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廣東控股有限公司

GDH LIMITED

(incorporated in Hong Kong with limited liability)



粵海制革有限公司

GUANGDONG TANNERY LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 1058)

JOINT ANNOUNCEMENT

PROPOSED PRIVATISATION OF GUANGDONG TANNERY LIMITED BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 166 OF THE COMPANIES ORDINANCE) AT THE CANCELLATION PRICE OF HK\$0.28 PER SCHEME SHARE

DESPATCH OF SCHEME DOCUMENT

The Scheme Document will be despatched to the Shareholders on Friday, 26th August, 2005.

The respective notice of the Court Meeting and the Extraordinary General Meeting to be held on Thursday, 22nd September, 2005 are set out in the Scheme Document.

Independent Shareholders should consider carefully the recommendation of the Independent Board Committee and the factors, reasons and recommendation in relation to the Scheme as set out in the letter from Tai Fook, the independent financial adviser to the Independent Board Committee, before making decision on the Scheme.

Shareholders and potential investors are reminded that the Proposal is subject to a number of conditions being fulfilled or waived, as applicable, and therefore may or may not become effective. Subject to all the conditions of the Scheme being fulfilled or waived, as applicable, the Scheme is expected to become effective on Thursday, 20th October, 2005. Details of these conditions are set out in the Scheme Document. The Scheme will lapse if it does not become effective on or before 31st January, 2006 (or such other date as GDH and GTL may agree or as the Court may direct) and the Shareholders will be notified by press announcement accordingly.

Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares.

INTRODUCTION

Reference is made to the two joint announcements dated 12th July, 2005 and 1st August, 2005 respectively made by GDH Limited (“**GDH**”) and Guangdong Tannery Limited (“**GTL**”) in which it was announced, inter alia, that the Scheme would be put forward to the Scheme Shareholders regarding the proposed privatization of GTL by way of a scheme of arrangement under Section 166 of the Companies Ordinance (collectively the “**Announcements**”). Terms defined in the Scheme Document (as defined below) have the same meaning when used in this announcement unless otherwise defined herein.

DESPATCH OF THE SCHEME DOCUMENT

The document containing details of the Scheme under Section 166 of the Companies Ordinance (“**Scheme Document**”) will be despatched to the Shareholders on Friday, 26th August, 2005.

The Scheme Document contains, among other things, further details about the Proposal, the expected timetable, the Explanatory Statement, information regarding the GTL Group, the letter from the Independent Board Committee, the letter from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the Extraordinary General Meeting of GTL.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE AND TAI FOOK

The Independent Board Committee has been appointed by the GTL Board to advise the Independent Shareholders in relation to the Scheme. Tai Fook has been appointed by GTL as the independent financial adviser to advise the Independent Board Committee in connection with the Scheme. The Scheme Document contains, among other things, a letter from Tai Fook giving its advice and recommendation to the Independent Board Committee on the Scheme.

Independent Shareholders should consider carefully the recommendation of the Independent Board Committee and the factors, reasons and recommendation in relation to the Scheme as set out in the letter from Tai Fook before making a decision on the Scheme.

Actions to be taken by the Shareholders are set out in the Scheme Document.

FINANCIAL INFORMATION RELATING TO GTL GROUP

Set out below is a statement of the unaudited Adjusted NTAV, which has been calculated based on the audited consolidated net tangible asset value of the GTL Group as at 31st December, 2004 and the purpose of which is for reference only:

	<i>HK\$'000</i>
Audited consolidated net tangible assets of the GTL Group as at 31st December, 2004 (<i>Note 1</i>)	171,072
Adjustments: Reduction of the carrying value of an investment property of the GTL Group as at 30th June, 2005 pursuant to the valuation of all the GTL Group's property interests as required by Rule 11.1(f) of the Takeovers Code (<i>Note 2</i>)	(2,330)
Effect on the adoption of HKAS 17 “Leases” (<i>Note 3</i>)	<u>(11,925)</u>
Unaudited Adjusted NTAV	<u>156,817</u>
	<i>HK\$</i>
Unaudited Adjusted NTAV per Share (based on 524,154,000 Shares in issue as at the Latest Practicable Date)	<u>0.299</u>

Note:

1. This amount was extracted from section 2 headed “Audited consolidated financial statements of the GTL Group for the year ended 31st December, 2004” in Appendix I to the Scheme Document.

2. According to the valuation report of RHL Appraisal Ltd., an independent professionally qualified valuer, set out in Appendix II to the Scheme Document, one of the GTL Group's property interests (i.e. property interest no. 5) with a carrying value of HK\$2,330,000 as recorded in the books of the GTL Group as at 31st December, 2004 has been assigned as no commercial value as the land grant procedures have not yet been completed as at 30th June, 2005.
3. This represents the effect on the adoption of Hong Kong Accounting Standard No. 17 "Leases" ("HKAS 17") issued by the Hong Kong Institute of Certified Public Accountants. The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings were previously carried at valuation less accumulated depreciation. In accordance with the provisions of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The up-front prepayments made for the leasehold land and land use right are stated at cost and amortised over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account whereas the leasehold buildings is stated at valuation less accumulated depreciation.

The adjustment of HK\$11,925,000 represents the difference between the amount of valuation less accumulated depreciation and the amount of cost less accumulated amortisation of a leasehold land as recorded in the books of the GTL Group as at 31st December, 2004, adjusted for applicable tax effect.

Additional financial information on GTL including analysis of its historical financial performance, market trading performance of the Shares, liquidity, indicative valuation benchmarks, net asset value, dividend and comparison to past privatisation transactions and prospect of the GTL Group is contained in the letter from Tai Fook which is set out in the Scheme Document.

INDEBTEDNESS

The GTL Group's indebtedness, commitments and contingent liability as at 30th June, 2005 are set out in Appendix I to the Scheme Document.

Save as disclosed in the Scheme Document and apart from intra-group liabilities and normal trade payable in the ordinary course of the business of the GTL Group, the GTL Group did not have any outstanding bank overdrafts, bank loans, mortgages, charges, debentures, loan capital or other similar indebtedness, or hire-purchase commitments, liabilities under acceptance or acceptance credits or any guarantees or other material contingent liabilities as at 30th June, 2005.

MEETINGS

The Court Meeting and the Extraordinary General Meeting (the "**Meetings**") will be held at 3:00 p.m. and 3:30 p.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) respectively on Thursday, 22nd September, 2005 in each case at Chater Room I, The Function Room Level (B1), The Ritz-Carlton, Hong Kong, 3 Connaught Road, Central, Hong Kong. Notices of the Meetings are set out in the Scheme Document. For the purpose of the Meetings, dealings in the Shares are expected to be suspended from 9:30 a.m. on Thursday, 22nd September, 2005 until the release of the results of the Meetings, which is expected to be on Friday, 23rd September, 2005.

A further announcement will be made by GTL in relation to, inter alia, the voting results of the Court Meeting and the Extraordinary General Meeting.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlements of Independent Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the Extraordinary General Meeting, the register of members of GTL will be closed from Thursday, 15th September, 2005 to Thursday, 22nd September, 2005 (both days inclusive). During such period no transfer of Shares will be effected. In order to qualify to vote at the Meetings, all transfers accompanied by the relevant share certificates must be lodged with Tengis Limited, the share registrar and share transfer office of GTL at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by no later than 4:30 p.m. on Wednesday, 14th September, 2005.

Provided that the Scheme is approved, the last day for dealing in the Shares will be Monday, 10th October, 2005. To qualify for entitlements under the Scheme, all transfers accompanied by the relevant share certificates must be lodged with the Tengis Limited by no later than 4:30 p.m. on Friday, 14th October, 2005.

CONDITIONS OF THE SCHEME

Shareholders and potential investors are reminded that the Scheme is subject to a number of conditions being fulfilled or waived, as applicable, and therefore may or may not become effective. Subject to all the conditions of the Scheme being fulfilled or waived, as applicable, the Scheme is expected to become effective on Thursday, 20th October, 2005. Details of these conditions are set out in the Explanatory Statement contained in the Scheme Document. The Scheme will lapse if it does not become effective on or before 31st January, 2006 (or such other date as GDH and GTL may agree or as the Court may direct) and Shareholders will be notified by press announcement accordingly.

The GTL Directors intend that the listing of the Shares on the Stock Exchange will be withdrawn if the Scheme is implemented and be maintained in the event that the Scheme is not approved or it lapses.

Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares.

EXPECTED TIMETABLE

Hong Kong time (2005)

Latest time for lodging transfers of Shares to qualify for attending and voting at the Court Meeting and the Extraordinary General Meeting	4:30 p.m. on Wednesday, 14th September
Register closed for determination of entitlements of Scheme Shareholders to attend and vote at the Court Meeting and of Shareholders to attend and vote at the Extraordinary General Meeting	Thursday, 15th September to Thursday, 22nd September (both days inclusive)
Latest time for lodging forms of proxy in respect of	
Court Meeting	3:00 p.m. on Tuesday, 20th September
Extraordinary General Meeting	3:30 p.m. on Tuesday, 20th September
Suspension of dealings in the Shares	9:30 a.m. on Thursday, 22nd September
Court Meeting (<i>Note 1 and Note 3</i>)	3:00 p.m. on Thursday, 22nd September
Extraordinary General Meeting (<i>Note 1 and Note 3</i>)	3:30 p.m. on Thursday, 22nd September
Press announcement of the results of the Court Meeting and the Extraordinary General Meeting in South China Morning Post, China Daily and Hong Kong Economic Times	Friday, 23rd September
Resumption of dealings in the Shares	9:30 a.m. on Friday, 23rd September
Hearing of GTL's application to the Court to dispense with the settling of a list of creditors	Tuesday, 4th October
Latest time for dealing in Shares	4:00 p.m. on Monday, 10th October

Latest time for lodging transfers of Shares to qualify
for entitlements under the Scheme 4:30 p.m. on Friday, 14th October

Court hearing of the petition to sanction the Scheme (*Note 2*) Tuesday, 18th October

Press announcement of the results of the Court hearing
of the petition to sanction the Scheme in
South China Morning Post, China Daily
and Hong Kong Economic Times Wednesday, 19th October

Record Date Thursday, 20th October

Effective Date (*Note 2*) Thursday, 20th October

Withdrawal of the listing of the Shares on the Stock Exchange
becomes effective (*Note 2*) 9:30 a.m. on Friday, 21st October

Press announcement on the Effective Date and
withdrawal of listing of Shares in South China Morning Post,
China Daily and Hong Kong Economic Times Friday, 21st October

Cheques for cash entitlements under the Scheme
and to the Option Holders to be despatched on or before Wednesday, 26th October

Shareholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Note:

1. Forms of proxy should be lodged, by hand or by post, with Tengis Limited, the share registrar and share transfer office of GLT, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event no later than the times and dates stated above. In the case of the pink form of proxy in respect of the Court Meeting, it may be handed to the chairman of the Court Meeting at the Court Meeting if it is not so lodged. In order to be valid, the white form of proxy for the Extraordinary General Meeting must be lodged not later than the time and date stated above. Completion and return of a form of proxy for the Court Meeting or the Extraordinary General Meeting will not preclude a Shareholder from attending the relevant meeting(s) and voting in person. In such event, the returned form of proxy will be deemed to have been revoked.
2. This Scheme shall become effective upon all the conditions set out in the paragraph headed "Conditions of the Scheme" in the Explanatory Statement on pages 36 to 37 to the Scheme Document are fulfilled and/or otherwise waived (as the case may be).
3. Unregistered owners of Shares are urged to register their names with respect to their unregistered holdings in Shares in the register of members of GTL. For the purpose of the Court Meeting and the Extraordinary General Meeting, unregistered owners of Shares are urged to lodge their relevant transfers of Shares by 4:30 p.m. on Wednesday, 14th September, 2005 in order to have their names and particulars duly entered in the register of members of GTL with respect to their unregistered holdings in Shares. Otherwise, unregistered owners of Shares will have to:
 - (a) regarding attending and casting votes in respect of the relevant Shares, resort to duly obtaining the Court documents and proxies specifically prepared in respect of the Court Meeting and the Extraordinary General Meeting from those members who have disposed of the Shares in questions; and
 - (b) regarding receiving payment in respect of the Cancellation Price, either have their names together with their shareholdings in GTL entered in the register of members of GTL as soon as possible and in any event, no later than 4:30 p.m. on Friday, 14th October, 2005 (the register of members of GTL will be closed thereafter) or resort to making due and prompt arrangements with those members who have disposed of the Shares in question,

and/or by making appropriate arrangements with their respective brokers, nominees or agents, or otherwise, as the case may be.

By order of the board of directors of
GDH Limited
Li Wai Keung
Director

By order of the board of directors of
Guangdong Tannery Limited
Zhang Chunting
Chairman

Hong Kong, 25th August, 2005

The directors of GDH Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Guangdong Tannery Limited and its subsidiaries) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The directors of Guangdong Tannery Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the GDH Limited and its subsidiaries (excluding the GTL Group)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the GTL Board comprises Zhang Chunting, Xiong Guangyang, Hui Wai Man Lawrence, Ho Lam Lai Ping Theresa, and three independent non-executive directors, namely, Cheng Hok Lai James, Fung Lak and Choi Kam Fai Thomas.

*Please also refer to the published version of this announcement in **(South China Morning Post and China Daily)***