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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 limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1743)

PROFIT WARNING

This announcement is made by Zhejiang Cangnan Instrument Group Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the information currently available, the Group expects to record a decrease in the net profit for the financial year ended 31 December 2020 (the “**Reporting Period**”) by approximately 34% to 49%, as compared to the financial year of 2019, which was primarily due to the following reasons: (1) the consumption demand of the natural gas industry was significantly affected by the COVID-19 outbreak and macro-economy in 2020: the gas consumption for industry and commerce and power generation was suppressed, the oversupply increased, the gas price of main market fell, the industrial and commercial new installation and renovation budgets for gas companies was greatly reduced, which decreased the revenue of the Company; (2) government grants awarded to the Company during the Reporting Period decreased significantly as compared to the corresponding period of 2019; and (3) the costs increased due to (a) the upgrade and replacement of our product structure and the upgrade of EVC parts; and (b) the increased purchase prices of imported materials (such as integrated circuits) and aluminium ingots due to the impacts of COVID-19 outbreak during the Reporting Period, thus bringing about an impact on the net profit.

The Company is currently still in the process of finalising the Group’s annual results for the year ended 31 December 2020. This announcement is only a preliminary assessment by the Board based on the information currently available, and the annual results of the Company are still subject to review by the auditor of the Company and may be different from the current preliminary assessment by the Board. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2020.

The Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 25 February 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.