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粵海制革有限公司

GUANGDONG TANNERY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1058)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the interim results of the Group for the six months ended 30 June 2009 is expected to decline significantly, which would result in either a lower net profit or even a net loss as compared with the same period in 2008.

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 Guangdong Tannery Limited (the “Company”, together with its subsidiaries shall be referred to as the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company and potential investors that the interim results of the Group for the six months ended 30 June 2009 is expected to decline significantly, which would result in either a lower net profit or even a net loss as compared with the same period in 2008. Such decline was primarily attributable to a reduction in the sales orders and a decrease in unit selling price of products both brought about as a result of global financial crisis and economic downturn, and an increase in cost of sales per unit (mainly due to an increase in the cost of raw materials purchased in 2008). The decrease in revenue and operating profit of the Group was therefore substantial. As the current market environment gradually stabilizes and the price of raw materials decreases as compared with 2008, it is expected that the operations and financial performance of the Group will improve in the second half of the year.

The information contained in this announcement is only based on the Company's preliminary assessment of the consolidated management accounts of the Group for the six months ended 30 June 2009, which have not been audited or reviewed by the Company's auditors. The interim results of the Group for the six months ended 30 June 2009 will be announced as soon as practicable.

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
Zhang Chunting
Chairman

Hong Kong, 10 July 2009

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Zhang Chunting and Mr. Ren Yingguo; two Non-Executive Directors, namely 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.