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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)

INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board is pleased to announce that on 19 September 2014 (after trading hours), the Company entered into the MOU with the Potential Vendors regarding the Possible Acquisition of the Target Company.

The Target Company, together with its principal subsidiaries, is principally engaged in the production of wires and cables in the PRC and its major customers are the two PRC grid corporations. In addition, the Target Company owns extra-high voltage cable production facility in Yixing City, the PRC.

Pursuant to the MOU, the consideration for the Possible Acquisition shall be subject to negotiation between the parties and agreed in the Formal Agreement.

It is a term of the MOU that the Company and its subsidiaries shall have the exclusive rights for a period of 90 days from the signing of the MOU to negotiate with the Vendors in respect of the Possible Acquisition, assets transfer of the Target Company and/or signing of any agreement in relation thereto.

Upon signing of the MOU, the Company and/or its subsidiaries shall be entitled to conduct due diligence on the Target Company and its affiliate companies (if any). The Potential Vendors shall co-operate with the Company for such due diligence.

Pursuant to the MOU, in the event that it has come to the knowledge of the Company during due diligence that there exist any business owned by the affiliates of the Potential Vendors which are in competition of the business of the Target Company, the Potential Vendors shall offer to sell to the Company their interest in these affiliate companies to the Company and/or its subsidiaries upon request by the Company. For the avoidance of doubt, such term does

not constitute any obligation or liability on the side of the Company to acquire any equity interest in such affiliate companies. In the event that the Company does not exercise its right to acquire the equity interest in such affiliate companies, the Potential Vendors shall cease to be interested in such affiliate companies in order to avoid competition.

The MOU also sets out certain conditions precedent for the Possible Acquisition to be finalised, including but not limited to the obtaining of necessary approvals from the board/ shareholders of the Target Company and from the relevant government authorities.

The MOU is legally binding.

In the event that the Formal Agreement materialises, the Possible Acquisition may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement in respect of the Possible Acquisition will be made by the Company and it shall comply with all relevant requirements in accordance with the Listing Rules as and when appropriate should the Formal Agreement be entered into.

The Board wishes to emphasise that the Possible Acquisition is subject to, among other things, the signing of the Formal Agreement, the terms and conditions of which are yet to be agreed. As the Possible Acquisition may or may not proceed, investors and Shareholders are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Jiangnan Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholder(s)”	has the meaning as ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement in relation to the Possible Acquisition
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 19 September 2014 entered into between the Company and the Potential Vendors
“Possible Acquisition”	the possible acquisition of 100% equity interest in the Target Company

“Potential Vendors”	collectively being (i) Mr. Jiang Jianliang (蔣建良) who owns 60% equity interest in the Target Company; and (ii) Ms. Jiang Jianfang (蔣建芳) who owns 40% equity interest in the Target Company
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a company incorporated in the British Virgin Islands and beneficially owned by the Potential Vendors

By order of the Board
Jiangnan Group Limited
Rui Fubin
Chairman

Hong Kong, 19 September 2014

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Rui Fubin, Mr. Chu Hui, 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.