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## **JIANGNAN GROUP LIMITED**

**江南集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1366)**

### **(1) DISCLOSEABLE AND CONNECTED TRANSACTION — ACQUISITION OF THE TARGET GROUP; AND (2) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR**

#### **THE ACQUISITION**

The Board is pleased to announce that after the trading hours on 19 April 2013, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which, the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Target Shares, being the entire equity interest in the Target Company at the Consideration ranging from RMB422,075,000 (equivalent to approximately HK\$527,594,000) to RMB500,000,000 (equivalent to approximately HK\$625,000,000). The Consideration is to be settled in cash by the Group's internal resources in the manner as described in the paragraph headed "Consideration" in this announcement below.

The Target Group is principally engaged in the manufacture and sale of special types of wires and cables in the PRC.

#### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios for the Acquisition under the Listing Rules are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, one of the Vendors, Mr. Chu Hui, is the son-in-law of Mr. Rui Fubin (the Chairman, chief executive officer of the Company and an executive Director) and the brother-in-law of Mr. Rui Yiping (an executive Director), and is thus a connected person of the Company and the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements.

## **PROPOSED APPOINTMENT OF DIRECTOR**

It is proposed that Mr. Chu Hui will be appointed as an executive Director and a member of the corporate governance committee of the Board with effect from the date of Completion.

### **EGM**

The EGM will be convened at which resolution will be proposed to seek the approval of the Independent Shareholders for the Agreement and the transactions contemplated thereunder. The Independent Board Committee has been established to consider the transactions contemplated under the Agreement and RaffAello Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Being one of the Vendors, Mr. Chu Hui is materially interested in the Acquisition. As at the date of this announcement, Power Heritage, a company owned as to 83% by Mr. Rui Fubin and 17% by Mr. Rui Yiping, held 2,206,800,000 Shares (representing 71.7% of the issued share capital of the Company). In view of the relationships between Mr. Rui Fubin, Mr. Rui Yiping and Mr. Chu Hui as disclosed above, Power Heritage will be required to abstain from voting at the EGM to approve the relevant resolution regarding the Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, apart from Power Heritage, no other Shareholder has a material interest in the Acquisition and other transactions contemplated under the Agreement and no other Shareholder will be required to abstain from voting at the EGM to approve the relevant resolution regarding the Agreement and the transactions contemplated thereunder.

### **GENERAL**

A circular containing, among other matters, (i) details of the Acquisition; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from RaffAello Capital Limited to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 31 May 2013 as the Company needs more time to compile the information in the circular.

The Board is pleased to announce that after the trading hours on 19 April 2013, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which, the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Target Shares, being the entire equity interest in the Target Company at the Consideration ranging from RMB422,075,000 (equivalent to approximately HK\$527,594,000) to RMB500,000,000 (equivalent to approximately HK\$625,000,000).

Particulars of the Agreement are set out below:

## **THE AGREEMENT**

### **Date**

19 April 2013

### **Parties**

Vendors:

- (i) Mr. Chu Hui
- (ii) Mr. Yang Zhen
- (iii) Mr. Chu Kai Qiang
- (iv) Ms. Chu Xi Feng
- (v) Mr. Zeng Guoming
- (vi) Mr. Shi Yong Jiu
- (vii) Mr. Shi Huan Xiang
- (viii) Mr. Liu Wen Sheng

Purchaser: Jiangnan Cable, a wholly foreign-owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save that (i) Mr. Chu Hui is the son-in-law of Mr. Rui Fubin (the Chairman, chief executive officer of the Company and an executive Director) and the brother-in-law of Mr. Rui Yiping (an executive Director); (ii) Mr. Chu Kai Qiang is the father of Mr. Chu Hui; (iii) Ms. Chu Xi Feng is the sister of Mr. Chu Hui; and (iv) Mr. Zeng Guoming is the uncle of Mr. Chu Hui, each of the Vendors is an Independent Third Party.

### **Assets to be acquired**

Pursuant to the Agreement, the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Target Shares, being the entire equity interest in the Target Company.

As at the date of this announcement, the Vendors held 100% of the equity interest of the Target Company, i.e. Mr. Chu Hui, Mr. Yang Zhen, Mr. Chu Kai Qiang, Ms. Chu Xi Feng, Mr. Zeng Guoming, Mr. Shi Yong Jiu, Mr. Shi Huan Xiang and Mr. Liu Wen Sheng directly held 73.93%, 13.33%, 10%, 1.8%, 0.63%, 0.13%, 0.11% and 0.07% of the equity interest in the Target Company respectively.

### **Conditions precedent to the Agreement**

Completion shall be subject to the satisfaction or waiver of the following conditions precedent:

- (a) all necessary authorisations, consents and approvals in relation to the transfer of the Target Shares having been obtained by the Vendors;

- (b) the delivery by the Vendors to the Purchaser of all necessary government approvals obtained for the transfer of the Target Shares;
- (c) there having been no material adverse change on the Vendors or any member of the Target Group;
- (d) all representations and warranties given by the Vendors under the Agreement having not been breached and the Vendors having performed all undertakings and warranties required to be performed before Completion as stipulated in the Agreement;
- (e) the Purchaser having completed the due diligence review on the Target Group and being satisfied with the results of the due diligence review;
- (f) all necessary authorisations, consents and approvals in relation to the transfer of the Target Shares having been obtained by the Purchaser, including but not limited to the approval given by the Independent Shareholders at the EGM;
- (g) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) issued by a law firm practicing the laws of the PRC in relation to the Target Group; and
- (h) the Purchaser having satisfied that before Completion, all representations, warranties and undertakings given by the Vendors under the Agreement have remained true, complete, accurate and not misleading in all material respects and there have not been any circumstance which would lead to breach of the warranties given by the Vendors or any terms of the Agreement.

The satisfaction of conditions precedent (c) and (d) above are capable of being waived by the Purchaser. In the event that the above conditions precedent have not been fulfilled or waived by the Purchaser on or before 30 June 2013 (or such other date as the Purchaser and the Vendors may agree), the Agreement shall lapse and thereafter neither party to the Agreement shall have any rights or obligations towards each other.

### **Consideration**

The maximum amount of the Consideration is RMB500,000,000 (equivalent to approximately HK\$625,000,000) while the minimum amount of the Consideration is RMB422,075,000 (equivalent to approximately HK\$527,594,000). The Consideration shall be satisfied in the following manner:

- (a) upon Completion, an aggregate sum of RMB422,075,000 (equivalent to approximately HK\$527,594,000), being the minimum amount of the Consideration, shall be paid by the Purchaser to the Vendors (which amount shall be shared amongst the Vendors in proportion to their respective shareholding in the Target Company); and

(b) if applicable, an additional amount as determined as follows shall be paid to the Vendors (which amount shall be shared amongst the Vendors in proportion to their respective shareholding in the Target Company) within ten Business Days after the issue of the 2013 Audited Accounts:

(i) where the audited combined net profits after taxation, exceptional or extraordinary items and minority shareholders' interest of the Target Group for the year ending 31 December 2013 (“**2013 Actual Profit**”) exceeds the Reference Profit but is less than RMB75,000,000 (equivalent to approximately HK\$93,750,000) (“**2013 Target Profit**”), being the target profit of the Target Group set by the Vendors for the year ending 31 December 2013, such additional amount shall be determined in accordance with the following formula:

$$\text{additional amount to be paid} = A - B \times 7.5$$

where:

A = RMB77,925,000 (equivalent to approximately HK\$97,406,000), being the difference between the maximum amount of the Consideration and the minimum amount of the Consideration

B = the difference between the 2013 Target Profit and the 2013 Actual Profit

or

(ii) where the 2013 Actual Profit is equal to or exceeds the 2013 Target Profit, such additional amount shall be equal to RMB77,925,000 (equivalent to approximately HK\$97,406,000), being the difference between the maximum amount of the Consideration and the minimum amount of the Consideration.

For the avoidance of doubt:

(a) where the 2013 Actual Profit is equal to or less than the Reference Profit, other than the Consideration paid upon Completion, the Purchaser will not be required to pay to the Vendors any additional amount of the Consideration. In such case, the Consideration shall be fixed at RMB422,075,000 (equivalent to approximately HK\$527,594,000); and

(b) where the 2013 Actual Profit exceeds the 2013 Target Profit, the excess of the 2013 Actual Profit over the 2013 Target Profit will be retained by the Purchaser and there will not be any upward adjustment to the maximum amount of the Consideration. In such case, the Consideration shall be fixed at RMB500,000,000 (equivalent to approximately HK\$625,000,000).

As at the date of this announcement, Mr. Chu Hui directly held 73.93% of the equity interest in the Target Company. The original costs of Mr. Chu Hui's investment in the Target Company was RMB36,965,000 (equivalent to approximately HK\$46,206,000), being 73.93% of the registered capital of the Target Company paid up by Mr. Chu Hui.

The Consideration was determined between the Purchaser and the Vendors after arm's length negotiations with reference to the historical performance of Zhongmei Cable for the three years ended 31 December 2012, the net assets value of Zhongmei Cable as at 31 December 2012 (with adjustment of final dividend of RMB10,000,000 (equivalent to approximately HK\$12,500,000) for the year ended 31 December 2012 declared by Zhongmei Cable) and the prospects of the Target Group. The maximum Consideration is fixed at a price earning multiple of 7.5 to the audited net profit after taxation of Zhongmei Cable for the year ended 31 December 2012.

The Consideration is to be settled in cash by the Group's internal resources.

### **Completion**

Completion shall take place on the fifth Business Day following the date on which the last of the above conditions precedent is fulfilled or waived (where applicable).

Upon Completion, each member of the Target Group will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Company.

### **REASONS AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the manufacture and sale of wires and cables for power transmission, distribution systems and electrical equipment.

Since the Target Group is principally engaged in the manufacture and sale of special types of wires and cables which are different from the Group's products in the PRC, the Directors are of the view that the Acquisition offers the Company a good opportunity to increase its products offering and market share in the sectors in which the Target Group is principally engaged and enhance its income stream.

Having considered the abovementioned reasons and benefits, the Directors (excluding the independent non-executive Directors whose opinion would be rendered after having obtained the advice from the independent financial adviser) are of the opinion that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **INFORMATION ON THE TARGET GROUP**

The Target Company was a company established in the PRC with limited liability on 20 March 2013. The principal business activity of the Target Company is investment holding and it holds 100% equity interest in Zenghui Investment which in turn holds 100% equity interest in Zhongmei Cable.

Zenghui Investment was a company established in the PRC with limited liability on 25 March 2013 and its principal business activity is investment holding.

Zhongmei Cable is a company established in the PRC with limited liability on 13 January 2004 and is wholly owned by the Target Company, which is principally engaged in the manufacture and sale of special types of wires and cables in the PRC.

As each of the Target Company and Zenghui Investment is newly established, no financial statements have been prepared for them.

Set out below is a summary of the audited financial information of Zhongmei Cable for the two years ended 31 December 2012, which are prepared in accordance with the generally accepted accounting principles in the PRC:

	<b>For the year ended 31 December 2011</b>	<b>For the year ended 31 December 2012</b>
Net Profit (before taxation and extraordinary items)	RMB78,312,537 (equivalent to approximately HK\$97,891,000)	RMB77,776,930 (equivalent to approximately HK\$97,221,000)
Net Profit (after taxation and extraordinary items)	RMB66,961,624 (equivalent to approximately HK\$83,702,000)	RMB66,627,666 (equivalent to approximately HK\$83,285,000)

As at 31 December 2012, the net assets value of the Zhongmei Cable was approximately RMB450,224,000 (equivalent to approximately HK\$562,780,000) and Zhongmei Cable has declared final dividend of RMB10,000,000 (equivalent to approximately HK\$12,500,000) for the year ended 31 December 2012.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios for the Acquisition under the Listing Rules are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, one of the Vendors, Mr. Chu Hui, is the son-in-law of Mr. Rui Fubin (the Chairman, chief executive officer of the Company and an executive Director) and the brother-in-law of Mr. Rui Yiping (an executive Director), and is thus a connected person of the Company and the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements.

## **PROPOSED APPOINTMENT OF DIRECTOR**

It is proposed that Mr. Chu Hui will be appointed as an executive Director and a member of the corporate governance committee of the Board with effect from the date of Completion.

Mr. Chu Hui, aged 41, is the chairman and chief executive officer of the Target Group, and is primarily responsible for the formulation of the development strategies and supervision of the overall business and operation management of the Target Group. Mr. Chu Hui has over 18 years of experience in the wire and cable industry in the PRC. Since May 2005, he has been the chairman, executive director and general manager of Zhongmei Cable and been responsible for overall management of production, operation, sales and administration



matters in Zhongmei Cable. From June 2003 to November 2004, he was the executive director and general manager of Wuxi Zhongnan Mining Cable Co. Ltd (無錫中南礦纜有限公司). From November 2001 to May 2003, he was the deputy general manager of Wuxi Jiangnan Wire and Cable Co. Ltd (無錫江南線纜有限公司). From November 1997 to October 2001, he was the factory director of Shanghai Asahi cable factory (上海滬旭電纜廠). From December 1994 to October 1997, he was engaged in the sales and marketing of wire and cable.

Mr. Chu Hui had been the vice chairman of the 2nd Governing Council of the Jiangsu Province Coal Mining Machinery Industry Association, the vice chairman of the 2nd National Fountain Professional Committee, and the general committee member (常務理事) of Yixing City Charity Association (宜興市慈善會).

Mr. Chu Hui has obtained several awards, including Outstanding Entrepreneur (優秀企業家) awarded by the people's government of Yixing in 2012, Outstanding Entrepreneur in Coal Mining Machinery Industry (江蘇省煤礦機械工業優秀企業家) by the Coal Mining Machinery Industry of Jiangsu Province (江蘇省煤礦機械工業協會) in 2006, one of the Top Ten Young Entrepreneurs in Wuxi City (無錫市十佳青年企業家) jointly awarded by a few entities (including Wuxi Municipal Party Committee Organisation Department (中共無錫市委組織部), Wuxi City Economic and Trade Commission (無錫市經濟貿易委員會) and Wuxi City Industry and Commercial Federation (無錫市工商業聯合會)) in 2008, one of the 17th Top Ten Outstanding Young Persons in Wuxi City (第十七屆無錫市十大傑出青年) jointly awarded by a few entities (including Wuxi Municipal Party Committee Organisation Department (中共無錫市委組織部), Wuxi City Personnel Department (無錫市人事局) and Wuxi City Youth Federation (無錫市青年聯合會) and Outstanding Young Person of Yixing City (宜興市優秀青年) jointly awarded by a few entities (including Yixing Municipal Party Committee Organisation Department (中共宜興市委組織部), Yixing City Personnel Department (宜興市人事局) and Yixing City Youth Federation (宜興市青年聯合會)) in 2006.

Mr. Chu Hui currently serves as a member of the Chinese People's Political Consultative Conference of Yixing City. Mr. Chu Hui also involved in a lot of charitable activities and was granted the award of Charity Star of Yixing City (慈善明星) by the Yixing City Party Committee Council (中共宜興市委員會) and the people's government of Yixing in 2007.

Mr. Chu Hui studied in Southeast University (東南大學) and obtained his master of business administration in 2004. Mr. Chu Hui was qualified as a senior economist (高級經濟師) in 2005 by the Jiangsu Province Personnel Department.

Mr. Chu Hui, is the son-in-law of Mr. Rui Fubin (the Chairman, chief executive officer of the Company and an executive Director), the brother-in-law of Mr. Rui Yiping (an executive Director), and the spouse of Mr. Chu Hui is the cousin of Mr. Jiang Yongwei (an executive Director).

Save as disclosed above, as at the date of this announcement, Mr. Chu Hui did not (i) have any other major appointments and professional qualifications; (ii) hold any other position with Company or other members of the Group; and (iii) have any relationship with any other Directors, senior management, substantial or controlling Shareholders.



As at the date of this announcement, Mr. Chu Hui did not (i) have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong); (ii) hold any directorship in other listed company in the last three years.

The Company will enter into a service agreement with Mr. Chu Hui before the appointment of Mr. Chu Hui as an executive Director and the Company will issue further announcement when it enters the service agreement with Mr. Chu Hui.

Save as disclosed above, there are no other matters about the proposed appointment of Mr. Chu Hui as an executive Director which are required to be disclosed pursuant to paragraph (h) to (v) of Rule 13.51(2) of the Listing Rules, nor are there other matters that need to be brought to the attention of the Shareholders.

## **EGM**

The EGM will be convened at which resolution will be proposed to seek the approval of the Independent Shareholders for the Agreement and the transactions contemplated thereunder. The Independent Board Committee has been established to consider the transactions contemplated under the Agreement and RaffAello Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Being one of the Vendors, Mr. Chu Hui is materially interested in the Acquisition. As at the date of this announcement, Power Heritage, a company owned as to 83% by Mr. Rui Fubin and 17% by Mr. Rui Yiping, held 2,206,800,000 Shares (representing 71.7% of the issued share capital of the Company). In view of the relationships between Mr. Rui Fubin, Mr. Rui Yiping and Mr. Chu Hui as disclosed above, Power Heritage will be required to abstain from voting at the EGM to approve the relevant resolution regarding the Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, apart from Power Heritage, no other Shareholder has a material interest in the Acquisition and other transactions contemplated under the Agreement and no other Shareholder will be required to abstain from voting at the EGM to approve the relevant resolution regarding the Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing, among other matters, (i) details of the Acquisition; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from RaffAello Capital Limited to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 31 May 2013 as the Company needs more time to compile the information in the circular.

## TERMS AND DEFINITION

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“2013 Audited Accounts”	the audited combined financial statements of the Target Group for the year ending 31 December 2013 which shall be prepared in accordance with the generally accepted accounting principles in the PRC and adjusted in accordance with are the generally accepted accounting principles in Hong Kong
“Acquisition”	the acquisition of the Target Shares from the Vendors by the Purchaser pursuant to the Agreement, and the transactions contemplated thereunder
“Agreement”	the share transfer agreement dated 19 April 2013 entered into between the Purchaser and the Vendors in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any normal working day other than a Saturday, Sunday or a statutory holiday in the PRC and Hong Kong
“Chairman”	The chairman of the Board
“Company”	Jiangnan Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition payable by the Purchaser to the Vendors as determined in accordance with the mechanism set out in the paragraph headed “Consideration” in this announcement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder

“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors established to advise the Independent Shareholders on the terms and conditions of the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution approving the Agreement and the transactions contemplated thereunder
“Independent Third Party”	the third party which is independent of the Company and its connected persons (as defined in the Listing Rules) and their respective associates
“Jiangnan Cable” or “Purchaser”	無錫江南電纜有限公司 (in English, for identification purpose only, Wuxi Jiangnan Cable Co., Ltd.), a wholly foreign-owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Power Heritage”	Power Heritage Group Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and owned as to 83% by Mr. Rui Fubin and 17% by Mr. Rui Yiping as at the date of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Reference Profit”	RMB64,610,000 (equivalent to approximately HK\$80,763,000), being the average of the audited net profits after taxation of Zhongmei Cable for the three years ended 31 December 2012
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company

“Shares”	the ordinary shares which have a par value of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	江蘇鋳陽投資有限公司 (in English, for identification purpose only, Jiangsu Zengyang Investment Company Limited), a company established in the PRC with limited liability, owned as to 73.93%, 13.33%, 10%, 1.8%, 0.63%, 0.13%, 0.11% and 0.07% respectively, by Mr. Chu Hui, Mr. Yang Zhen, Mr. Chu Kai Qiang, Ms. Chu Xi Feng, Mr. Zeng Guoming, Mr. Shi Yong Jiu, Mr. Shi Huan Xiang and Mr. Liu Wen Sheng
“Target Group”	the Target Company and its subsidiaries
“Target Shares”	being the entire equity interests in the Target Company
“Vendors”	collectively, Mr. Chu Hui, Mr. Yang Zhen, Mr. Chu Kai Qiang, Ms. Chu Xi Feng, Mr. Zeng Guoming, Mr. Shi Yong Jiu, Mr. Shi Huan Xiang and Mr. Liu Wen Sheng
“Zenghui Investment”	江蘇鋳輝投資有限公司 (in English, for identification purpose only, Jiangsu Zenghui Investment Company Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Target Company
“Zhongmei Cable”	江蘇中煤電纜有限公司 (in English, for identification purpose only, Jiangsu Zhongmei Cable Group Co., Ltd.), a company established in the PRC with limited liability and a wholly-owned subsidiary of Zenghui Investment
“%”	per cent

*For the purpose of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1 = HK\$1.25. Such translations should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.*

On behalf of the Board  
**Jiangnan Group Limited**  
**Rui Fubin**  
*Chairman and chief executive officer*

The People’s Republic of China, 19 April 2013

*As at the date of this announcement, the Board comprises five executive directors, namely Mr. Rui Fubin, Mr. Rui Yiping, Ms. Xia Yafang, Mr. Jiang Yongwei and Mr. Hao Minghui; and four independent non-executive directors, namely Mr. He Zhisong, Mr. Wu Changshun, Mr. Yang Rongkai and Mr. Poon Yick Pang Philip.*