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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 2012 is expected to have a substantial decrease as compared with that for the year of 2011.

The information contained in this announcement is only based on the Company's preliminary review of the management accounts of the Group for the year ended 31 December 2012, which have not been 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").

With reference to the announcement of the Company dated 3 July 2012, 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 2012 is expected to have a substantial decrease as compared with that for the year of 2011, primarily attributable to the following factors:

- (i) the decrease in the other net income due to the significant decrease in the amount of write back of liabilities;
- (ii) the significant decrease in exchange gain due to the slower appreciation of Renminbi against the Hong Kong Dollar and the United States Dollar; and

- (iii) as a result of the substantial increase in the raw materials purchase cost of an associate of the Group, the Group will record share of loss of associates in 2012 as compared with share of profits of associates in 2011.

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group for the year ended 31 December 2012, which have not been audited by the Company's auditors. As at the date of this announcement, the Group's consolidated results for the year ended 31 December 2012 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 annual results of the Group for the year ended 31 December 2012 are announced in March 2013.

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
Tan Yunbiao
Chairman

Hong Kong, 7 January 2013

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