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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)

INSIDE INFORMATION

This announcement is made by Guangdong Tannery Limited (the “**Company**”, together with its subsidiaries, 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**”) 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 the Company would like to inform the shareholders and potential investors of the Company that the Group’s coal-fired boiler (燃煤鍋爐) with a capacity of 10 tons (蒸噸) per hour has recently been removed pursuant to the recent notices regarding coal-fired boilers issued by 江蘇睢寧經濟開發區兩減六治三提升專項行動領導小組辦公室 (The Two Reductions, Six Remediations and Three Enhancements Specific Action Leading Group Office of Jiangsu Suining Economic Development Zone) dated 28 November 2017 and 30 November 2017, respectively, as part of the PRC Government’s policy of 燃煤鍋爐整治要求 (remediation request regarding coal-fired boilers) in the PRC. The said coal-fired boiler was the only boiler used by 徐州南海皮廠有限公司 (Xuzhou Nanhai Leather Factory Co., Ltd., a principal wholly-owned subsidiary of the Company) in its processing of cowhides, and, accordingly, the Group has temporarily suspended production since 1 December 2017.

The Group is currently in discussions with the relevant supplier (being an independent third party of the Group) for the purchase of a natural gas boiler (天然氣鍋爐) with a capacity of 6 tons (蒸噸) per hour. Based on the progress of the discussions, the purchase of the said natural gas boiler and the installation of the relevant natural gas pipelines are expected to be completed and the Group’s production will resume by between around the end of this year and mid-January 2018. While some of the Group’s products scheduled for delivery in December had already been manufactured prior to the abovementioned temporary suspension in production and the Group has since been liaising and working with its customers with a view to catch up on their sales orders, the said temporary suspension in production is still expected to have a negative impact on the revenue of the Group for December 2017 and the beginning of 2018.

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
Sun Jun
Chairman and Managing Director

Hong Kong, 7 December 2017

As at the date of this announcement, the Board comprises one Executive Director, namely Mr. Sun Jun; three Non-Executive Directors, namely Mr. Xiao Zhaoyi, Mr. Kuang Hu and Mr. Ran Bo; and three Independent Non-Executive Directors, namely Mr. Fung Lak, Mr. Choi Kam Fai, Thomas and Mr. Chan Cheong Tat.