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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)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A 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 Guangdong Tannery Limited (the “**Company**”) announces that on 14 July 2010, the Company has granted 18,060,000 share options (the “**Options**”) to certain eligible persons (the “**Grantees**”) to subscribe for a total of 18,060,000 ordinary shares of HK\$0.10 each (the “**Shares**”) of the Company under the share option scheme of the Company adopted on 24 November 2008. Details of the grant of the Options are set out as follows:

Date of grant	: 14 July 2010
Exercise price of Options granted	: HK\$0.435 per Share
Number of Options granted	: 18,060,000 Options (each Option shall entitle the holder thereof to subscribe for one Share)
Closing market price of the Shares on the date of grant	: HK\$0.435 per Share
Validity period of the Options granted	: 5.5 years from the date of grant (the “ Option Period ”)

The Options granted shall be exercisable during the Option Period after they have become vested in accordance with the following normal vesting scale:-

- (a) The first tranche (40% of the Options) shall be exercisable from 14 July 2012 to 13 January 2016;

- (b) The second tranche (30% of the Options) shall be exercisable from 14 July 2013 to 13 January 2016;
- (c) The third tranche (10% of the Options) shall be exercisable from 14 July 2014 to 13 January 2016; and
- (d) The remaining 20% of the Options shall be exercisable from 14 July 2015 to 13 January 2016.

Vesting / Performance conditions : The vesting of the Options is subject to the achievement of such performance targets as determined by the Board upon grant and stated in the offer of grant.

Among the Options granted above, 12,470,000 Options were granted to the directors of the Company (the “**Directors**”), details of which are as follows:

<u>Grantees</u>	<u>Positions</u>	<u>Number of Options granted</u>
Mr. Chen Hong	Executive Director and Chairman	5,110,000
Mr. Sun Jun	Executive Director and Managing Director	1,260,000
Mr. Xiong Guangyang	Non-Executive Director	4,320,000
Mr. Qiao Jiankang	Non-Executive Director	1,780,000
		12,470,000

The grant of Options to the above Directors has been approved by the Independent Non-Executive Directors. Save as disclosed herein, none of the Grantees is a director, chief executive or substantial shareholder of the Company, nor an associate (as defined in the Listing Rules) of any of them.

By order of the Board
Chen Hong
Chairman

Hong Kong, 14 July 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.