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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

UPDATE ON THE POSSIBLE PRIVATISATION PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE AND CLOSE OF OFFER PERIOD

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**”).

Reference is made to the announcements of the Company dated 17 October 2016, 17 November 2016, 16 December 2016, 16 January 2017 and 16 February 2017 (the “**Previous Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those used in the Previous Announcements.

UPDATE ON THE PROPOSAL AND CLOSE OF OFFER PERIOD

As mentioned in the Previous Announcements, the Board has received an expression of interest from the controlling shareholder of the Company, Power Heritage Group Limited (the “**Potential Offeror**”) in relation to 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 Board wishes to announce that on 15 March 2017 (after trading hours), it received a letter from the Potential Offeror informing the Board that the Potential Offeror has decided not to proceed with the Proposal given that it is unable to finalise the terms and structure

of the financing arrangements in relation to the Proposal within a short period of time taking into consideration the current market and regulatory conditions.

Accordingly, the offer period in relation to the Proposal, which commenced on 17 October 2016, is closed on 15 March 2017.

Pursuant to Rule 31.1 of the Takeovers Code, unless there is a material change of circumstances and with the consent of the Executive of the Corporate Finance Division of the SFC (the “**Executive**”), neither the Potential Offeror nor any person acting in concert with it may, within six months from the date on which the offer period in relation to the Proposal is closed (i.e. 15 March 2017) either:

- (i) announce an offer or possible offer for the Company (including a partial offer which could result in the Potential Offeror holding shares of the Company carrying 30% or more of the voting rights of the Company); or
- (ii) acquire any voting rights of the Company if the Potential Offeror or person acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer.

Shareholders of the Company and potential investors are also advised to exercise caution when dealing in the Shares. 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, 15 March 2017

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.