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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)**

## POSITIVE PROFIT ALERT

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 Group is expected to record a significant increase in profit attributable to shareholders for the six months ending 30 June 2010 as compared to a net loss for the corresponding period in 2009.

The information contained in this announcement is only a preliminary estimate prepared by the management of the Company and is not based on any figures or information audited or reviewed by the Company's auditors.

**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 it is the current estimate of the Company's management that the Group is expected to record a significant increase in profit attributable to shareholders for the six months ending 30 June 2010 as compared to a net loss for the corresponding period in 2009. The significant improvement in the Group's results is primarily attributable to an overall strengthening of the enterprise internal management, an increase in sales and effective cost control strategies. The gross profit margin of the Group's products therefore improves.

As the period covered by the interim results of the Group for the six months ending 30 June 2010 (the “Interim Results”) has not been ended, the Interim Results of the Group are not available. The information contained in this announcement is only a preliminary estimate prepared by the management of the Company for such period and is not based on any figures or information audited or reviewed by the Company’s auditors. The Interim Results of the Group 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  
**Chen Hong**  
*Chairman*

Hong Kong, 20 May 2010

*As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Chen Hong and Mr. Sun Jun; three Non-Executive Directors, namely Mr. Xiong Guangyang, Mrs. Ho Lam Lai Ping, Theresa and Mr. Qiao Jiankang; and three Independent Non-Executive Directors, namely Mr. Fung Lak, Mr. Choi Kam Fai, Thomas and Mr. Chan Cheong Tat.*