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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)**

**UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS  
AND  
POSITIVE PROFIT ALERT**

This announcement is made at the request of The Stock Exchange of Hong Kong Limited and pursuant to Rule 13.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “Board”) of Guangdong Tannery Limited (the “Company”) has noted the increases in the price and trading volume of the shares of the Company as at the date of this announcement.

The Board wishes to inform the shareholders of the Company and potential investors that based on the current estimate of the Company’s management, the Company and its subsidiaries (collectively referred to as the “Group”) are expected to record a net profit attributable to shareholders for the six months ending 30 June 2013 as compared to a net loss for the corresponding period in 2012. The turnaround from loss to profit in the Group’s results is primarily attributable to an increase in sales and improvement of the gross profit margin of the Group’s products.

However, as the Company is still in the process of preparing further updated unaudited management accounts of the Group and conducting further analysis on the detailed reasons for the changes in results, the information contained in this announcement is only a preliminary assessment by the management of the Company based on the latest available information and is subject to possible adjustments following further internal review, and is not based on any figure or information which has been reviewed by the Company’s auditors or audit committee.

Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board confirms that save for the above, it is not aware of any other reasons that may have caused these increases in the price and trading volume of the shares of the Company or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

**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 the order of the Company. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

By order of the Board  
**Chen Hong**  
*Chairman*

Hong Kong, 18 June 2013

*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.*