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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)

INSIDE INFORMATION EXPECTED DECREASE IN LOSS

This announcement is made by the Company pursuant to Rule 13.09 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 the preliminary assessment of the Group's unaudited consolidated management accounts for the six months ended 30 June 2019, the consolidated net loss of the Group for the six months ended 30 June 2019 is expected to decrease by over 50% as compared to the consolidated net loss of HK\$48.02 million for the corresponding period in 2018.

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", together with its subsidiaries, referred to as the "Group") pursuant to Rule 13.09 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 the preliminary assessment of the Group’s unaudited consolidated management accounts for the six months ended 30 June 2019, the consolidated net loss of the Group for the six months ended 30 June 2019 is expected to decrease by over 50% as compared to the consolidated net loss of HK\$48.02 million for the corresponding period in 2018. Such expected decrease in the consolidated net loss was mainly due to the following factors:

- (i) a significant decrease in gross loss, which was mainly attributable to a greater decrease in unit cost of products than in unit selling price, resulting in a significant decrease in gross loss margin of the Group; and
- (ii) no impairment loss of property, plant and equipment was made for the period, whereas impairment loss of property, plant and equipment of HK\$9.09 million 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 Group for the six months ended 30 June 2019 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 unaudited financial results of the Group for the six months ended 30 June 2019, which are subject to possible adjustments upon further review. The interim results of the Group for the six months ended 30 June 2019 is expected to be published by the end of August 2019.

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
Sun Jun
Chairman and Managing Director

Hong Kong, 12 July 2019

As at the date of this announcement, the Board comprises one Executive Director, namely Mr. Sun Jun; three Non-Executive Directors, namely Mr. Xiao Zhaoyi, Mr. Kuang Hu and Mr. Ding Yatao; and three Independent Non-Executive Directors, namely Mr. Fung Lak, Mr. Choi Kam Fai, Thomas and Mr. Chan Cheong Tat.