

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GUANGDONG TANNERY LIMITED

粤海制革有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01058)

**INSIDE INFORMATION
EXPECTED DECREASE IN LOSS**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, based on a preliminary assessment of the Company's unaudited consolidated management accounts for the six months ended 30 June 2020, the unaudited consolidated net loss of the Company for the six months ended 30 June 2020 is expected to decrease by over 40% as compared to the consolidated net loss of HK\$22.11 million for the corresponding period in 2019.

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 Guangdong Tannery Limited (the "Company") pursuant to Rule 13.09(2)(a) 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 "SFO").

The board of directors (the "Board") of the Company wishes to inform the shareholders of the Company and potential investors that, based on a preliminary assessment of the Company's unaudited consolidated management accounts for the six months ended 30 June 2020, the unaudited consolidated net loss of the Company for the six months ended 30 June 2020 is expected to decrease by over 40% as compared to the consolidated net loss of HK\$22.11 million for the corresponding period in 2019.

The expected decrease in the consolidated net loss was mainly due to the following factors:

- (i) The gross loss was reduced due to the sale of inventory previously provided during current period resulting in an increase of reversal provisions for inventories;
- (ii) A decrease in administrative expenses which was mainly attributable to a reduction in employee compensation and research and development expenses compared to the same period of last year.; and
- (iii) A reversal of impairment loss in accounts receivable was made for the period; whereas an impairment loss of accounts receivable was made for the corresponding period of last year.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Company for the six months ended 30 June 2020 and other information currently available to the Board, which have not been reviewed by the auditors of the Company. Further, the information in this announcement is not based on any figures or information reviewed or approved by the audit committee of the Board. The Company is still in the process of finalizing its consolidated results for the six months ended 30 June 2020, which are subject to possible adjustments upon further review and audit. The interim results of the Company for the six months ended 30 June 2020 is expected to be published by the end of August 2020.

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
Kuang Hu
Chairman

Hong Kong, 18 August 2020

As at the date of this announcement, the Board comprises two Executive Directors, namely, Mr. Kuang Hu and Mr. Sun Jun; two Non-Executive Directors, namely, Mr. Ding Yatao and Mr. Qiao Jiankang; and three Independent Non-Executive Directors, namely, Mr. Yeung Man Lee, Mr. Leung Luen Cheong and Mr. Yang Ge.