

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 Group is expected to record a loss for the six months ending 30 June 2012 as compared with a profit for the same period in 2011.

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 loss for the six months ending 30 June 2012 as compared with a profit for the same period in 2011. Such decrease is primarily attributable to the following factors :

- (i) a reduction in sales volume as a result of a continuous decrease in the sales market of footwear leather in Mainland China;

- (ii) a significant decrease in gross profit margin of the Group's products brought about by an increase in unit cost of raw materials and manufacturing expenses; and
- (iii) an increase in operating costs as a result of an increase in statutory minimum wages in Mainland China.

As the period covered by the interim results of the Group for the six months ending 30 June 2012 (the "Interim Results") has not been ended, the Interim Results 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 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, 11 June 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.