

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



粵海制革有限公司
GUANGDONG TANNERY LIMITED

(Incorporated in Hong Kong with limited liability)

**PROPOSED DISPOSAL OF SHARES HELD BY CONTROLLING SHAREHOLDER
AND RESUMPTION OF TRADING**

Reference is made to the Company's announcements dated 10 and 17 February 2003. Further to those Announcements, the Board has been informed that under a conditional Share Purchase Agreement dated 26 February 2003, the Company's indirect parent, GDH Limited, will be acquiring various assets from the Company's controlling shareholder, Guangdong Investment Limited, including the shareholding of Guangdong Investment Limited of approximately 71.56 per cent. of the issued share capital of the Company and an interest-bearing loan of HK\$46,226,415 owing by the Company to Guangdong Investment Limited as of today. GDH Limited has an indirect interest in 71.56 per cent. of the issued share capital of the Company, held through its approximately 57.92 per cent. interest in the ordinary shares of Guangdong Investment Limited.

The Board has also been informed that the Securities and Futures Commission confirmed to GDH Limited on 24 February 2003 that an obligation for GDH Limited to make a general offer for the shares of the Company under Rule 26.1 of the Code on Takeovers and Mergers as a result of the Acquisition will not apply, and that GDH Limited has no intention of changing the composition of the Board.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 25 February 2003 pending the release of this announcement. Application has been made for trading to resume at 9:30 a.m. on 27 February 2003.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

The board of directors (the "Board") of Guangdong Tannery Limited (the "Company") refers to the Company's announcements of 10 and 17 February 2003 (the "Announcements"). Further to those Announcements, the Board has been informed that under a conditional Share Purchase Agreement dated 26 February 2003, the Company's indirect parent, GDH Limited ("GDH"), will be acquiring various assets from the Company's controlling shareholder, Guangdong Investment Limited ("GDI"), for a total consideration of approximately HK\$1,451,226,000 (the "Acquisition"). Included in the assets to be disposed of under the Acquisition is GDI's shareholding of approximately 71.56 per cent. of the issued share capital of the Company and an interest-bearing loan of HK\$46,226,415 owing by the Company to GDI as of today. GDH has an indirect interest in 71.56 per cent. of the issued share capital of the Company, held through its approximately 57.92 per cent. interest in the ordinary shares of GDI.

The Board has also been informed that the Securities and Futures Commission confirmed to GDH on 24 February 2003 that an obligation for GDH to make a general offer for the shares of the Company under Rule 26.1 of the Code on Takeovers and Mergers as a result of the Acquisition will not apply.

The Company has been informed by GDH that GDH intends for the Company's business activities to continue and remain the same after completion of the Acquisition, and that GDH has no intention of changing the composition of the Board.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 25 February 2003 pending the release of this announcement. Application has been made for trading to resume at 9:30 a.m. on 27 February 2003.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Xiong Guangyang
Chairman

Hong Kong, 26 February 2003

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this announcement have been arrived at after due and careful consideration, and that there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

Please also refer to the published version of this announcement in The Standard.