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JIANGNAN GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1366)

PROFIT WARNING

This announcement is made by Jiangnan Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended 31 December 2017, the Group’s profit attributable to the owners of the Company for the year ended 31 December 2017 is expected to decrease by approximately 80%, as compared with that for the year ended 31 December 2016 in the amount of approximately RMB531,322,000.

The expected decrease in profit attributable to the owners of the Company for the year ended 31 December 2017 is mainly due to (i) the increase in cost of goods sold as compared with that for the year ended 31 December 2016 of approximately RMB7,753,184,000 which, in turn, lowered the gross profit margin for the year ended 31 December 2017; and (ii) the loss from the disposal of inventories as a result of the flood in 2016 and the changes in market requirements in 2017 (such changes were absent during the year ended 31 December 2016).

The information contained in this announcement is only based on the Board’s preliminary assessment with reference to the Group’s unaudited consolidated management accounts for the year ended 31 December 2017, which as at the date of this announcement are yet to be audited by the Company’s auditors and may therefore be subject to change. The Group’s annual results for the year ended 31 December 2017 are expected to be announced before the end of March 2018 in accordance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Jiangnan Group Limited
Chu Hui
Chairman

Hong Kong, 5 March 2018

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Chu Hui, Ms. Xia Yafang, Mr. Jiang Yongwei and Mr. Hao Minghui; and three independent non-executive directors, namely Mr. He Zhisong, Mr. Yang Rongkai and Mr. Poon Yick Pang Philip.