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GUOCANG GROUP LIMITED

國藏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

PROFIT WARNING

This announcement is made by the Company pursuant to Part XIVA of the SFO and Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts, the Group is expected to record a decrease in the net loss for the year ended 30 June 2014 as compared to that for the corresponding year of 2013. The loss was mainly attributable to (i) the segment results from the liquor and wine business, investments in listed securities, cable and wires business and copper rods business as mentioned in the Announcement; and (ii) the impairment losses on intangible assets and goodwill of approximately HK\$600 million, which partly offset the gain on change in fair value of the contingent share consideration payable of approximately HK\$500 million.

The information contained in this announcement is only based on the management's preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 30 June 2014, which have not been audited nor reviewed by the Company's independent external auditor. The Company is in the process of finalizing the annual results of the Group for the year ended 30 June 2014. Details of the performance of the Group will be disclosed in the 2014 annual results announcement, which is expected to be published on 29 September 2014.

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 Guocang Group Limited (the "Company", together with its subsidiaries as the "Group") pursuant to Part XIVA of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company dated 18 September 2014 (the “Announcement”) in respect of the preliminary segment results of the Group. Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to inform the Shareholders and potential investors that the Group is expected to record a decrease in the net loss for the year ended 30 June 2014 as compared to that for the corresponding year of 2013. The loss was mainly attributable to (i) the segment results from liquor and wine business, investments in listed securities, cable and wires business and copper rods business as mentioned in the Announcement; and (ii) the impairment losses on intangible assets and goodwill of approximately HK\$600 million, which partly offset the gain on change in fair value of the contingent share consideration payable of approximately HK\$500 million.

As the results of liquor and wine business were short of expectation, impairment losses on intangible assets and goodwill of approximately HK\$600 million were recognized for the year ended 30 June 2014. Pursuant to the terms of the sale and purchase agreement dated 1 November 2012 and the supplemental agreement dated 23 January 2013 entered into between the Group and the then vendor in relation to the acquisition of the liquor and wine business, if the profits of the acquired liquor and wine business for the three financial years ending 31 December 2013, 2014 and 2015 in aggregate shall be less than RMB300 million, the number of the convertible preference shares to be released to the then vendor will be adjusted downward. As a result, a gain on change in fair value of the contingent share consideration payable of approximately HK\$500 million was recognized for the year ended 30 June 2014.

The information contained in this announcement is only based on the management’s preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 30 June 2014, which have not been audited nor reviewed by the Company’s independent external auditor. The Company is in the process of finalizing the annual results of the Group for the year ended 30 June 2014. Details of the performance of the Group will be disclosed in the 2014 annual results announcement, which is expected to be published on 29 September 2014.

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
Guocang Group Limited
Wong Hin Shek
Chairman and Executive Director

Hong Kong, 23 September 2014

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Chi Chi Hung, Kenneth; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.