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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 year ended 31 December 2018, the Group’s profit attributable to the owners of the Company for the year ended 31 December 2018 is expected to increase by approximately 78%, as compared with that for the year ended 31 December 2017 in the amount of approximately RMB103,912,000.

The expected increase in profit attributable to the owners of the Company for the year ended 31 December 2018 is mainly due to (i) the increase in turnover as compared with that for the year ended 31 December 2017 of approximately RMB11,374,969,000, which in turn has driven an increase in gross profit for the year ended 31 December 2018; and (ii) the reduction in other losses as compared with that for the year ended 31 December 2017 of approximately RMB430,816,000, which is mainly due to the significant decrease in the write-down of inventories during the year under review (year ended 31 December 2017: approximately RMB382,245,000), which is partially offset by (1) the increase in impairment losses (representing the impairment loss on trade and other receivables and impairment of goodwill) during the year under review (year ended 31 December 2017: approximately RMB47,969,000); (2) the increase in selling and distribution costs during

the year under review (year ended 31 December 2017: approximately RMB276,756,000); (3) the increase in administrative expenses during the year under review (year ended 31 December 2017: approximately RMB242,258,000); and (4) the increase in finance costs during the year under review (year ended 31 December 2017: approximately RMB251,913,000).

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 year ended 31 December 2018, 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 results for the year ended 31 December 2018 are expected to be announced before the end of March 2019 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, 15 March 2019

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.