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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)**

### UNAUDITED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

This announcement is made by Guangdong Tannery Limited (“the Company”) on a voluntary basis in pursuit of a higher standard of corporate governance and in promoting the Company’s transparency.

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>Nine months ended 30 September</b>		<b>Change</b>
	<b>2014</b>	<b>2013</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Revenue</b>	<u><b>554,596</b></u>	<u><b>453,992</b></u>	+22.2
<b>Profit attributable to shareholders of the Company</b>	<u><b>3,694</b></u>	<u><b>4,075</b></u>	-9.3
	<b>At 30 September</b>	<b>At 31 December</b>	
	<b>2014</b>	<b>2013</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	
<b>Total Assets</b>	<u><b>698,186</b></u>	<u><b>637,324</b></u>	
<b>Net Assets</b>	<u><b>352,548</b></u>	<u><b>352,812</b></u>	

## **HIGHLIGHTS OF PERFORMANCE FOR THE FIRST NINE MONTHS OF 2014**

In the first nine months of 2014, the footwear leather goods market remained stagnant. Coupled with more stringent requirements imposed by the State on different segments of the processing chain along the tannery industry, as well as increasingly strict environmental requirements imposed by the local governments, the tannery enterprises remains bogged down. Despite of this, the Company and its subsidiaries (collectively referred to as the “Group”) proactively linked up with markets, developed new products and expanded direct sales business during the period. These reversed the influence brought about by the market weakness. During the period, both the production and sales volume were increased as compared for the same period of last year. For the nine months ended 30 September 2014, the production volume of cowhides was 20,068,000 sq. ft., representing an increase of 1,079,000 sq. ft. or 5.7% as compared to 18,989,000 sq. ft. for the same period of last year. The production volume of grey hides was 6,087 tons, representing a decrease of 2,439 tons or 28.6% as compared to 8,526 tons for the same period of last year. The sales volume of cowhides was 21,681,000 sq. ft., representing an increase of 3,378,000 sq. ft. or 18.5% as compared to 18,303,000 sq. ft. for same period of last year. The sales volume of grey hides was 6,087 tons, representing a decrease of 2,439 tons or 28.6% as compared to 8,526 tons for the same period of last year.

For the nine months ended 30 September 2014, the consolidated turnover of the Group was HK\$554,596,000, representing an increase of HK\$100,604,000 or 22.2% from HK\$453,992,000 for the same period of last year, of which the sales value of cowhides amounted to HK\$480,575,000 (nine months ended 30 September 2013: HK\$388,657,000), representing an increase of 23.7%, and that of grey hides and other products amounted to HK\$74,021,000 (nine months ended 30 September 2013: HK\$65,335,000), representing an increase of 13.3%. The increase in turnover was mainly attributable to the increase in both selling price and sales volume of cowhides. The profit attributable to shareholders of the Company for the nine months ended 30 September 2014 was HK\$3,694,000, representing a decrease of HK\$381,000 or 9.3% as compared to HK\$4,075,000 for the same period of last year. Such decline was mainly attributable to the comprehensive effect of the exchange loss arising from the depreciation in Renminbi against United States dollars setting off against the increase in gross profit.

### **CAUTION STATEMENT**

The board of directors of the Company wishes to remind investors that the above financial data is based on the Company’s internal records and management accounts. The above financial data for the nine months ended 30 September 2014 have not been reviewed or audited by the auditors 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 nine months ended 30 September 2014.

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

**Chen Hong**  
Chairman

Hong Kong, 24 October 2014

*As at the date of this announcement, the board of directors of the Company comprises two Executive Directors, namely Mr. Chen Hong and Mr. Sun Jun; three Non-Executive Directors, namely Mr. Liu Bing, 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.*