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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 2019, the Group’s profit attributable to the owners of the Company for the year ended 31 December 2019 is expected to increase by approximately 102.2%, as compared with that for the year ended 31 December 2018 in the amount of approximately RMB182,421,000.

The expected increase in profit attributable to the owners of the Company for the year ended 31 December 2019 is mainly due to (i) the increase in turnover as compared with that for the year ended 31 December 2018 of approximately RMB13,525,377,000, which in turn has driven an increase in gross profit for the year ended 31 December 2019; (ii) other gains (losses) turning from net losses of approximately RMB191,669,000 for the year ended 31 December 2018 to net gains for the year ended 31 December 2019, which is mainly due to the absence of the write-down of inventories and impairment loss recognised in respect of goodwill during the year under review (year ended 31 December 2018: approximately RMB113,308,000 and RMB54,831,000 respectively); and (iii) the reduction in administrative expenses and finance costs (year ended 31 December 2018: approximately RMB294,556,000 and RMB319,022,000 respectively), which is partially

countervailed by the increase in selling and distribution costs during the year under review (year ended 31 December 2018: approximately RMB339,631,000).

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 2019, 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 preliminary results for the year ended 31 December 2019 are expected to be announced before the end of March 2020 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 and Chief Executive Officer

Hong Kong, 19 March 2020

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.