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## **Zhejiang Cangnan Instrument Group Company Limited** **浙江蒼南儀錶集團股份有限公司**

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

**(Stock code: 1743)**

### **HIGH CONCENTRATION OF SHAREHOLDING**

This announcement is made at the request of the Stock Exchange in respect of the concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 24 February 2020.

**In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the H shares of the Company (the “H Shares”) could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the H Shares.**

This announcement is made by Zhejiang Cangnan Instrument Group Company Limited (the “**Company**”) at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the concentration of the shareholding of the Company in the hands of a limited number of shareholders of the Company (the “**Shareholders**”) as at 24 February 2020.

### **HIGH CONCENTRATION OF SHAREHOLDING**

The Company noted that an announcement has been published by the Securities and Futures Commission (the “**SFC**”) on 4 March 2020 (the “**SFC Announcement**”).

As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. The SFC’s findings suggested that as at 24 February 2020, a cornerstone investor held 4,923,800 H Shares, representing 27.51% of the issued H Shares. Such shareholding, together with 11,711,600 H Shares (representing 65.42% of the issued H Shares) held by 19 shareholders (the “**19 Shareholders**”), represented 92.93% of the issued H Shares as at 24 February 2020. Therefore, only 1,265,767 H Shares (representing 7.07% of the issued H Shares) were in the hands of other investors as at 24 February 2020.

As set out in the SFC Announcement, the shareholding structure of the Company as at 24 February 2020 was as follows (*Note 1*):

	<b>Number of H Shares held (shares)</b>	<b>% of total number of issued H Shares (%)</b>
ZS Capital Fund SPC (on behalf of ZS Investment Fund SP) ( <i>Note 2</i> )	4,923,800	27.51
A group of 19 shareholders	11,711,600	65.42
Other shareholders	1,265,767	7.07
<b>Total</b>	<b>17,901,167</b>	<b>100.00</b>

*Note 1:* Other than the H Shares, the Company has 51,890,000 domestic shares in issue.

*Note 2:* ZS Capital Fund SPC (on behalf of ZS Investment Fund SP) is a cornerstone investor in the initial public offer of the H Shares of the Company. Mr. Deping Xi is deemed to be interested in the equity interests held by ZS Capital Fund SPC on behalf of ZS Investment Fund SP, due to the fact that Mr. Deping Xi holds all the shares in ZS Capital Fund SPC.

As stated in the SFC Announcement:

- (a). The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 4 January 2019 by way of placing and public offer of a total of 17,901,167 H Shares (after over-allotment) at HK\$15.80 per H Share (the “**Initial Offer Price**”)
- (b). Between 4 January 2019 and 31 December 2019, the H Shares closed at the range of HK\$13.30 to HK\$17.20
- (c). During the period from 2 January 2020 to 24 February 2020, the closing price of the H Shares increased 143% from HK\$16.74 on 31 December 2019 to HK\$40.65 on 24 February 2020
- (d). On 24 February 2020, the Company issued a profit warning expecting a decrease in the net profit for the financial year ended 31 December 2019 by approximately 25% to 35% as compared to the financial year of 2018
- (e). As at 3 March 2020, the H Shares of the Company closed at HK\$43.2, representing an increase of 173% from the Initial Offer Price

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to clarify that the above information is extracted from the SFC Announcement and the Board has not independently verified such information. Accordingly, the Board is not in a position to comment on the accuracy of the above information except for (i) the shareholding of ZS Capital Fund SPC (on behalf of ZS Investment Fund SP) in the Company is based on the latest available disclosure of interests notices filed pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and (ii) the information set out in paragraphs (a) to (e) above. Please refer to the SFC Announcement for further details.

As at the date of this announcement, the Company has not been informed of the identity of the group of the 19 Shareholders as mentioned in the SFC Announcement.

To the best knowledge of Board and the information above, the Company cannot ascertain if the Company's securities may or may not have a genuine market.

## **PUBLIC FLOAT**

Based on the information available and to the best knowledge of the Board after making all reasonable enquiries, the Company confirms that not less than 25% of the Company's issued Shares are in the hands of the public as at 24 February 2020 and as at the date of this announcement and the Company is able to comply with the public float requirement under the Rules Governing the Listing of Securities on the Stock Exchange.

**In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the H Shares could fluctuate substantially even with a small number of H Shares traded, and should exercise extreme caution when dealing in the H Shares.**

By order of the Board  
**Zhejiang Cangnan Instrument Group Company Limited**  
**Hong Zuobin**  
*Chairman*

Hong Kong, 4 March 2020

*As of the date of this announcement, the Board comprises Mr. Hong Zuobin, Mr. Huang Youliang, Mr. Yin Xingjing, Mr. Zhang Shengyi, Ms. Lin Zichan, Mr. Lin Zhongzhu and Mr. Lin Jingdian as executive Directors, Mr. Ye Xiaosen and Mr. Hou Zukuan as non-executive Directors and Mr. Ng Jack Ho Wan, Mr. Wong Hak Kun, Mr. Wang Jingfu, Mr. Li Jing and Mr. Su Zhongdi as independent non-executive Directors.*