenue of the Group were derived from property leasing business through our operation of the Trading Centre and the Science and Technology Innovation Park for the measuring and cutting tools industry.

The Trading Centre 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 Science and Technology Innovation Park mainly provides property leasing business for the measuring and cutting tools industry, and provides more value-added services. The Group is committed to leveraging the advantages of "market + industry" and grasping the "dual engines" of smart manufacturing and digital economy to promote the iterative upgrade of professional markets and accelerate the transformation and rise of the measuring and cutting tools industry. In addition, in order to further consolidate its advantages in the measuring and cutting tools industry, the Group will expand the property leasing business in the measuring and cutting tools industry and provide more value-added services.

For the year ended 31 December 2022, revenue and profit for the period increased by approximately 303.6% and 21.5% respectively as compared with the corresponding period of last year, mainly attributable to the official commencement operation of the phase I of the Science and Technology Innovation Park and the income recognised from sales of units of the Science and Technology Innovation Park in the fourth quarter of 2022.

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 2022, the value of the Trading Centre was RMB859.1 million (31 December 2021: RMB866.0 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 (温嶺 • 中國工量刃具指數) and the measuring and cutting tools financing service, to the tenants. As at 31 December 2022, our Trading Centre had 631 tenants (31 December 2021: 595 tenants).

In the first half of 2022, the Trading Centre and the Economy and Information Technology Bureau of the Wenling Municipal People's Government (温嶺市人民政府經濟和信息化局) jointly operated a supply and demand platform, which is positioned as the most authoritative industrial development resource and service platform in China, thereby promoting the formation of an advanced manufacturing cluster with distinctive leading industries such as machine tools, high concentration of innovation elements, close networked collaboration and complete industrial ecosystems.

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	
	2022	2021
	Average monthly effective rent ***(in RMB per sq.m.)***	Average monthly effective rent *(in RMB per sq.m.)*
First floor	**372.2**	383.6
Second floor	**193.4**	158.4
Third floor	**72.3**	39.6
Basement	**17.1**	17.1

Note:

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

For the year ended 31 December 2022, the LFA of the Trading Centre and the percentage of LFA leased to our tenants are 25,230.9 sq.m. and 97.51%, respectively (For the year ended 31 December 2021: 25,474.8 sq.m. and 98.18%). 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 periods.

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. Since 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. 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.

In order to fully adapt to the digital economy, accelerate the industrial digital transformation and the development of digital industrialization, and create a new engine for high-quality economic development, the Group cooperated with Wenling Research Institute of Taizhou University to create the Xuri Measuring and Cutting Tools Science and Technology Innovation Park and Measuring and Cutting Tools Industrial Internet Platform Project* (旭日工量刃具科創園工量刃具工業互聯網平台項目) for building an industrial digital exhibition hall. It will provide digital empowerment for the production and operation of enterprises, digital services for industrial ecological construction and digital means for financial management.

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 Group's experience, knowledge and network through years of being an active market player in the measuring and cutting tools industry, the Group believes 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 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. As at 31 December 2022, the Group has invested 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 Science and Technology Innovation Park commenced operation in October 2022. The Group believes that the 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 2022, the Group have sold some units with a gross floor area of approximately 46,714.19 sq.m. and recorded revenue of approximately RMB171.2 million, with the remaining floor area of approximately 8,681.49 sq.m. and approximately 60,481.19 sq.m. for available for sales and rental purposes, respectively. As at 31 December 2022, the fair value of the Science and Technology Innovation Park was approximately RMB188.4 million, the interest of which was wholly owned by the Group.

As at 31 December 2022, we have introduced a total of 18 enterprises for the Science and Technology Innovation Park. The following table sets forth the information regarding the average monthly effective rent per square metre for the leased area in the Science and Technology Innovation Park in 2022.

	For the year ended 31 December 2022 Average monthly effective rent ***(in RMB per sq.m.)***
Factories	**12.2**
Commercial	**28.2**
Basement	**19.7**

For the year ended 31 December 2022, the LFA of the Science and Technology Innovation Park and the percentage of LFA leased to our tenants are approximately 8,108.5 sq.m. and 13.4%, respectively. 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 periods.

OUTLOOK

The Company's principal business is operation and management of the Trading Centre and the Science and Technology Innovation Park. It plans to carry out the leasing business through self-building and operation, while further providing park operation services and professional and comprehensive services, with an aim to build the Company into a comprehensive services provider for the leasing, operation and services of the measuring and cutting tools industrial park. The specific measures are as follows:

Construction plan of the phase II of the Science and Technology Innovation Park

In the context of the continuous boom in the measuring and cutting tools industry, it is imperative to plan and construct the phase II of the Science and Technology Innovation Park. The Group will conduct construction works and attract investment based on the successful mode of the phase I of the Science and Technology Innovation Park, so as to build a centralised high-end industrial park and promote the quality development of the industry, thereby realizing 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. The Group will complete the construction of the park and commence operation within two to three years to secure rental income and increase the comprehensive service income of the park.

In addition, in light of the scarcity of land resources in Wenling, the Group plans to use its land resources for the construction of the phase II of the Science and Technology Innovation Park in a flexible manner. The Company considers attracting investment in advance, customizing factories for three to five key potential customers, entering into long-term lease contracts and investing in relevant companies with rent to be paid. Relevant companies will provide a performance guarantee to the Company on the listing and operation results. Based on the performance of commitments made by such relevant companies, the Company may enlarge its proportion of equity in those companies and ultimately hold a controlling stake or withdraw with certain income. In the case of a successful share withdrawal, the Company can achieve enterprise value appreciation and obtain profit; in the case of obtaining control, the Company can consolidate the financial statements and extend the industrial park to the industrial chain of the manufacturing industry.

Enhancing comprehensive service capabilities

In addition to carrying out leasing business through self-building and operation, the Group will further enhance the capacities of providing the market and park operation services and professional and comprehensive services. The Group plans to acquire the vertical e-commerce operators in the measuring and cutting tools industry to integrate the resources of the market tenants and build a large-scale e-commerce platform for the measuring and cutting tools, and create a supply chain financial revenue system that integrates venture capital appraisal, financing consultation, finance and taxation consultation, accounting agency and other source base matching services.

The Group plans to train the management team to integrate the construction, operation and management services of the measuring and cutting tools industrial park into a mature park property management system. With the government authorization, the Group will exercise the property management functions of the industrial parks in Wenling, so as to generate income from the industrial park property projects.

Carrying out mergers and acquisitions of upstream and downstream of the industry

To achieve the incremental development of the Company, the Group intends to merge with and acquire related companies or teams in the measuring and cutting tools industry, in particular, large-scale enterprises that provide services and technical support to the industry, such as e-commerce and industry-university-institute projects, in order to diversify the Company's revenue structure, and transform the Company into a comprehensive services provider in the measuring and cutting tools industry towards the direction of manufacturing and research.

FINANCIAL REVIEW

Revenue

Total revenue increased by approximately 303.6% from approximately RMB57.2 million for the year ended 31 December 2021 to approximately RMB230.9 million for the year ended 31 December 2022, mainly because of (i) an increase in rental income contributed by the Innovation Park, (ii) the absent of rental refund given in 2021 due to COVID-19 pandemic in 2022, and (iii) the Group recognised sales of the properties in the Innovation Park with gross floor areas of approximately 47,000 sq. m. amounting to approximately RMB171.2 million in 2022.

Cost of Sales

Cost of sales and services increased by approximately RMB131.7 million from approximately RMB9.9 million for the year ended 31 December 2021 to approximately RMB141.6 million for the year ended 31 December 2022, mainly because of (i) the costs of sales of the properties amounting to approximately RMB127.1 million in 2022, (ii) an increase in staff costs, and (iii) increase in property management service and other costs in relation to commencement of the operations of the Science and Technology Innovation Park in October 2022.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 88.8% from approximately RMB47.3 million for the year ended 31 December 2021 to approximately RMB89.2 million for the year ended 31 December 2022, mainly attributable to the profit from the sales of the properties in 2022. However, gross profit margin decreased from approximately 82.6% for the year ended 31 December 2021 to approximately 38.7% for the year ended 31 December 2022, mainly because of the gross profit margin of sales of the properties of approximately 25.8% was lower as compared to the gross profit margin of the Group's leasing business of 75.6% in 2022.

Valuation Gains on Investment Properties

The valuation gains on the Group's investment properties decreased from approximately RMB19.9 million for the year ended 31 December 2021 to approximately RMB1.7 million for the year ended 31 December 2022 mainly because of the increase in valuation of the Science and Technology Innovation Park, which was partially offset by the decrease in valuation of the Trading Centre as a result of the reduction of remaining life and decrease in the comparable rent rate.

Other Net Income

Other net income decreased by approximately RMB7.7 million from approximately RMB8.5 million for the year ended 31 December 2021 to approximately RMB0.8 million for the year ended 31 December 2022, primarily due to the absence of government subsidies to the Group in 2022.

Administrative Expenses

Administrative expenses increased by approximately 12.7% from approximately RMB10.5 million for the year ended 31 December 2021 to approximately RMB11.8 million for the year ended 31 December 2022, primarily due to an increase in tax levies in relation to non-deductible value-added tax.

Income Tax Expenses

Income tax expenses increased by approximately 30.3% from approximately RMB16.5 million for the year ended 31 December 2021 to approximately RMB21.5 million for the year ended 31 December 2022, primarily due to (i) an increase in land appreciation tax of approximately RMB3.4 million in relation to the sales of properties in 2022 and (ii) an increase in taxable profits of the Group in 2022. The effective tax rate increased from approximately 25.8% for the year ended 31 December 2021 to approximately 27.2% for the year ended 31 December 2022, due to an increase in land appreciation tax in 2022.

Profit for the Year and Net Profit Margin

As a result of the foregoing, profit for the year increased by approximately 21.5% from approximately RMB47.3 million for the year ended 31 December 2021 to approximately RMB57.5 million for the year ended 31 December 2022, and the Group's net profit margin decreased from approximately 82.7% for the year ended 31 December 2021 to approximately 24.9% for the year ended 31 December 2022, due to a decrease in gross profit margin and the decrease in valuation gains on investment properties.

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 and the bank borrowings. As at 31 December 2021 and 2022, the Group had cash and cash equivalents of approximately RMB78.7 million and RMB72.8 million, respectively. Decrease in cash and cash equivalents is mainly attributing to repayment of the bank loans and payment of dividends during the year ended 31 December 2022.

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 2022, the Group's did not have any bank loan (2021: RMB15.0 million). The Group pledged an investment property to the banks with a carrying amount of approximately RMB859.1 million (2021: approximately RMB 866.0 million) to obtain the banking facilities of approximately RMB333.0 million as at 31 December 2022.

The bank loan as at 31 December 2021 was denominated in RMB at fixed interest rate of 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	
	2022	2021
	RMB'000	*RMB'000*
Repayment Schedule		
Bank loans		
Within 1 year	**–**	15,000

Gearing Ratio

The gearing ratio decreased from approximately 2.0% as at 31 December 2021 to nil as at 31 December 2022 because the Group repaid all the bank loans on 4 January 2022.

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 2022, the capital expenditure was approximately RMB29.4 million (2021: approximately RMB49.1 million). The capital expenditure incurred for the year ended 31 December 2022 primarily related to construction of the Innovation Park.

Capital Commitments

As at 31 December 2022, the capital commitments of the Group in respect of property, plant and equipment and land use rights contracted amounted for approximately RMB2.1 million (2021: approximately RMB102.4 million) as the phase I of Science and Technology Innovation Park have been substantially completed.

Contingent Liabilities

As at 31 December 2022, the contingent liabilities of the Group was approximately RMB101.3 million (2021: RMB37.5 million) 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 2022.

SIGNIFICANT INVESTMENTS HELD, AND MATERIAL ACQUISITIONS AND DISPOSALS

On 11 January 2022, the Company subscribed 20% equity interest in Wenling Industrial Association Measuring and Cutting Tools Technology Service Company Limited* (溫嶺工聯工量刃具科技服務有限公司") (the "**Wenling Industrial Association**"), an independent third party company, at consideration of RMB8.0 million, which is treated as interest in associate. The principal business of the Wenling Industrial Association is engaging in provision for a platform to provide one-stop services for the tenants of the Innovation Park, such as technical support services, equipment services and raw material supply services. The Company believes that this investment can enable and enhance the Group's provision of value-added services and to benefit from the synergy created. In addition, the business collaboration will also bring more business opportunities to the Group. As at 31 December 2022, the carrying amounts of interests in associate was approximately RMB7.7 million.

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 2022.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2022, the Group had total of 37 employees (2021: 28 employees). For the year ended 31 December 2022, the Group has incurred total staff costs of approximately RMB3.5 million (2021: RMB2.6 million), representing an increase of approximately 33.9% as compared with those for the year ended 31 December 2021 mainly resulted from the commencement of the operations of the Innovation Park as the Group hired new staff to run the new business.

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 of the Company completed on 30 December 2020 ("**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 2022, the Group has applied the net proceeds as follows:

Usage	%	**Budgeted amount as set out in the Prospectus** *RMB'000*	**Actual usage up to 31 December 2022** *RMB'000*	**Remaining balance as at 31 December 2022** *RMB'000*	**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	–	
– Finance further development of the Third Floor, including refurbishment and renovation of the Third Floor	20.0	10,412	700	9,712	December 2023
– General working capital and other general corporate purposes	10.0	5,205	5,205	–	
	100.0	52,058	42,346	9,712	

As at 31 December 2022, the unused balanced of the net proceeds from the Global Offering of approximately RMB9.7 million was placed into short-term demand. The expected timeline of utilisation of the remaining balance for financing further development of the Third Floor, including refurbishment and renovation of the Third Floor was extended to December 2023 because the development plan was affected by the COVID-19 pandemic.

Save as disclosed above, 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 2022 and up to the date of this announcement, 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 (as defined under the Listing Rules), 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 Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). For the year ended 31 December 2022, 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 ("**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 2022 and up to the date of this announcement.

EVENT AFTER THE REPORTING PERIOD

On 20 February 2023, the Group provided a mortgage loan guarantee of RMB21,510,000 to a bank in favour of its customer. This guarantee will be released upon receiving the property ownership certificate of the respective properties by the bank from the customer as a pledge for security to the mortgage loans granted. In the opinion of the directors, the fair value of this financial guarantee contract of the Group at initial recognition is insignificant and the directors consider that the possibility of default by the purchaser of the Group's properties is remote.

Saved as disclosed, there are no major event, subsequent to 31 December 2022 which would materially affect the Group's operating and financial performance as at the date of this announcement.

FINAL DIVIDEND

Proposal for profit distribution of 2022

Audited profit available for distribution to shareholders of the Company as at 31 December 2022 calculated in accordance with PRC Accounting Standards for Business Enterprises amounted to approximately RMB88 million.

The Board of Directors of the Company has recommended profit distribution for 2022 of RMB0.2 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 9 June 2023.

In respect of the Company's distribution of final Dividend to Shareholders whose names appear on the H share register of the Company on 23 May 2023, 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 of the Company ("**AGM**") will be held on 9 May 2023. 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 to the Shareholders 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 2 May 2023 to 9 May 2023, 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, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 28 April 2023, 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 16 May 2023 to 23 May 2023, 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, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 15 May 2023, 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 23 May 2023 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 2022 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 2022 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 2022 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 2022.

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

Wenling City, the PRC, 24 March 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*