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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)**

### **ANNOUNCEMENT**

#### **PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE AND RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE**

This announcement is made by Jiangnan Group Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) issued by the Securities and Futures Commission of Hong Kong (the “**SFC**”), Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

#### **THE PROPOSAL**

The board (the “**Board**”) of directors of the Company wishes to inform its shareholders that it received a letter (the “**Letter**”) from Power Heritage Group Limited (the “**Potential Offeror**”) on 17 October 2016, in which the Potential Offeror informed the Board that it is interested in, and is currently considering the feasibility of, pursuing through one or more special purpose vehicles controlled by either the Potential Offeror or its affiliates, a proposal for the privatisation of the Company by way of a scheme of arrangement (under section 86 of the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised, of the Cayman Islands) which involves the cancellation of the Shares other than those held by the Potential Offeror and its concert parties (the “**Proposal**”). The Potential Offeror is wholly-owned by Mr. Chu Hui, the chairman, the chief executive officer of the Company and an executive director of the Company.

The Board is considering the Letter and the Proposal. Discussion with the Potential Offeror is still at a preliminary stage and no terms of the Proposal have been agreed as at the date of this announcement.

## **INTEREST IN SHARES**

The Potential Offeror is the controlling shareholder of the Company and holds 1,248,800,000 shares of the Company (the “**Shares**”) which represent approximately 30.62% of the entire issued share capital of the Company as at the date of this announcement.

## **DISCLOSURE OF DEALINGS**

For the purpose of the Takeovers Code, the offer period commences on the date of this announcement, being 17 October 2016.

In compliance with Rule 3.8 of the Takeovers Code, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company comprise 4,078,866,000 Shares as at the date of this announcement. Save as the aforesaid, the Company has no other outstanding relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

Associates of the Company (as defined under the Takeovers Code, including persons holding 5% or more of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and the Potential Offeror are reminded to disclose their dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

### ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## UPDATES

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Proposal will be made by the Company until an announcement is made of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the Proposal is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

**WARNING: Shareholders of the Company and/or potential investors should be aware that the implementation of the Proposal is subject to the satisfaction or waiver of a number of pre-conditions and therefore the Proposal may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares, as there is no certainty that the Proposal will proceed, and, should the Proposal proceed, there is no certainty that the Proposal will ultimately become effective. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.**

On behalf of the Board  
**Jiangnan Group Limited**  
**Chu Hui**  
*Chairman*

Hong Kong, 17 October 2016

*As at the date of this announcement, the Board comprises four executive directors, namely 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.*

*The directors of the Company jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*