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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)

PROFIT WARNING

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 2008 is expected to decline significantly as compared with that for the year 2007.

The information contained in this announcement is only based on the information currently available and is not based on any figures or information audited 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 information currently available and is not based on any figures or information audited by the Company's auditors, despite a significant increase in profit from operations for the year ended 31 December 2008, the consolidated profit attributable to shareholders of the Company is expected to decline significantly as compared with that for the year 2007, 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, which led to a write down of inventories. Although there was a slight rebound in these prices in January and February 2009, they further decreased in March 2009. As such, the management considers that it is necessary to make additional write down of inventories.
- (ii) As the price of office units in Hong Kong fell generally, valuation losses on investment properties were recorded in 2008.
- (iii) There was no non-operating income in 2008.

The Board considers that the overall financial position and operations of the Group remains sound and healthy, and the Group has sufficient cash resources to meet its present and future cash flow requirements.

As the Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2008, the information contained in this announcement is only based on the information currently available to the management of the Company, and is not based on any figures or information confirmed or audited by the Company's auditors. 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 2008 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, 2 April 2009

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.