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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)

CONNECTED TRANSACTION LEASE AGREEMENT

LEASE AGREEMENT

The Board is pleased to announce that, on 25 November 2022 (after trading hours of the Stock Exchange), Jiangsu Snow Leopard, being an indirect wholly-owned subsidiary of the Company, and Shanghai Fumeizi entered into the Lease Agreement, pursuant to which Shanghai Fumeizi has agreed to lease to Jiangsu Snow Leopard the Property for a fixed term of two (2) years commencing from 1 December 2022 to 30 November 2024 (both days inclusive).

GEM LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 “Leases”, the entering into of the Lease Agreement as lessee will require the Group to recognise the Property as a right-of-use asset on its consolidated statement of financial position, thus the Lease Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the GEM Listing Rules.

As at the date of this announcement, Shanghai Fumeizi is wholly-owned by Mr. Tong Huaizhou, who is the son of Ms. Li Qiuyan (being an executive Director and the chairman of the Company), a family member of Mr. Tong Xing (being an executive Director and the chief executive of the Company) and a relative of Ms. Du Yongwei (being an executive Director). Accordingly, Shanghai Fumeizi is a connected person of the Company and the transactions contemplated under the Lease Agreement constitute a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As such, Ms. Li Qiuyan, Mr. Tong Xing and Ms. Du Yongwei have material interest in the Lease Agreement and have abstained from voting on the relevant Board resolutions. Save as disclosed above, none of the Directors has any material interest in the Lease Agreement or is required to abstain from voting on the Board resolutions approving the Lease Agreement and the transactions contemplated thereunder.

As the applicable percentage ratios (as defined under the GEM Listing Rules) calculated based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 in respect of the Lease Agreement exceed 0.1% but are less than 5% and the total consideration exceeds HK\$3,000,000 (equivalent to approximately RMB2,731,980), the entering into of the Lease Agreement is subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

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The principal terms of the Lease Agreement are set out below:

Date:	25 November 2022
Parties:	(i) Jiangsu Snow Leopard, as the lessee; and (ii) Shanghai Fumeizi, as the lessor
Premises:	Property situated at Towers 19 and 20, No. 2050 Dingsheng Road, Songjiang District, Shanghai, the PRC, with a total saleable area of approximately 2,908.27 square metres
Term:	Fixed term of two (2) years commencing from 1 December 2022 to 30 November 2024 (both days inclusive)
Usage:	For office use, research and development, e-commerce and warehousing
Rent:	RMB480,000 per quarter (exclusive of utilities charges and management fee)

The first quarterly rent shall be paid in advance within five business days from the date of the Lease Agreement and the subsequent quarterly rents shall be paid in advance on or before the first business day of each quarter.

Shanghai Fumeizi may grant a maximum extension period of three months for deferred rental payment and no additional interest shall be incurred for such extension period, provided that Jiangsu Snow Leopard serves a prior written notice to Shanghai Fumeizi, stating the reasons for the delay in payment.

Security deposit: RMB480,000 (equivalent to one (1) quarter's rent) shall be paid by Jiangsu Snow Leopard to Shanghai Fumeizi within five business days from the date of the Lease Agreement.

The rental payments and the security deposit under the Lease Agreement are expected to be financed by internal resources of the Group.

INFORMATION ON SHANGHAI FUMEIZI

Shanghai Fumeizi is a company established in the PRC with limited liability. It is principally engaged in the business of technical services, technical development, technical consulting, cosmetics retail and online sales.

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RIGHT-OF-USE ASSET

The value of the right-of-use asset to be recognised by the Group in respect of the lease of the Property under the Lease Agreement is approximately RMB3,655,000, which is the present value of aggregated lease payments to be made under the Lease Agreement in accordance with HKFRS 16 "Leases".

REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT

The Group is principally engaged in the research and development, manufacture and trading of oral care, leather care and household hygiene products.

As disclosed in the interim report of the Company for the six months ended 30 June 2022, taking into consideration the recent economic situation as well as the challenges in attracting, developing and retaining talent in the midst of the COVID-19 pandemic, the Group planned to lease a property in an area with high concentration of talents in order to promote the development of its e-commerce and research and development. Since the Property is located at Premier – A Smart Land in Sheshan Science and Technology Park, which is near Shanghai Songjiang University Town, it offers obvious advantages in respect of talents and well-developed e-commerce economy. Premier – A Smart Land in Sheshan Science and Technology Park is one of the major industrial projects in Songjiang District, Shanghai, and is easily accessible. Enterprises which settle at the science and technology park enjoy the benefits under the supportive policies of G60 Science and Technology Innovation Valley as well as supports from Songjiang Economic Development Zone and the Songjiang government. As such, the Directors believe that, as part of the Group's business strategies, the entering into of the Lease Agreement and the establishment of e-commerce and research and development base at the Property will be beneficial to the Company's long-term business development.

The terms of the Lease Agreement (including the quarterly rent) were determined after arm's length negotiations between the Group and Shanghai Fumeizi with reference to the prevailing market terms (including rent) for the comparable properties in the Sheshan Science and Technology Park and its vicinity.

The Directors (including the independent non-executive Directors) consider that (i) the entering into of the Lease Agreement was in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of the Lease Agreement (including the rent) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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As the applicable percentage ratios (as defined under the GEM Listing Rules) calculated based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 in respect of the Lease Agreement exceed 0.1% but are less than 5% and the total consideration exceeds HK\$3,000,000 (equivalent to approximately RMB2,731,980), the entering into of the Lease Agreement is subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Details of the Lease Agreement will be included in the relevant annual report of the Company in compliance with Rule 20.47 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions will have the following meaning unless the context requires otherwise:

“Board”	board of Directors
“Company”	China Golden Classic Group Limited, a company incorporated in the Cayman Islands, the issued Shares of which are listed on GEM (stock code: 8281)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jiangsu Snow Leopard”	江蘇雪豹日化有限公司 (Jiangsu Snow Leopard Daily Chemical Co., Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Lease Agreement”	the lease agreement dated 25 November 2022 and entered into between Shanghai Fumeizi (as lessor) and Jiangsu Snow Leopard (as lessee) in respect of the lease of the Property for a fixed term of two (2) years
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Property”	property situated at Towers 19 and 20, No. 2050 Dingsheng Road, Songjiang District, Shanghai, the PRC, with a total saleable area of approximately 2,908.27 square metres, being the subject matter of the Lease Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Fumeizi”	上海復美姿生物科技有限公司 (Shanghai Fumeizi Biotechnology Co., Limited*), a company established in the PRC with limited liability
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Unless otherwise stated, the exchange rates of HK\$1.00 to RMB0.91066 are used in this announcement for illustration purpose only. No representation is made that any amounts in HK\$ or RMB could be converted at such rates or any other rates.

* For identification purpose only

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

Hong Kong, 25 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 of The Stock Exchange of Hong Kong Limited 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.