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GUANGDONG TANNERY LIMITED

粤海制革有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01058)

INSIDE INFORMATION ANNOUNCEMENT

**(1) THE SHARE TRANSFER AGREEMENT IN RELATION TO 52% OF
THE TOTAL NUMBER OF SHARES IN THE COMPANY
AND
(2) THE DEBT WAIVER**

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

THE SHARE TRANSFER AGREEMENT

The Company was informed that on 29 September 2021 (before the commencement of the Trading Hours), GDH and Nam Yue entered into the Share Transfer Agreement, pursuant to which GDH agreed to transfer a total of 279,769,880 Shares for the total transfer price of HK\$88,994,798.83 (equivalent to approximately HK\$0.3181 per Share) to Nam Yue. The Relevant Shares represent 52% of the total number of ordinary shares issued by the Company as at the date of this announcement.

Completion took place on 29 September 2021, the date of this announcement.

THE DEBT WAIVER

The Debt Waiver in relation to the elimination of the Group Loans has been effective.

IMPLICATIONS UNDER THE TAKEOVERS CODE

The Company understands that Nam Yue had applied to the Executive for a waiver from the obligation to make a mandatory offer for the Shares under Rule 26.1 of the Takeovers Code arising as a result of the completion of the Share Transfer Agreement, and the Executive has granted a waiver pursuant to Note 6 to Rule 26.1 of the Takeovers Code. **Accordingly, the transfer of the Relevant Shares by GDH to Nam Yue will not give rise to any obligation on Nam Yue to make a mandatory general offer for the Shares of the Company under the Takeovers Code.**

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

THE SHARE TRANSFER AGREEMENT

The Company was informed that on 29 September 2021 (before the commencement of the Trading Hours), GDH and Nam Yue entered into the Share Transfer Agreement, the principal terms of which are as follows:

Date

29 September 2021

Parties

- (i) GDH
- (ii) Nam Yue

Subject matter

Subject to and in accordance with the terms of the Share Transfer Agreement, GDH agreed to transfer a total of 279,769,880 Shares to Nam Yue. The Relevant Shares represent 52% of the total number of ordinary shares issued by the Company as at the date of this announcement.

Transfer price

The total transfer price for the Relevant Shares was HK\$88,994,798.83 (payable in cash), equivalent to approximately HK\$0.3181 per Share. The transfer of the Relevant Shares has been approved by Guangdong SASAC.

Completion

Completion took place on 29 September 2021, the date of this announcement.

Immediately before Completion, neither Nam Yue, nor any of the parties acting in concert with it (other than GDH Group), was interested in any Shares. Immediately following Completion, Nam Yue owns 279,769,880 Shares, representing 52% of the total number of ordinary shares issued by the Company.

Immediately following Completion, GDH holds the GDH Retained Shares, representing approximately 19.34% of the total number of ordinary shares issued by the Company.

As GDH and Nam Yue are both state-owned enterprises, the Share Transfer Agreement is within the framework of state-owned asset transfers and constitutes an internal reorganisation of PRC state-owned assets.

THE DEBT WAIVER

Immediately before the Debt Waiver (as defined below), the Company and its wholly-owned subsidiary Gold Star owed the Group Loans to GDH.

Immediately prior to the Share Transfer Agreement, GDH, the Company and Gold Star entered into the Deed of Waiver on 28 September 2021 (after the Trading Hours), pursuant to which, GDH has irrevocably waived and cancelled the rights and entitlements of GDH to the repayment of the outstanding principal and interest accrued under the Group Loans, and the Company and Gold Star (being debtors of the Group Loans) have been irrevocably released and discharged from all covenants, undertaking and obligations owed to GDH under the respective Group Loans, with effect from the date of the Deed of Waiver (the “**Debt Waiver**”).

INFORMATION ON THE RELEVANT PARTIES

Information on Nam Yue and Nam Yue Group

The Company understands from GDH that, (i) Nam Yue was established in 1987 and is the economic and trade representative organisation of the Guangdong Government in Macao; (ii) it also acts as the general agent of the commercial institutions and trade companies governed and controlled by the Guangdong Government; (iii) Nam Yue Group engages in a variety of businesses including agency, import and export trade, construction and real estate, tourism, etc.; and (iv) Nam Yue is wholly owned by Nam Yue Holdco, a state-owned enterprise established in the PRC, which is, in turn, held as to 90% by Guangdong SASAC and as to 10% by Department of Finance of Guangdong Government (廣東省財政廳).

Information on GDH and GDH Group

GDH is a company incorporated in Hong Kong and principally engages in investment holding. Immediately before Completion, GDH held 383,820,000 Shares, representing approximately 71.34% of the total number of ordinary shares issued by the Company. Immediately after Completion and as at the date of this announcement, GDH retains the GDH Retained Shares, representing approximately 19.34% of the Shares.

The business operations of GDH and its subsidiaries (other than the Group) covers public utilities and infrastructure, manufacturing, real estate, hotels and hotel management, retail and wholesale businesses, as well as finance.

The Company understands from GDH that (i) GDH is wholly owned by Guangdong Holdings, a state-owned enterprise established in the PRC; and (ii) Guangdong Holdings is held as to 90% by the Guangdong Government and as to 10% by Department of Finance of Guangdong Government while Guangdong SASAC has been performing ownership and control functions in respect of Guangdong Holdings with the authorisation of the Guangdong Government.

Information on the Company and the Group

The Company is a company incorporated in Hong Kong with limited liability and its Shares have been listed on the Main Board of the Stock Exchange since December 1996. The Company acts as an investment holding company and provides management services to its subsidiaries. The Group is principally engaged in the processing and sale of semi-finished and finished leather.

IMPLICATIONS UNDER THE TAKEOVERS CODE

The Company understands that, and as per the information set out above with regard to the background of GDH and Nam Yue, Guangdong SASAC has been, and remains, the ultimate owner and controller of both GDH Group and Nam Yue Group both before and after the Completion under the Share Transfer Agreement.

The Company understands that Nam Yue had applied to the Executive for a waiver from the obligation to make a mandatory offer for the Shares under Rule 26.1 of the Takeovers Code arising as a result of the completion of the Share Transfer Agreement, and the Executive has granted a waiver pursuant to Note 6 to Rule 26.1 of the Takeovers Code. **Accordingly, the transfer of the Relevant Shares by GDH to Nam Yue will not give rise to any obligation on Nam Yue to make a mandatory general offer for the Shares of the Company under the Takeovers Code.**

INTENTION OF NAM YUE IN RESPECT OF THE GROUP

The Company understands from GDH that Nam Yue intends to continue the existing business of the Group and that as at the date of this announcement, Nam Yue has no intention to introduce major changes to the business of the Group, and has no plan to terminate the employment of any employees of the Group; however, Nam Yue may make changes that it deems necessary or appropriate to the Group's businesses and operations to enhance the value of the Group. Any changes to the composition of the board of Directors of the Company will be made in compliance with the Listing Rules and the articles of association of the Company, and further announcement(s) will be made as and when appropriate in this regard.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Company”	Guangdong Tannery Limited 粵海制革有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01058)
“Completion”	the completion of the transfer of the Relevant Shares in accordance with the Share Transfer Agreement
“Deed of Waiver”	the deed of waiver entered into by GDH, the Company and Gold Star after the Trading Hours on 28 September 2021 in respect of the Debt Waiver
“Debt Waiver”	has the meaning ascribed thereto in the section headed “The Debt Waiver” of this announcement
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof

“GDH”	GDH Limited 粵海控股集團有限公司, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Guangdong Holdings
“GDH Group”	GDH and its subsidiaries
“GDH Retained Shares”	means the total of the 104,050,120 Shares held by GDH, representing approximately 19.34% of the total number of ordinary shares issued by the Company as of the date of this announcement
“Gold Star”	Gold Star Assets Limited 金聲資產有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Group Loans”	means the loans (together with accrued interests) made by GDH to the Company and/or Gold Star pursuant to the loan agreements dated 31 July 2008, 3 August 2010 and 19 December 2012 with an outstanding aggregate principal amount of US\$9,920,370 and HK\$65,000,000 and the related accrued interest of HK\$17,105,946.83, respectively, immediately before the Debt Waiver
“Guangdong Government”	廣東省人民政府 (Guangdong Provincial People’s Government*)
“Guangdong Holdings”	廣東粵海控股集團有限公司 (Guangdong Holdings Limited*), a company incorporated in the PRC
“Guangdong SASAC”	廣東省人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Guangdong Provincial People’s Government*)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macao”	Macao Special Administrative Region of the PRC
“Nam Yue”	南粵（集團）有限公司 (Nam Yue (Group) Company Limited*), a company incorporated in Macao with limited liability
“Nam Yue Group”	Nam Yue and its subsidiaries
“Nam Yue Holdco”	廣東南粵集團有限公司 (Guangdong Nam Yue Group Corporation Limited*), a state-owned enterprise established in the PRC

“PRC”	the People’s Republic of China
“Relevant Shares”	means 279,769,880 Shares agreed to be transferred from GDH to Nam Yue pursuant to the terms of the Share Transfer Agreement, representing 52% of the total number of ordinary shares issued by the Company as at the date of this announcement
“Share Transfer Agreement”	the share transfer agreement entered into between GDH and Nam Yue before the commencement of the Trading Hours on 29 September 2021 in relation to the transfer of the Relevant Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Trading Hours”	the trading hours of the Stock Exchange
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

** for identification purpose only*

By Order of the Board
GUANGDONG TANNERY LIMITED
Kuang Hu
Chairman

Hong Kong, 29 September 2021

As at the date of this announcement, the board of Directors of the Company comprises two executive Directors, namely, Mr. Kuang Hu and Mr. Sun Jun; two non-executive Directors, namely, Mr. Ding Yatao and Mr. Qiao Jiankang; and three independent non-executive Directors, namely Mr. Yeung Man Lee, Mr. Leung Luen Cheong and Mr. Yang Ge.