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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 six months ended 30 June 2010 is expected to record a substantial increase as compared with that for the corresponding period in 2009.

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group for the six months ended 30 June 2010, 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 for the six months ended 30 June 2010, the consolidated profit attributable to shareholders of the Company for the six months ended 30 June 2010 is expected to record a substantial increase as compared with that for the corresponding period in 2009, primarily attributable to the following factors:

- (i) Following the rebound in prices of iron and steel in 2009, the purchase price of raw materials and selling price of tinplate products continued to increase in 2010. Together with the enhancement in the quality of blackplates and the value added to the products of our blackplate manufacturing plant in Zhongshan, and the increase in sales volume of our tinplating plant in Qinhuangdao, the gross profit margin of the Group's tinplate products improves. In June 2010, the market prices of raw materials, hot rolled steel, and tinplates products decreased. It is expected that prices of iron and steel will remain volatile in the second half of the year.
- (ii) As the price of products of the Group's associate increases significantly as compared with the corresponding period in 2009, the Group is expected to record a substantial share of profit of associate, while there was a share of loss of associates recorded in the corresponding period in 2009.

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group for the six months ended 30 June 2010, which have not been reviewed by the Company's auditors. As at the date of this announcement, the Group's consolidated results for the six months ended 30 June 2010 have not yet been finalized, and are subject to necessary adjustments if required. Further details of the Group's financial information will be disclosed as and when the interim results of the Group for the six months ended 30 June 2010 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, 23 July 2010

As at the date of this announcement, the Board is composed of four executive directors, namely Messrs. Liang Jiang, Li Li, 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.