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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PROFIT WARNING

References are made to (i) the announcement of Zhejiang Cangnan Instrument Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 25 February 2021 (the “**Profit Warning Announcement**”) in relation to, among others, profit warning of the Company (the “**Profit Warning**”) and (ii) the announcement of the Company dated 5 February 2021 (the “**3.7 Announcement**”) made pursuant to Rule 3.7 of the Code on Takeovers and Mergers and Share Buy-backs (the “**Takeovers Code**”). Capitalized terms used in this announcement shall have the same meanings as those defined in the Rule 3.7 Announcement unless the context herein requires otherwise. This clarification announcement is published in accordance with Practice Note 2 of the Takeovers Code.

The Directors would like to clarify that the Profit Warning constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by the financial advisers and the accountants or auditors in accordance with Rule 10.4 of the Takeovers Code. As the Profit Warning was made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong), which require the Company to disclose any inside information as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties in meeting the requirements of Rule 10.4 of the Takeovers Code. Accordingly, the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code.

Pursuant to Rule 10.4 of the Takeovers Code and Practice Note 2 of the Takeovers Code, the reports from the Company’s financial adviser and auditors or consultant accountants on the profit forecasts are required to be included in the next document to be sent to the Shareholders (the “**Shareholders’ Document**”). As the annual results announcement of the Company for the year ended 31 December 2020 (the “**Annual Results**”) is expected to be published in March 2021, it is expected that the Annual Results will be published prior to the despatch of the next Shareholders’ Document. Accordingly, the requirement under Rule 10 of the Takeovers Code to report on the Profit Warning will be superseded by the publication of the Annual Results together with the notes to the financial statements.

Save for the clarification stated in this announcement, all information in the Profit Warning Announcement remains unchanged.

Shareholders and potential investors of the Company should note that the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the possible general offer for the securities of the Company as referred to in the Rule 3.7 Announcement.

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

Hong Kong, 26 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.

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.