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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 2019, the Group’s profit attributable to the owners of the Company for the six months ended 30 June 2019 is expected to increase by approximately 48%, as compared with that for the six months ended 30 June 2018 in the amount of approximately RMB79,970,000.

The expected increase in profit attributable to the owners of the Company for the six months ended 30 June 2019 is mainly attributable to (i) the increase in turnover as compared with that for the six months ended 30 June 2018 of approximately RMB5,811,987,000; (ii) the reduction in selling and distribution costs as compared with those for the six months ended 30 June 2018 of approximately RMB158,453,000 as a result of the tightening of control by the Group over its expenses during the period under review; (iii) the reduction in administrative expenses for the period under review as compared with those for the six months ended 30 June 2018 of approximately RMB159,805,000, which is mainly due to (a) the decrease in other tax charges for the period under review as compared with those for the six months ended 30 June 2018 as a result of tax concession; (b) the turning of an exchange loss for the six months ended 30

June 2018 to an exchange gain for the period under review; and (c) the reduction in travelling expenses for the period under review as compared with those for the six months ended 30 June 2018; and (iv) the reduction in finance costs for the period under review as compared with those for the six months ended 30 June 2018 of approximately RMB167,741,000, which is mainly due to the reduction in the interest rates used in the discounting of bills during the period under review, all partially offset by the increase in the impairment losses on financial assets for the period under review (six months ended 30 June 2018: RMB87,210,000).

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 2019, 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 2019 are expected to be announced before the end of August 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

6 August 2019

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Chu Hui, Ms. Xia Yafang and Mr. Jiang Yongwei; and three independent non-executive directors, namely Mr. He Zhisong, Mr. Yang Rongkai and Mr. Kan Man Yui, Kenneth.