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If you have sold or transferred all your shares in Zhejiang Cangnan Instrument Group Company Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).



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)

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2020,
REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2020,
FINAL FINANCIAL ACCOUNTS FOR THE YEAR 2020,
INDEPENDENT AUDITOR'S REPORT AND THE COMPANY'S AUDITED
FINANCIAL STATEMENTS FOR THE YEAR 2020,
PROFIT DISTRIBUTION PLAN FOR THE YEAR 2020,
FINANCIAL BUDGET REPORT FOR THE YEAR 2021,
REMUNERATION PLAN OF DIRECTORS FOR THE YEAR 2021,
RE-APPOINTMENT OF AUDITOR FOR THE YEAR 2021
AND GRANT OF AUTHORITY TO THE BOARD AND AUTHORISED
PERSON TO DETERMINE ITS REMUNERATION,
AND
NOTICE OF AGM**

A letter from the Board is set out on pages 3 to 12 of this circular.

A notice convening the AGM to be held at 9:00 a.m. on Monday, 17 May 2021 at Conference Room, 7/F, Building 1, Zhejiang Cangnan Instrument Group Company Limited, Industrial Demonstrative Park, Lingxi Town, Cangnan County, Zhejiang province, the PRC has been despatched on 1 April 2021 and is set out on pages 13 to 14 of this circular. If you intend to attend the said meetings, please complete and return the appropriate reply slip in accordance with the instructions printed thereon as soon as possible and in any event by no later than 27 April 2021.

Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the appropriate despatched form of proxy in accordance with the instructions printed thereon. The form of proxy must be signed by you or your attorney duly authorised in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorised to sign the same. If the form of proxy is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarially certified.

In the case of joint holders of Shares, only the holder whose name stands first in the register of members of the Company shall alone be entitled to vote at the AGM, either in person or by proxy in respect of such Shares.

For holders of H Shares (as defined in this circular), please return the form of proxy together with any documents of authority to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event not later than 24 hours before the time appointed for holding the said meetings (i.e. before 9:00 a.m. on Sunday, 16 May 2021). For holders of Domestic Shares (as defined in this circular), please return the form of proxy together with any documents of authority to the Board Office of the Company in the PRC at Industrial Demonstrative Park, Lingxi Town, Cangnan County, Zhejiang province, the PRC as soon as possible, and in any event not later than 24 hours before the time appointed for holding the said meetings (i.e. before 9:00 a.m. on Sunday, 16 May 2021). Completion and return of the form of proxy will not preclude you from attending and voting at the said meetings, or any adjournment thereof should you so wish.

1 April 2021

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DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings in this circular:

| | |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “AGM” | the 2020 annual general meeting of the Company to be convened at 9:00 a.m. on Monday, 17 May 2021 |
| “Articles of Association” | the articles of association of the Company, as amended from time to time |
| “Associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the Board of the Directors of the Company |
| “Company”, “We” or “us” | 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 under the laws of the PRC with limited liability and whose H Shares are listed and traded on the Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “Domestic Shares” | ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and fully paid up in RMB by PRC nationals and/or PRC incorporated entities |
| “Group” | the Company and its subsidiaries |
| “H Shares” | overseas-listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Hong Kong Dollars” | Hong Kong dollars, the lawful currency of Hong Kong |

DEFINITIONS

| | |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Latest Practicable Date” | 30 March 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| “Listing Rules” | the Rules Governing the Listing of Security on the Hong Kong Stock Exchange |
| “PRC” | the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Reporting Period” | from 1 January 2020 to 31 December 2020 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholders” | the shareholders of the Company |
| “Shares” | H Shares and Domestic Shares |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “Supervisors” | the supervisors of the Company |
| “Supervisory Committee” | the supervisory committee of the Company |
| “%” | per cent |

LETTER FROM THE BOARD



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)

Executive directors:

Mr. Hong Zuobin
Mr. Huang Youliang
Mr. Jin Wensheng
Mr. Yin Xingjing
Mr. Zhang Shengyi
Ms. Lin Zichan
Mr. Lin Zhongzhu

Non-executive directors:

Mr. Ye Xiaosen
Mr. Hou Zukuan

Independent non-executive directors:

Mr. Ng Jack Ho Wan
Mr. Wong Hak Kun
Mr. Wang Jingfu
Mr. Li Jing
Mr. Su Zhongdi

Registered Office:

Industrial Demonstrative Park
Lingxi Town
Cangnan County
Zhejiang Province
PRC

*Principal place of business in
Hong Kong:*

Room 1503, 15/F
Bank of East Asia
Harbour View Centre
56 Gloucester Road
Wan Chai
Hong Kong

To the Shareholders

Dear Sir or Madam,

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2020,
REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2020,
FINAL FINANCIAL ACCOUNTS FOR THE YEAR 2020,
INDEPENDENT AUDITOR'S REPORT AND THE COMPANY'S AUDITED
FINANCIAL STATEMENTS FOR THE YEAR 2020,
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FINANCIAL BUDGET REPORT FOR THE YEAR 2021,
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RE-APPOINTMENT OF AUDITOR FOR THE YEAR 2021
AND GRANT OF AUTHORITY TO THE BOARD AND AUTHORISED
PERSON TO DETERMINE ITS REMUNERATION,
AND
NOTICE OF AGM**

INTRODUCTION

The purpose of this circular is to provide you with relevant information to enable you to make an informed decision on whether to vote for or against the resolutions (among others) to be proposed at the AGM to be approved by way of ordinary resolutions as specified in the notice of AGM dated 17 May 2021.

LETTER FROM THE BOARD

1. Report of the Board of Directors for the Year 2020

An ordinary resolution will be proposed at the AGM to approve the report of the Board of Directors for the year 2020.

2. Report of the Supervisory Committee for the Year 2020

An ordinary resolution will be proposed at the AGM to approve the report of the Supervisory Committee for the year 2020.

3. Final Financial Accounts for the Year 2020

The Company's consolidated balance sheets as at 31 December 2020, consolidated statement of profit or loss for 2020, consolidated statement of cash flows for 2020, consolidated statement of changes in equity for 2020 and related notes to the consolidated financial statements have been audited by PricewaterhouseCoopers who has issued a standard unqualified audit report.

In 2020, the Company achieved an operating income of RMB409.682 million, representing a decrease of 15.4% from RMB484.260 million over the same period last year; and achieved a net profit attributable to shareholders of listed company of RMB79.986 million, representing a decrease of 41.4% from RMB136.532 million over the same period last year. The main reason for the revenue decline of the Company was that the consumption demand of the natural gas industry in 2020 was significantly impacted by COVID-19 and the macro economy, and the gas consumption for industry, commerce and power generation was restrained, the oversupply was intensified, the gas price in the main market dropped, and the budget for new installation and renovation of industrial and commercial gas flow meters of gas companies was significantly reduced.

1. 2020 financial performance (Unit: RMB'000)

| | 2020 | 2019 | Increase/ decrease of this year compared to last year |
|------------------------------------------------------------------------|-----------|-----------|-------------------------------------------------------------------|
| Operating revenue (RMB'000) | 409,682 | 484,260 | -15.4% |
| Operating cost (RMB'000) | 150,430 | 146,379 | 2.8% |
| Net profit attributable to shareholders of listed company (RMB'000) | 79,986 | 136,532 | -41.4% |
| Net cash flows from operating activities (RMB'000) | 119,931 | 236,688 | -49.3% |
| Basic earnings per share (RMB/share) | 1.15 | 1.96 | -41.3% |
| Diluted earnings per share (RMB/share) | 1.15 | 1.96 | -41.3% |
| Total assets (RMB'000) | 1,414,682 | 1,391,224 | 1.7% |
| Net assets attributable to shareholders of listed company | 1,069,059 | 1,030,948 | 3.7% |

LETTER FROM THE BOARD

2. Key financial indicators in 2020 and analysis (Unit: RMB'000)

(1) Significant changes in assets

| | As at the end of 2020 | | As at the end of 2019 | | Increase/ decrease in proportion | Explanations on significant changes |
|---------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------|-----------------------|----------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| | Amount | Proportion of total assets | Amount | Proportion of total assets | | |
| Cash and Cash Equivalents | 503,767 | 35.6% | 593,279 | 42.6% | -7.0% | Mainly attributable to the increase in prepayment of external investment and capital outflow caused by the investment in high-tech park project |
| Trade receivables and other financial assets at amortised cost and prepayments | 448,191 | 31.7% | 524,124 | 37.7% | -6.0% | Mainly attributable to the decline in revenue |
| Inventories | 115,387 | 8.2% | 127,741 | 9.2% | -1.0% | |
| Land use rights | 31,838 | 2.3% | 5,898 | 0.4% | 1.9% | Mainly attributable to the acquisition of land for the high-tech park project |
| Property, Plant and Equipment | 84,934 | 6.0% | 71,567 | 5.1% | 0.9% | Mainly attributable to the investment in the high-tech park project |
| Restricted funds | 54,876 | 3.9% | 45,147 | 3.2% | 0.7% | Mainly attributable to the increase of letter of guarantee for the acquisition of land for the high-tech park project |
| Deferred income tax assets | 24,164 | 1.7% | 23,014 | 1.7% | 0.0% | |
| Short-term borrowings | 76,800 | 5.4% | 66,650 | 4.8% | 0.6% | Mainly attributable to the increase of loans from China Minsheng Bank |
| Provision (including warranties provision and provisions for other liabilities and charges) | 85,484 | 6.0% | 84,579 | 6.1% | -0.1% | |

LETTER FROM THE BOARD

(2) Analysis of changes in expenses

| | 2020 | 2019 | Year-on-year increase/ decrease | Explanations on significant changes |
|------------------------------------------------------------------------------------------------------|-------------|-------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sales expenses | 92,143 | 124,223 | -25.8% | Mainly attributable to the decline in sales revenue and the reduced customer sales and distribution services due to the COVID-19 |
| Administrative expenses and net reversal of impairment losses/ impairment losses on financial assets | 75,262 | 75,235 | 0.0% | Basically the same |
| Research and development expenses | 33,867 | 39,691 | -14.7% | Mainly attributable to the decrease of investment in some R&D projects and slight reduction of the compensation for the R&D staff in the current period |
| Financial income | -10,106 | -8,962 | 12.8% | Mainly attributable to the decreased interest expenses due to the decrease in loan interest rate |

LETTER FROM THE BOARD

(3) Analysis of changes in Cash Flow

| Item | 2020 | 2019 | Year-on-year increase/ decrease |
|------------------------------------------------------|----------|---------|---------------------------------------|
| Sub-total of cash inflows from operating activities | 470,562 | 640,709 | -26.6% |
| Sub-total of cash outflows from operating activities | 350,631 | 404,021 | -13.2% |
| Net cash flows from operating activities | 119,931 | 236,688 | -49.3% |
| Sub-total of cash inflows from investing activities | 212,852 | 13,149 | 1,518.8% |
| Sub-total of cash outflows from investing activities | 384,675 | 55,873 | 588.5% |
| Net cash flow from investing activities | -117,823 | -42,724 | 302.2% |
| Sub-total of cash inflows from financing activities | 91,300 | 292,542 | -68.8% |
| Sub-total of cash outflows from financing activities | 127,946 | 153,499 | -16.6% |
| Net cash flows from financing activities | -36,646 | 139,043 | -126.4% |
| Net increase in cash and cash equivalents | -88,538 | 333,007 | -126.6% |

Explanations on main factors of influence of significant year-on-year changes in related data

- (1) The year-on-year decrease of 26.6% in cash inflows from operating activities was mainly attributable to the sales decline in 2020;
- (2) The year-on-year decrease of 13.2% in cash outflows from operating activities was mainly attributable to a decrease in the sales in the current period, resulting in a decrease in the payment for the corresponding purchase;
- (3) The year-on-year decrease of 49.3% in net cash flows from operating activities was mainly attributable to the decrease in cash inflows from operating activities in the current period, which was higher than the decrease in cash outflows;
- (4) The year-on-year increase of 1,518.8% in cash inflows from investing activities was mainly attributable to the withdrawal of financial assets upon maturity in the current period and the withdrawal of long-term equity investment;

LETTER FROM THE BOARD

- (5) The year-on-year increase of 588.5% in cash outflows from investing activities was mainly attributable to the purchase of financial assets, long-term equity investment and land use rights in the current period;
- (6) The year-on-year increase of 302.2% in net cash flows from investing activities was mainly attributable to the increase in prepayment for external investment in the current period and increase in cash payment arising from purchase of the land of high-tech park project.
- (7) The year-on-year decrease of 68.8% in cash inflows from financing activities was mainly attributable to the fact that there was proceeds from listing in the same period last year, but no such inflow in the current period;
- (8) The year-on-year decrease of 16.6% in cash outflows from financing activities was mainly attributable to the fact that there were listing expenses in the same period last year, but no such outflow in the current period;
- (9) The year-on-year decrease of 126.4% in net cash flows from financing activities was mainly attributable to the decrease in cash inflows from financing activities in the current period, which was higher than the decrease in cash outflows.

4. Independent Auditor's Report and the Company's Audited Financial Statements for the Year 2020

An ordinary resolution will be proposed in the AGM to approve the independent auditor's report and the Company's audited financial statements for the year 2020, the texts of which are set out in the Company's 2020 annual report.

5. Profit Distribution Plan for the Year 2020

According to the Articles of Association, an ordinary resolution will be proposed in the AGM to approve the Company's profit distribution plan for the year 2020.

In order to meet the needs of the actual operation and development of the Company, the Board recommends that the final dividend of the year ended December 31, 2020 shall not be paid, nor shall capital reserves be capitalised. The non-payment of the final dividend for the year ended December 31, 2020 is in accordance with the actual situation of the Company and the provisions of the Articles of Association and relevant laws and regulations.

6. Financial Budget Report for the Year 2021

An ordinary resolution will be proposed at the AGM to approve the financial budget report for the year 2021.

LETTER FROM THE BOARD

2021 is the first year of the Company's 14th Five-Year Plan. We shall, based on the new normal state of economic development, promote innovation-driven development strategy, strengthen innovation in technology and products, and foster new economic growth points in accordance with the deployment of the Breakdown of Key Task of the Group. Taking the supply-side structural reform as our main task, we will focus on the crucial link of developing the market and improving our ability to supply competitive products. We will continuously adhere to the basic policy of "deepening reform, accelerating innovation, expanding opening-up, and implementing scientific management" unwaveringly, work hard to "consolidate, strengthen, enhance, and smooth", focus on the improving the quality and efficiency of enterprise development, pay close attention to reform and innovation, and promote scientific management in an all-round way, in order to make new leaps and achievements for the fulfillment of the new "five-year plan".

The financial budget for 2021 (i.e. various expenses, including sales expenses, administrative expenses, research and development expenses, and financial expenses) is expected to be controlled at approximately RMB220 million.

Whether the above budget can be achieved depends on the favorable policies of the industry, market demand, competition pattern and the actual operation of the Company's various businesses in 2021. There are many uncertain factors, and investors should be reminded to pay special attention.

7. Remuneration Plan for Directors for the Year 2021

An ordinary resolution will be proposed at the AGM to approve the Remuneration Plan for Directors for the Year 2021.

Pursuant to the relevant laws and regulations and the requirements of the Articles of Association, the Company has proposed the Remuneration Plan for Directors for the Year 2021. The details are as follows:

We adopt annual pay system for the executive directors. According to the service contracts entered into by and between the Company and the executive Directors in June 2020, the executive Directors receive the remuneration due to their other duties in the Company instead of the position of executive Director. The executive Directors receive the bonus based on 20% of their respective annual remuneration amount after completing the annual performance targets determined by the Board.

The non-executive directors of the Company are entitled to the director's fee, which is set out in the service contract signed between the Company and the non-executive directors in June 2020. The independent non-executive directors of the Company are entitled to the director's fee, which is set out in the service contract signed between the Company and the non-executive directors in June 2020.

LETTER FROM THE BOARD

Therefore, the remuneration of the Directors for the year 2021 is proposed as follows:

| Name | Position | Remuneration for 2021 |
|----------------|------------------------------------|------------------------------|
| Hong Zuobin | Executive director | RMB925,000 ¹ |
| Huang Youliang | Executive director | RMB862,500 ¹ |
| Jin Wensheng | Executive director | RMB650,000 ¹ |
| Yin Xingjing | Executive director | RMB650,000 ¹ |
| Zhang Shengyi | Executive director | RMB650,000 ¹ |
| Lin Zichan | Executive director | RMB650,000 ¹ |
| Lin Zhongzhu | Executive director | RMB650,000 ¹ |
| Ye Xiaosen | Non-executive director | RMB144,000 ² |
| Hou Zukuan | Non-executive director | RMB144,000 ² |
| Su Zhongdi | Independent non-executive director | RMB144,000 ² |
| Li Jing | Independent non-executive director | RMB144,000 ² |
| Wang Jingfu | Independent non-executive director | RMB144,000 ² |
| Ng Jack Ho Wan | Independent non-executive director | HK\$180,000 ² |
| Wong Hak Kun | Independent non-executive director | HK\$180,000 ² |

Note:

1. Such amounts are after-tax amounts.
2. Such amounts are pre-tax amounts.
3. As of the date of this circular, the amount of individual income tax payable by the Directors for the year 2021 cannot be determined, which shall be subject to the actual amount incurred at that time.

The individual income tax related to the remuneration and bonus of the executive directors will be borne by the Company and paid on their behalf. The individual income tax related to the remuneration of the independent non-executive directors and non-executive directors will be withheld and paid on their behalf by the Company.

Subject to the approval of the AGM, the remuneration plan will take effect on 1 January 2021.

LETTER FROM THE BOARD

8. Re-Appointment of Auditor for the Year 2021 and Grant of Authority to the Board and Authorised Person to Determine its Remuneration

In 2020, the Company appointed PricewaterhouseCoopers (“PwC”) as the auditor for the Company. In the process of cooperation, PwC can fulfill its duties, follow independent, objective and fair professional standards, and maintain the interests of the Company and shareholders from a professional perspective. The Company is satisfied with its audit quality, professional standards, work efficiency and work attitude.

According to relevant regulations, it is proposed to re-appoint PwC as the auditor for the Company for 2021, and the term of appointment is up to the end of the 2021 annual general meeting of the Company. At the same time, it is proposed that the AGM authorize the Board or the persons authorized by the Board to determine the remuneration of the external auditor for the Company for 2021 according to the actual situation of the audit.

AGM

The Company will convene the AGM at 9:00 a.m. On Monday, 17 May 2021 at Conference Room, 7/F, Building 1, Zhejiang Cangnan Instrument Group Company Limited, Industrial Demonstrative Park, Lingxi Town, Cangnan County, Zhejiang province, the PRC. The Notice of AGM has been despatched on 1 April 2021.

A reply slip and a form of proxy to be used at the AGM have also been published on the website of the Stock Exchange (www.hkex.com.hk). Shareholders who intend to appoint a proxy to attend the AGM shall complete, sign and return the appropriate form of proxy in accordance with the instructions printed thereon.

To be valid, for holders of H Shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the AGM (i.e. before 9:00 a.m. on Sunday, 16 May 2021) in order for such documents to be valid. For holders of Domestic Shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Board office of the Company in the PRC at Industrial Demonstrative Park, Lingxi Town, Cangnan County, Zhejiang province, the PRC, not less than 24 hours before the time for holding the AGM (i.e. before 9:00 a.m. on Sunday, 16 May 2021) in order for such documents to be valid.

Holders of H Shares and Domestic Shares, who intend to attend the AGM must complete the reply slip and return it to the Board office of the Company not later than twenty days before the date of the AGM, i.e. no later than 27 April 2021.

LETTER FROM THE BOARD

VOTING BY POLL AT AGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the AGM will therefore demand a poll for every resolution put to the vote of the AGM pursuant to article 94 of the Articles of Association.

Pursuant to the Articles of Association, for the purpose of holding the AGM, the register of members of the Company shall be closed from 17 April 2021 to 17 May 2021 (both days inclusive), during which period no transfer of shares will be registered.

In order to attend the AGM, holders of H Shares shall lodge all transfer documents together with the relevant shares certificates to Computershare Hong Kong Investor Services Limited, the Company's H share registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30p.m. on 16 April 2021.

RECOMMENDATIONS

The Board considers that resolutions as specified in this circular are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and accordingly, recommends the Shareholders to vote in favor of the relevant resolutions to be proposed at the AGM.

Yours faithfully,

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

1 April 2021

NOTICE OF AGM



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)

NOTICE OF 2020 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 annual general meeting (the “AGM”) of Zhejiang Cangnan Instrument Group Company Limited (the “Company”) will be held at 9:00 a.m. on Monday, 17 May 2021 at Conference Room, 7/F, Building 1, Zhejiang Cangnan Instrument Group Company Limited, Industrial Demonstrative Park, Lingxi Town, Cangnan County, Zhejiang Province, the PRC, for the purpose of considering, and if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the report of the Board of Directors for the year 2020.
2. To consider and approve the report of the Supervisory Committee for the year 2020.
3. To consider and approve the final financial accounts for the year 2020.
4. To consider and approve the independent auditor’s report and the Company’s audited financial statements for the year 2020.
5. To consider and approve the Company’s profit distribution plan for the year 2020.
6. To consider and approve the Company’s financial budget report for the year 2021.
7. To consider and approve the remuneration plan of Directors for the year 2021.
8. To consider and approve the re-appointment of PricewaterhouseCoopers as the Company’s auditor and to authorize the Board and authorized person to determine its remuneration.

Wenzhou, the PRC, 1 April 2021

NOTICE OF AGM

As at the date of this notice, 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.

Notes:

1. The register of members of the Company (the “**Register of Members**”) will be closed from 17 April 2021 to 17 May 2021 (both days inclusive), during which period no transfer of shares of the Company can be registered.

In order to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares) or the Board Office of the Company in the PRC (for holders of Domestic Shares), no later than 4:30 p.m. on 16 April 2021.

2. Shareholders of the Company (the “**Shareholders**”) who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and, in the event of a poll, vote on their behalves. A proxy need not be a Shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorized in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorized to sign the same.
4. In order to be valid, the form of proxy must be deposited, for the holders of H Shares, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, or for the holders of Domestic Shares, to the Board Office of the Company in the PRC not less than 24 hours before the time for holding the AGM (i.e. before 9:00 a.m. on 16 May 2021). If the form of proxy is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the form of proxy. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjourned meetings should you so wish.
5. Shareholders shall produce their identity documents and supporting documents in respect of Shares held when attending the AGM. If corporate Shareholders appoint authorized representative to attend the AGM, the authorized representative shall produce his/her identity documents and a notarially certified copy of the relevant authorization instrument signed by the board of directors or other authorized parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the form of proxy signed by the Shareholders or their attorney when attending the AGM.
6. Shareholders who intend to attend the AGM should complete the reply slip and return it to the Company’s H Shares registrar or the Board Office of the Company in the PRC by hand, by post or by fax on or before 27 April 2021.
7. The AGM is expected to take for less than half a day. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
8. Contact details of the Board Office of the Company in the PRC are as follows:

Address: Industrial Demonstrative Park, Lingxi Town,
Cangnan County, Zhejiang province, the PRC
Telephone No.: +86-577-64837701
Fax No.: +86-577-64839306
9. Unless otherwise defined herein, the capitalized terms used herein shall have the same meanings as defined in the Company’s circular to be issued on 1 April 2021.
10. All times in this notice refer to Hong Kong local times.