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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)

2022 THIRD QUARTERLY RESULTS ANNOUNCEMENT

CHARACTERISTICS OF 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 Stock 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 2022

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|--|-------|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | | 2022 RMB'000 (Unaudited) | 2021 RMB'000 (Unaudited) | 2022 RMB'000 (Unaudited) | 2021 RMB'000 (Unaudited) |
| Revenue | 3 | 71,281 | 76,418 | 186,203 | 204,861 |
| Cost of sales | | (44,318) | (47,201) | (117,806) | (124,957) |
| Gross profit | | 26,963 | 29,217 | 68,397 | 79,904 |
| Other income | | 841 | 1,533 | 2,913 | 2,993 |
| Selling and distribution costs | | (13,007) | (13,277) | (35,032) | (43,440) |
| Administrative expenses | | (10,400) | (11,271) | (33,154) | (33,673) |
| Finance costs | | (248) | (166) | (549) | (595) |
| Profit before tax | | 4,149 | 6,036 | 2,575 | 5,189 |
| Income tax expenses | 4 | (840) | (1,893) | (773) | (1,828) |
| Profit for the period | 5 | 3,309 | 4,143 | 1,802 | 3,361 |
| Other comprehensive income for the period | | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | | |
| Exchange difference arising on translation of foreign operations | | 191 | 140 | 1,032 | 575 |
| Total comprehensive income for the period | | 3,500 | 4,283 | 2,834 | 3,936 |
| Earnings per share | | | | | |
| Basic and diluted (<i>RMB cents</i>) | 6 | 0.33 | 0.41 | 0.18 | 0.34 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

| | 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 2022 (audited) | 8,606 | 74,386 | 15 | 42,898 | 1,765 | 120,345 | 248,015 |
| Profit for the period | - | - | - | - | - | 1,802 | 1,802 |
| Other comprehensive income for the period: | | | | | | | |
| Exchange difference arising on translation of foreign operations | - | - | - | - | 1,032 | - | 1,032 |
| Total comprehensive income for the period | - | - | - | - | 1,032 | 1,802 | 2,834 |
| At 30 September 2022 (unaudited) | <u>8,606</u> | <u>74,386</u> | <u>15</u> | <u>42,898</u> | <u>2,797</u> | <u>122,147</u> | <u>250,849</u> |
| 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> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

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 principal activity of the Company is investment holding during the period. 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 quarterly financial information (“Financial Information”) of the Company and its subsidiaries (collectively referred as the “Group”) for the nine months ended 30 September 2022 have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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 2021. The accounting policies adopted in preparing the Financial Information, except the new or revised standards as described in note 2, were consistent with those applied for the financial statements of the Group for the year ended 31 December 2021.

The functional currency of the Company and its 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 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 2021, except as described below.

In the current period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“HKFRSs”) and the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2022:

| | |
|-------------------------------|---|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Costs of Fulfilling a Contract |
| Annual Improvements to HKFRSs | Annual Improvements to HKFRSs 2018–2020 |

The application of the amendments to HKFRSs in the current 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 this 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 2022 and 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 2022 (unaudited)

| | Oral care products RMB’000 | Leather care products RMB’000 | Household hygiene products RMB’000 | Total RMB’000 |
|-----------------|---|--|---|--------------------------|
| Segment revenue | <u>82,968</u> | <u>11,071</u> | <u>92,164</u> | <u>186,203</u> |

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 three months ended 30 September 2022 (unaudited)

| | Oral care products RMB’000 | Leather care products RMB’000 | Household hygiene products RMB’000 | Total RMB’000 |
|-----------------|---|--|---|--------------------------|
| Segment revenue | <u>30,224</u> | <u>4,990</u> | <u>36,067</u> | <u>71,281</u> |

For the three months ended 30 September 2021 (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 | 31,964 | 4,410 | 40,044 | 76,418 |

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 | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2022 <i>RMB'000</i> (Unaudited) | 2021 <i>RMB'000</i> (Unaudited) | 2022 <i>RMB'000</i> (Unaudited) | 2021 <i>RMB'000</i> (Unaudited) |
| Current tax | | | | |
| PRC Enterprise Income Tax | 848 | 2,209 | 848 | 2,209 |
| Withholding tax on dividend | – | 33 | – | 33 |
| | 848 | 2,242 | 848 | 2,242 |
| Deferred tax | (8) | (349) | (75) | (414) |
| Total income tax expenses for the period | 840 | 1,893 | 773 | 1,828 |

- (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 2022 (2021: 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 Company’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 2022 (2021: 15%).
- (e) One of the Company’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 2022 (2021: 5%).

5. PROFIT FOR THE PERIOD

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

| | Three months ended | | Nine months ended | |
|---|--------------------|-------------------|-------------------|-------------------|
| | 30 September | | 30 September | |
| | 2022 | 2021 | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Depreciation of right-of-use assets | 112 | 112 | 380 | 350 |
| Depreciation of property, plant and equipment | 4,452 | 3,185 | 8,035 | 9,566 |
| Cost of inventories recognised as expenses | 44,318 | 47,201 | 117,806 | 124,957 |
| Gain on disposal of property, plant and equipment | – | – | (132) | – |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

6. EARNINGS PER SHARE

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

| | Three months ended | | Nine months ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | 30 September | | 30 September | |
| | 2022 | 2021 | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Profit attributable to owners of the Company | 3,309 | 4,143 | 1,802 | 3,361 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Number of shares

| | Three months ended | | Nine months ended | |
|---------------------------|--------------------|-------------------|-------------------|-------------------|
| | 30 September | | 30 September | |
| | 2022 | 2021 | 2022 | 2021 |
| | '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> </u> | <u> </u> | <u> </u> | <u> </u> |

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

7. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2022 (2021: nil).

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the nine months ended 30 September 2022 (the “Period”), the Group recorded a turnover of approximately RMB186.2 million, representing a decrease of approximately 9.1% as compared to the turnover of approximately RMB204.9 million for the nine months ended 30 September 2021 (the “Last Corresponding Period”). During the Period, the Group generated a net profit of approximately RMB1.8 million, reflecting a decrease of approximately 46.4% as compared to the net profit of approximately RMB3.4 million for the Last Corresponding Period. The Group’s net profit margin was approximately 1.0% for the Period, while it recorded a net profit margin of 1.6% for the Last Corresponding Period, representing a reduction of approximately 0.6 percentage points. In addition, the Group’s overall gross profit margin decreased from approximately 39.0% for the Last Corresponding Period to approximately 36.7% for the Period, representing setback of approximately 2.3%.

The turnover of our oral care, household hygiene and leather care products for the nine months ended 30 September 2022 saw a decrease of approximately 6.5%, 17.2% and 10.3%, respectively, as compared with the Last Corresponding Period. The decrease was mainly attributed to the weak demand of distributors in pandemic-affected areas in the Period.

PROSPECTS AND OUTLOOKS

The fourth quarter of 2022 will be full of challenges and opportunities. On the one hand, COVID-19 continues to ravage the globe and the Chinese government continues to firmly implement the dynamic zero clearance and epidemic prevention policy to safeguard the people’s health. The Company’s sales performance will continue to be under pressure, as the number of lockdown cities may still increase in the fourth quarter of the Year. On the other hand, China will accelerate the building of the country’s strength in manufacturing and quality according to the report of the 20th National Congress of the Communist Party of China (CPC). The Directors believe that it will accelerate the process of modern production of the Company.

In response to the recent economic situation, the management of the Group will formulate the following strategies for the Group.

- (1) the Group will continue to strengthen its epidemic measure;
- (2) the Group will further optimize the supply chain system, prepare sufficient goods for the distributors in lockdown areas in advance;
- (3) the Group will devote more resources to strengthening the ties among companies which are eager to develop the biological oral care products market.

RESULTS OF OPERATION

Our turnover for the Period was approximately RMB186.2 million, representing a decrease of approximately 9.1% as compared to approximately RMB204.9 million for the Last Corresponding Period. During the Period, the Group incurred a net profit of approximately RMB1.8 million, reflecting a decrease of approximately 46.4% as compared to the net profit of approximately RMB3.4 million for the Last Corresponding Period. The basic earnings per share was RMB0.18 cents for the Period, while the basic earnings per share was RMB0.34 cents for the Last Corresponding Period.

Turnover

The Group recorded a total turnover of approximately RMB186.2 million for the Period, representing a decrease of approximately 9.1% as compared to approximately RMB204.9 million for the Last Corresponding Period. The decrease in turnover was mainly resulted from a decrease in the turnover of household hygiene products by approximately RMB10.6 million or 10.3%, from approximately RMB102.7 million for the Last Corresponding Period to approximately RMB92.2 million for the Period, which was mainly attributable to (i) COVID-19's serious impact on the northwest China, which acts as the key market for our household hygiene products, and (ii) the reduction in logistics efficiency. The turnover of the Group's oral care products decreased by approximately RMB5.8 million or 6.5%, from approximately RMB88.8 million for the Last Corresponding Period to approximately RMB83.0 million for the Period. The Group's leather care products recorded a decrease of approximately RMB2.3 million or 17.2%, from approximately RMB13.4 million for the Last Corresponding Period to approximately RMB11.1 million for the Period. The decrease in respect of oral care and leather care products was mainly due to the impact of the epidemic.

Cost of sales

Cost of sales decreased from approximately RMB125.0 million for the Last Corresponding Period to approximately RMB117.8 million for the Period, representing a decrease of approximately RMB7.2 million or 5.7%. The decrease in cost of sales was mainly due to the decreased product sales volume.

Gross profit and gross profit margin

Gross profit declined from approximately RMB79.9 million for the Last Corresponding Period to approximately RMB68.4 million for the Period, representing a decrease of approximately RMB11.5 million or 14.4%. The gross profit margin decreased to 36.7% during the Period, representing a decrease of 2.3 percentage points as compared to 39.0% 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 increased sales of low margin products, which seldom need for sales promotion.

Selling and distribution costs

Selling and distribution costs incurred for the Period were approximately RMB35.0 million, reflecting a decrease of approximately RMB8.4 million or approximately 19.4% as compared to approximately RMB43.4 million for the Last Corresponding Period. The decrease was primarily driven by the reduced costs of temporary sales personnel during the Period.

Administrative expenses

Administrative expenses incurred for the Period were approximately RMB33.2 million, representing a slight decrease of approximately RMB0.5 million or approximately 1.5% as compared to approximately RMB33.7 million for the Last Corresponding Period. The decrease was mainly resulting from the reduced repair and maintenance costs spent on the office building as well as the reduced consulting service fees of the Group compared to the Last Corresponding Period.

Finance costs

Interest expenses incurred for the Period were approximately RMB0.5 million, which decreased by approximately RMB46 thousand or approximately 7.7% as compared to approximately RMB0.6 million for the Last Corresponding Period.

The decrease in the Period was mainly 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 approximately RMB1.8 million for the Period, representing a decrease of approximately RMB1.6 million or 46.4% as compared to the net profit of approximately RMB3.4 million for the Last Corresponding Period. Net profit margin for the Period was approximately 1.0%, representing a reduction of approximately 0.6 percentage points as compared to the net profit margin of 1.6% for the Last Corresponding Period.

DIVIDEND

The Board did not recommend the payment of any 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 2022.

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 2022, 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 2022, 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 (Note 1) | 106,875,000 | 10.69% |

Note:

- 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 2022, the Directors are not aware of any other persons (not being Directors or chief executives of the Company) 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 the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices.

To the best knowledge, information and belief of the Directors, the Company had complied with the code provisions in the CG Code for the Period.

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 quarterly 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, 11 November 2022

As at the date of this announcement, the executive Directors are Ms. Li Qiuyan, Mr. Tong Xing and 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 Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.goldenclassicbio.com.