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JIANGNAN GROUP LIMITED

江南集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1366)

POSITIVE PROFIT ALERT

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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company 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 six months ended 30 June 2018, the Group’s profit attributable to the owners of the Company for the six months ended 30 June 2018 is expected to increase by approximately 110%, as compared with that for the six months ended 30 June 2017 in the amount of approximately RMB37,585,000.

The expected increase in profit attributable to the owners of the Company for the six months ended 30 June 2018 is mainly due to (i) the increase in turnover as compared with that for the six months ended 30 June 2017 of approximately RMB4,667,610,000, which in turn has driven an increase in gross profit for the six months ended 30 June 2018; and (ii) the reduction in other losses as compared with that for the six months ended 30 June 2017 of approximately RMB136,001,000, which is mainly due to the absence of the loss on disposal of inventories during the period under review (six months ended 30 June 2017: approximately RMB102,314,000), partially offset by the increase in allowance for bad and doubtful debts during the period under review (six months ended 30 June 2017: approximately RMB13,716,000).

The information contained in this announcement is only based on the Board's preliminary assessment of the Group's unaudited consolidated management accounts for the six months ended 30 June 2018, which are subject to adjustments and finalisation and have not been reviewed or audited by the Company's auditors. The Group's interim results for the six months ended 30 June 2018 are expected to be announced before the end of August 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.

On behalf of the Board
Jiangnan Group Limited
Chu Hui
Chairman

Hong Kong, 8 August 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.