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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 consolidated profit attributable to shareholders of the Company for the year ended 31 December 2011 is expected to decline significantly as compared with that for the year 2010.

The information contained in this announcement is only based on the Company's preliminary review of the management accounts of the Group, which have not been audited 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, based on the Company's preliminary review of the management accounts of the Group, which have not yet been audited by the Company's auditors, the consolidated profit attributable to shareholders of the Company for the year ended 31 December 2011 is expected to decline significantly as compared with that for the year 2010. Such decrease was primarily attributable to the following factors:

- (i) A significant decrease in other income and gains as compared with 2010, mainly due to a substantial decrease in government subsidies and no disposal of investment properties in 2011 (gain on disposal of an investment property in 2010 was HK\$1,570,000).

- (ii) A decrease in gross profit margin of the Group's products brought about by an increase in the cost of raw materials.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2011. The information contained in this announcement is only based on the Company's preliminary review of the management accounts of the Group for the year ended 31 December 2011, which have not been audited by the Company's auditors. The audited results of the Group for the year ended 31 December 2011 will be announced in March 2012.

**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, 27 January 2012

*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.*