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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)

**COMPLETION OF PLACING OF EXISTING SHARES
AND
SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

Placing Agent



Shenwan Hongyuan Securities (H.K.) Limited

The Board is pleased to announce that completion of the Placing took place on 29 July 2015 and completion of the Subscription took place on 6 August 2015. The Company received net proceeds of approximately HK\$704.2 million from the Subscription and intends to use such net proceeds for overseas sales network establishment, investment in cable related business as well as working capital of the Group.

Reference is made to the announcement (“**Announcement**”) of the Company dated 24 July 2015 in relation to, among other things, the Placing and the Subscription. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE PLACING AND SUBSCRIPTION

The Board is pleased to announce that completion of the Placing took place on 29 July 2015. A total of 370,806,000 Placing Shares have been successfully placed at the Placing Price of HK\$1.95 per Placing Share to not less than six Placees (being professional, institutional and other investors who and whose ultimate beneficial owner(s) are Independent Third Parties).

Further, all the conditions precedent to completion of the Subscription have been fulfilled and completion of the Subscription took place on 6 August 2015, as agreed between the Company and the Vendor in writing. A total of 370,806,000 Subscription Shares (equivalent to the number of the Placing Shares successfully placed under the Placing) were subscribed by the Vendor at HK\$1.95 per Subscription Share.

The number of the Placing Shares (which is equivalent to the number of the Subscription Shares) represents (i) 10 % of the issued share capital of the Company immediately before completion of the Subscription; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The gross proceeds from the Subscription are approximately HK\$723.1 million and the net proceeds from the Subscription are approximately HK\$704.2 million. The Company intends to use such net proceeds for overseas sales network establishment, investment in cable related business as well as working capital of the Group.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of the Announcement; (ii) immediately after completion of the Placing but before completion of the Subscription; and (iii) immediately after completion of the Subscription are set out below:

Shareholder	(1) As at dated of the Announcement		(2) Immediate after completion of the Placing but before completion of the Subscription		(3) Immediate after completion of the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Vendor (Note 1)	1,696,800,000	45.76	1,325,994,000	35.76	1,696,800,000	41.60
Chu Hui (Note 2)	<u>167,286,000</u>	<u>4.51</u>	<u>167,286,000</u>	<u>4.51</u>	<u>167,286,000</u>	<u>4.10</u>
<i>Sub-total of the Vendor and parties acting in concert with it (Note 3)</i>	1,864,086,000	50.27	1,493,280,000	40.27	1,864,086,000	45.70
Xia Yafang (Note 4)	112,000	0.00	112,000	0.00	112,000	0.00
Public Shareholders:						
Placees	—	—	370,806,000	10.00	370,806,000	9.09
Other public shareholders	<u>1,843,862,000</u>	<u>49.73</u>	<u>1,843,862,000</u>	<u>49.73</u>	<u>1,843,862,000</u>	<u>45.21</u>
Total:	<u>3,708,060,000</u>	<u>100.00</u>	<u>3,708,060,000</u>	<u>100.00</u>	<u>4,078,866,000</u>	<u>100.00</u>

Notes:

1. The Vendor is owned as to 83% by Mr. Rui, an executive Director and the chairman of the Company and as to 17% by Rui Yiping, son of Mr. Rui and a former Director.
2. Mr. Chu Hui is an executive Director and the son-in-law of Mr. Rui.
3. The Vendor, together with persons acting in concert with it has continuously held more than 50% of the voting rights of the Company for at least 12 months immediately preceding the date of the Placing and Subscription Agreement.
4. Ms. Xia Yafang is an executive Director.

On behalf of the Board
Jiangnan Group Limited
Rui Fubin
Chairman

Hong Kong, 6 August 2015

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 three independent non-executive Directors, namely Mr. He Zhisong, Mr. Yang Rongkai and Mr. Poon Yick Pang Philip.