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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 nine months ended 30 September 2020, the unaudited consolidated net loss of the Company for the nine months ended 30 September 2020 is expected to decrease by over 50% as compared to the consolidated net loss of HK\$29.36 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 nine months ended 30 September 2020, the unaudited consolidated net loss of the Company for the nine months ended 30 September 2020 is expected to decrease by over 50% as compared to the consolidated net loss of HK\$29.36 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 compared to the same period of last year;
- (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; and
- (iv) A reversal of payables and accruals was made for the period.

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 nine months ended 30 September 2020 and other information currently available to the Board, which have not been reviewed by the auditor 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 unaudited financial information of the Company for the nine months ended 30 September 2020, which are subject to possible adjustments upon further review. The unaudited financial information of the Company for the nine months ended 30 September 2020 is expected to be published before the end of October 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, 13 October 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.