



粵海制革有限公司

GUANGDONG TANNERY LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 1058)

## Unusual Price Movement

### ANNOUNCEMENT

The board (the “Board”) of directors (the “Directors”) of Guangdong Tannery Limited (the “Company”) has noted the increase in the price of the shares of the Company today and wishes to state that, save for as stated in this announcement, the Company is not aware of any reason for such increase.

The executive Directors are currently considering making a proposal to the Board to expand the production capacity of Xuzhou Nanhai Leather Factory Co., Ltd. (an existing wholly owned subsidiary of the Company) by acquiring more land near its existing facility in Suining County Economic Development Zone, Xuzhou City, Jiangsu Province, the PRC, and constructing production facility thereon for the upstream processing of leather products. As a separate proposal, the executive Directors are considering recommending to the Board to establish a separate factory at another location in Xuzhou to engage in the downstream processing of leather products.

A full Board meeting will be held in due course to consider the above proposals. Should the Board resolve to proceed with the proposals, the Company will make a further announcement.

**Shareholders and potential investors should be aware that the proposals have not been considered or approved by the Board, and the Board may decide to adopt only one or both proposals, propose modifications to one or both proposals or decide against both proposals. Thus, the proposals may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the shares of the Company.**

Save as disclosed above, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), nor is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By Order of the Board  
**Zhang Chunting**  
*Chairman*

Hong Kong, 8 October 2007

*As at the date of this announcement, the Board comprises 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.*