JIANGNAN GROUP LIMITED
江南集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 1366)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 8.7% to RMB5,356.4 million (2011: RMB4,929.9 million)
- Gross profit increased by approximately 14.6% to RMB842.4 million (2011: RMB734.9 million)
- Profit for the year attributable to owners of the Company increased by approximately 18.5% to RMB376.1 million (2011: RMB317.4 million)
- Basic earnings per share decreased by approximately 1.2% to RMB13.09 cents (2011: RMB13.25 cents) as a result of issue of shares of the Company under the initial public offering
- The Board recommended a final dividend of HK2.2 cents per share (2011: Nil)

The board (the "Board") of directors (the "Directors") of Jiangnan Group Limited ("Jiangnan" or the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 together with the audited comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012** ***RMB'000***	2011 *RMB'000*
Turnover	*3*	**5,356,363**	4,929,876
Cost of goods sold		**(4,513,978)**	(4,194,986)
Gross profit		**842,385**	734,890
Other income	*4*	**31,785**	14,434
Selling and distribution costs		**(94,126)**	(103,421)
Administrative expenses		**(85,965)**	(95,958)
Other expenses		**(32,160)**	(23,495)
Other losses		**(23,939)**	(11,499)
Finance costs		**(182,188)**	(126,352)
Profit before taxation	*5*	**455,792**	388,599
Taxation	*6*	**(79,672)**	(71,154)
Profit for the year attributable to owners of the Company		**376,120**	317,445
Other comprehensive income			
Exchange differences arising from translation of a foreign operation		**(70)**	(11,167)
Total comprehensive income for the year attributable to owners of the Company		**376,050**	306,278
			(Restated)
Earnings per share — Basic	*8*	**13.09 cents**	13.25 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	9	**472,561**	346,727
Land use rights		**79,246**	49,983
Deferred tax asset		**5,208**	–
Deposit paid for acquisition of property, plant and equipment		**2,582**	15,283
		559,597	411,993
Current assets			
Inventories	10	**1,003,296**	1,185,879
Trade and other receivables	11	**1,830,916**	1,427,419
Pledged bank deposits		**755,097**	482,165
Bank balances and cash		**1,137,741**	677,897
		4,727,050	3,773,360
Current liabilities			
Trade and other payables	12	**1,404,824**	1,539,537
Amounts due to directors		**1,446**	13,314
Bank borrowings	13	**1,934,500**	1,401,825
Taxation payable		**32,501**	23,161
		3,373,271	2,977,837
Net current assets		**1,353,779**	795,523
Total assets less current liabilities		**1,913,376**	1,207,516
Non-current liabilities			
Government grants		**4,887**	5,260
Deferred tax liability		**27,692**	20,245
		32,579	25,505
		1,880,797	1,182,011
Capital and reserves			
Share capital	14	**24,964**	85,665
Reserves		**1,855,833**	1,096,346
		1,880,797	1,182,011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital *RMB'000*	Share premium *RMB'000* *(Note a)*	Capital reserve *RMB'000* *(Note a)*	Special reserve *RMB'000* *(Note b)*	Non-distributable reserve *RMB'000* *(Note c)*	Statutory reserve *RMB'000* *(Note d)*	Translation reserve *RMB'000*	Accumulated profits *RMB'000*	Total *RMB'000*
At 1 January 2011	82,771	–	66,006	–	77,351	63,854	3,004	582,747	875,733
Exchange differences arising from translation of a foreign operation	–	–	–	–	–	–	(11,167)	–	(11,167)
Profit for the year	–	–	–	–	–	–	–	317,445	317,445
Total comprehensive income for the year	–	–	–	–	–	–	(11,167)	317,445	306,278
Issue of shares	2,894	63,112	(66,006)	–	–	–	–	–	–
Transfers	–	–	–	–	–	34,444	–	(34,444)	–
At 31 December 2011	85,665	63,112	–	–	77,351	98,298	(8,163)	865,748	1,182,011
Exchange differences arising from translation of a foreign operation	–	–	–	–	–	–	(70)	–	(70)
Profit for the year	–	–	–	–	–	–	–	376,120	376,120
Total comprehensive income for the year	–	–	–	–	–	–	(70)	376,120	376,050
Group Reorganisation	(85,584)	(63,112)	–	148,696	–	–	–	–	–
Capitalisation issue	9,669	(9,669)	–	–	–	–	–	–	–
Issue of shares of the Company under the initial public offering	2,751	387,909	–	–	–	–	–	–	390,660
Expenses incurred in connection with issue of shares	–	(20,696)	–	–	–	–	–	–	(20,696)
Bonus shares issued	12,463	(12,463)	–	–	–	–	–	–	–
Interim dividends recognised as distribution	–	–	–	–	–	–	–	(47,228)	(47,228)
Transfers	–	–	–	–	–	39,733	–	(39,733)	–
At 31 December 2012	24,964	345,081	–	148,696	77,351	138,031	(8,233)	1,154,907	1,880,797

Notes:

(a) Pursuant to an investment agreement (the "Investment Agreement") dated 1 July 2010 entered into between Extra Fame Group Limited ("Extra Fame"), Furui Investments Limited ("Furui Investments") and Sinostar Holdings Limited ("Sinostar"), Furui Investments had agreed to subscribe for 2.31% of the issued share capital of Extra Fame at the total subscription price of US$5,500,000 (approximately RMB36,303,000) while Sinostar had agreed to subscribe for 1.89% of the issued share capital of Extra Fame at the total subscription price of US$4,500,000 (approximately RMB29,703,000). The subscription price was fully settled by Furui Investments and Sinostar in cash in November 2010. On 14 January 2011, 241,127 shares of US$1 each in the capital of Extra Fame (representing an approximately 2.31% of the enlarged issued share capital of Extra Fame) were issued to Furui Investments and 197,286 shares of US$1 each in the capital of Extra Fame (representing an approximately 1.89% of the enlarged issued share capital of Extra Fame) were issued to Sinostar pursuant to the Investment Agreement.

At 31 December 2010, consideration of US$10,000,000 (approximately RMB66,006,000) received by Extra Fame in November 2010 was classified as capital contribution from Furui Investments and Sinostar as the shares of Extra Fame were issued to them in January 2011.

(b) The special reserve represents the difference between the nominal value of the shares of the Company issued in exchange for the entire equity interest in Extra Fame pursuant to the Group Reorganisation (as defined in note 1).

(c) The non-distributable reserve represents capitalisation of retained profit of Wuxi Jiangnan Cable Co., Ltd. ("Jiangnan Cable") for capital re-investment in Jiangnan Cable in 2007.

(d) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the PRC subsidiary of the Group is required to maintain a statutory surplus fund. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of the PRC subsidiary while the amounts and allocation basis are decided by its board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	2012	2011
	RMB'000	*RMB'000*
Net cash generated from operating activities	**198,063**	328,311
Net cash used in investing activities	**(387,776)**	(324,992)
Net cash generated from financing activities	**649,627**	54,682
Net increase in cash and cash equivalents	**459,914**	58,001
Cash and cash equivalents at beginning of the year	**677,897**	622,382
Effect of foreign exchange rate changes	**(70)**	(2,486)
Cash and cash equivalents at end of the year, represented by bank balances and cash	**1,137,741**	677,897

NOTES:

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company of the Company is Power Heritage Group Limited ("Power Heritage"), a company which is incorporated in the British Virgin Islands ("BVI").

The principal activity of the Company is to act as an investment holding company. Its subsidiaries are engaged in the manufacture of and trading in wires and cables.

In preparing for the initial listing of the shares of the Company on the Main Board of the Stock Exchange, the companies now comprising the Company and its subsidiaries (hereinafter collectively referred to as the "Group") underwent a group reorganisation (the "Group Reorganisation") to rationalise the group structure. Details of the Group Reorganisation are more fully explained in the paragraph headed "Reorganisation" in Appendix V to the prospectus dated 10 April 2012 issued by the Company (the "Prospectus"). As a result of the Group Reorganisation, the Company became the holding company of the Group on 25 February 2012.

The Group resulting from the Group Reorganisation, which involves interspersing Jiangnan Cable (HK) Limited ("Jiangnan Cable (HK)") and the Company between Extra Fame Group Limited ("Extra Fame") and its then shareholders, is regarded as a continuing entity. Accordingly, the consolidated statements of comprehensive income and consolidated statements of cash flows for the years ended 31 December 2012 and 2011 include the results and cash flows of the companies now comprising the Group have been prepared, as if the current group structure upon the completion of the Group Reorganisation had been in existence throughout those years, or since their respective dates of incorporation where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2011 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

The shares of the Company were listed on the Stock Exchange on 20 April 2012.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets
Amendments to HKFRS 7	Financial instruments: Disclosures — Transfers of financial assets
Amendments to HKAS 1	As part of the annual improvements to HKFRSs 2009–2011 cycle issued in 2012

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised Hong Kong Accounting Standards ("HKAS"s) and HKFRSs, amendments and interpretation ("INTs") (hereinafter collectively referred to as the "new and revised HKFRSs") that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle, except for the amendments HKAS 1[1]
Amendments to HKFRS 1	Government loans[1]
Amendments to HKFRS 7	Disclosures — offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
HK(IFRIC*)-INT 20	Stripping costs in the production phase of a surface mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

* IFRIC represents the International Financial Reporting Interpretations Committee.

Annual improvements to HKFRSs 2009 — 2011 cycle issued in June 2012

The "Annual improvements to HKFRSs 2009 — 2011 cycle" include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 "Property, plant and equipment" and the amendments to HKAS 32 "Financial instruments: Presentation".

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 but do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting financial assets and financial liabilities and amendments to HKFRS 7 Disclosures — offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the amendments to HKFRS 7 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013, whilst the amendments to HKAS 32 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2014. The application of these amendments may results in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors of the Company anticipate that the amendments will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 but do not anticipate that the amendments will have a material effect on the Group consolidated financial statements.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The directors of the Company anticipate that the amendments will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 but do not anticipate that the application of HKFRS 9 and its amendments will have a material effect on the Group's consolidated financial statements based on an analysis of financial assets and financial liabilities as at 31 December 2012.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that the amendments will be adopted in the Group's consolidated financial statements for annual period beginning 1 January 2013 and the application of the amendments will not have a material effect on Group's consolidated financial statements but may results in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

The information of segment results are as follows:

	2012	2011
	RMB'000	*RMB'000*
Revenue		
— power cables	**3,701,286**	3,264,747
— wires and cables for electrical equipment	**1,326,750**	1,101,426
— bare wires	**328,327**	563,703
	5,356,363	4,929,876
Cost of goods sold		
— power cables	**3,068,903**	2,746,478
— wires and cables for electrical equipment	**1,146,642**	937,463
— bare wires	**298,433**	511,045
	4,513,978	4,194,986
Segment result		
— power cables	**632,383**	518,269
— wires and cables for electrical equipment	**180,108**	163,963
— bare wires	**29,894**	52,658
	842,385	734,890

The reportable segment results are reconciled to profit before taxation of the Group as follows:

	2012	2011
	RMB'000	*RMB'000*
Reportable segment results	**842,385**	734,890
Unallocated corporate incomes	**31,785**	14,434
Unallocated corporate expenses	**(236,190)**	(234,373)
Finance costs	**(182,188)**	(126,352)
Profit before taxation	**455,792**	388,599

As no discrete information in respect of segment assets, segment liabilities and other information is used for the assessment of performance and allocation of resources of different reportable segments. Thus, other than reportable segment revenue and segment results as disclosed above, no analysis of segment assets and segment liabilities is presented.

Other information

Turnover by geographical location of customers is presented as follows:

	2012	2011
	RMB'000	*RMB'000*
Turnover		
— PRC (country of domicile)	**4,958,031**	4,498,535
— South Africa	**225,017**	375,362
— Singapore	**139,543**	23,759
— United States	**18,272**	20,472
— South America	**13,423**	8,636
— Australia	**2,062**	2,843
— Japan	**15**	–
— Philippines	**–**	239
— Middle East	**–**	30
	5,356,363	4,929,876

The Group mainly operates in two principal geographical areas — the PRC (excluding Hong Kong) and South Africa. As at 31 December 2012, approximately 97.8% (31 December 2011: 99.8%) of the Group's non-current assets were located in the PRC (the place of domicile).

Information about major customers

No customer contributing over 10% of the total sales of the Group during both years.

4. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
Interest income	**29,096**	13,147
Government subsidies *(Note)*	**2,105**	1,197
Others	**584**	90
	31,785	14,434

Note: Included in the amount is RMB473,000 (2011: nil) representing deferred income on government subsidies in relation to capital expenditure on property, plant and equipment recognised in 2012 over the useful lives of the related assets. The remaining amount represents the incentive subsidies provided by the PRC local authorities to the Group to encourage business development in the Yixing region and research and energy reduction activities conducted by the Group, all of them had no specific conditions attached.

5. PROFIT BEFORE TAXATION

	2012 *RMB'000*	2011 *RMB'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**2,440**	1,697
Total staff costs	**115,466**	112,210
Depreciation of property, plant and equipment	**35,358**	30,799
Allowance for bad and doubtful debts	**22,658**	11,478
Auditor's remuneration	**1,480**	80
Loss on disposal of property, plant and equipment	**1,281**	21
Research and development costs (included in other expenses)	**13,387**	9,933
Expenses in relation to the initial public offering of the Company's shares (included in other expenses)	**18,773**	13,562
Minimum lease payment under operating lease in respect of property	**1,692**	545
Operating lease rentals in respect of land use rights	**1,229**	1,229

6. TAXATION

	2012 *RMB'000*	2011 *RMB'000*
The charge comprises:		
PRC income tax	**77,433**	61,955
South Africa corporate tax	**–**	584
Deferred taxation	**2,239**	8,615
Taxation charge for the year	**79,672**	71,154

The PRC income tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onward. Pursuant to the approval documents issued by the Yixing Provincial Commission of Science and Technology and the approval published on its website, Wuxi Jiangnan Cable Co., Ltd. ("Jiangnan Cable") was endorsed as a High and New Technology Enterprise on 4 March 2009 (renewed on 21 May 2012) and was entitled to a reduced PRC income tax rate of 15% till next renewal in 2015.

Taxation arising in South Africa is calculated at the rate prevailing in South Africa. South Africa corporate tax is calculated at 28% (2011: 28%) of the assessable profit during the year.

7. DIVIDEND

An interim dividend of HK3.8 cents per share (before restatement of bonus issue) amounting to HK$58,466,800 (approximately RMB47,228,000) in aggregate was paid to the shareholders whose names appear on the register of members of the Company on 21 September 2012.

Subsequent to the end of the reporting period, a final dividend of HK2.2 cents in respect of the year ended 31 December 2012 (2011: nil) per share has been proposed by the Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company for the year is based on the following data:

	2012	2011
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**376,120**	317,445
		(Restated)
Number of Shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	**2,873,669,944**	2,395,357,898

The weighted average number of ordinary shares in 2011 for the purpose of basic earnings per share is determined based on the assumption that the Group Reorganisation and the capitalisation issue as disclosed in "Statutory and General Information" in Appendix V to the Prospectus, as if, have been completed on 1 January 2011.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the bonus issue of 1,538,600,000 shares on 15 November 2012.

No diluted earnings per share are presented as there were no potential dilutive shares outstanding during both years.

9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2012, the Group incurred the following capital expenditures on property, plant and equipment:

	2012	2011
	RMB'000	*RMB'000*
Buildings	**771**	–
Plant and machinery	**18,713**	13,704
Motor vehicles	**2,374**	909
Furniture, fixtures and equipment	**2,100**	3,820
Construction in progress	**148,727**	14,424
Total	**172,685**	32,857

The Group's buildings are erected on land held under medium-term land used rights in the PRC.

As at 31 December 2012, the Group pledged certain of its buildings and machinery with carrying value of RMB58,711,000 and RMB38,061,000, respectively (2011: RMB59,020,000 and RMB59,680,000, respectively) to certain banks to secure credit facilities granted to the Group.

During the year ended 31 December 2012, interest expenses of RMB11,728,000 (2011: RMB886,000) has been capitalised.

10. INVENTORIES

	2012	2011
	RMB'000	*RMB'000*
Raw materials	**115,570**	15,046
Work in progress	**472,777**	713,040
Finished goods	**414,949**	457,793
	1,003,296	1,185,879

11. TRADE AND OTHER RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables, net	**1,732,705**	1,313,371
Bills receivables	**7,305**	57,818
	1,740,010	1,371,189
Current portion of land use rights	**1,982**	1,229
Deposits paid to suppliers	**7,432**	1,902
Staff advances	**6,988**	5,384
Prepayments	**6,986**	5,117
Tender deposits	**51,418**	38,534
Interest income receivables	**7,552**	–
VAT tax receivables	**3,828**	–
Other receivables	**4,720**	4,064
	1,830,916	1,427,419

The Group normally allows a credit period ranging from 30 to 180 days to its trade customers.

The following is an aged analysis of trade receivables, net of allowances for bad and doubtful debts, and bill receivables based on the invoice date at the end of the reporting period:

	2012	2011
	RMB'000	*RMB'000*
Age		
0 to 90 days	**1,261,629**	1,023,289
91 to 180 days	**474,775**	322,064
181 to 365 days	**3,606**	25,836
	1,740,010	1,371,189

Included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of RMB745,282,000 as at 31 December 2012 (31 December 2011: RMB482,560,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss. Based on the historical experiences of the Group, trade and bills receivables past due but not impaired are generally recoverable as there has not been a significant change in credit quality of the relevant customers and there has been a continuing settlement from these customers. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**348,703**	412,122
Bills payables	**814,000**	835,000
	1,162,703	1,247,122
Payroll and welfare accruals	**35,400**	36,203
Receipt in advance from customers	**111,784**	198,394
Construction work payables	**25,249**	–
Other tax payables	**20,883**	10,622
Other deposits	**4,210**	3,360
Other payables and accruals	**44,595**	43,836
	1,404,824	1,539,537

The Group normally receives credit terms ranging form 30 to 90 days. The following is an aged analysis of trade and bills payables based on the invoice date at the end of the reporting period:

	2012	2011
	RMB'000	*RMB'000*
Age		
0 to 90 days	**927,803**	1,087,471
91 to 180 days	**231,315**	157,466
181 to 365 days	**1,377**	410
Over 1 year	**2,208**	1,775
	1,162,703	1,247,122

13. BANK BORROWINGS

	2012	2011
	RMB'000	*RMB'000*
Secured	**110,500**	199,725
Secured and guaranteed by independent third parties	**195,400**	409,500
Unsecured and guaranteed by:		
— independent third parties	**1,628,600**	742,600
— directors, family members of directors, related companies and independent third parties	**–**	50,000
	1,934,500	1,401,825

The bank borrowings are payable within one year. All bank borrowings are denominated in Renminbi as at 31 December 2012 and 31 December 2011.

14. SHARE CAPITAL

The share capital at 31 December 2011 represented the then issued and fully paid share capital of the Company and Extra Fame.

Movements in the authorised and issue share capital of the Company from 4 January 2011 (date of incorporation) to 31 December 2012 are as follows:

	Number of shares	Amount in HK$	Shown in financial statements as *RMB'000*
Ordinary shares at HK$0.01 each			
Authorised:			
On 4 January 2011 (date of incorporation) and 31 December 2011 *(note a)*	10,000,000	100,000	
Increase pursuant to Group Reorganisation *(note b)*	9,990,000,000	99,900,000	
As at 31 December 2012	10,000,000,000	100,000,000	
Issued and fully paid:			
Issue of share on 4 January 2011 (date of Incorporation) and 31 December 2011 *(note a)*	1	–	–
Issue of shares pursuant to Group Reorganisation *(note c)*	9,999,999	100,000	81
Capitalisation issue *(note d)*	1,190,000,000	11,900,000	9,669
Issue of shares of the Company under the initial public offering *(note e)*	338,600,000	3,386,000	2,751
Bonus shares issued *(note f)*	1,538,600,000	15,386,000	12,463
At 31 December 2012	3,077,200,000	30,772,000	24,964

Notes:

(a) The Company was incorporated and registered as an exempted company in the Cayman Islands on 4 January 2011 with an authorised share capital of HK$100,000 dividend into 10,000,000 ordinary shares of HK$0.01 each. Upon incorporation of the Company, one share of HK$0.01 each was issued at nil paid.

(b) On 25 February 2012, by resolution of the then sole shareholder of the Company, Power Heritage, the authorised share capital of the Company was increased from HK$100,000 to HK$100,000,000 by the creation of an additional 9,990,000,000 shares of HK$0.01 each.

(c) On 25 February 2012, all the shareholders of Extra Fame, namely, Power Heritage, Furui Investments and Sinostar entered into a share transfer agreement with the Company, pursuant to which the shareholders of Extra Fame transferred the entire issued share capital of Extra Fame to the Company. On 25 February 2012, as the consideration of the acquisition, the Company issued and allotted 9,579,999, 231,000 and 189,000 new shares of the Company to Power Heritage, Furui Investments and Sinostar, respectively, and credited one nil paid share of the Company held by Power Heritage as fully paid. As a result, the Company was held as to 95.8% by Power Heritage, 2.31% by Furui Investments and 1.89% by Sinostar.

(d) On 25 February 2012, pursuant to the shareholders' written resolutions of the Company, 1,190,000,000 shares were issued and allotted to the then shareholders of the Company by way of capitalisation of the sum of HK$11,900,000 (approximately RMB9,669,000) standing to the credit of the share premium account of the Company, such shares ranking pari passu in all respect with the existing issued shares of the Company.

(e) On 20 April 2012, the Company issued 338,600,000 ordinary shares of HK$0.01 each at HK$1.42 per share by way of initial public offering.

(f) On 15 November 2012, by an ordinary resolution of the Shareholders of the Company passed on 31 October 2012, the issued share capital was increased by way of applying HK$15,386,000 (approximately RMB12,463,000) charging to the share premium account in the payment in full at par of 1,538,600,000 shares at HK$0.01 each on the basis of one share for every one existing shares held by the members of the Company whose names appear on the register of members of the Company on 7 November 2012. All bonus shares rank pari passu with the then existing shares.

15. CAPITAL COMMITMENT

	2012	2011
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**14,062**	7,983

16. CONTINGENT LIABILITIES

As at 31 December 2012, neither the Group nor the Company had any significant contingent liabilities.

17. RELATED PARTY TRANSACTIONS

Other than the transactions and balances with related parties disclosed in the consolidated statement of financial position as "Amounts due to directors" and the remuneration of Directors during the year, the Group has no other significant transactions and balances with related parties.

The remuneration of Directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

For the year ended 31 December 2012, the Group's revenue recorded RMB5,356.4 million, representing an increase of approximately 8.7% as compared with the same period in 2011 and profit for the year amounted to RMB376.1 million, representing an increase of approximately 18.5% as compared with the same period in 2011. The Group's gross profit margin for the year ended 31 December 2012 increased to approximately 15.7% (2011: 14.9%). Basic earnings per share for the year was RMB13.09 cents (2011: restated at RMB13.25 cents), representing a decrease of approximately 1.2%.

Market and Business Review

In 2012, the change of global economy has its complicated and profound influence worldwide. Countries are all facing new challenges as well as opportunities of reversing the economic decline. In early 2012, the global economy started with the on-going downturn from 2011 and finally ended with a dramatic falling after months of slow recovery. As a whole, 2012 economic recovery was full of difficulties. International agencies like the United Nations, the World Bank and the International Monetary Fund reduced the economic growth estimates several times within 2012. Following 2008 and 2009, 2012 became the third one having the lowest economic growth during the last 10 years. The serious employment issues and debt problems spread out in various countries and regions of the world owing to the continued stagnant of the economic development which at the same time resulted in the increase in trade disputes and drastic fluctuation in commodity prices. Weak demand of major economies combined with further liquidity released by developed economies, the international financial market was going through a seldom turmoil. Developed countries struggled in the downturn of economic growth while the emerging economies also cannot get rid of a general slowdown. Investment and consumption fatigued so that the decline in international trade, the conflict and protectionism has surfaced.

China's economic development grew beyond expectation negatively. The third-quarter GDP falling to 7.4% was lower than the government proposed target of 7.5%. According to the cumulative value in parallel quarterly GDP, the economic growth rate was all the way down to 7.4% of the third quarter in 2012 from 11.2% of the second quarter in 2010. As the average economic growth rate between 2001 and 2010 was 10.5%, China's current one has been significantly lower than the average level in the past decade. But when the unexpected downturn appeared in the second and third quarters in China, there was no sign of large-scale unemployment and deflation. The consumption continued to rise, with the significant growth of investment in infrastructure construction and adjustment of real estate policy enabled the economic growth to rebound after reaching the lowest value in September 2012. Considering the political factor as the smooth staging of the 18th national congress of the central committee, and the sustained growth of consumption, China's economy returned to a recovery track in the fourth quarter of 2012.

Despite the adverse economic sentiment in 2012, the demand for wires and cables remained stable. This is due to the fact that wires and cables are widely used in multiple facets of the economy. They not only provide important support to various industries, national defense and significant construction projects, but also form the foundation for the functioning of modern economies and societies. China's increasing electricity consumption also supported a steady growth of the wire and cable industry in the past and for the future.

The Group's power cables continued to be the Group's key revenue contributor (accounted for approximately 69.1% of total revenue in 2012 and 66.2% in 2011) and its gross profit margin improved from approximately 15.9% in 2011 to approximately 17.1% in 2012. This was attributed to the increase in sales of higher-end products such as ultra-high voltage cables which had a higher gross profit margin than other power cable products.

Revenue by Geographical Markets

The PRC market remains the Group's key market. Sales to the PRC market increased by approximately 10.2% to RMB4,958.0 million and accounted for approximately 92.6% of total revenue, the increase was primarily due to increase in average selling price of power cables as a result of increase in sales of higher-end products with higher selling price such as ultra-high voltage cables.

Overseas markets recorded a slight decline in revenue of approximately RMB33.0 million as a result of a decrease in quantity ordered from the Group's major customer, Eskom Holdings Limited in the second half of 2012. Sales to South Africa dropped approximately 40.0% as a result of the slowing down of economic growth in South Africa (South Africa 2012 GDP growth expected a record low of 2.6% since 2009). The decrease in sales to South Africa was compensated by increase in sales to Power Works Pte Ltd of Singapore by approximately 4.9 times as compared to 2011.

Selling and Distribution Expenses

Selling and distribution expenses decreased slightly by approximately 9% from RMB103.4 million to RMB94.1 million. The decrease was mainly due to decrease in supply and marketing expenses as a result of shifting of the tendering process of State Grid Corporation of China from provincial to national level and the increasing awareness of the Group's brand.

Administrative Expenses

Administrative expenses decreased by approximately 10.4% from RMB96.0 million to RMB86.0 million. The decrease was mainly due to the decrease in bank charges and entertainment expenses incurred during the year as a result of the group's tightening its expenses control.

Other Expenses

Other expenses increased by approximately 36.9% from RMB23.5 million to RMB32.2 million, primarily due to increase in one-off expenses related to the initial public offering which were incurred in 2012.

Finance Costs

Finance costs increased by approximately 44.2% from RMB126.4 million to RMB182.2 million mainly due to the increase in bank borrowings required for financing the business operations during the year.

Profit for the Year

Higher gross profit coupled with decrease in selling and distribution costs and administrative expenses were offset by the increase in finance costs, other expenses and other losses, resulting in profit for the year in 2012 increased by approximately 18.5% from RMB317.4 million to RMB376.1 million.

Financial Position and Liquidity

As at 31 December 2012, total assets of the Group amounted to RMB5,286.6 million (31 December 2011: RMB4,185.4 million).

Non-current assets increased by approximately 35.8% from RMB412.0 million as at 31 December 2011 to RMB559.6 million as at 31 December 2012. The increase was mainly due to the construction of the new workshops for the production of aluminium alloy products in PRC and the setting up of new production lines in South Africa.

Current assets increased by approximately 25.3% from RMB3,773.4 million as at 31 December 2011 to RMB4,727.1 million mainly due to increase in cash and bank balances as at 31 December 2012 as a result of (a) collection of large amount of trade and other receivables towards the end of 2012; and (b) increase in unexpired bank borrowings during 2012.

Total interest-bearing bank borrowings increased by approximately 38% from RMB1,401.8 million as at 31 December 2011 to RMB1,934.5 million as at 31 December 2012. Of the Group's total bank borrowings, 100% of short-term borrowings were made by the Group's subsidiary Wuxi Jiangnan Cable Co. Ltd. These loans were not guaranteed by the Company.

Equity attributable to owners of the Company was RMB1,880.8 million as at 31 December 2012, approximately 59.1% higher than the RMB1,182.0 million as at 31 December 2011. The increase was attributable to the issue of shares of the Company under initial public offering and the total comprehensive income generated in 2012.

As at 31 December 2012, the net-debt-to-equity ratio of the Group, defined as a percentage of net interest-bearing borrowings (bank borrowings less bank balance and pledged bank deposits) of RMB41.7 million over total equity of RMB1,880.8 million, improved from approximately 20.5% as at 31 December 2011 to approximately 2.2% as at 31 December 2012. The increase was due to the reduction of net debt coupled with the increase in equity as a result of the issue of shares of the Company under the initial public offering in 2012.

The Group's borrowings are mainly denominated in Renminbi ("RMB") and carry People's Bank of China plus rates. As its revenue is mainly denominated in RMB and major expenses are made either in RMB or HK Dollars, the Group faces relatively low currency risk.

As at 31 December 2012, neither the Group nor the Company had any significant contingent liabilities.

Initial Public Offering

On 20 April 2012, the Company completed an issue of 338.6 million new ordinary shares at HK$1.42 each by way of initial public offering and raised net proceeds of approximately RMB370.0 million.

Dividend

An interim dividend of HK3.8 cents per share (or restated as HK1.9 cents after taking into consideration of bonus issue) amounting to HK$58,446,800 (approximately RMB47,228,000) in aggregate was paid to the shareholders of the Company during the year.

Subsequent to the end of the reporting period, the Board recommended a final dividend ("Final Dividend") of HK2.2 cents per share for the year ended 31 December 2012 (2011: nil) to the shareholders of the Company which is subject to shareholders' approval in the forthcoming annual general meeting to be held on 3 April 2013 ("AGM").

Subject to the approval of the shareholders of the Company at the AGM, it is expected that the Final Dividend will be paid on or around 24 May 2013 to the shareholders whose name appear in the register of members of the Company on 19 April 2013.

Closure of Register of Members

For the purpose of determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 28 March 2013 to Wednesday, 3 April 2013, both dates inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:30 p.m. on Wednesday 27 March 2013.

For the purpose of determining the entitlement to the proposed Final Dividend for the year ended 31 December 2012, the register of members of the Company will be closed from Wednesday, 17 April 2013 to Friday, 19 April 2013, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for entitlement to the proposed Final Dividend for the year ended 31 December 2012, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 16 April 2013.

Bonus Issue of Shares

On 15 November 2012, the Company issued 1,538,600,000 bonus shares on the basis of one new ordinary share of HK$0.01 for every one existing share held by the shareholders of the Company on 7 November 2012. The bonus shares had been credited as fully paid by way of capitalisation of an amount equal to the total par value of the bonus shares in the share premium account of the Company.

Employees and Remuneration

As at 31 December 2012, the Group had a total of approximately 2,100 employees. Remuneration packages offered to employees are in line with industry standards and reviewed annually. The award of bonuses is discretionary and based on the performance of, firstly, the individual employee, and secondly, the Group.

Property, Plant and Equipment

During the year ended 31 December 2012, the Group's Property, Plant and Equipment increased from RMB346.7 million as at 31 December 2011 to RMB472.6 million as at 31 December 2012, representing an increase of approximately 36.3%. The increase was mainly attributed to the increase in construction of the new workshops for aluminium alloy products and double capacity conductors in PRC and setting up of new production lines in South Africa.

Prospects

The prospects for China's economy in 2013 will be full of variables under the complex international economic situation, but the Group has seen a glimmer of hope ahead. Although the slow growth of the world economy is inevitable, the recovery is expected to accelerate in 2013.

The Group operates in the wire and cable industry, which is the second largest industry after motor industry, representing one-fourth of the production capacity of the PRC electronic engineering industry and is considered to be the "vascular" of the nation's economy. In recent years, as the Chinese economy keeps growing, the Chinese wire and cable industry also develops violently. At the end of the "Eleventh Five-year" the national production value of the wire and cable industry reached RMB500 billion, the scale of industry was among the top in the world, and the overall standard of the products has also reached an advanced level around the globe. During the "Twelfth Five-year" period, with the increase in capital investments in various sectors, it is expected that the wire and cable industry will maintain its rapid development and capture more market opportunity.

Wire and cable industry faces the opportunity of the new model of smart grid construction and the urbanisation of rural area of the PRC. Recently, the State Grid Corporation of China and the China Southern Power Grid announced transformation plan of the grid in rural area and investment budget during the "Twelfth Five-year" period, they decided to implement the new phrase of transformation and upgrade project for the grid in rural area. State Grid Corporation of China will arrange RMB410 billion on the transformation of the grid in rural area, and the proposed amount of investment made by the China Southern Power Grid will be RMB111.6 billion, the total amount will be RMB521.6 billion. Based on this scale, the investment amount of the new phrase of transformation and upgrade project for the grid in rural area for the first three years will be more than RMB300 billion. As the transformation of grid in rural area goes further, wire and cable industry will enter into a new period of development. This will be a good opportunity and positive message for the electric wires production and selling enterprises which act as the major provider of the project for the grid in rural area.

Ultra high voltage grid network will be a vital investment direction and increment of the PRC grid during the "Twelfth Five-year" period. According to the planning of the State Grid Corporation of China, in 2015, the "Three China" ultra high voltage grid network will be established in Northern China, Middle China and Eastern China, forming the "three vertical, three horizontal and one ring grid" network system. In the coming three years, the investment amount of ultra high voltage grid network can reach RMB270 billion, which is more than 13 times of the approximately RMB20 billion made in the "Eleventh Five-year" period. This will provide enormous room for the development of the wire and cable industry. Large scale enterprises which have better branding effect, production capacity and technical know how in the PRC and with absolute competitive advantage in the industry will directly benefit from it.

Maximising the shareholders value has always been the development ideology of the Group. By capturing the forthcoming opportunities in economic recovery and the increase in infrastructure investments in China and emerging countries, it is expected that the Group will benefit from the change in momentum of the economy. The Group's new workshops for manufacturing aluminium alloy products and double capacity conductors have commenced commercial production and will deliver new revenue stream to the Group. Also the new production lines in South Africa will not only enhance the Group's production capacity but also strengthen the Group's presence in South Africa. The Group will also expand strategically on its overseas sales by targeting potential emerging countries. In China, apart from maintaining the Group's organic growth as in the past, the Group will seek for new opportunities that can bring in new product offerings, new technology and/or new customers to the Group by means of strategic investment or acquisition. Through both organic and non-organic growth, the Group has confidence to further enhance its market share and maintain the Group's leading position in the industry.

PURCHASE, SALE OR REDEMPTION

Since 20 April 2012, the date on which the shares of the Company were listed on the Main Board of the Stock Exchange, to 31 December 2012 ("Relevant Period"), neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities of the Company during such period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code of Corporate Governance (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange. The Company has complied with all the applicable code provisions in the CG Code save for the deviation below during the Relevant Period.

Pursuant to code provision A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules, the responsibilities between the chairman and chief executive officer should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive officer, with Mr. Rui Fubin currently performing these two roles. The Board believes that vesting both the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within Group and enables more effective and efficient overall strategic planning for the

Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code on securities transaction by Directors on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code").

Specific enquiry has been made of all the Directors who have confirmed their compliance with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the Relevant Period.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management team the accounting principles and practices adopted by the Group, discussed auditing, internal control and financial reporting matters and has reviewed the audited annual consolidated financial statements of the Group for the year ended 31 December 2012.

The members of the Audit Committee are Mr. Poon Yick Pang Philip (Chairman), Mr. He Zhisong, Mr. Wu Changshun and Mr. Yang Rongkai, the independent non-executive Directors.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE COMPANY AND OF THE STOCK EXCHANGE

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.jiangnangroup.com). The annual report for the year ended 31 December 2012 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

ACKNOWLEDGEMENT

The Chairman would like to take this opportunity to express his sincere gratitude to the shareholders, investors, business partners, customers and suppliers of the Group for their continuing support and to thank the Group's management team and all staff for their dedication and contribution in the past.

By order of the Board
Rui Fubin
Chairman, Chief Executive Officer
and Executive Director

PRC, 18 February 2013

As at the date of this announcement, the executive Directors are Mr. Rui Fubin, Mr. Rui Yiping, Ms. Xia Yafang, Mr. Jiang Yongwei and Mr. Hao Minghui, and the independent non-executive Directors are Mr. He Zhisong, Mr. Wu Changshun, Mr. Yang Rongkai and Mr. Poon Yick Pang Philip.