

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



Zhejiang Cangnan Instrument Group Company Limited

浙江蒼南儀錶集團股份有限公司

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

(Stock Code: 1743)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE

This announcement is made by Zhejiang Cangnan Instrument Group Company Limited (the “**Company**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”), Rule 3.7 of The Code on Takeovers and Mergers (the “**Takeovers Code**”) issued by the Securities and Futures Commission and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

A board meeting was held on February 5, 2021, whereby the board of directors (the “**Directors**”) have resolved, among other matters, to repurchase all the issued H shares in the share capital of the Company (the “**H Shares**”), at a minimum indicative offer price of HK\$22.00 per H Share (the “**Indicative Offer Price**”) (the “**Possible Share Buy-back**”). Such Indicative Offer Price is disclosed in accordance with the requirement of the local bureau of the State Administration of Foreign Exchange in the People’s Republic of China (“**SAFE**”).

The Possible Share Buy-back, which may or may not proceed, is subject to, among others, the registration to be made by the Company with the local SAFE and compliance with the applicable provisions under the Listing Rules, the Takeovers Code and The Code on Share Buy-backs (the “**Share Buy-backs Code**”), including but not limited to approval of shareholders of the Company (the “**Shareholders**”). If the Possible Share Buy-back materializes, such H Shares which will be repurchased by the Company will be delisted from the Stock Exchange and the Company will be privatized pursuant to the Takeovers Code and the Share Buy-backs Code.

Taking into account (i) the low trading volume and limited liquidity of the H Shares making it difficult for the Company to conduct fund raising exercise effectively offshore; (ii) the outlook of the Company's business prospects amidst the impact of COVID-19; and (iii) the long-term investment returns for shareholders, the Directors believe that the Possible Share Buy-back Offer, if materialized, will result in a one-off investment gain for the Shareholders. Furthermore, the delisting of H shares will further help the Company to save cost and expenses associated with regulatory compliance. The Board has therefore resolved that the Possible Share Buy-back Offer and delisting will be beneficial to the Company and the Shareholders as a whole.

SECURITIES OF THE COMPANY

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement, the Company has a total issued share capital of 17,901,167 H Shares and 51,890,000 domestic shares. Save for the abovementioned Shares, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

MONTHLY UPDATES

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Share Buy-back will be made by the Company until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

DISCLOSURE OF DEALINGS

The associates of the Company (as defined in the Takeovers Code including Shareholders having interests of 5% or more in the relevant securities of the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

There is no assurance that the Possible Share Buy-back mentioned in this announcement will materialize or eventually be consummated and that the terms of the Possible Share Buy-back (including the Indicative Offer Price) are subject to further consideration by the Company and discussion with its financial advisor. Shareholders and public investors are urged to exercise extreme caution when dealing in the H Shares of the Company.

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

Hong Kong, February 5, 2021

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.

All the directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.