

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

### 粵海制革有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01058)

## UNAUDITED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2021

The board of directors (the “Board”) of Guangdong Tannery Limited (the “Company”) announces the unaudited financial information of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2021 together with comparative figures. This announcement is made by the Company on a voluntary basis in order to further enhance the level of corporate governance and transparency.

	Three months ended 31 March		Change %
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	
<b>Revenue</b>	<b>52,132</b>	<b>14,689</b>	+254.9
<b>Consolidated loss attributable to shareholders of the Company</b>	<b>(4,572)</b>	<b>(6,417)</b>	+28.8
	At 31 March 2021 (Unaudited) HK\$'000	At 31 December 2020 <sup>Note</sup> (Audited) HK\$'000	
<b>Total Assets</b>	<b>246,691</b>	<b>251,528</b>	
<b>Shareholders' Equity</b>	<b>22,638</b>	<b>27,944</b>	

Note:

*The financial information relating to the year ended 31 December 2020 included in this announcement as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:*

*The Company will deliver the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622) in due course. The auditor's report has been prepared on the consolidated financial statements for the year ended 31 December 2020. The independent auditor's report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).*

## **PERFORMANCE HIGHLIGHTS**

For the three months ended 31 March 2021, the footwear leather market still facing the problems of overcapacity, weak demand and narrowed profitability. During the period, the Group continued to strengthen the development and design of the products, as well as implement quality control throughout the whole production process. Through optimizing the production efficiency, the Group enhanced economies of scale of the production and reduced cost. During the period, under the circumstances of rising sales volume and the decrease in unit cost of cowhides being greater than the decrease in unit selling price of cowhides, gross profit had a turnaround from loss to profit. The Group's operating results have been improved compared to the same period of last year.

For the three months ended 31 March 2021, the total production volume of cowhides was 3,060,000 sq. ft., representing an increase of 1,646,000 sq. ft. or 116.4% as compared to 1,414,000 sq. ft. for the same period of last year. The production volume of grey hides was 806 tons, representing a decrease of 270 tons or 25.1% as compared to 1,076 tons for the same period of last year. The total sales volume of cowhides was 3,741,000 sq. ft., representing an increase of 3,052,000 sq. ft. or 443.0% as compared to 689,000 sq. ft. for the same period of last year. The sales volume of grey hides was 806 tons, representing a decrease of 270 tons or 25.1% as compared to 1,076 tons for the same period of last year.

For the three months ended 31 March 2021, the consolidated turnover of the Group was HK\$52,132,000, representing an increase of HK\$37,443,000 or 254.9% from HK\$14,689,000 for the same period of last year, of which the sales value of cowhides amounted to HK\$49,156,000 (three months ended 31 March 2020: HK\$10,762,000), representing an increase of 356.8%, and that of grey hides and other products amounted to HK\$2,976,000 (three months ended 31 March 2020: HK\$3,927,000), representing a decrease of 24.2%. The increase in turnover was mainly attributable to the increase in sales volume of cowhides products.

The consolidated loss attributable to shareholders of the Company for the three months ended 31 March 2021 was HK\$4,572,000, representing a decrease of loss of HK\$1,845,000 or 28.8% as compared to HK\$6,417,000 for the same period of last year. Such decrease in the consolidated loss attributable to shareholders was mainly attributable to the decrease in unit cost of cowhides being greater than the decrease in unit selling price of cowhides, resulting in a turnaround of gross loss to gross profit of the Group.

## CAUTION STATEMENT

Shareholders of the Company and potential investors should note that the above financial information is based on the Company's internal records and management accounts. The above financial information for the three months ended 31 March 2021 have not been reviewed or audited by the independent auditor of the Company. Accordingly, the information contained in this announcement shall in no way be regarded as to provide any indication of or assurance on the financial results of the Group for the three months ended 31 March 2021.

Shareholders of the Company and potential investors are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board  
**Kuang Hu**  
Chairman

Hong Kong, 23 April 2021

*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.*