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**POWER HERITAGE GROUP
LIMITED**

*(Incorporated in the British Virgin Islands with
limited liability)*

JIANGNAN GROUP LIMITED
江南集團有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock code: 1366)

JOINT ANNOUNCEMENT

**(1) PROPOSAL FOR THE PRIVATISATION OF
JIANGNAN GROUP LIMITED
BY POWER HERITAGE GROUP LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
JIANGNAN GROUP LIMITED**

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

DESPATCH OF THE SCHEME DOCUMENT

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



INTRODUCTION

Reference is made to (i) the announcement jointly published by Power Heritage Group Limited (the “**Offeror**”) and Jiangnan Group Limited (the “**Company**”) dated 21 February 2023 in relation to, among other things, the proposal for the privatisation of the Company by the Offeror by way of a scheme of arrangement under section 86 of the Companies Act; (ii) the announcement jointly published by the Offeror and the Company dated 13 March 2023 in relation to the delay in despatch of the composite scheme document of the Company and the Offeror issued to all Shareholders containing, inter alia, further details of the Proposal, a letter from the Board, a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the recommendations of the Independent Board Committee and notices to convene the Court Meeting and EGM together with forms of proxy in relation thereto (“**Scheme Document**”); (iii) the announcement jointly published by the Offeror and the Company dated 22 March 2023 in relation to the Irrevocable Undertaking; and (iv) the Scheme Document jointly published by the Offeror and the Company dated 22 April 2023 in relation to, among other things, the Proposal, the Scheme and the Rollover Arrangement. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Scheme Document.

DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document, together with the notices of the Court Meeting and the EGM to be held on Monday, 15 May 2023 and the related forms of proxy, will be despatched to the Shareholders on Saturday, 22 April 2023.

The Scheme Document contains, among other things, further details of the Proposal, the Scheme and the Rollover Arrangement, an explanatory memorandum as required under the Companies Act and the rules of the Grand Court, the expected timetable relating to the Proposal and the Scheme, the letter from the Board, the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the notices of the Court Meeting and the EGM.

RECOMMENDATIONS OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. HE Zhisong, Mr. YANG Rongkai and Mr. FOK Ming Fuk, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether the terms of the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM.

The Board, with the approval of the Independent Board Committee, has appointed Opus Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned, and accordingly, it advises the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

Shareholders are urged to read and consider carefully the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in relation to the Proposal, the Scheme and the Rollover Arrangement as set out in the letter from the Independent Board Committee and the letter from the Independent Financial Adviser as contained in the Scheme Document.

COURT MEETING AND EGM

The Grand Court has directed that the Court Meeting be convened for the purpose of considering and, if thought fit, approving the Scheme (with or without modification).

The Court Meeting and the EGM are scheduled to be held at 10:00 a.m. and 10:30 a.m. (or, if later, as soon as practicable after the conclusion or the adjournment of the Court Meeting), respectively, on Monday, 15 May 2023 at 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong.

The EGM will be held for the purpose of considering and, if thought fit, passing (a) a special resolution to: (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, for issuance to the Offeror; and (b) an ordinary resolution to approve the Rollover Arrangement.

Notices of the Court Meeting and the EGM are contained in the Scheme Document. The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM on Monday, 15 May 2023 by no later than 7:00 p.m.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 10 May 2023 to Monday, 15 May 2023 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, 9 May 2023.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions set out in the section headed "3. Conditions of the Proposal and the Scheme" in Part VII — Explanatory Memorandum of the Scheme Document. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. When all of the Conditions are fulfilled or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Shareholders.

If all the resolutions are passed at the Court Meeting and the EGM, further announcements will be made in relation to, among other things, the results of the Court Hearing, the Effective Date and the date of withdrawal of the listing of the Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable. Unless otherwise specified, all times and dates refer to Hong Kong local dates and times.

Hong Kong time
(unless otherwise specified)

Despatch of the Scheme Document	Saturday, 22 April 2023
Latest time for lodging transfers of Shares in order to become entitled to attend and vote at the Court Meeting and the EGM	4:30 p.m. on Tuesday, 9 May 2023
Register of members of the Company closed for determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and entitlements of the Shareholders to attend and vote at the EGM (<i>Note 1</i>)	Wednesday, 10 May 2023 to Monday, 15 May 2023 (both days inclusive)
Latest time for lodging PINK forms of proxy in respect of Court Meeting (<i>Note 2</i>).....	10:00 a.m. on Saturday, 13 May 2023 (or be handed directly to the chairman of the Court Meeting at the Court Meeting)
Latest time for lodging WHITE forms of proxy in respect of EGM (<i>Note 2</i>)	10:30 a.m. on Saturday, 13 May 2023
Meeting Record Date.....	Monday, 15 May 2023
Court Meeting (<i>Note 3</i>).....	10:00 a.m. on Monday, 15 May 2023
EGM (<i>Note 3</i>)	10:30 a.m. on Monday, 15 May 2023 (or, if later, immediately after the conclusion or adjournment of the Court Meeting)

Announcement of the results of the Meetings.....	no later than 7:00 p.m. on Monday, 15 May 2023
Expected last time for trading of the Shares on the Stock Exchange	4:10 p.m. on Tuesday, 16 May 2023
Court Hearing	Tuesday, 16 May 2023 (Cayman Islands time)
Announcement of the results of the Court Hearing, the expected Effective Date, and the expected date of withdrawal of the listing of the Shares on the Stock Exchange	no later than 8:30 a.m. on Wednesday, 17 May 2023
Scheme Record Date	Friday, 19 May 2023
Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme	4:30 p.m. on Friday, 19 May 2023
Effective Date (<i>Note 4</i>).....	Friday, 19 May 2023 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange	no later than 8:30 a.m. on Monday, 22 May 2023
Withdrawal of the listing of the Shares on the Stock Exchange becomes effective (<i>Note 5</i>).....	9:00 a.m. on Tuesday, 23 May 2023
Latest time to despatch cheques for cash payment under the Scheme (<i>Note 6</i>).....	on or before Wednesday, 31 May 2023

Notes:

1. The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM. This book closure period is not for determining the entitlements under the Scheme.
2. Forms of proxy should be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the respective times and dates stated above. In the case of the **PINK** form of proxy in respect of the Court Meeting, it may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). If the **WHITE** form of proxy is not lodged at least 48 hours before the time appointed for the EGM, it will not be valid. The completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a Shareholder from attending and voting at the relevant Meeting or any adjournment thereof in person. In such event, the relevant form of proxy will be revoked by operation of law.
3. The Court Meeting and the EGM will be held at 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong at the times and dates specified above. Please refer to the notice of Court Meeting set out in Appendix IV of the Scheme Document and the notice of EGM set out in Appendix V of the Scheme Document for details.
4. The Scheme will become effective upon the fulfilment or waiver (as applicable) of all of the Conditions to the Proposal as set out in the section headed "3. Conditions of the Proposal and the Scheme" in Part VII — Explanatory Memorandum of the Scheme Document.
5. If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 9:00 a.m. on Tuesday, 23 May 2023.
6. Cheques for cash entitlements to the Scheme Shareholders under the Scheme will be despatched by post at the risk of the recipients to their registered addresses shown in the register of members of the Company within seven business days (as defined in the Takeovers Code) of the Effective Date.
7. If a tropical cyclone warning signal No. 8 or above or "extreme conditions" caused by typhoons is hoisted or a black rainstorm warning signal is in force at any time after 9:00 a.m. on the date of the Court Meeting and the EGM, the Court Meeting and the EGM will be adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and venue of the rescheduled meetings.

Warning: Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived (including the approval of the Rollover Arrangement as a special deal under Rule 25 of the Takeovers Code), as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in

the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By order of the board of directors of
Power Heritage Group Limited
Chu Hui
Director

On behalf of the Board
Jiangnan Group Limited
Xia Yafang
*Executive Vice-president and Executive
Director*

Hong Kong, 22 April 2023

As at the date of this announcement, the sole director of the Offeror is Mr. CHU Hui.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the directors of the Company (other than Mr. CHU Hui)) 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.

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Chu Hui, Ms. Xia Yafang and Mr. Jiang Yongwei; and three independent non-executive directors, namely Mr. He Zhisong, Mr. Yang Rongkai and Mr. Fok Ming Fuk.

The directors of the Company jointly and severally accept full responsibility for accuracy of the information contained in this announcement relating to the Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement by the directors of the Company 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.