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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)

DISCLOSEABLE TRANSACTION

TERMINATION OF CONSTRUCTION OF JIAWANG FACTORY

Reference is made to the announcement of Guangdong Tannery Limited (the “Company”) dated 19 March 2008 and the related circular (the “Circular”) to its shareholders dated 8 April 2008 in relation to the construction of the Jiawang Factory. Terms defined in the Circular shall have the same meanings when used herein.

The board of directors (the “Board”) of the Company announces that due to the Xuzhou City People’s Government’s environmental policies aiming to encourage and facilitate the development of the leather products industry in a specialised zone, the Company has to refine the Group’s business development strategies by terminating the construction of the Jiawang Factory in Jiawang Chemical Industrial Development Zone in Xuzhou City and utilising the Company’s existing factory and facilities in that specialised zone as the production base of the Group. The Company will consider to purchase new machinery and equipment in the next few years in order to increase the upstream production capacity for tannery products. If the Company proceeds with the above plan for the increase of production capacity, it will, if necessary, comply with the applicable requirements of Chapter 14 of the Listing Rules and, if applicable, make further announcement in respect thereof.

The Board considers that the termination of the construction of the Jiawang Factory has no material adverse impact on the Group’s operation and financial position, as the Group expended an insignificant amount of capital expenditure in the project.

This announcement is made according to Rule 14.36 of the Listing Rules.

By Order of the Board
Chen Hong
Chairman

Hong Kong, 18 March 2010

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.