

4 March 2020

**High Concentration of Shareholding
in
Zhejiang Cangnan Instrument Group Company Limited (Stock Code: 1743)**

This announcement is made by the Securities and Futures Commission (“SFC”) in respect of the concentration of the shareholding of Zhejiang Cangnan Instrument Group Company Limited (the “Company”) in the hands of a limited number of shareholders as at 24 February 2020.

In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the H shares of the Company (“H Shares”) could fluctuate substantially even with a small number of H Shares traded, and should exercise extreme caution when dealing in the H Shares.

The SFC has recently completed an enquiry into the shareholding of the Company. Our findings suggested that as at 24 February 2020, a cornerstone investor held 4,923,800 H Shares, representing 27.51% of the issued H Shares. Such shareholding, together with 11,711,600 H Shares (representing 65.42% of the issued H Shares) held by 19 shareholders, represented 92.93% of the issued H Shares as at 24 February 2020. Therefore, only 1,265,767 H Shares (representing 7.07% of the issued H Shares) were in the hands of other investors.

As at 24 February 2020, the shareholding structure of the Company was as follows (*Note 1*):

	Number of H Shares held (shares)	% of total number of issued H Shares (%)
ZS Capital Fund SPC (on behalf of ZS Investment Fund SP) (<i>Note 2</i>)	4,923,800	27.51
A group of 19 shareholders	11,711,600	65.42
Other shareholders	1,265,767	7.07
Total	<u>17,901,167</u>	<u>100.00</u>

Note 1: Other than the H Shares, the Company has 51,890,000 domestic shares in issue.

Note 2: ZS Capital Fund SPC (on behalf of ZS Investment Fund SP) is a cornerstone investor in the initial public offer of the H Shares of the Company. Mr. Deping Xi is deemed to be interested in the equity interests held by ZS Capital Fund SPC on behalf of ZS Investment Fund SP, due to the fact that Mr. Deping Xi holds all the shares in ZS Capital Fund SPC.

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 4 January 2019 by way of placing and public offer of a total of 17,901,167 H Shares (after over-allotment) at HK\$15.80 per H Share (the “Initial Offer Price”).



Between 4 January 2019 and 31 December 2019, the H Shares closed at the range of HK\$13.30 to HK\$17.20.

During the period from 2 January 2020 to 24 February 2020, the closing price of the H Shares increased 143% from HK\$16.74 on 31 December 2019 to HK\$40.65 on 24 February 2020.

On 24 February 2020, the Company issued a profit warning expecting a decrease in the net profit for the financial year ended 31 December 2019 by approximately 25% to 35% as compared to the financial year of 2018.

As at 3 March 2020, the H Shares of the Company closed at HK\$43.2, representing an increase of 173% from the Initial Offer Price.

In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the H Shares could fluctuate substantially even with a small number of H shares traded, and should exercise extreme caution when dealing in the H Shares.

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