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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 THREE MONTHS ENDED 31 MARCH 2015

This announcement is made by Guangdong Tannery Limited (“the Company”) on a voluntary basis in order to further enhance the level of corporate governance and transparency.

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>Three months ended 31 March</b>		<b>Change</b>
	<b>2015</b>	<b>2014</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Revenue</b>	<u><b>162,755</b></u>	<u><b>151,192</b></u>	+7.6
<b>Profit/(loss) attributable to shareholders of the Company</b>	<u><b>(3,768)</b></u>	<u><b>824</b></u>	N/A
	<b>At 31 March</b>	<b>At 31 December</b>	
	<b>2015</b>	<b>2014</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	
<b>Total Assets</b>	<u><b>731,649</b></u>	<u><b>759,053</b></u>	
<b>Shareholders' Equity</b>	<u><b>347,154</b></u>	<u><b>352,553</b></u>	

## **HIGHLIGHTS OF PERFORMANCE FOR THE FIRST THREE MONTHS OF 2015**

In the first three months of 2015, the footwear leather goods market across China remains sluggish with competition intensifying against the situation of diminishing overseas demand and weak domestic demand. During the period, the Company and its subsidiaries (collectively referred to as the “Group”) proactively linked up with the markets, developed new products and expanded direct sales business, and as a result of which, higher production and sales volume have been realised. However, coupled with the depreciation of Renminbi and the decrease in gross profit, the Group’s operating results declined significantly.

For the three months ended 31 March 2015, the production volume of cowhides was 7,618,000 sq. ft., representing an increase of 2,483,000 sq. ft. or 48.4% as compared to 5,135,000 sq. ft. for the same period of last year. The production volume of grey hides was 2,397 tons, representing an increase of 1,161 tons or 93.9% as compared to 1,236 tons for the same period of last year. The sales volume of cowhides was 6,498,000 sq. ft., representing an increase of 305,000 sq. ft. or 4.9% as compared to 6,193,000 sq. ft. for the same period of last year. The sales volume of grey hides was 2,386 tons, representing an increase of 1,150 tons or 93.0% as compared to 1,236 tons for the same period of last year.

For the three months ended 31 March 2015, the consolidated turnover of the Group was HK\$162,755,000, representing an increase of HK\$11,563,000 or 7.6% from HK\$151,192,000 for the same period of last year, of which the sales value of cowhides amounted to HK\$144,221,000 (three months ended 31 March 2014: HK\$132,662,000), representing an increase of 8.7%, and that of grey hides and other products amounted to HK\$18,534,000 (three months ended 31 March 2014: HK\$18,530,000), representing an increase of 0.02%. The increase in turnover was mainly attributable to the increase in both selling price and sales volume of cowhides.

The loss attributable to shareholders of the Company for the three months ended 31 March 2015 was HK\$3,768,000, representing a decrease of HK\$4,592,000 as compared to the profit attributable to shareholders of HK\$824,000 for the same period of last year. Such turnaround from profit to loss was mainly attributable to the decrease in gross profit as a result of decrease in reversal of stock provision in the first three months of 2015 and the increase in exchange loss arising from the depreciation in Renminbi against United States dollars.

### **CAUTION STATEMENT**

The board of directors of the Company wishes to remind shareholders of the Company and potential investors that the above financial data is based on the Company’s internal records and management accounts. The above financial data for the three months ended 31 March 2015 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 three months ended 31 March 2015.

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, 27 April 2015

*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.*