



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2023 ()

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2023 REVISION) (AS REVISED)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995 (AS REVISED)

AND IN THE MATTER OF JIANGNAN GROUP LIMITED 江南集團有限公司

PETITION

To: The Grand Court of the Cayman Islands

THE HUMBLE PETITION OF JIANGNAN GROUP LIMITED 江南集團有限公司, whose registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-111, Cayman Islands ("the Company") shows the following:

Object of the Petition

1. The object of this Petition is to seek the sanction of the Court, pursuant to section 86 of the Companies Act (2023 Revision) (as revised) ("**Companies Act**"), to a proposed scheme of arrangement ("**Scheme**") between the petitioner, JIANGNAN GROUP LIMITED 江南集團有限公司 ("**Company**") and the Scheme Shareholders (as defined in the composite scheme document ("**Scheme Document**") a draft of which is attached as Exhibit "FMF-1" to the first affirmation of Fok Ming Fuk made on 8 March 2023.

The Company

2. The Company was incorporated under the name “**Jiangnan Group Ltd.**” on 4 January 2011 under the Companies Act as an exempted company with registration number CT-249984. On 21 January 2011 the Company changed its name to “**JIANGNAN GROUP LIMITED 江南集團有限公司**”.
3. The registered office of the Company is situated at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at Unit 09, 23/F, Metropole Square, No. 2 On Yiu Street Shatin, New Territories, Hong Kong.
4. The objects of the Company are unrestricted and include performing all the functions of a holding company and an investment company. The Company is capable of exercising all the functions of a natural person pursuant to section 27(2) of the Companies Act. The Company and its subsidiaries are primarily engaged in the manufacture and sale of wire cables for power transmission and electrical equipment and components.
5. As at the date of this Petition, the Company has an authorised share capital of HK\$100,000,000 divided into 10,000,000,000 shares of par value HK\$0.01 each (“**Shares**”), of which 6,118,299,000 Shares have been issued fully paid-up or credited as fully paid-up and the remainder are unissued.
6. The Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).
7. On 6 March 2023, being the latest practicable date before the date of this Petition, the major shareholders of the Company (“**Shareholders**”) are as follows:-

Shareholders	Number of Shares	Approximately % of total issued Shares
Power Heritage Group Limited	2,140,686,000	34.99%
Parties acting in concert with Power Heritage Group Limited:		
KDG Investment Limited	299,530,000	4.90%
Nexus NS Limited	299,530,000	4.90%
Mr. Rui Yiping	150,000,000	2.45%
Ms. Xia Yafang (Note 1)	3,168,000	0.05%
Mr. Jiang Yongwei	1,500,000	0.02%
Mr. Chan Man Kiu (Note 2)	38,515,000	0.63%
<i>Other major Shareholders</i>		
Mr. Jiang Shu	329,134,000	5.38%
Bank of Communications Trustees Limited	48,135,000	0.79%
Other public Shareholders	2,808,101,000	45.90%
Total	6,118,299,000	100%

Notes:

- (1) *Ms. Xia Yafang holds 1,668,000 Shares and her spouse holds 1,500,000 Shares and she is deemed to be interested in an aggregate of 3,168,000 Shares.*
- (2) *Mr. Chan Man Kiu holds 30,983,000 Shares and his spouse holds 7,532,000 Shares and he is deemed to be interested in an aggregate of 38,515,000 Shares.*

The Offeror

8. The offeror is Power Heritage Group Limited (“**Offeror**”), an investment holding company incorporated in the British Virgin Islands with limited liability on 6

November 2003. Its registered office is at Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

9. The Offeror will undertake to be bound by the terms of the Scheme.

The Scheme

10. The purpose of the Scheme is to privatise the Company and de-list the Company from the Stock Exchange so that the Offeror will own 87.76% and the Rollover Shareholders (as defined in the Scheme Document) will own the remaining 12.24% of the Company.
11. The Scheme involves:
 - a. the cancellation of all Scheme Shares in return for payment of the Cancellation Price; and
 - b. the issued share capital of the Company being maintained at the same amount as immediately before the Scheme by the issue to the Offeror, contemporaneously with the cancellation of the Scheme Shares, of an aggregate number of new Shares equal to the number of Scheme Shares cancelled; and
 - c. the Company applying the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full such new Shares issued to the Offeror.
12. The Scheme provides the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at a premium over the recent trading price of the Shares on the Stock Exchange during the current uncertain market

conditions. The Cancellation Price is fully explained in the Scheme Document together with the recommendation from the Independent Financial Adviser (as defined in the Scheme Document) and the Independent Board Committee (as defined in the Scheme Document).

13. After careful consideration, the board of directors of the Company has determined that the Scheme is in the best interests of the Company.
14. Under the Takeovers Code, unless permitted by the Securities and Futures Commission of Hong Kong (“SFC”), Scheme Shareholders who are acting in concert with the Offeror in relation to the implementation of the Scheme may not be counted for the purposes of satisfying the voting requirements of Rule 2.10 of the Takeovers Code but may be counted for the purposes of satisfying the voting requirements of section 86 of the Companies Act.
15. The Company intends to make an application for directions, declarations and orders that, amongst other things:
 - a. all Scheme Shareholders form one class for the purpose of approving the Scheme and are identified as one class in the Scheme Document;
 - b. the Company be at liberty to convene a meeting of the Scheme Shareholders (“**Court Meeting**”) for the purpose of considering and, if thought fit, approving the Scheme (with or without modification);
 - c. directions as to the mode of delivery of the Scheme Document (including an explanatory memorandum) together with a proxy form to the Scheme Shareholders; and
 - d. the appointment of a chairman of the Court Meeting and for the conduct of the Court Meeting generally.

16. The Company proposes to convene the Court Meeting at which the following resolution (with such amendments as may be approved at the Court Meeting) will be considered:

“THAT a scheme of arrangement (the “Scheme of Arrangement”) dated 26 April 2023 between the Company and the Scheme Shareholders (as defined in Scheme) in the form of the print thereof which has been produced to the meeting and, for the purpose of identification signed by the chairman of the meeting, or in such other form and on such terms and conditions or may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved.”

Each of the capitalised terms referred to in the resolution above are defined in the Scheme Document exhibited as Exhibit “FMF-1” to the first affirmation of Fok Ming Fuk which will be sent to all Scheme Shareholders (with the possible exception of Overseas Shareholders (as defined and explained in the Scheme Document)).

Effect of the Scheme on issued share capital

17. Whilst the issued share capital of the Company will remain the same pre and post the Scheme, as a precautionary measure the Company intends to hold an extraordinary general meeting (“EGM”) immediately after the Court Meeting to submit a special resolution (set out below) to approve any reduction of capital associated with the Scheme and to authorise the contemporaneous issue of new Shares, equal in number to the Scheme Shares cancelled, credited as fully paid to the Offeror, so that there is no change in the issued the share capital of the Company after the implementation of the Scheme.
18. Article 6 of the amended and restated articles of association of the Company provides as follows:

“The Company may from time to time by special resolution, subject to any confirmation or consent required by the [Companies Act], reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.”

SPECIAL RESOLUTION

“**THAT**, (i) for the purpose of giving effect to the scheme of arrangement between the Company and the Scheme Shareholders (as defined in the Scheme Document) (the “**Scheme**”) as set out in the composite scheme document dated 26 April 2023 (the “**Scheme Document**”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting (as defined in the Scheme Document), on the Effective Date (as defined in the Scheme Document), any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme Document), and (ii) contemporaneously with (i) above, the maintenance of 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 defined in the Scheme Document) as is equal to the number of Scheme Shares cancelled as a result of the Scheme, for issuance to the Offeror (as defined in the Scheme Document), be and is hereby approved.”

19. The Scheme will not involve any diminution of liability in respect of any unpaid share capital or the payment to any member of the Company of any paid up capital or other monies by the Company or alteration of the underlying assets, business operations, management or financial position of the Company and will have no effect on the creditors of the Company. The Company will continue to be

able to pay its debts as they fall due in the ordinary course of business. It is therefore suggested that preparing a list of creditors be dispensed with and no enquiry as to creditors is necessary.

The Rollover Arrangement

20. As the Rollover Arrangement is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive (as defined in the Scheme Document) under Rule 25 of the Takeovers Code. The Offeror has applied for consent from the Executive to the Rollover Arrangement conditional on: (i) the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable to the Disinterested Shareholders; and (ii) the passing of an ordinary resolution (set out below) by the Disinterested Shareholders (as defined in the Scheme Document) at the EGM to approve the Rollover Arrangement:

ORDINARY RESOLUTION

“THAT the Rollover Arrangement (as defined in the Scheme Document), which constitutes a special deal under Rule 25 of the Takeovers Code (as defined in the Scheme Document), be and is hereby approved.”

21. The Independent Financial Adviser has stated in the letter from the Independent Financial Adviser in Part VI of the Scheme Document that in its opinion, the Rollover Arrangement is fair and reasonable.
22. If the Rollover Arrangement is not approved by the Disinterested Shareholders at the EGM, the Rollover Arrangement and the Scheme will not be implemented.
23. The Company therefore humbly prays as follows:

- a. That the Scheme to be approved at the Court Meeting to be convened at the direction of this Honourable Court may be sanctioned by this Honourable Court.
- b. That the preparation of a list of creditors be dispensed with and an enquiry as to creditors is not necessary.
- c. That, to this end, all necessary inquiries and directions may be made and given.
- d. That such further or other order be made as the Court shall see fit.

Dated this 8 day of March 2023

Conyers Dill & Pearman LLP
Conyers Dill & Pearman LLP
Attorneys-at-Law for the Petitioner herein

NOTE: It is intended to serve this Petition on JIANGNAN GROUP LIMITED 江南集團有限公司 at its registered office located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

This Petition is presented by Conyers Dill & Pearman LLP, for and on behalf of the Petitioner, of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Notice of Hearing

This Petition, having been presented to the Court on the 8 day March of 2023, will be heard at the Law Courts, George Town, Grand Cayman on the 26th day of May 2023 at 10 a.m. or as soon thereafter as the Petition can be heard.