



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



2025

INTERIM REPORT



** for identification purposes only*





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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. CHEN Xiangbiao (*Chief executive officer*)
(appointed on 4 June 2025)

Mr. GUO Jun (appointed on 4 June 2025)

Mr. XU Yi

Mr. PAN Haihong (resigned on 14 May 2025)

Non-executive Directors

Mr. JIN Guoxin (*Chairman of the Board*)
(appointed on 4 June 2025)

Mr. WANG Wenming

Mr. CHENG Jinyun

Mr. YE Yunzhi

Independent Non-executive Directors

Mr. XU Wei

Ms. HE Liyun

Ms. XU Chunhui (appointed on 4 June 2025)

Mr. WONG Ka Wai

AUDIT COMMITTEE

Mr. WONG Ka Wai (*Chairman*)

Mr. XU Wei

Ms. HE Liyun

REMUNERATION COMMITTEE

Ms. HE Liyun (*Chairlady*)

Mr. CHEN Xiangbiao (appointed on 4 June 2025)

Ms. XU Chunhui (appointed on 4 June 2025)

Mr. WONG Ka Wai (resigned on 4 June 2025)

Mr. PAN Haihong (resigned on 4 June 2025)

NOMINATION COMMITTEE

Mr. JIN Guoxin (*Chairman*)

(appointed on 4 June 2025)

Mr. XU Wei

Ms. XU Chunhui (appointed on 4 June 2025)

Mr. PAN Haihong (resigned on 14 May 2025)

COMPANY SECRETARY

Mr. XU Yi

AUTHORISED REPRESENTATIVES

Mr. XU Yi

Mr. WANG Wenming

(appointed on 15 April 2025)

Mr. PAN Haihong (resigned on 14 May 2025)

LEGAL REPRESENTATIVE

Mr. CHEN Xiangbiao

SUPERVISORY COMMITTEE

Mr. FENG Lin Jun (*Chairman*)

Mr. ZHOU Jiashen

Mr. XIE Huihui

LEGAL ADVISER

As to the PRC Law

L&H Law Firm

As to the HK Law

DeHeng Law Offices (Hong Kong) LLP

CORPORATE INFORMATION

AUDITOR

KPMG, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

PRINCIPAL BANKERS

China Construction Bank Corporation
Wenling Wenqiao Sub-branch
Industrial Bank Co., Ltd.
Taizhou Wenling Sub-branch

REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

Qianyangxia Village
Wenqiao Town
Wenling City
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite No. 11B,
22/F Skyline Tower
No. 39 Wang Kwong Road
Kowloon Bay, Kowloon
Hong Kong

H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

1379

WEBSITE

<http://cnglj.com>

FINANCIAL SUMMARY

	For the six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Major Items of Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Revenue (RMB'000)	34,461	33,887
Gross profit (RMB'000)	26,934	27,393
Gross profit margin	78.2%	80.8%
Profit for the period (RMB'000)	7,417	3,307
Net profit margin	21.5%	9.8%
Basic and diluted earnings per share (RMB)	0.09	0.04

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.

In the first half of 2025, amidst escalating global economic uncertainty and increasing trade protectionism, China's economy exhibited robust and stable growth. The Gross Domestic Product (GDP) reached RMB66.05 trillion, reflecting a year-on-year increase of 5.3%, which represents an acceleration of 0.3 percentage points compared to the full-year growth rate of 2024. Notably, the industrial sector demonstrated significant resilience, with the added value of industries of designated scale rising by 6.4% year-on-year in the first half of 2025. Driven by policy support, infrastructure investment, and industrial upgrades, China's machinery industry achieved rapid growth, with equipment manufacturing and high-tech manufacturing serving as the primary drivers of industrial growth.

As a critical component and foundational support for the machinery manufacturing sector, China's measuring and cutting tools industry navigated a complex and dynamic environment in the first half of 2025. The industry faced challenges including shifts in external policy frameworks, volatility in raw material prices, and structural adjustments in downstream demand. Despite adversities such as tariff policy impacts and raw material price fluctuations, the sector maintained overall stability with moderate adjustments, bolstered by robust growth in the automobile manufacturing industry and the rapid expansion of emerging application domains.

In the first half of 2025, China's measuring and cutting tools industry exhibited pronounced market differentiation across its segmented product categories, reflecting variations in demand across diverse application areas and the diversity of technological upgrading pathways. Overall, the market displayed distinct structural characteristics in the first half of 2025: on the one hand, products aligned with emerging sectors, such as new energy vehicles, aviation, aerospace, and intelligent manufacturing, demonstrated strong performance; on the other hand, products associated with traditional application fields faced downward pressure. This divergence underscored the ongoing transformation and upgrading of China's manufacturing industry, highlighting the strategic imperative for the measuring and cutting tools sector to align with downstream industrial advancements, accelerate product structure optimization, and prioritize technological innovation to meet future demands.

MANAGEMENT DISCUSSION AND ANALYSIS

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* (中國浙江省溫嶺市溫嶠鎮前洋下村) (the “**Trading Centre**”). 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. 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* (中國浙江省溫嶺市溫嶠鎮琛山村) has been officially put into service, which expands the property leasing business for the measuring and cutting tools industry, and provides more value-added services.

In the first half of the year, facing a complex and volatile industry environment, the Group accelerated its transformation and upgrading, continuing to take advantage from the “market + industry”. The principal activity and source of revenue of the Group were derived from the property leasing business through our operation of the Trading Centre and the Science and Technology Innovation Park and the sale of certain units in the Science and Technology Innovation Park through our property development business. For the six months ended 30 June 2025, there is no material changes in the business of the Group, while our revenue and profit for the period increased by approximately 1.7% and 124.3% respectively as compared with the corresponding period of last year, mainly because of an increase in occupancy rate and a decrease in valuation losses on investment properties.

Property Leasing Business – 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 product displaying purposes 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 30 June 2025, the value of the Trading Centre was RMB817.0 million (31 December 2024: RMB829.0 million), the interest of which is wholly owned by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 2025, our Trading Centre had 631 tenants (31 December 2024: 615 tenants).

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 each of the periods.

	For the six months ended 30 June	
	2025	2024
	Average monthly effective rent (in RMB per sq.m.)	Average monthly effective rent (in RMB per sq.m.)
First floor	351.44	373.4
Second floor	187.2	193.6
Third floor	49.7	65.0
Basement	17.1	17.1

Note: Average monthly effective rent is calculated by total rental income divided by the weighted average leasable floor area ("LFA") during the periods indicated.

For the six months ended 30 June 2025, the total LFA of the Trading Centre and the percentage of LFA leased to our tenants are 24,092.68 sq.m. and 97.4% (for the year ended 31 December 2024: 24,092.68 sq.m. and 94.3%), 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.

In the first half of 2025, the Trading Centre was successfully listed on the "Zhejiang Province Five-Star Civilized and Standardized Professional Markets List (浙江省五星級文明規範專業市場名單)", making it the first market in Wenling City, Taizhou, to receive this honor. The Trading Centre has been diligently enhancing its supporting functions to meet the five-star standards. This includes not only business rooms and display areas but also improvements in logistics, warehousing, e-commerce live streaming, and other infrastructure to establish a service-oriented market. Achieving the provincial five-star civilized and standardized market status has become a pivotal step in the Trading Centre's transformation and upgrade.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development Business – Science and Technology Innovation Park

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. 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, with the planning concept of “Product-Trade Integration, Platform services, Ecosystem Innovation” in mind, laying out innovation chains, capital chains and service chains revolving around the industry chain, boosting characteristic industries and nurturing upcoming enterprises. In addition, we facilitate financing service as well as professional support to the tenants’ manufacturing business. In the first half of 2025, the Science and Technology Innovation Park has been proactively organizing financing supply and demand matching sessions that bring together representatives from banks, trading centre enterprises, and commercial tenants to offer financing support to the tenants.

As at 30 June 2025, the fair value of the Science and Technology Innovation Park for leasing, which was wholly owned by the Group, was approximately RMB178 million (31 December 2024: RMB180 million).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, we have introduced a total of 20 (31 December 2024: 19) enterprises to the Science and Technology Innovation Park. The following table sets forth the information regarding the average monthly effective rent per square meter for the leased area in the Science and Technology Innovation Park in each of the period.

	For the six months ended 30 June	
	2025	2024
	Average monthly effective rent (in RMB per sq.m.)	Average monthly effective rent (in RMB per sq.m.)
Factories	15.5	15.5
Dormitories	22.4	21.5
Basement	20.9	20.9

Note: Average monthly effective rent is calculated by total rental income divided by the weighted average leased LFA during the period indicated.

For the six months ended 30 June 2025, the LFA of the Science and Technology Innovation Park and the percentage of LFA leased to our tenants are 56,365.9 sq.m. and 68.7% (for the year ended 31 December 2024: 56,365.9 sq.m. and 68.6%), 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.

Measuring and Cutting Tools Industry Innovation Service Complex

The Group has comprehensively utilized the advantages of industrial investment platforms such as the Zhejiang Measuring and Cutting Tools Trading Centre and the Wenling City Measuring and Cutting Tools Science and Technology Innovation Park to establish an innovation service complex for the measuring and cutting tools industry centered on research and development. The complex is a one-stop service platform integrating elements and resources such as new coating material research and development, results transformation, entrepreneurship incubation, talent introduction and cultivation, and technological transformation.

The Group has effectively utilized its platform's strengths, collaborating with 9 prestigious universities and 16 research institutes, recruiting 14 PhDs, assembling 96 full-time innovative professionals, training 294 skilled local artisans, and completing 34 industry-academia-research projects.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2025, the Group co-hosted the 18th "China Measuring and Cutting Tools Exhibition", attracting 341 companies from nearly 20 provinces across the country to participate. In April, the Group held the "CNC Turning and Measuring Tools Foreign Trade Summit", inviting industry experts such as the president of the tool industry association, managers of renowned enterprises, and official instructors to discuss new opportunities in the trade of tools and measuring instruments, share valuable practical experience, and empower the development of foreign trade.

Additionally, in response to the AI trend, the Group collaborated with the China Federation of Internet Societies (CFIS) to launch the "DeepSeek+AI Empowering the Future" training event, targeting all merchants in the Zhejiang Measuring and Cutting Tools Trading Center. The event aims to help entrepreneurs learn to use AI tools to enhance daily learning and work efficiency, continuously contributing to economic development.

E-commerce Platform

In June 2023, the Group officially launched the cross-border e-commerce brand overseas project for the industrial cluster of measuring and cutting tools. Based on the Zhejiang Measuring and Cutting Tools Trading Centre market and in collaboration with the Municipal Commerce Bureau, we developed a cross-border e-commerce brand for the industrial cluster, established an independent website for the measuring and cutting tools industry belt, created an international portal on the Alibaba platform, and conducted Google advertising and SEO (search engine optimization).

Since the launch of the brand overseas project for the measuring and cutting tools industry until now, we have completed the registration of 11 trademarks in categories 7 and 35 across countries including China, Indonesia, Vietnam, India, and Russia. The independent website has achieved nearly 20 million impressions. One of the brands has garnered over 15,000 overseas social media followers and received more than 900 inquiries.

In the first half of 2025, the Group held a training session on "Taizhou Industrial Belt Core Merchant Operations Strategy (台州產業帶核心商家運營策略)". The training focused on "2025 Taobao Industrial Products Industry Refined Operations (2025淘系工業品行業精細化運營)", covering key areas such as traffic acquisition, store optimization, and customer retention. Combined with industry trends and practical case studies, it provided merchants with actionable operational strategies.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Total revenue increased by approximately 1.7% from approximately RMB33.9 million for the six months ended 30 June 2024 to approximately RMB34.5 million for the six months ended 30 June 2025, mainly driven by an improved the occupancy rate for the six months ended 30 June 2025 as compared to the last period. The revenue from property leasing were at approximately RMB32.2 million and approximately RMB32.6 million for the six months ended 30 June 2024 and 2025, respectively.

Cost of Sales

Cost of sales increased by approximately 15.9% from approximately RMB6.5 million for the six months ended 30 June 2024 to approximately RMB7.5 million for the six months ended 30 June 2025, mainly because an increase in property management fee and repair and maintenances fee.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately 1.7% from approximately RMB27.4 million for the six months ended 30 June 2024 to approximately RMB26.9 million for the six months ended 30 June 2025, mainly because increase in costs of sales. As a results, the gross profit margin decreased from approximately 80.8% for the six months ended 30 June 2024 to approximately 78.2% for the six months ended 30 June 2025.

Valuation Losses on Investment Properties

The valuation losses on investment properties decreased by approximately 37.0% from approximately RMB20.5 million for the six months ended 30 June 2024 to approximately RMB12.9 million for the six months ended 30 June 2025. The valuation of the investment properties declined further due to lower comparable market rents and land use rights terms.

Administrative Expenses

Administrative expenses increased by approximately 8.9% from approximately RMB3.8 million for the six months ended 30 June 2024 to approximately RMB4.2 million for the six months ended 30 June 2025, mainly because an increase in professional fees.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expenses

Income tax expenses changed from credit of approximately RMB0.5 million for the six months ended 30 June 2024 to expense of approximately RMB2.4 million for the six months ended 30 June 2025. Such change was primarily due to decrease in over-provision of current tax in respect of prior years of approximately RMB1.5 million and decrease in deferred tax of approximately RMB1.8 million for the six months ended 30 June 2025 as compared to the last year. The effective tax rate changed from approximately 17.1% for the six months ended 30 June 2024 to approximately 24.4% for the six months ended 30 June 2025. Such change was mainly due to the decrease in over-provision of income tax in respect of prior years.

Profit for the Period and Net Profit Margin

As a result of the foregoing, profit for the period increased by approximately 1.2 times from approximately RMB3.3 million for the six months ended 30 June 2024 to approximately RMB7.4 million for the six months ended 30 June 2025. The Group's net profit margin increased from approximately 9.8% for the six months ended 30 June 2024 to approximately 21.5% for the six months ended 30 June 2025, mainly due to a decrease in valuation losses on investment properties which was partly offset by an increase in income tax for the six months ended 30 June 2025.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's operations are primarily financed by cash generated from operating activities and bank borrowings. As at 31 December 2024 and 30 June 2025, the Group had cash and cash equivalents of approximately RMB86.4 million and RMB46.4 million, respectively. The decrease in cash and cash equivalents is mainly attributable to payment of income tax, purchase of land use right and dividend of approximately RMB5.4 million, approximately RMB10.5 million and approximately RMB18.4 million, respectively, during the six months ended 30 June 2025.

Funding and Treasury Policy

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 of the Group is low. For the six months ended 30 June 2025, the Group did not use any financial instrument for hedging the foreign currency risk.

Bank Loans and Charge on Assets

As at 30 June 2025, the Group have a short-term bank loan of approximately RMB9.5 million (31 December 2024: Nil) at effective interest rate of 3.3% (31 December 2024: Nil).

As at 30 June 2025, certain general banking facilities of RMB233.0 million (31 December 2024: RMB233.0 million) were secured by the investment properties of approximately RMB233.7 million (31 December 2024: RMB233.7 million).

Gearing Ratio

The gearing ratio increased from nil as at 31 December 2024 to 1.2% as at 30 June 2025, such increase was a result of an increase in bank loans of approximately RMB9.5 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 six months ended 30 June 2025, the capital expenditure of the Group was approximately RMB14.4 million (30 June 2024: approximately RMB0.6 million). The increase in the capital expenditure incurred for the six months ended 30 June 2025 was primarily due to payment for purchase of land use right and other decoration works.

Capital Commitments

As at 30 June 2025, the capital commitments of the Group in respect of investment properties amounted to approximately RMB0.8 million (31 December 2024: approximately RMB1.0 million). In addition, the Group have authorised but no contracted for construction of a new industrial park with an amounts of approximately RMB341.6 million as at 30 June 2025 (31 December 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As at 30 June 2025, the contingent liabilities of the Group amounted to approximately RMB85.5 million (31 December 2024: RMB91.5 million) in relation to the mortgage loan guarantees provided by the Group to the banks in favour of its customers. The Group provides mortgage loan guarantees to banks in favour of its customers for security to the mortgage loans granted, and the property ownership certificates of the respective properties were pledged for such mortgage loans and will be released upon satisfaction of conditions. 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 contingent liabilities has been recognised at the inception of the guarantee contracts as at 30 June 2025 and 31 December 2024.

SIGNIFICANT INVESTMENTS HELD, AND MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not hold any significant investments and did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the paragraphed “Outlook” in this report, as at 30 June 2025, the Group did not have any immediate plans for material investments and capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2025, the Group had a total of 38 employees (31 December 2024: 39 employees). For the six months ended 30 June 2025, the Group incurred total staff costs of approximately RMB2.1 million (30 June 2024: RMB2.2 million), representing an decrease of approximately 4.5% as compared with those for the six months ended 30 June 2024.

The Group believes that its employees are one of the most valuable assets and have greatly contributed to its success. The Group provides training to its employees to enhance their business efficiency and conducts yearly reviews of their performance. The Group believes that these initiatives have contributed to stronger work incentives among the employees. The salaries of the Group's 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 (the “**Global Offering**”) on 30 December 2020 (the “**Listing Date**”). The net proceeds from the Company's issue of a total of 20,000,000 new H Shares in the Global Offering, at a final offer price of HK\$6.25 per H Share, amounted to approximately HK\$61.9 million (after deducting underwriting commissions and related listing expenses which amounted to approximately RMB52.1 million). For the period from the Listing Date to 30 June 2025, the Company had utilised net proceeds from the Global Offering amounting to approximately RMB43.1 million. The Company intends to use the remaining net proceeds in the same manner and proportion as set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 11 December 2020 (the “**Prospectus**”).

MANAGEMENT DISCUSSION AND ANALYSIS

During the period from the Listing Date and up to 30 June 2025, the Group has applied the net proceeds as follows:

Usage		Budgeted amount as set out in the Prospectus	Proceeds brought forward from 31 December 2024	Usage during the six months ended 30 June 2025	Remaining balance as at 30 June 2025	Expected timeline of full utilisation of the balance
		%	RMB'000	RMB'000	RMB'000	
- Finance partly the costs and expenses for the establishment and construction of the Science and Technology Innovation Park	70.0	36,441	-	-	-	-
- Finance further development of the Third Floor, including refurbishment and renovation of the Third Floor	20.0	10,412	8,952	-	8,952	December 2025
- General working capital and other general corporate purposes	10.0	5,205	-	-	-	-
	100.0	52,058	8,952	-	8,952	

As at 30 June 2025, the unused balance of the net proceeds from the Global Offering of approximately RMB9.0 million was placed into short-term demand. It is expected that timeline of utilisation of the remaining balance for financing further development of the Third Floor, including refurbishment and renovation of the Third Floor would be utilised by December 2025.

Save as disclosed above, as at the date of this report, the Company does not anticipate any change to its plan on the use of proceeds.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE CAPITAL

The share capital structure of the Company as at 30 June 2025 is set out as follows:

Class of shares	Number of shares	Proportion (%)
Domestic Shares	60,000,000	75.00
H Shares	20,000,000	25.00
Total	80,000,000	100.00

OUTLOOK

Looking ahead, with continued national policy support, ongoing technological innovation, and the diversified development of downstream demand, China's measuring and cutting tools industry will accelerate its transformation toward high-end, intelligent, and green directions. The process of domestic substitution will further speed up, and the industry is expected to usher in a new phase of high-quality development.

Moving forward, the Group will continue to accelerate its transformation and upgrading from a traditional market to an innovative, hub-based, and international market. The Zhejiang Measuring and Cutting Tools Trading Center aims to build a world-class service platform, establishing a one-stop system for logistics, property management, e-commerce, value-added services, and investment management. It will continue to advance the second and third phases of the Science and Technology Innovation Park, integrate resources to upgrade supporting services, acquire high-quality enterprises, and transform into a comprehensive service provider for manufacturing and scientific research. Additionally, it will deepen digital empowerment by introducing AI and blockchain to enhance transaction efficiency and transparency.

Through the acquisition of land use rights, the Group currently intends to develop and construct the Wenling City Shanhaitianqiao (山海天嶠) construction project, aligning with the development strategy of the Group's property development business. Subject to the final approval by the relevant government authority, it is expected that the land will be developed into 2 commercial office buildings with 11 and 14 storeys each and 1 commercial building with 4 storeys. The Acquisition will significantly enhance the Group's market position in the overall measuring and cutting tools industry and the Group's ability to broaden its industrial park operation services and expand its property leasing business, positively promoting sustainable development of the Group in the future. The construction cost for developing the land is estimated to be RMB265.0 million and is expected to be funded by the internal resources of the Group and/or financing.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (2024: Nil).

DIRECTORS' AND SUPERVISORS' COMPETING INTERESTS

None of the controlling Shareholders, Directors and supervisors of the Company (the **"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 Directors recognise the importance of incorporating elements of good corporate governance in the management structure and internal control procedures of the Group so as to achieve effective accountability. The Company is committed to maintaining high standards of corporate governance and protect the interests of the Shareholders in an open manner.

The Board comprises two executive Directors, three non-executive Directors and three independent non-executive Directors. The Board has adopted the code provisions (the **"Code Provisions"**) of the Corporate Governance Code (**"CG Code"**) set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the **"Listing Rules"**). Throughout the six months ended 30 June 2025 and up to the date of this report, the Company has fully complied with the Code Provisions, except for the following deviation.

Pursuant to Code Provisions C.2.1, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. During 1 January 2025 to 14 April 2025, Mr. Pan Haihong (**"Mr. Pan"**), assumed the roles of chief executive officer of the Company and the chairman of the Board. As a result, the Company did not have a separate chairman and chief executive officer and Mr. Pan assumed both roles. After Mr. Pan's resignation as an executive Director, chief executive officer of the Company and the chairman of the Board on 14 April 2025, Mr. Jin Guoxin was appointed as non-executive Director and the chairman of the Board and Mr. Chen Xiangbiao was appointed as executive Director and chief executive office on 6 June 2025. Accordingly, the Company has complied the requirement under the Code Provisions C.2.1.

OTHER INFORMATION

Pursuant to the Rule 3.05 of the Listing Rules, the Company should appointed two authorised representatives. As Mr. Pan Haihong resigned as executive Director and authorised representatives on 14 April 2025, the Company have only one authorised representative. On 15 April 2025, Mr. Wang Wenming (“**Mr. Wang**”), an executive Director, has been appointed as an authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules. Following the appointment of Mr. Wang, two authorised representatives under Rule 3.05 of the Listing Rules have been appointed. Accordingly, the Company has complied with the requirement under Rule 3.05 of the Listing Rules.

Save as disclosed above, the Company strictly complied with the CG Code for the six months ended 30 June 2025. The Directors will review the corporate governance policies and compliance with the CG Code each financial year.

CHANGE IN DIRECTOR'S INFORMATION

With effect from 4 June 2025, the Directors have changed as follows:

- (1) Mr. Jin Guoxin was appointed as non-executive Director, the chairman of the Board and a chairman of the nomination committee of the Company (the “**Nomination Committee**”);
- (2) Mr. Chen Xiangbiao was appointed as executive Director, chief executive office of the Company and a member of the remuneration committee of the Company (the “**Remuneration Committee**”);
- (3) Mr. Guo Jun was appointed as executive Director and vice-general manager of the Company;
- (4) Ms. Xu Chunhui was pointed as independent non-executive Director and a member of each of the Remuneration Committee and the Nomination Committee;
- (5) Ms. He Liyun ceased to be a member of the Nomination Committee; and
- (6) Mr. Wong Ka Wai ceased to be a member of the Remuneration Committee.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, none of the Directors, Supervisors or the chief executives of the Company has any interests or short positions in any Shares, underlying shares of the Company (the “**Shares**”) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”)), which will be required: (i) to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register required to be kept therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of SFO and based on the information available were as follows:

Name of Shareholders	Capacity/Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Approximate percentage of shareholding in total share capital of the Company (Note 3)
Wenling City Market Group Company Limited* (溫嶺市市場集團有限公司) ("Market Group")	Beneficial owner (Notes 4 & 5)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Qiaoling Investment Development Company Limited* (溫嶺市嶠嶺投資發展有限公司) ("Qiaoling Investment")	Beneficial owner (Note 6)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Wengqiao Town People's Government* (溫嶺市溫嶠鎮人民政府) ("Wengqiao Town People's Government")	Interest in controlled corporation (Notes 4 & 6)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Maowei Investment Company Limited* (溫嶺市茅威投資有限公司) ("Maowei Investment")	Beneficial owner (Note 7)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Wengqiao Town Maoyang Village Share Economic Cooperative* (溫嶺市溫嶠鎮茅洋村股份經濟合作社) ("Maoyang Village Share Economic Cooperative")	Interest in controlled corporation (Note 7)	58,200,000 Domestic Shares (L)	97.00%	72.75%

OTHER INFORMATION

Name of Shareholders	Capacity/Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Approximate percentage of shareholding in total share capital of the Company (Note 3)
Wenling City Wengqiao Town Maoyang Village Villagers Committee* (溫嶺市溫嶠鎮茅洋村村民委員會) ("Maoyang Village Committee")	Interest in controlled corporation (Notes 4 & 7)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Qianyang Investment Company Limited* (溫嶺市前洋投資有限公司) ("Qianyang Investment")	Beneficial owner (Note 8)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Wengqiao Town Qianyangxia Village Share Economic Cooperative* (溫嶺市溫嶠鎮前洋下村股份經濟合作社) ("Qianyangxia Village Share Economic Cooperative")	Interest in controlled corporation (Note 8)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Wengqiao Town Qianyangxia Village Villagers Committee* (溫嶺市溫嶠鎮前洋下村村民委員會) ("Qianyangxia Village Committee")	Interest in controlled corporation (Notes 4 & 8)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Shangyu Investment Company Limited* (溫嶺市上宇投資有限公司) ("Shangyu Investment")	Beneficial owner (Note 9)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Wengqiao Town Shangjie Village Share Economic Cooperative* (溫嶺市溫嶠鎮上街股份經濟合作社) ("Shangjie Village Share Economic Cooperative")	Interest in controlled corporation (Note 9)	58,200,000 Domestic Shares (L)	97.00%	72.75%

OTHER INFORMATION

Name of Shareholders	Capacity/Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Approximate percentage of shareholding in total share capital of the Company (Note 3)
Wenling City Wengqiao Town Shangjie Village Villagers Committee* (溫嶺市溫嶠鎮上街村民委員會) ("Shangjie Village Committee")	Interest in controlled corporation (Note 6)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Zhongjie Hede Investment Company Limited* (溫嶺市中街和德投資有限公司) ("Zhongjie Hede Investment")	Beneficial owner (Note 10)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Wengqiao Town Zhongjie Village Share Economic Cooperative* (溫嶺市溫嶠鎮中街村股份經濟合作社) ("Zhongjie Village Share Economic Cooperative")	Interest in controlled corporation (Note 10)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Wengqiao Town Zhongjie Village Villagers Committee* (溫嶺市溫嶠鎮中街村村民委員會) ("Zhongjie Village Committee")	Interest in controlled corporation (Notes 4 & 10)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Botao Investment Company Limited* (溫嶺市博濤投資有限公司) ("Botao Investment")	Beneficial owner (Note 11)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Wengqiao Town Xuzhai Village Share Economic Cooperative* (溫嶺市溫嶠鎮許宅村股份經濟合作社) ("Xuzhai Village Share Economic Cooperative")	Interest in controlled corporation (Note 11)	58,200,000 Domestic Shares (L)	97.00%	72.75%

OTHER INFORMATION

Name of Shareholders	Capacity/Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Approximate percentage of shareholding in total share capital of the Company (Note 3)
Wenling City Wenqiao Town Xuzhai Village Villagers Committee* (溫嶺市溫嶠鎮許宅村村民委員會) ("Xuzhai Village Committee")	Interest in controlled corporation (Notes 4 & 11)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Zhang Laoqiao Investment Company Limited* (溫嶺市張老橋投資有限公司) ("Zhang Laoqiao Investment")	Beneficial owner (Note 12)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Wenqiao Town Zhang Laoqiao Village Share Economic Cooperative* (溫嶺市溫嶠鎮張老橋村股份經濟合作社) ("Zhang Laoqiao Village Share Economic Cooperative")	Interest in controlled corporation (Note 12)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Wenling City Wenqiao Town Zhang Laoqiao Village Villagers Committee* (溫嶺市溫嶠鎮張老橋村村民委員會) ("Zhang Laoqiao Village Committee")	Interest in controlled corporation (Notes 4 & 12)	58,200,000 Domestic Shares (L)	97.00%	72.75%
Jiaxing Yuantai Equity Investment Partnership (Limited Partnership)* (嘉興元泰股權投資合夥企業(有限合夥))	Interest in controlled corporation (Note 13)	5,980,000 H Shares (L)	29.90%	7.48%
Hongkong Regan Investment Center Co., Limited* (香港雷根投資中心有限公司)	Beneficial owner (Note 13)	5,980,000 H Shares (L)	29.90%	7.48%
Zhejiang QJmotor Co., Ltd. (浙江錢江摩托股份有限公司)	Beneficial owner	3,275,813 H Shares (L)	16.38%	4.09%

OTHER INFORMATION

Name of Shareholders	Capacity/Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Approximate percentage of shareholding in total share capital of the Company (Note 3)
Wanbangde (Hangzhou) Investment and Management Co., Ltd. (萬邦德(杭州)投資管理有限公司)	Beneficial owner	1,605,151 H Shares (L)	8.03%	2.01%
Wenling Longxi Corporate Management Centre (Limited Partnership) (溫嶺龍溪企業管理中心(有限合夥))	Interest in controlled corporation (Note 14)	1,266,000 H Shares (L)	6.33%	1.58%
Shimge Pump Industry (Zhejiang) Co., Ltd. (新界泵業(浙江)有限公司)	Interest in controlled corporation (Note 14)	1,266,000 H Shares (L)	6.33%	1.58%
Shimge (HongKong) Co., Limited (新界泵業(香港)有限公司)	Beneficial owner (Note 14)	1,266,000 H Shares (L)	6.33%	1.58%
Zhejiang Zomax Transmission Co., Ltd. (浙江中馬傳動股份有限公司)	Beneficial owner	1,097,395 H Shares (L)	5.49%	1.37%
Han Yi (韓軼)	Beneficial owner	1,024,500 H Shares (L)	5.12%	1.28%

Notes:

1. The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares or H Shares.
2. The calculation is based on the percentage of shareholding in the relevant class of Shares.
3. The calculation is based on the total number of 80,000,000 Shares in issue comprising 60,000,000 Domestic Shares and 20,000,000 H Shares as at 30 June 2025.

OTHER INFORMATION

4. Pursuant to the Concert Party Agreement and Concert Party Supplemental Agreement, details of which are set out in paragraph headed “History, Development and Reorganisation – Concert Party Arrangement” of the Prospectus, immediately following completion of the Global Offering, Market Development Service Centre, Wenqiao Town People’s Government, Qianyangxia Village Committee, Maoyang Village Committee, Zhongjie Village Committee, Shangjie Village Committee, Xuzhai Village Committee and Zhang Laoqiao Village Committee are acting in concert with one another and each of them is deemed to exercise or control the exercise of 72.75% of the voting power at general meetings of the Company, and is therefore deemed to be interested under the SFO.
5. Wenling State Owned Assets Investment holds the entire equity interest of Market Group. Therefore, under the SFO, Wenling State Owned Assets Investment is deemed or taken to be interested in all the Shares which are beneficially owned by Market Group.
6. Wenqiao Town People’s Government holds the entire equity interest of Qiaoling Investment. Therefore, under the SFO, Wenqiao Town People’s Government is deemed or taken to be interested in all the Shares which are beneficially owned by Qiaoling Investment.
7. Maoyang Village Committee holds the entire equity interest of Maoyang Village Share Economic Cooperative which holds the entire equity interests of Maowei Investment. Therefore, under the SFO, each of Maoyang Village Committee and Maoyang Village Share Economic Cooperative is deemed or taken to be interested in all the Shares which are beneficially owned by Maowei Investment.
8. Qianyangxia Village Committee holds the entire equity interest of Qianyangxia Village Share Economic Cooperative which holds the entire equity interests of Qianyang Investment. Therefore, under the SFO, each of Qianyangxia Village Committee and Qianyangxia Village Share Economic Cooperative is deemed or taken to be interested in all the Shares which are beneficially owned by Qianyang Investment.
9. Shangjie Village Committee holds the entire equity interest of Shangjie Village Share Economic Cooperative which holds the entire equity interests of Shangyu Investment. Therefore, under the SFO, each of Shangjie Village Committee and Shangjie Village Share Economic Cooperative is deemed or taken to be interested in all the Shares which are beneficially owned by Shangyu Investment.
10. Zhongjie Village Committee holds the entire equity interest of Zhongjie Village Share Economic Cooperative, which holds the entire equity interests of Zhongjie Hede Investment. Therefore, under the SFO, each of Zhongjie Village Committee and Zhongjie Village Share Economic Cooperative is deemed or taken to be interested in all the Shares which are beneficially owned by Zhongjie Hede Investment.
11. Xuzhai Village Committee holds the entire equity interest of Xuzhai Village Share Economic Cooperative which holds the entire equity interests of Botao Investment. Therefore, under the SFO, each of Xuzhai Village Committee and Xuzhai Village Share Economic Cooperative is deemed or taken to be interested in all the Shares which are beneficially owned by Botao Investment.

OTHER INFORMATION

12. Zhang Laoqiao Village Committee holds the entire equity interest of Zhang Laoqiao Village Share Economic Cooperative which holds the entire equity interests of Zhang Laoqiao Investment. Therefore, under the SFO, each of Zhang Laoqiao Village Committee and Zhang Laoqiao Village Share Economic Cooperative is deemed or taken to be interested in all the Shares which are beneficially owned by Zhang Laoqiao Investment.
13. Jiaxing Yuntai Equity Investment Partnership (Limited Partnership) holds the entire equity interest of Hongkong Regan Investment Center Co., Limited. Therefore, under the SFO, Jiaxing Yuntai Equity Investment Partnership (Limited Partnership) is deemed or taken to be interested in all the Shares which are beneficially owned by Hongkong Regan Investment Center Co., Limited.
14. Wenling Longxi Corporate Management Centre (Limited Partnership) holds 40% equity interest of Shimge Pump Industry (Zhejiang) Co., Ltd. which holds the entire equity interest of Shimge (Hong Kong) Co., Limited. Therefore, under the SFO, each of Wenling Longxi Corporate Management Centre (Limited Partnership) and Shimge Pump Industry (Zhejiang) Co., Ltd. is deemed or taken to be interested in all the Shares which are beneficially owned by Shimge (HongKong) Co., Limited.

Save as disclosed above, as at the date of this report, no person had interest or short position in the Shares or underlying Shares of the Company which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025 and up to the date of this report, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company including sale of treasury shares (as defined under the Listing Rules). As at 30 June 2025, the Company did not hold any treasury shares.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 throughout the six months ended 30 June 2025 and up to the date of this report.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed above, there is no material event subsequent to 30 June 2025 which would materially affect the Group's operating and financial performance as at the date of this report.

OTHER INFORMATION

SUBSEQUENT EVENT

(a) Acquisition of land use right

In June 2025, the Group entered into an agreement with the Wenling City Natural Resources and Planning Bureau* (溫嶺市自然資源和規劃局), pursuant to which the Group agreed to acquire a land use right for a consideration of approximately RMB52.1 million, of which approximately RMB10.5 million was prepaid on 1 June 2025, the remaining consideration of RMB41.6 million had been paid on 4 July 2025.

(b) A new loan

On 4 July 2025, the Group obtained a long-term bank loan of RMB10.0 million with an annual interest rate of 2.9% valid from 7 July 2025 to 31 October 2026, which was pledged by the Group's investment property with the carrying amount of RMB75,940,000.

AUDIT COMMITTEE

The audit committee of the Company has reviewed together with the management 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 interim results of the Group for the six months ended 30 June 2025.

By order of the Board

Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited

JIN Guoxin

Chairman

Wenling City, the PRC, 22 August 2025

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
Revenue	4	34,461	33,887
Cost of services		(7,527)	(6,494)
Gross profit		26,934	27,393
Valuation losses on investment properties	9	(12,895)	(20,465)
Other net income	5	288	38
Selling and marketing expenses		(318)	(236)
Administrative expenses		(4,181)	(3,839)
Profit from operations		9,828	2,891
Finance costs		(3)	–
Share of losses of associates	10	(9)	(67)
Profit before taxation	6	9,816	2,824
Income tax	7	(2,399)	483
Profit for the period		7,417	3,307
Other comprehensive income for the period		–	–
Total comprehensive income for the period		7,417	3,307
Earnings per share	8		
Basic and diluted (RMB)		0.09	0.04

The notes on pages 33 to 48 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 19.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Investment properties	9	995,000	1,009,000
Property, plant and equipment		7,583	7,146
Lease prepayments		479	490
Interest in associates	10	6,794	6,803
Other non-current assets	11	15,773	5,464
Total non-current assets		1,025,629	1,028,903
Current assets			
Amounts due from associate		735	186
Trade receivables	12	3,990	176
Other receivables and prepayments	12	528	419
Income tax prepaid	13	119	106
Cash and cash equivalents	14	46,385	86,386
Total current assets		51,757	87,273
Current liabilities			
Short-term loans	15	9,503	–
Other payables and accruals	16	18,269	24,752
Contract liabilities	17	557	2,067
Receipts-in-advance, current	18	28,700	52,156
Current taxation		7,406	8,697
Total current liabilities		64,435	87,672

The notes on pages 33 to 48 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Net current liabilities		(12,678)	(399)
Total assets less current liabilities		1,012,951	1,028,504
Non-current liabilities			
Receipts-in-advance, non-current	18	47,077	49,599
Other long-term payables		3,916	3,786
Deferred tax liabilities		171,132	173,310
Total non-current liabilities		222,125	226,695
Net assets		790,826	801,809
Capital and reserves			
Share capital		80,000	80,000
Reserves		710,826	721,809
Total equity		790,826	801,809

Approved and authorised for issue by the board of directors on 22 August 2025.

Chen Xiangbiao
Director

Xu Yi
Director

The notes on pages 33 to 48 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025 – unaudited

(Expressed in Renminbi)

	Note	Share capital RMB'000	Capital reserve RMB'000	PRC Statutory reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2024		80,000	67,565	17,468	640,106	805,139
Profit for the period		–	–	–	3,307	3,307
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	3,307	3,307
Dividends approved in respect of the previous years	19	–	–	–	(18,400)	(18,400)
Balance at 30 June 2024 and 1 July 2024		80,000	67,565	17,468	625,013	790,046
Changes in equity for the six months ended 31 December 2024:						
Profit for the period		–	–	–	11,763	11,763
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	11,763	11,763
Appropriation for PRC statutory reserve		–	–	2,706	(2,706)	–
Balance at 31 December 2024		80,000	67,565	20,174	634,070	801,809
Balance at 1 January 2025		80,000	67,565	20,174	634,070	801,809
Changes in equity for the six months ended 30 June 2025:						
Profit for the period		–	–	–	7,417	7,417
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	7,417	7,417
Dividends approved in respect of the previous years	19	–	–	–	(18,400)	(18,400)
Balance at 30 June 2025		80,000	67,565	20,174	623,087	790,826

The notes on pages 33 to 48 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Operating activities			
Cash used in operations		(10,700)	(3,308)
PRC Corporate Income Tax ("CIT") paid		(5,350)	(8,128)
PRC Land Appreciation Tax ("LAT") paid		(744)	–
Net cash used in operating activities		(16,794)	(11,436)
Investing activities			
Payment for the purchase of property, plant and equipment and intangible assets		(855)	(306)
Payment for purchase of land use right		(10,450)	–
Payment for purchase of investment properties		(3,087)	(253)
Other cash flows arising from investing activities		40	69
Net cash used in investing activities		(14,352)	(490)
Financing activities			
Proceeds from borrowings		9,500	–
Payment of dividends		(18,355)	(18,487)
Net cash used in financing activities		(8,855)	(18,487)
Net decrease in cash and cash equivalents		(40,001)	(30,413)
Cash and cash equivalents at 1 January		86,386	74,437
Cash and cash equivalents at 30 June	14	46,385	44,024

The notes on pages 33 to 48 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

1 CORPORATE INFORMATION

Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited (温岭浙江工量刀具交易中心股份有限公司, “the Company”) 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, and was converted into a joint stock limited liability company on 3 May 2018. The Company completed its initial public offering and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on 30 December 2020.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 22 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements.

Details of any changes in accounting policies are set out in Note 3.

The interim financial report has been prepared assuming the Group will continue as a going concern notwithstanding the fact that the Group had net current liabilities of RMB12,678,000 as at 30 June 2025. As at 30 June 2025, the Group had banking facilities of RMB233,000,000 from third-party banks, of which the unutilized amount was RMB223,500,000. 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 July 2025 to 30 June 2026, 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 an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

2 BASIS OF PREPARATION (Continued)

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial report prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2024 are available from the Company's registered office. The independent auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2025.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchanges rates – Lack of exchangeability* issued by the HKICPA to this in this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

4 REVENUE

Disaggregation of revenue

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

		Six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15			
– Others	(ii)	1,850	1,644
		1,850	1,644
Revenue from other sources			
– Property leasing	(i)	32,611	32,243
Total		34,461	33,887

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

4 REVENUE (Continued)

Disaggregation of revenue (Continued)

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
- Overtime		
Others	1,850	1,644

- (i) The Group's revenue mainly from property leasing.
- (ii) Others mainly represent revenue for provision of property management services and is recognized over time in accordance with HKFRS 15, Revenue from Contracts with Customers.

For the six months ended 30 June 2025 and 2024, nil customer has exceeded 10% of the Group's revenue.

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

4 REVENUE (Continued)

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

The transaction price allocated to the remaining performance obligations (unsatisfied) as at 30 June 2025 and the expected timing of recognizing revenue are as follows:

	Property management services RMB'000
Within one year	557

5 OTHER NET INCOME

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Note		
Interest income from bank deposits	40	69
Government grants	200	—
Net exchange gain/(loss)	45	(87)
Others	3	56
Total	288	38

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Other items

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Depreciation and amortisation	359	274

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current tax		
– PRC CIT	4,844	4,899
– Over-provision in respect of prior years	(55)	(1,478)
– PRC LAT	–	383
Deferred tax		
– PRC CIT	(2,390)	(4,191)
– PRC LAT	–	(96)
	2,399	(483)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

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

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Profit before taxation		9,816	2,824
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	(i)	2,454	706
Over-provision in respect of prior years		(55)	(1,478)
Tax effect of non-deductible expenses		—	2
LAT		—	383
Tax effect of LAT		—	(96)
Actual tax expense		2,399	(483)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2025 attributable to ordinary equity shareholders of the parent of RMB7,417,000 (six months ended 30 June 2024: RMB3,307,000) and the weighted average of 80,000,000 ordinary shares in issue during the six months ended 30 June 2025 (six months ended 30 June 2024: 80,000,000 shares).

(b) Diluted earnings per share

The Company did not have any potential ordinary shares outstanding during the six months ended 30 June 2025. Diluted earnings per share are equal to basic earnings per share.

9 INVESTMENT PROPERTIES

The valuations of investment properties were updated at 30 June 2025 by the same independent valuer of the Group using the same valuation techniques when carrying out the valuation as at 31 December 2024.

As a result of the update, a net fair value loss of RMB12,895,000 (six months ended 30 June 2024: RMB20,465,000), and deferred tax thereon of RMB3,224,000 (six months ended 30 June 2024: RMB5,116,000), has been recognised in profit or loss for the period in respect of investment properties.

10 INTEREST IN ASSOCIATES

During the six months ended 30 June 2025, the share of losses of associates amounted to RMB9,000 (six months ended 30 June 2024: RMB67,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

11 OTHER NON-CURRENT ASSETS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Prepayment for purchase of land use right	10,450	–
Prepaid business tax	2,405	2,546
Property maintenance funds	2,582	2,582
Others	336	336
	15,773	5,464

In June 2025, the Group entered into an agreement with the Wenling City Natural Resources and Planning Bureau* (溫嶺市自然資源和規劃局), pursuant to which the Group agreed to acquire a land use right for a consideration of RMB52,060,000, of which RMB10,450,000 was prepaid to 1 June 2025.

12 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade receivables from related parties	3,544	–
Trade receivables from third parties	311	45
Prepayments for service	246	137
Prepaid business tax	282	282
Payments on behalf of the third parties	113	100
Others	22	31
	4,518	595

All of the trade receivables, other receivables and prepayments are expected to be recovered or recognised as expenses within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

12 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year	3,855	45

13 INCOME TAX PREPAID

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Income tax prepaid	119	106

14 CASH AND CASH EQUIVALENTS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Cash in hand	36	79
Cash at banks	46,349	86,307
	46,385	86,386

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

15 SHORT-TERM LOANS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Short-term loans, pledged	9,503	–

In January 2024, the Group obtained a banking facility of RMB233,000,000 valid from 18 January 2024 to 18 January 2034 from a third-party bank, which was pledged by an investment property with a carrying value of RMB233,690,000 as of 30 June 2025. In June 2025, the Group obtained a short-term loan of RMB9,500,000 from 26 June 2025 to 26 June 2026 under the facility. As of 30 June 2025, the Group had an outstanding loan of RMB9,503,000 under this banking facility with an effective interest rate of 3.3% per annum.

16 OTHER PAYABLES AND ACCRUALS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Payable for purchase of property, plant and equipment and investment properties	3,466	7,638
Accrued payroll	734	949
Other taxes payable	5,227	6,114
Deposits	7,141	6,929
Payable for professional fees	639	1,649
Payable for property management fees and utilities	495	877
Others	567	596
	18,269	24,752

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(Expressed in thousands of Renminbi, except share data, or otherwise noted)

17 CONTRACT LIABILITIES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Property management services	557	2,067

For property management services, the Group recognises revenue as the services are provided and recognises to which the Group has a right to invoice.

Movements in contract liabilities during the period are as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
At the beginning of the period/year	2,067	1,472
Decrease in contract liabilities as a result of recognising revenue during the period/year that was included in the contract liabilities at the beginning of the period/year	(2,067)	(1,472)
Increase in contract liabilities as a result of receipts in advances of provision of property management services	557	2,067
At the end of the period/year	557	2,067

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

18 RECEIPTS-IN-ADVANCE

As at 30 June 2025, receipts-in-advance mainly represents property leasing fees prepaid by tenants. The receipts-in-advance that are expected to be recorded as revenue within one year of the balance sheet date are recorded as current liability, and receipts-in-advance that are expected to be recorded as revenue beyond one year of the balance sheet date are recorded as non-current liability.

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
At the beginning of the period/year	101,755	116,339
Carry-over to revenue for the period/year	(31,649)	(64,279)
Receipts during the period/year	5,671	59,201
Deposits transfer to other payables	—	(9,506)
At the end of the period/year	75,777	101,755

Reconciliation to the consolidated statements of financial position:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Receipts-in-advance, current	28,700	52,156
Receipts-in-advance, non-current	47,077	49,599
	75,777	101,755

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

19 DIVIDENDS

(a) Dividends payable to equity shareholders attributable to the interim period

The directors do not recommend any interim dividend in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

(b) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB0.23 per share (six months ended 30 June 2024: RMB0.23)	18,400	18,400

20 COMMITMENTS

Capital commitments outstanding at 30 June 2025 not provided for in the interim financial report

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Contracted for	824	1,007
Authorised but not contracted for	331,700	–
	332,524	1,007

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

21 CONTINGENT LIABILITIES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Mortgage loan guarantees provided by the Group to banks in favour of its customers	85,468	91,531

The Group provides mortgage loan guarantees to banks in favour of its customers for security to the mortgage loans granted, and the property ownership certificates of the respective properties were still pledged for such mortgage loans and will be released upon certain conditions are satisfied. 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 by the purchasers of the Group's properties is remote.

Accordingly, no value has been recognised at the inception of the guaranteed contracts as at 30 June 2025 and 31 December 2024.

22 MATERIAL RELATED PARTY TRANSACTIONS

In January 2023, the Group (as landlord) and Wenling City Qiaoling Investment Development Company Limited (as tenant), who holds approximately 14.48% of the issued share capital of the Company, entered into the factory premise and dormitories lease agreement with a lease term commencing from 1 January 2023 to 31 December 2025 and an annual lease payment of RMB6,430,000. As at 30 June 2025, the amount due from related party in respect of the lease arrangement was RMB3,544,000.

In November 2023, the Group (as landlord) and its associate Wenling Gonglian Tooling Technology Service Co., Ltd. (as tenant), entered into the factory premise and dormitories lease agreement with a lease term commencing from 17 November 2023 to 16 November 2027 and an annual lease payment of RMB1,114,000. As at 30 June 2025, the amount due from related party in respect of the lease arrangement was RMB735,000.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, except share data, or otherwise noted)

23 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of land use right

As described in Note 11 above regarding the purchase of land use rights, the remaining consideration of RMB41,610,000 had been paid on 4 July 2025.

(b) Obtaining loan

On 4 July 2025, the Group obtained a long-term bank loan of RMB10,000,000 with an annual interest rate of 2.9% valid from 7 July 2025 to 31 October 2026 from a third-party bank, which was pledged by the Group's investment property with the carrying amount of RMB75,940,000.