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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2019 ANNUAL REPORT OF THE COMPANY

Reference is made to the annual report dated 23 April 2020 for the year ended 31 December 2019 (the “**Annual Report**”) of Zhejiang Cangnan Instrument Group Company Limited (the “**Company**”), which was published on the websites of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company. Capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report unless otherwise specified herein.

The Board (the “**Board**”) of Directors (the “**Directors**”) of the Company hereby provided the further information on Annual Report regarding the expected timetable for the utilization of unused proceeds from the global offering of the shares of the Company (the “**Global Offering**”) pursuant to paragraph 11(8) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The Company’s shares have been listed on the Stock Exchange since 4 January 2019. The net proceeds from the Global Offering after deducting the underwriting fees, commissions and other expenses were approximately RMB178.05 million (the “**Net Proceeds**”). Due to the postponement of approving the use of land for relevant projects, the Company has not yet used any of the Net Proceeds as at 31 December 2019. Other than the time schedule, the Directors are not aware of any material changes in the plans in relation to the use of proceeds as set out in the section headed “Future Plans and Use of Proceeds” of the Company’s prospectus (the “**Prospectus**”) dated 19 December 2018.

The following table details the proposed use of proceeds as set out in the Prospectus and the actual use of the proceeds as at 31 December 2019:

	<i>RMB (million)</i>			
	Budget <i>(approximately)</i>	Amount had been used as at 31 December 2019	Remaining balance as at 31 December 2019 <i>(approximately)</i>	Proposed timetable for use of the unused net proceeds
Used for intelligent gas flowmeter modification and upgrade project	97.93	–	97.93	31 December 2020 or before
Used for Internet-of-Things (IoT) gas measurement and transmission and distribution management platform	35.61	–	35.61	31 December 2020 or before
Used for flowmeter testing and inspection laboratory project	26.71	–	26.71	31 December 2020 or before
Used for working capital related to principal businesses and other general corporate purposes	17.80	–	17.80	31 December 2020 or before
Total	178.05	–	178.05	31 December 2020 or before

The remaining proceeds (i.e. RMB178.05 million) are expected to be used in the period from 1 January 2020 to 31 December 2020 for the same purpose as set out in the Prospectus. Based on the Directors' best estimate of future market conditions, but subject to adjustments.

The Board confirmed that, except for those disclosed in this announcement, the content of the 2019 Annual Report remains correct and unchanged.

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

Hong Kong, 5 August 2020

As of the date of this announcement, the Board comprises Mr. Hong Zuobin, Mr. Huang Youliang, Mr. Jin Wensheng, Mr. Yin Xingjing, Mr. Zhang Shengyi, Ms. Lin Zichan and Mr. Lin Zhongzhu 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.