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【Press release – For immediate release】



Jiangnan Group Limited

江南集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1366)

Aims for growth through acquisitions and recovering overseas demand

Summary of Results

- Revenue decreased by approximately 10.6% to RMB2,150.9 million (2012:RMB2,406.2 million) mainly due to the drop in copper price
- Gross profit decreased by approximately 8.8% to RMB343.4 million (2012: RMB376.5 million)
- Profit for the period attributable to owners of the Company decreased by approximately 6.0% to RMB149.4 million (2012: RMB158.9 million)
- Gross profit margin improved from 15.6% to 17.6%
- The Board declared an interim dividend of HK1.4 cents per share (2012: HK1.9cents (restated))

(25 August 2013, Hong Kong) Jiangnan Group Limited (“Jiangnan Group”, together with its subsidiaries, the “Group”) today is pleased to announce the 2013 interim results for the six months ended 30 June 2013. For the six-month period ended 30 June 2013, the Group’s revenue recorded RMB2,150.9 million, representing a decrease of approximately 10.6% as compared with the same period in 2012 and a net profit for the period under review amounted to RMB149.4 million, representing a decrease of approximately 6% over the same period in 2012. The Group’s gross profit margin for the six-month period ended 30 June 2013 improved to 17.6% from 15.6% the same period last year. Basic earnings per share for the period under review were RMB4.9 cents (2012: RMB5.9 cents), representing a decrease of approximately 16.9%.

The Board declared an interim dividend of HK1.4 cents per share for the six months ended 30 June 2013 (2012: 1.9 cents (restated)).

Due to the decrease in copper and aluminum prices as compared with the same period last year and recent market difficulties such as the reduction of investment from private sector in China, the Group's revenue in all its product categories dropped. The Group's power cables continued to be the Group's key revenue contributor (accounted for approximately 72.0% of total revenue) and delivered satisfactory performance.

The PRC remains the Group's key market. Sales to the PRC market decreased by approximately 6.6% to RMB2,019.0 million and accounted for approximately 93.9% of total revenue, the decrease was primarily due to decrease in metal raw material price which results in the decrease in the selling price. Overseas markets also recorded a decline in revenue of approximately 46.3% as a result of a drop in revenue from one of the Group's major customer Eskom Holdings Limited as a result of the expiry of the 5-year agreement in May 2012. Nevertheless, the Company expects to enter into a new 5-year agreement with Eskom Holdings Limited in September 2013. The revenue derived from the orders of Power Works Pte Ltd in Singapore rose by 55.7% during the period as compared with the six-month ended 30 June 2012.

On 10 July 2013, the Group has successfully completed the acquisition ("Acquisition") of the Target Company and its subsidiaries in particular, 江蘇中煤電纜有限公司 (in English, for identification purpose only, Jiangsu Zhongmei Cable Group Co., Ltd.) ("Zhongmei Cable"), which is engaged in the manufacture and sale of special and general types of wires and cables for a consideration ranging from RMB422,075,000 to RMB500,000,000. The Acquisition offers the Group a good opportunity to increase its products offering and the market share in specific industries by manufacture and sale of Zhongmei special wires and cables and enhance income stream. In addition, the Acquisition can also improve the customer base and enhance customer loyalty to the Group as Zhongmei Cable has special wires and cables which its customers adapted to.

Mr. Rui Fubin, Chairman and Chief Executive Officer of the Group said, "Power cable industry in the PRC was undergoing a revolution period with industry consolidation and only the fittest survive. The Group enjoys absolute advantage in the consolidation process of the power cable industry, during which the Group will be able to identify opportunities to merge with enterprises with profit growth potential in order to expand its market share progressively, enhance the competitive edge of its upstream and downstream production chain, increase the variety of its products and expand its customer base. Moreover, the Group will enlarge its overseas business and its coverage through merger and acquisition or downstream expansion of its business."

Looking ahead, apart from ensuring the production and sales results to maintain stable organic growth, the Group will increase its marketing in overseas markets and identify more high-end customers around the world. The plant in South Africa established by the Group commenced production in second half of 2013. The Group will take the initiative to identify suitable acquisition targets in Europe to expand its overseas markets. The Group remains proactive in exploring the potential development in developing countries where demands for cables remain high.

Mr. Rui continued, “In the second half of 2013, we will continue to develop our strength in the area of high-end products. In view of the potential growth of ultra-high voltage cables, we have a production facility with a production capacity of approximately 1,000 km high and ultra-high voltage cables with rated voltage of 220-500 kV at our Yixing production base. In 2014, an additional production line for ultra-high voltage cables of 900 km will commence production by the end of the year, helping to reduce the operating costs of the Company and would be favorable to our further expansion in the market. It is expected that we will become one of the leaders in domestic high voltage cables in terms of our production and manufacturing capacity.”

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About Jiangnan Group Limited (HKEX: 1366)

Jiangnan Group Limited is one of the largest manufacturers of wires and cables for power transmission, distribution systems and electrical equipment in the PRC. Their products are widely used in power industry and general industries (including metals and mining, oil and gas, transportation, shipbuilding, construction and others). According to IBISWorld Inc., an independent market research institution, we were the third largest manufacturers of wires and cables for power transmission and distribution systems as well as electrical equipment in China in terms of sales in 2011. They offer over 10,000 products under three main categories, namely power cables, wires and cables for electrical equipment and bare wires which carry different characteristics to meet customers' needs including low smoke zero halogen, water resistant, heat resistant, optical and electric combined, flame retardant, fire resistant, oil resistant, rodent and termite proof, all weather and radiation resistant. Our recent high-tech products include ultra-high voltage cables, photovoltaic solar cable, cables used for wind power, optical fiber composite cable and aluminum-alloy cables.

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