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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)

DISCLOSEABLE TRANSACTION

ANNOUNCEMENT PURSUANT TO RULE 14.36

Reference is made to the announcement of Guangdong Tannery Limited (the “Company”) dated 5 November 2007 and the related circular (the “Circular”) to its shareholders dated 23 November 2007 in relation to, inter alia, the construction of the Jinsanqiao Factory. Terms defined in the Circular shall have the same meanings when used herein.

Reference is also made to the announcement of the Company dated 8 September 2009 indicating that the estimated completion of the construction of the Jinsanqiao Factory would be delayed to 2012 and the further announcement of the Company dated 5 February 2010 indicating that the estimated completion date of the said factory would be brought forward to around the first half of 2011, such factory would be situated in the specialised zone for leather product industry in Suining County, Xuzhou City as a result of the policy of the Xuzhou City People’s Government set out in the said announcement, and that the total capital expenditure of this new factory would be reduced to approximately HK\$67.99 million.

While the construction of the said new factory was in progress, in view of the abovementioned policy of the Xuzhou City People’s Government, the then existing downstream finished leather products manufacturing operations of Xuzhou Co were also relocated to and integrated into the said new factory.

The board of directors (the “Board”) of the Company is pleased to announce that the said new factory has now been completed, and after completion:

1. the said new factory (incorporating Xuzhou Co’s operations following the abovementioned relocation) has a total production capacity (for downstream finished leather products) of two million sq. ft. per month and, together with the existing facilities of Gangwei Co, now give the Group a total production capacity (for downstream finished leather products) of four million sq. ft. per month, which the Board considers to be optimal under the existing market conditions;

2. there is room for further expansion to add an additional production capacity (for downstream finished leather products) of another one million sq. ft. per month to the said new factory. However, given the existing total production capacity (for downstream finished leather products) of the Group of four million sq. ft. per month is already adequate to meet its needs, the Company currently has no intention to embark upon any further expansion of this production facility; and
3. the total capital expenditure for the said new factory was finally reduced to HK\$32,182,000 in aggregate.

By Order of the Board
Chen Hong
Chairman

Hong Kong, 11 March 2011

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.