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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

RESULTS OF THE COURT MEETING AND THE EGM

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



RESULTS OF THE COURT MEETING AND THE EGM

At the Court Meeting held on Monday, 15 May 2023, the resolution to approve the Scheme was approved by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting.

At the EGM held on Monday, 15 May 2023, the 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, was approved by the Shareholders present and voting either in person or by proxy at the EGM; and the ordinary resolution to approve the Rollover Arrangement was approved by the Disinterested Shareholders present and voting either in person or by proxy at the EGM.

PROPOSED WITHDRAWAL OF LISTING OF THE SHARES

Subject to the Scheme becoming effective, the withdrawal of the listing of the Shares on the Stock Exchange is expected to take place with effect from 9:00 a.m. on Tuesday, 23 May 2023.

INTRODUCTION

Reference is made to the composite scheme document jointly issued by Jiangnan Group Limited (the “**Company**”) and Power Heritage Group Limited (the “**Offeror**”) on 22 April 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 and the proposed withdrawal of listing of the Company (the “**Scheme Document**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Scheme Document.

RESULTS OF THE COURT MEETING

The Court Meeting was held at 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 15 May 2023 at 10:00 a.m. (Hong Kong time).

For the purposes of section 86 of the Companies Act, the approval (by way of poll) required to be obtained at the Court Meeting in respect of the Scheme was the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting.

For the purposes of Rule 2.10 of the Takeovers Code, the approvals required to be obtained at the Court Meeting in respect of the Scheme were as follows:

- (i) the approval of the Scheme (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that were voted either in person or by proxy at the Court Meeting; and
- (ii) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting was not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders.

The poll results in respect of the resolution to approve the Scheme at the Court Meeting were as follows:

	Number of votes (approximate %)		
	Total number	For the Scheme	Against the Scheme
Number of Shares held by the Scheme Shareholders who were present and voting in person or by proxy	2,136,243,482 (100%)	2,030,257,482 (95.04%)	105,986,000 (4.96%)
Number of Shares held by the Disinterested Shareholders who were present and voting in person or by proxy	2,136,243,482 (100%)	2,030,257,482 (95.04%)	105,986,000 (4.96%)
Approximate percentage of the number of Shares voted by the Disinterested Shareholders who attended and voted in person or by proxy against the Scheme (being 105,986,000 Shares) over the number of votes attaching to all Shares held by all the Disinterested Shareholders (being 3,185,370,000 Shares)			3.33%

Note: The full text of the resolution is set out in the notice of Court Meeting, which is included in the Scheme Document despatched to the Shareholders.

Accordingly, as:

- (a) the resolution proposed at the Court Meeting to approve the Scheme was duly passed (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;

- (b) the resolution proposed at the Court Meeting to approve the Scheme was duly passed (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Disinterested Shareholders that were voted either in person or by proxy at the Court Meeting; and
- (c) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting was not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders,

both section 86 of the Companies Act and Rule 2.10 of the Takeovers Code have been complied with.

As at the date of the Court Meeting: (1) the total number of Shares in issue was 6,118,299,000 Shares; (2) the total number of Scheme Shares was 3,228,553,000 Shares, representing approximately 52.77% of the issued Shares; (3) the total number of Shares entitled to be voted at the Court Meeting in respect of the Scheme for the purposes of section 86 of the Companies Act was 3,228,553,000 Shares, representing approximately 52.77% of the issued Shares; and (4) the total number of Scheme Shares held by Disinterested Shareholders entitled to vote at the Court Meeting in respect of the Scheme for the purposes of Rule 2.10 the Takeovers Code was 3,185,370,000 Shares, representing approximately 52.06% of the issued Shares.

As at the date of the Court Meeting, the Offeror held an aggregate of 2,140,686,000 Shares representing approximately 34.99% of the issued Shares, and the Rollover Shareholders held an aggregate of 749,060,000 Shares representing approximately 12.24% of the issued Shares. As disclosed in the Scheme Document, such Shares held by the Offeror and the Rollover Shareholders will not constitute Scheme Shares and will not be voted on the Scheme at the Court Meeting. Accordingly, none of the Offeror and the Rollover Shareholders voted on the Scheme at the Court Meeting.

As at the date of the Court Meeting, (i) Ms. XIA Yafang and her spouse held an aggregate of 3,168,000 Shares representing approximately 0.05% of the issued Shares, (ii) Mr. JIANG Yongwei held an aggregate of 1,500,000 Shares representing approximately 0.02% of the issued Shares, and (iii) Mr. CHAN Man Kiu and his spouse held an aggregate of 38,515,000 Shares representing approximately 0.63% of the issued Shares. As disclosed in the Scheme Document, such Shares held by (i) Ms. XIA Yafang and her spouse, (ii) Mr. JIANG Yongwei, and (iii) Mr. CHAN Man Kiu and his spouse will form part of the Scheme Shares but their votes will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Rule 2.10 of the Takeovers Code are satisfied. None of (i) Ms. XIA Yafang and her spouse, (ii) Mr. JIANG Yongwei, and (iii) Mr. CHAN Man Kiu and his spouse voted on the Scheme at the Court Meeting.

Notwithstanding exempt principal traders or exempt fund managers within the CICC group are not Offeror Concert Parties for the purposes of the Takeovers Code, the Shares held by such exempt principal traders must not be voted in the context of the Scheme in accordance with the requirements of Rule 35.4 of the Takeovers Code, unless the Executive's confirmation is obtained in accordance with Takeovers Bulletin No. 53 issued by the Executive. The Shares held by such exempt principal traders were not voted on the Scheme at the Court Meeting.

As at the date of the Court Meeting, the Trustee held 48,135,000 Trustee Held Shares under the Share Award Scheme. As disclosed in the Scheme Document, all of the Trustee Held Shares shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. The Trustee is not acting in concert with the Offeror, and therefore the Trustee Held Shares are Shares held by a Disinterested Shareholder and are entitled to be voted at the Court Meeting. However, pursuant to the rules of the Share Award Scheme, the Trustee shall not exercise the voting rights attached to the Shares held by it. Accordingly, the Shares held by the Trustee were not voted on the Scheme at the Court Meeting.

Save as disclosed above, none of the Scheme Shareholders were required to abstain from voting at the Court Meeting in accordance with the Takeovers Code, there were no Shares entitling the holders thereof to attend where such holders were required to abstain from voting in favour of the Scheme pursuant to Rule 13.40 of the Listing Rules, and no Shareholder was required under the Listing Rules to abstain from voting in respect of the Scheme at the Court Meeting, nor did any person state any intention in the Scheme Document to vote against or to abstain from voting in respect of the Scheme at the Court Meeting.

Mr. Chu Hui, Ms. Xia Yafang, Mr. Jiang Yongwei, Mr. He Zhisong, Mr. Yang Rongkai and Mr. Fok Ming Fuk, each a Director, attended the Court Meeting.

Tricor Investor Services Limited, being the Company's branch share registrar in Hong Kong, acted as the scrutineer for the vote-taking at the Court Meeting.

RESULTS OF THE EGM

The EGM was held at 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 15 May 2023 at 10:30 a.m. (Hong Kong time).

The poll results in respect of the special resolution and ordinary resolution proposed at the EGM were as follows:

Special resolution	Number of votes (approximate %)		
	Total	For	Against
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	4,295,678,732 (100%)	4,163,147,482 (96.91%)	132,531,250 (3.09%)
Ordinary resolution	Number of votes (approximate %)		
	Total	For	Against
To approve the Rollover Arrangement which constitutes a special deal under Rule 25 of the Takeovers Code	2,154,938,732 (100%)	2,022,457,482 (93.85%)	132,481,250 (6.15%)

Note: The full text of the resolutions is set out in the notice of EGM, which is included in the Scheme Document despatched to the Shareholders.

Accordingly,

- (a) the 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, was duly passed by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM; and
- (b) the ordinary resolution to approve the Rollover Arrangement was duly passed by a simple majority of the votes cast by the Disinterested Shareholders present and voting in person or by proxy at the EGM.

As all Shareholders were entitled to attend the EGM to vote on the special resolution to maintain the issued share capital of the Company as described above, the total number of Shares entitling the Shareholders to attend and vote on the special resolution was 6,118,299,000 Shares. However, for the purposes of the Takeovers Code, only the Disinterested Shareholders were entitled to vote at the EGM on the ordinary resolution to approve the Rollover Arrangement, and the total number of Shares entitling the Disinterested Shareholders to attend and vote on such resolution was 3,185,370,000 Shares.

The Offeror and the Offeror Concert Parties, holding 2,932,929,000 Shares in aggregate, were required to, and did, abstain from voting on the ordinary resolution to approve the Rollover Arrangement.

As disclosed in the Scheme Document, the Trustee is not acting in concert with the Offeror, and therefore the Trustee Held Shares are Shares held by a Disinterested Shareholder and are entitled to be voted at the EGM. However, pursuant to the rules of the Share Award Scheme, the Trustee shall not exercise the voting rights attached to the Shares held by it. Accordingly, the Shares held by the Trustee were not voted on either the special resolution or the ordinary resolution at the EGM.

Notwithstanding exempt principal traders or exempt fund managers within the CICC group are not Offeror Concert Parties for the purposes of the Takeovers Code, the Shares held by such exempt principal traders must not be voted on the ordinary resolution in accordance with the requirements of Rule 35.4 of the Takeovers Code, unless the Executive's confirmation is obtained in accordance with Takeovers Bulletin No. 53 issued by the Executive. The Shares held by such exempt principal traders were not voted on either the special resolution or the ordinary resolution at the EGM.

Save as disclosed above, there were no Shares entitling the holders thereof to attend where such holders were required to abstain from voting in favour of the special resolution or the ordinary resolution at the EGM pursuant to Rule 13.40 of the Listing Rules, and no Shareholder was required under the Takeovers Code or the Listing Rules to abstain from voting on the special resolution or the ordinary resolution at the EGM nor did any person state any intention in the Scheme Document to vote against or to abstain from voting on the special resolution or the ordinary resolution at the EGM.

Mr. Chu Hui, Ms. Xia Yafang, Mr. Jiang Yongwei, Mr. He Zhisong, Mr. Yang Rongkai and Mr. Fok Ming Fuk, each a Director, attended the EGM.

Tricor Investor Services Limited, being the Company's branch share registrar in Hong Kong, acted as the scrutineer for the vote-taking at the EGM.

CURRENT STATUS OF THE CONDITIONS OF THE PROPOSAL

The Executive has issued its consent under Rule 25 of the Takeovers Code in relation to the Rollover Arrangement, subject to the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement. Therefore, Condition (f) as set out in the section headed “3. Conditions of the Proposal and the Scheme” in Part VII — Explanatory Memorandum of the Scheme Document has been fulfilled.

As at the date of this announcement, the Proposal remains, and the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions (other than Conditions (a), (b), (c) and (f) which have been satisfied) as set out in the section headed “3. Conditions of the Proposal and the Scheme” in Part VII — Explanatory Memorandum of the Scheme Document.

Subject to such Conditions being fulfilled or waived (as applicable), the Scheme is expected to become effective on Friday, 19 May 2023 (Cayman Islands time).

LATEST TIME FOR LODGING TRANSFERS OF SHARES FOR ENTITLEMENTS UNDER THE SCHEME

In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that their Shares are registered or lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, for registration in their names or in the names of their nominees before 4:30 p.m. on Friday, 19 May 2023.

PROPOSED WITHDRAWAL OF LISTING OF THE SHARES

Subject to the Scheme becoming effective, the withdrawal of the listing of the Shares on the Stock Exchange is expected to take place with effect from 9:00 a.m. on Tuesday, 23 May 2023.

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)**

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 (*Note 1*)..... 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 (*Note 2*) 9:00 a.m.
on Tuesday, 23 May 2023

Latest time to despatch cheques for
cash payment under the Scheme (*Note 3*) on or before Wednesday,
31 May 2023

1. 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.
2. 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.
3. 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.

GENERAL

As at 21 February 2023 (being the commencement date of the Offer Period), the total number of Shares held or beneficially owned by the Offeror and the Offeror Concert Parties was 2,932,929,000 Shares, representing approximately 47.94% of the issued Shares. As at the date of this announcement, the total number of Shares held or beneficially owned by the Offeror and the Offeror Concert Parties was 2,932,929,000 Shares, representing approximately 47.94% of the issued Shares. Neither the Offeror nor the Offeror Concert Parties had acquired or agreed to acquire any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Offer Period.

As at the date of this announcement, neither the Offeror nor the Offeror Concert Parties had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

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, 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, 15 May 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 (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 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 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.