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China Golden Classic Group Limited

中國金典集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8281)

2021 THIRD QUARTERLY RESULTS ANNOUNCEMENT

CHARACTERISTICS OF THE GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of China Golden Classic Group Limited (the “Company” and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2021

		Three months ended 30 September		Nine months ended 30 September	
	<i>Notes</i>	2021	2020	2021	2020
		RMB'000	<i>RMB'000</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	76,418	75,443	204,861	210,893
Cost of sales		(47,201)	(46,736)	(124,957)	(120,584)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Gross profit		29,217	28,707	79,904	90,309
Other income		1,533	687	2,993	4,688
Selling and distribution costs		(13,277)	(15,457)	(43,440)	(48,532)
Administrative expenses		(11,271)	(13,703)	(33,673)	(36,862)
Finance costs		(166)	(771)	(595)	(2,232)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Profit (loss) before tax		6,036	(537)	5,189	7,371
Income tax expenses	4	(1,893)	(214)	(1,828)	(1,739)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Profit (loss) for the period	5	4,143	(751)	3,361	5,632
Other comprehensive income (expense) for the period					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		140	(373)	575	(236)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total comprehensive income (expense) for the period		4,283	(1,124)	3,936	5,396
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Earnings (loss) per share					
Basic and diluted (<i>RMB cents</i>)	6	0.41	(0.08)	0.34	0.56
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Share capital	Share premium	Capital reserve	PRC statutory reserve	Translation reserve	Retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021 (audited)	8,606	74,386	15	42,898	2,111	107,500	235,516
Profit for the period	-	-	-	-	-	3,361	3,361
Other comprehensive income for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	575	-	575
Total comprehensive income for the period	-	-	-	-	575	3,361	3,936
At 30 September 2021 (unaudited)	<u>8,606</u>	<u>74,386</u>	<u>15</u>	<u>42,898</u>	<u>2,686</u>	<u>110,861</u>	<u>239,452</u>
At 1 January 2020 (audited)	8,606	74,386	15	42,898	2,890	89,342	218,137
Profit for the period	-	-	-	-	-	5,632	5,632
Other comprehensive expenses for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	(236)	-	(236)
Total comprehensive (expense) income for the period	-	-	-	-	(236)	5,632	5,396
At 30 September 2020 (unaudited)	<u>8,606</u>	<u>74,386</u>	<u>15</u>	<u>42,898</u>	<u>2,654</u>	<u>94,974</u>	<u>223,533</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2021

1. BASIS OF PREPARATION AND PRESENTATION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

China Golden Classic Group Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on GEM of the Stock Exchange of Hong Kong Limited (the “Stock exchange”) on 8 July 2016.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the manufacture and trading of oral care, leather care and household hygiene products.

The unaudited condensed consolidated interim financial information (“Financial Information”) of the Company and its subsidiaries (collectively referred as the “Group”) for the nine months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirement of the GEM Listing Rules.

The Financial Information of the Group should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended 31 December 2020. The accounting policies adopted in preparing the Financial Information, except for the adoption of amendments to HKFRS as described in note 2, were consistent with those applied for the consolidation financial statements of the Group for the year ended 31 December 2020.

The functional currency of the Company and the Group’s principal subsidiaries is Hong Kong Dollar (“HK\$”) or Renminbi (“RMB”). As the Group mainly operates in the People’s Republic of China (“PRC”), the directors of the Company (“Directors”) consider that it is appropriate to present the Financial Information in RMB.

2. PRINCIPAL ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis.

The accounting policies and methods of computation used in the Financial Information are consistent with those followed in the preparation of the annual audited consolidated financial statements of the Group for the year ended 31 December 2020, except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2021:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these Financial Information.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- (1) Oral care products segment reports manufacture and sales of oral care products including functional toothpaste, mouthwash, oral spray and toothbrush.
- (2) Leather care products segment reports manufacture and sales of leather care products including leather shoe care products and leather clothing care products.
- (3) Household hygiene products segment reports manufacture and sales of household hygiene products including surface cleaners, laundry care products, toilet care products and mould proof products.

Segment revenue

Segment revenue represents revenue derived from the sales of oral care, leather care and household hygiene products.

During the nine months ended 30 September 2021, all revenue were recognised at a point in time upon delivery.

The following is an analysis of the Group’s revenue by reportable and operating segments.

For the nine months ended 30 September 2021 (unaudited)

	Oral care products RMB’000	Leather care products RMB’000	Household hygiene products RMB’000	Total RMB’000
Segment revenue	<u>88,776</u>	<u>13,371</u>	<u>102,714</u>	<u>204,861</u>

For the nine months ended 30 September 2020 (unaudited)

	Oral care products RMB’000	Leather care products RMB’000	Household hygiene products RMB’000	Total RMB’000
Segment revenue	<u>109,741</u>	<u>10,616</u>	<u>90,536</u>	<u>210,893</u>

For the three months ended 30 September 2021 (unaudited)

	Oral care products RMB’000	Leather care products RMB’000	Household hygiene products RMB’000	Total RMB’000
Segment revenue	<u>31,964</u>	<u>4,410</u>	<u>40,044</u>	<u>76,418</u>

For the three months ended 30 September 2020 (unaudited)

	Oral care products <i>RMB'000</i>	Leather care products <i>RMB'000</i>	Household hygiene products <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	38,047	4,905	32,491	75,443

4. INCOME TAX EXPENSES

Income tax in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Three months ended 30 September		Nine months ended 30 September	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Current tax				
PRC Enterprise Income Tax	2,209	1,149	2,209	2,980
Withholding tax on dividend	33	–	33	20
	<u>2,242</u>	<u>1,149</u>	<u>2,242</u>	<u>3,000</u>
Deferred tax	<u>(349)</u>	<u>(935)</u>	<u>(414)</u>	<u>(1,261)</u>
	<u>1,893</u>	<u>214</u>	<u>1,828</u>	<u>1,739</u>

- (a) Pursuant to the rules and regulations of the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the BVI.
- (b) No provision for Hong Kong Profits Tax had been made for the nine months ended 30 September 2021 (2020: nil) as the Group did not have any assessable profits arising in Hong Kong during both periods.
- (c) Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries registered in the PRC is 25%.
- (d) One of the Group’s subsidiaries registered in the PRC is recognised as a High and New-technology Enterprise which has been granted tax concessions by the local tax bureau and is entitled to PRC Enterprise Income Tax at concessionary rate of 15% for the nine months ended 30 September 2020.
- (e) One of the Group’s subsidiaries registered in the PRC is recognised as a Small and Low Profit Enterprise which has been granted tax concessions by the local tax bureau and is entitled to PRC Enterprise Income Tax at concessionary rate of 5% for the nine months ended 30 September 2021 (2020: 5%).

5. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging (crediting):

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest expense on lease liabilities	–	1	–	3
Depreciation of right-of-use assets	112	130	350	388
Depreciation of property, plant and equipment	3,185	3,739	9,566	11,740
Fair value gain on financial assets at FVTPL	(115)	(177)	(158)	(2,060)
Loss on disposal of property, plant and equipment	–	47	–	24
Cost of inventories recognised as expenses	47,201	46,736	124,957	120,584
Provision (reversal) of impairment loss of trade receivables	–	3	–	(27)
	<u>–</u>	<u>3</u>	<u>–</u>	<u>(27)</u>

6. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the period is based on the following data:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) attributable to owners of the Company	4,143	(751)	3,361	5,632
	<u>4,143</u>	<u>(751)</u>	<u>3,361</u>	<u>5,632</u>

Number of shares

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Number of ordinary shares	1,000,000	1,000,000	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

Since there are no potential dilutive ordinary shares in issue during both periods, the amounts of basic and diluted earnings (loss) per share are the same.

7. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2021 (2020: nil).

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the nine months ended 30 September 2021 (the “Period”), the Group recorded a turnover of approximately RMB204.9 million, representing a mild decrease of approximately 2.9% as compared to the turnover of approximately RMB210.9 million for the nine months ended 30 September 2020 (the “Last Corresponding Period”). In the meantime, during the Period the Group generated a net profit of approximately RMB3.4 million, reflecting a decrease of approximately 40.3% as compared to the net profit of RMB5.6 million for the Last Corresponding Period. The Group’s net profit margin was approximately 1.6% for the Period, while it recorded a net profit margin of 2.7% for the Last Corresponding Period, representing a reduction of approximately 1.1 percentage points. In addition, the Group’s overall gross profit margin decreased from approximately 42.8% for the Last Corresponding Period to approximately 39.0% for the Period, representing setback of approximately 3.8%.

Benefiting from the continuous cultivation of the market, the turnover of the Group’s household hygiene products especially the kitchen cleaning products which applied the Group’s new patent technology saw a substantial enhancement of approximately 13.5% as compared with the Last Corresponding Period. Due to the price-raising measures adopted by the Group, the Group experienced an increase of approximately 26.0% in the turnover of its leather care products during the Period as compared with the Last Corresponding Period. On the other hand, the turnover of the Group’s oral care products for the Period witnessed a decrease of approximately 19.1% as compared with the Last Corresponding Period. There are several reasons accountable for the decrease. First of all, the purchase quantity of one of the Group’s five top 5 customers dropped sharply in the past three quarter. Secondly the sales from offline channels was not as ideal as expected.

PROSPECTS AND OUTLOOKS

The fourth quarter of 2021 will be full of challenges. On one hand, the Delta variant, a highly transmissible strain of COVID-19, has been detected in several cities in mainland China, casting a shadow over the recovery of the offline economies. On the other hand, China’s producer price index, which measures the inflation received by manufacturers, rose by 13.5 percent year-on-year in October 2021, marking the highest level since the National Bureau of Statistics of China started to release the numbers in 1996.

The Group will take the following measures to cope with the rising production costs and challenging market environment. Firstly, the Group will take practical measures to prevent epidemic outbreak. Secondly, the Group will strengthen cooperation with suppliers and predict the price trend of raw materials. Thirdly, the Group will further increase kitchen cleaning products and oral care products consumer penetration via live video sales and other kind of new media channels. The Directors believe that these steps will be helpful to improve the results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION

Our turnover for the Period was approximately RMB204.9 million, representing a decrease of 2.9% as compared to approximately RMB210.9 million for the Last Corresponding Period. During the Period, the Group incurred a net profit of approximately RMB3.4 million, reflecting a decrease of approximately 40.3% as compared to the net profit of RMB5.6 million for the Last Corresponding Period. The basic earnings per share was RMB0.34 cents for the Period, while the basic earnings per share was RMB0.56 cents for the Last Corresponding Period.

Turnover

The Group recorded a total turnover of approximately RMB204.9 million for the Period, representing a decrease of approximately 2.9% as compared to approximately RMB210.9 million for the Last Corresponding Period. The decrease in turnover was mainly resulted from a decrease in the turnover of oral care products by approximately RMB21.0 million or 19.1%, from approximately RMB109.7 million for the Last Corresponding Period to approximately RMB88.8 million for the Period, which was mainly attributable to (i) the purchase quantity of one of the Group's five top 5 customers dropped sharply in the past three quarter; and (ii) the sales from offline channels was not as ideal as expected.

In the meanwhile, the turnover of the Group's household hygiene products increased by approximately RMB12.2 million or 13.5%, from approximately RMB90.5 million for the Last Corresponding Period to approximately RMB102.7 million for the Period. The increase was mainly thanks to the strong performance of the Group's kitchen cleaning products which applied the Group's new patent technology.

The Group's leather care products recorded an increase of approximately RMB2.8 million or 26.0%, from approximately RMB10.6 million for the Last Corresponding Period to approximately RMB13.4 million for the Period. The increase was mainly due to the price-raising measures adopted by the Group.

Cost of sales

Cost of sales increased from approximately RMB120.6 million for the Last Corresponding Period to approximately RMB125.0 million for the Period, representing an increase of approximately RMB4.4 million or 3.6%. The increase in cost of sales mainly due to the rise in the price of raw materials and packing materials in the Period.

Gross profit and gross profit margin

Gross profit declined from approximately RMB90.3 million for the Last Corresponding Period to approximately RMB79.9 million for the Period, representing a decrease of approximately RMB10.4 million or 11.5%. The gross profit margin decreased to 39.0% during the Period, representing a decrease of 3.8 percentage points as compared to 42.8% for the Last Corresponding Period.

The decreases were mainly attributable to the rise in the price of raw materials and packing materials. In addition, another reason is the decreased sales of oral care products, which generate higher gross profit margin compared with the Group's other product segments.

Selling and distribution costs

Selling and distribution costs incurred for the Period were approximately RMB43.4 million, reflecting a decrease of approximately RMB5.1 million or approximately 10.5% as compared to approximately RMB48.5 million for the Last Corresponding Period. The decrease was driven by the reduced costs of temporary sales personnel during the Period.

Administrative expenses

Administrative expenses incurred for the Period were approximately RMB33.7 million, representing a decrease of approximately RMB3.2 million or approximately 8.7% as compared to approximately RMB36.9 million for the Last Corresponding Period. The decrease was mainly resulting from the reduced repair and maintenance costs spent on the workshop, warehouse and office building of the Group compared to the Last Corresponding Period.

Finance costs

Interest expenses incurred for the Period were approximately RMB0.6 million which decreased by approximately RMB1.6 million or approximately 73.3% as compared to approximately RMB2.2 million for the Last Corresponding Period.

The decrease in the Period was driven by the decreased loan amount for the Period as compared to the Last Corresponding Period.

Profit for the Period

As a result of the foregoing, the Group incurred a net profit of RMB3.4 million for Period, representing a decrease of RMB2.3 million or 40.3% as compared to the net profit of approximately RMB5.6 million for the Last Corresponding Period. Net profit margin for the Period was approximately 1.6%, representing a reduction of approximately 1.1 percentage points as compared to the net profit margin of 2.7% of the Last Corresponding Period.

DIVIDEND

The Board has determined not to declare a dividend for the Period.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under this announcement, there were no other significant investments held, nor material acquisitions or disposals of subsidiaries and affiliated companies during the Period and there are no plans for material investments or capital assets as at 30 September 2021.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, are as follows:

Long position in the ordinary shares of the Company

Name of Director	Capacity/ nature of interest	Number of shares or underlying shares	Approximate percentage of interest in the Company
Ms. Li Qiuyan ("Ms. Li")	Interest of a controlled corporation (<i>Note 1</i>)	575,625,000	57.56%
Mr. Tong Xing ("Mr. Tong")	Interest of a controlled corporation (<i>Note 2</i>)	106,875,000	10.69%

Notes:

1. Ms. Li beneficially owns the entire issued share capital of ChongBo Mary Investment Limited ("ChongBo Mary"). Therefore, Ms. Li is deemed, or taken to be, interested in the shares of the Company held by ChongBo Mary for the purposes of the SFO. Ms. Li is a director of ChongBo Mary.
2. Mr. Tong beneficially owns the entire issued share capital of Tong Xing Holding Group Limited ("Tong Xing Holding"). Therefore, Mr. Tong is deemed, or taken to be, interested in the shares of the Company held by Tong Xing Holding for the purposes of the SFO. Mr. Tong is a director of Tong Xing Holding.

Long position in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ nature of interest	Number of shares or underlying shares	Approximate percentage of interest in the Company
Ms. Li	ChongBo Mary	Beneficial owner	1	100%

Save as disclosed above, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2021, in so far as the Directors are aware, the following persons (not being Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings for any other member of the Group:

Long position in the ordinary shares of the Company

Name	Capacity/ nature of interest	Number of shares or underlying shares	Approximate percentage of interest in the Company
ChongBo Mary	Beneficial owner	575,625,000	57.56%
Tong Xing Holding	Beneficial owner	106,875,000	10.69%
Ms. Zhang Li	Interest of spouse (<i>Note 1</i>)	106,875,000	10.69%

Note:

1. Ms. Zhang Li is the spouse of Mr. Tong. Accordingly, Ms. Zhang Li is deemed, or taken to be, interested in the shares of the Company held by Mr. Tong for the purposes of the SFO.

Save as disclosed above, As at 30 September 2021, the Directors are not aware of any other persons who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings for any other member of the Group.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to the written resolutions of the shareholders of the Company passed on 17 June 2016. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company. The Scheme will remain in force for a period of 10 years from the date of adoption of such scheme and will expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting. No share option has been granted pursuant to the Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the Period was any rights granted to any Director or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, or was any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period and up to the date of this announcement.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard of dealings and the code of conduct adopted by the Company for the Period and up to the date of this announcement.

NON-COMPETITION UNDERTAKINGS

Each of the controlling shareholders of the Company, namely Ms. Li and ChongBo Mary (together, the “Controlling Shareholders”), has entered into a deed of non-competition on 17 June 2016 (the “Deed of Non-competition”). Details of the Deed of Non-competition are set out in the section headed “Relationship with Controlling Shareholders” of the Prospectus and the non-competition undertaking has become effective from the date of listing of the shares of the Company on GEM (the “Listing Date”). As far as the Directors are aware, as at the date of this announcement, the Controlling Shareholders have not breached any terms under the Deed of Non-competition.

COMPETING INTERESTS

As far as the Directors are aware, as at the date of this announcement, none of the Directors or the Controlling Shareholders has any interests in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment, reappointment and removal of the Company’s external auditor; review the financial information of the Company; and oversee the Company’s financial reporting system, risk management and internal control systems. The Audit Committee comprised of three independent non-executive Directors namely, Mr. Tang Wai Yau (chairman of the Audit Committee), Mr. Ye Jingzhong and Mr. Pan Qingwei.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the Period and this announcement with the management, and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

CORPORATE GOVERNANCE CODE

The Company has adopted a code of conduct for Directors’ securities transactions with terms no less exacting than the required standard of dealings pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules. All members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard of dealings and the code of conduct for the Period and up to the date of this announcement.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float since the Listing Date as required under the GEM Listing Rules.

PUBLICATION OF RESULTS ANNOUNCEMENT AND QUARTERLY REPORT

The quarter results announcement and quarterly report of the Company for the Period are available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.goldenclassicbio.com.

By order of the Board of
China Golden Classic Group Limited
Li Qiuyan
Chairman

Hong Kong, 12 November 2021

As at the date of this announcement, the executive Directors are Ms. Li Qiuyan, Mr. Tong Xing, Ms. Du Yongwei and the independent non-executive Directors are Mr. Ye Jingzhong, Mr. Pan Qingwei and Mr. Tang Wai Yau.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.goldenclassicbio.com.