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GUANGNAN (HOLDINGS) LIMITED

廣南(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1203)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the consolidated profit attributable to shareholders of the Company for the year ended 31 December 2009 is expected to increase significantly as compared with that for the year 2008.

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group, which have not been reviewed by the Company's auditors.

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

This announcement is made by Guangan (Holdings) Limited (the "Company", together with its subsidiaries shall be referred to as the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 review of the management accounts of the Group, the consolidated profit attributable to shareholders of the Company for the year ended 31 December 2009 is expected to increase significantly as compared with that for the year 2008, primarily attributable to the following factors:

- (i) Being affected by the global financial tsunami, the purchase price of raw materials and selling price of tinplate products decreased significantly in the fourth quarter of 2008. These prices are stabilised in 2009. Hence, the amount of write down of inventories for 2009 will be significantly reduced as compared to that for 2008, and the profit from operations for 2009 will be increased as compared to that for 2008.
- (ii) As the price of office units in Hong Kong rebound generally, valuation gains on investment properties will be recorded in 2009, while valuation losses on investment properties were recorded in 2008.
- (iii) As the average amount of borrowings and interest rates of the borrowings for 2009 were reduced as compared to that for 2008, the finance costs for 2009 will be significantly reduced as compared to that for 2008.

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group, which have not been reviewed by the Company's auditors. As at the date of this announcement, the Group's consolidated results for the year ended 31 December 2009 have not yet been finalized, and are subject to audit by the Company's independent external auditors and, if required, necessary adjustments. Further details of the Group's annual results will be disclosed as and when the annual results of the Group for the year ended 31 December 2009 are announced.

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
Liang Jiang
Chairman

Hong Kong, 15 January 2010

As at the date of this announcement, the Board is composed of three executive directors, namely Messrs. Liang Jiang, Tan Yunbiao and Sung Hem Kuen; three non-executive directors, namely Messrs. Huang Xiaofeng and Luo Fanyu and Ms. Hou Zhuobing; and three independent non-executive directors, namely Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar.