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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)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of the concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 10 September 2012.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) in respect of the concentration of the shareholding of Jiangnan Group Limited (“**Company**”) in the hands of a limited number of shareholders (“**Shareholders**”) of the Company as at 10 September 2012.

HIGH CONCENTRATION OF SHAREHOLDING

The Company noted that an announcement (“**SFC Announcement**”) was published by Securities and Futures Commission (“**SFC**”) on 19 September 2012. As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. The SFC’s findings suggested that as at 10 September 2012, 11 Shareholders held an aggregate of 298,772,000 shares (“**Shares**”) of HK\$0.01 each in the share capital of the Company, representing 19.42% of the issued Shares. Such shareholding, together with 1,212,300,000 Shares (representing 78.79% of the issued Shares) held aggregately by 2 substantial Shareholders, represented 98.21% of the issued Shares as at 10 September 2012. Therefore only 27,528,000 Shares (representing 1.79% of the issued Shares) were held by other Shareholders.

As disclosed in the SFC Announcement, as at 10 September 2012, the shareholding structure of the Company was as follows:

	Number of Shares held <i>(Shares)</i>	% of total number of issued Shares <i>(%)</i>
Power Heritage Group Limited (<i>Note 1</i>)	1,103,400,000	71.71
Chen Weiping	108,900,000	7.08
A group of 11 Shareholders (<i>Note 2</i>)	298,772,000	19.42
Other Shareholders	<u>27,528,000</u>	<u>1.79</u>
Total	<u><u>1,538,600,000</u></u>	<u><u>100.00</u></u>

Note 1: Power Heritage Group Limited is owned as to 83% by Mr. Rui Fubin (Chairman and executive director of the Company) and 17% by Mr. Rui Yiping (executive director of the Company).

Note 2: 4 of the 11 Shareholders held 163,036,000 Shares (representing 10.6% of the issued Shares). They initially obtained 169,000,000 Shares through the international placing under the global offering of the Company in April 2012.

The board (“**Board**”) of directors of the Company wishes to clarify that the above information is extracted from the SFC Announcement and the Company has not verified such information and is also not in a position to comment on its accuracy. Further, as at the date of this announcement, the Company has not been informed of the identity of the group of 11 Shareholders as mentioned in the SFC Announcement. However, to the best knowledge of the Directors having made all reasonable enquiries, as at 10 September 2012 and the date of this announcement, Power Heritage Group Limited and Chen Weiping held 1,103,400,000 Shares and 108,900,000 Shares respectively, representing approximately 71.71% and 7.08% of the issued Shares respectively.

It is also disclosed in the SFC Announcement that (1) the Company was listed on the Main Board of the Stock Exchange on 20 April 2012 by way of global offering of 384,800,000 Shares, representing 25.01% of the issued Shares, at \$1.42 per share. The share price closed at \$1.42 on its first day of listing; and (2) since August 2012, the share price of the Company increased significantly from the closing price of \$1.49 on 31 July 2012 to \$2.37 on 10 September 2012, after reaching a high of \$2.80 on 6 September 2012. The Shares closed at \$2.20 on 18 September 2012, representing an increase of 54.9% over the offer price of \$1.42 under the global offering of the Company in April 2012.

PUBLIC FLOAT

Based on the information available and to the best knowledge of the Board after making all reasonable enquiries, as at 10 September 2012 and the date of this announcement, Power Heritage Group Limited held 1,103,400,000 Shares, representing approximately 71.71% of the issued Shares. Based on the above and to the best knowledge of the Board after making all reasonable enquiries, not less than 25% of the issued Shares are held in public hands as at the date of this announcement and the Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on the Stock Exchange.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

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

The People's Republic of China, 19 September 2012

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