



粵海制革有限公司

GUANGDONG TANNERY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1058)

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The board of directors (the “Board”) of Guangdong Tannery Limited (the “Company”) is pleased to announce the appointment of Mr. ZHANG Yaping as a Director of the Company with effect from 9 January 2007.

As Mr. ZHANG does not hold any executive position in the Company, he will be a Non-Executive Director of the Company. Other than being a Non-Executive Director of the Company, Mr. ZHANG does not hold any other position with the Company or any subsidiary of the Company.

Mr. ZHANG Yaping, aged 54, is a Senior Economist in the People’s Republic of China. He was appointed a Director of GDH Limited (“GDH”), the immediate controlling shareholder of the Company, in September 2000 and has been an Executive Director of GDH since May 2001. Mr. ZHANG was also appointed the Chairman of 深圳市東深投資控股有限公司 (Shenzhen Dongshen Investment Holding Co. Ltd.) (“Dongshen”) in July 2002. Dongshen is a wholly-owned subsidiary of 廣東粵港投資控股有限公司 (Guangdong Yue Gang Investment Holdings Company Limited), the ultimate controlling shareholder of the Company. He was appointed a Director of Guangdong Investment Limited (“GDI”) during the period from March 2001 to February 2004 and a Director of Kingway Brewery Holdings Limited (“Kingway”) during the period from August 2000 to October 2003. Both GDI and Kingway, which are subsidiaries of GDH, are listed on the Stock Exchange of Hong Kong Limited. Mr. ZHANG completed the Professional Finance Program in Jilin College of Finance and Trading and the Senior Management Program in the Economic Management College of Tianjin Nankai University. He has more than 20 years working experience in the banking and securities industries. Between 1990 and 1997, he had worked in the Bank of China Group. Prior to joining GDH, he was Deputy Commissioner in the Shenzhen Regulatory Commissioner’s Office of the China Securities Regulatory Commission.

Other than the above, Mr. ZHANG is not related to any Director, senior management, substantial or controlling shareholders of the Company.

As at the date of this announcement, Mr. ZHANG was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the Securities and Futures Ordinance.

There is no service contract between the Company and Mr. ZHANG. He will hold office until the first general meeting of the Company after his appointment. In accordance with the Articles of Association of the Company, Mr. ZHANG is entitled to such director’s fee as may be approved by the Board. Emoluments (if any) for Mr. ZHANG will be determined by reference to his job responsibilities and the prevailing market conditions.

Save as described below, there is no enterprise, company or unincorporated enterprise that has been dissolved or put into liquidation (otherwise than by a member's voluntary winding up when the company was solvent) or bankruptcy or been the object of an analogous proceeding, or entered into any form of arrangement or composition with creditors, or had a receiver, trustee or similar officer appointed over it during the time when Mr. ZHANG was one of its directors or within 12 months after his ceasing to act as one of its directors.

- (1) Mr. ZHANG was a deputy general manager of GDI for the period from June 2000 to March 2001. During that period, Mr. ZHANG was appointed a director of the following subsidiaries of GDI, namely Cadenza Limited, Dragon Light Investments Ltd., Guangdong (H.K.) Tours Company Limited, Guangdong Investment (Nominees) Limited, Guangdong Investment Finance (Cayman) Limited, Guangdong Transport Investment (BVI) Company Limited, Hong Kong Guangdong Highway Limited, National Capital Limited, Sladen Investment Limited and Yue Sheng Finance Limited. He was also appointed a director and managing director of GDI in March 2001.

GDI was incorporated in Hong Kong on 5 January 1973. The principal activities of GDI and its subsidiaries (the "GDI Group") include water distribution, electric power generation, toll roads and bridges, property investment, department stores and hotel operations and management.

On 4 March 1999, the financial creditors of the GDI Group were asked by GDI to abide by certain standstill terms during an interim period pending finalisation of a proposal to restructure the financial liabilities of the GDI Group with such financial creditors.

The debt restructuring of the GDI Group, which was a successful one resulting in agreement being reached with the financial creditors, became effective on 22 December 2000. Debts subject to restructuring at the GDI level amounted to approximately HK\$4.5 billion and debts subject to restructuring at selected stand alone subsidiaries amounted to an additional HK\$2.3 billion approximately.

All outstanding financial indebtedness at the GDI level under the debt restructuring scheme was repaid or settled in full on 2 May 2003. All the stand alone override agreements relating to the debt restructuring schemes for the stand alone subsidiaries of GDI had likewise been completed.

- (2) As for Guangdong (H.K.) Tours Company Limited ("GD Tours"), Mr. ZHANG was appointed non-executive director of GD Tours during the period from 6 February 2001 to 9 September 2002.

GD Tours was incorporated in Hong Kong on 24 April 1981. The principal businesses of GD Tours were tourism, traveling and related services. GD Tours was a wholly-owned subsidiary of GDI during the period from 6 January 1992 to 30 March 2003. GD Tours has become a wholly-owned subsidiary of GDH since 31 March 2003.

Notwithstanding the successful completion of the debt restructuring scheme of the GDI Group as aforesaid, on 12 June 2003, a petition for the winding up of GD Tours was presented to the High Court of Hong Kong (the "Court") by two creditors of GD Tours for a total indebtedness of HK\$222,385,095.35 together with interest accrued thereon.

The petition was heard on 6 August 2003 whereupon the winding up order was granted by the Court. On 8 December 2003 Mr. Kennic Lui Lai Hang and Ms. Ruby Leung Mun Yee, both of Messrs. Kennic L. H. Lui & Co., were appointed as the liquidators of GD Tours. Upon the application of the liquidators under Section 209A of the Companies Ordinance, an order by the Court was made on 16 January 2004 for the winding up of GD Tours to be conducted as if it were a creditors' voluntary winding up. The winding up of GD Tours is currently still in progress.

Save as disclosed above, in relation to the appointment of Mr. ZHANG as a Non-Executive Director of the Company, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and there is no other matter which needs to be brought to the attention of the shareholders of the Company.

The Board would like to express its warm welcome to Mr. ZHANG to join the Board.

By order of the Board
ZHANG Chunting
Chairman

Hong Kong, 9 January 2007

As at the date of this announcement, the Board comprises of two Executive Directors, namely Mr. Zhang Chunting and Mr. Deng Rongjun; three Non-Executive Directors, namely Mr. Zhang Yaping, Mr. Xiong Guangyang and Mrs. Ho Lam Lai Ping Theresa; and three Independent Non-Executive Directors, namely Mr. Fung Lak, Mr. Choi Kam Fai Thomas and Mr. Chan Cheong Tat.

“Please also refer to the published version of this announcement in China Daily”