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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)

2023 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 2023

		Three months ended 30 September		Nine months ended 30 September	
	Notes	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	3	74,857	71,281	203,269	186,203
Cost of sales		(44,418)	(44,318)	(125,388)	(117,806)
Gross profit		30,439	26,963	77,881	68,397
Other income		1,170	841	3,995	2,913
Selling and distribution costs		(12,119)	(13,007)	(35,008)	(35,032)
Administrative expenses		(11,683)	(10,400)	(38,985)	(33,154)
Finance costs		(119)	(248)	(365)	(549)
Profit before tax		7,688	4,149	7,518	2,575
Income tax (expenses) credit	4	(1,391)	(840)	(2,161)	(773)
Profit for the period	5	6,297	3,309	5,357	1,802
Other comprehensive income for the period					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		300	191	531	1,032
Total comprehensive income for the period attributable to owners of the Company		6,597	3,500	5,888	2,834
Earnings per share					
Basic and diluted (<i>RMB cents</i>)	6	0.63	0.33	0.54	0.18

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	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 2023 (audited)	8,606	74,386	15	42,898	1,798	132,497	260,200
Profit for the period	-	-	-	-	-	5,357	5,357
Other comprehensive income for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	531	-	531
Total comprehensive income for the period	-	-	-	-	531	5,357	5,888
Dividend declared/paid	-	-	-	-	-	(4,978)	(4,978)
At 30 September 2023 (unaudited)	<u>8,606</u>	<u>74,386</u>	<u>15</u>	<u>42,898</u>	<u>2,329</u>	<u>132,876</u>	<u>261,110</u>
At 1 January 2022 (audited)	8,606	74,386	15	42,899	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>42,899</u>	<u>2,797</u>	<u>122,147</u>	<u>250,849</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2023

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

China Golden Classic Group Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on the GEM of 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 financial information (“Financial Information”) of the Company and its subsidiaries (collectively as the “Group”) for the nine months ended 30 September 2023 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 2022. The accounting policies adopted in preparing the unaudited condensed consolidated interim financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2022.

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 2022, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2023:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and 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 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 the 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 turnover represents revenue derived from the sales of oral care, leather care and household hygiene products.

During the nine months ended 30 September 2023, 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 2023 (unaudited)

	Oral care products RMB’000	Leather care products RMB’000	Household hygiene products RMB’000	Total RMB’000
Segment revenue	<u>74,318</u>	<u>10,689</u>	<u>118,262</u>	<u>203,269</u>

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 three months ended 30 September 2023 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Total RMB'000
Segment revenue	<u>25,773</u>	<u>4,182</u>	<u>44,902</u>	<u>74,857</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>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of selling and distribution expenses, administrative expenses, other income and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSES (CREDIT)

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

	Three months ended 30 September		Nine months ended 30 September	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax				
PRC Enterprise Income Tax	1,385	848	1,311	848
Withholding tax on dividend	<u>–</u>	<u>–</u>	<u>850</u>	<u>–</u>
	1,385	848	2,161	848
Deferred tax	<u>6</u>	<u>(8)</u>	<u>–</u>	<u>(75)</u>
	<u>1,391</u>	<u>840</u>	<u>2,161</u>	<u>773</u>

- (a) Pursuant to the rules and regulations of 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 2023 (2022: nil) as the Group did not have any assessable profits arising in Hong Kong.

- (c) Under the Law of the People’s Republic of China on EIT (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 2023 (2022: 15%).
- (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 2023 (2022: 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	
	2023	2022	2023	2022
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of inventories recognised as expenses	44,418	44,318	125,388	117,806
Depreciation of property, plant and equipment	4,520	4,452	14,069	8,035
Depreciation of right-of-use assets	467	112	1,247	380
Gain on disposal of property, plant and equipment	–	–	(44)	(132)
Fair value gain on financial assets at fair value through profit or loss	(49)	–	(1,443)	–
	<u>44,418</u>	<u>44,318</u>	<u>125,388</u>	<u>117,806</u>

6. EARNINGS PER SHARE

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<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	6,297	3,309	5,357	1,802
	<u>6,297</u>	<u>3,309</u>	<u>5,357</u>	<u>1,802</u>

Number of shares

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue	1,000,000	1,000,000	1,000,000	1,000,000

Note: No diluted loss per share is presented for the nine months ended 30 September 2023 and for the corresponding periods in 2022 as the Group had no potential ordinary shares outstanding.

7. DIVIDEND

Pursuant to a resolution passed on 18 May 2023, the shareholders of the Company approved a final dividend of HK0.559 cents (approximately RMB0.5 cents) per ordinary share of the Company, amounting to an aggregate amount of HK\$5,590,000 (approximately RMB5,000,000), for the year ended 31 December 2022.

The Board did not recommend the payment of an interim dividend for the Period (30 September 2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the nine months ended 30 September 2023 (the “Period”), the Group recorded a turnover of approximately RMB203.3 million, representing an increase of approximately 9.2% as compared to the turnover of approximately RMB186.2 million for the nine months ended 30 September 2022 (the “Last Corresponding Period”). During the Period, the Group generated a net profit of approximately RMB5.4 million, reflecting an increase of approximately 197.3% as compared to the net profit of approximately RMB1.8 million for the Last Corresponding Period. The Group’s net profit margin was approximately 2.6% for the Period, while it recorded a net profit margin of 1.0% for the Last Corresponding Period, representing an increase of approximately 1.6 percentage points. In addition, the Group’s overall gross profit margin increased from approximately 36.7% for the Last Corresponding Period to approximately 38.3% for the Period, representing an increase of approximately 1.6 percentage points.

The turnover of our oral care and leather care products for the nine months ended 30 September 2023 saw a decrease of approximately 10.4% and 3.5%, respectively, as compared with the Last Corresponding Period. The main reason for the decrease of oral care products was that the production was slightly affected by the necessary adjustments made to the labelling process of oral care products in order to be prepared for the purpose of complying with relevant requirements under the Administrative Measures on Cosmetics Labelling* (《化妝品標籤管理辦法》), which shall apply to oral care products. The turnover from the Group’s household hygiene products increased by approximately RMB26.1 million or 28.3% to approximately RMB118.3 million for the Period, as compared with approximately RMB92.2 million for the Last Corresponding Period. The increase was mainly attributed to the increased popularity of our household hygiene products in domestic market.

PROSPECTS AND OUTLOOKS

The economy in the fourth quarter of 2023 is still full of opportunities and challenges. On one hand, China and the United States of America, being the two largest economies, have been engaged in dialogue and communication. Bilateral relations, which is not only crucial for both countries but also for the Asia-Pacific region and the rest of the world, is expected to restore. Therefore, the Group’s operating environment is hoped to improve.

On the other hand, all toothpastes products prior to being sold in the Chinese market will be required to complete record filings pursuant to the Regulation on the Supervision and Administration of Toothpaste*(《牙膏監督管理辦法》), which is expected to take effect from 1 December 2023. Such regulatory changes in the PRC would add uncertainty to the promotion and sales of our oral care products.

As one of the pioneers who is dedicated to develop the technology of lysozyme used in toothpaste products, the Group will propose to formulate the following strategies to strengthen its product competitiveness:

- (1) Increase in the drafting of lysozyme application and detection standards;
- (2) Increase in the publication of academic papers which are based mainly on the technology of lysozyme to expand its application scope;
- (3) Increase in the application of invention patents on the use of lysozyme; and
- (4) Set up a special team to be responsible for toothpaste record fillings and further strengthen our regulatory department.

It is expected that the above measures can further enhance the core competitiveness of the Group. Moreover, the Group will further enhance the promotion of our household hygiene products whose turnover grew sharply in recent years. The Directors believe that the above measures would create value for the shareholders of the Company.

RESULTS OF OPERATION

Our turnover for the Period was approximately RMB203.3 million, representing an increase of approximately 9.2% as compared to approximately RMB186.2 million for the Last Corresponding Period. During the Period, the Group generated a net profit of approximately RMB5.4 million, reflecting an increase of approximately 197.3% as compared to the net profit of approximately RMB1.8 million for the Last Corresponding Period. The basic earnings per share was RMB0.54 cents for the Period, while the basic earnings per share was RMB0.18 cents for the Last Corresponding Period.

Turnover

The Group recorded a total turnover of approximately RMB203.3 million for the Period, representing an increase of approximately 9.2% as compared to approximately RMB186.2 million for the Last Corresponding Period. The increase in turnover was mainly resulted from the increase of household hygiene products by approximately RMB26.1 million or 28.3%, from approximately RMB92.2 million for the Last Corresponding Period to approximately RMB118.3 million for the Period, which was mainly attributable to the increased popularity of our household hygiene products in domestic market.

The turnover of the Group's oral care products decreased by approximately RMB8.6 million or 10.4%, from approximately RMB83.0 million for the Last Corresponding Period to approximately RMB74.3 million for the Period. The main reason for the decrease of oral care products was that the production was affected by the necessary adjustments made to the labelling process of oral care products in order to be prepared for the purpose of complying with relevant requirements under the Administrative Measures on Cosmetics Labelling* (《化妝品標籤管理辦法》), which shall apply to oral care products.

The Group's leather care products recorded a decrease of approximately RMB0.4 million or 3.5%, from approximately RMB11.1 million for the Last Corresponding Period to approximately RMB10.7 million for the Period.

Cost of sales

Cost of sales increased from approximately RMB117.8 million for the Last Corresponding Period to approximately RMB125.4 million for the Period, representing an increase of approximately RMB7.6 million or 6.4%. The increase in cost of sales was mainly due to the increased product sales volume.

Gross profit and gross profit margin

Gross profit increased from approximately RMB68.4 million for the Last Corresponding Period to approximately RMB77.9 million for the Period, representing an increase of approximately RMB9.5 million or 13.9%. The gross profit margin increased to 38.3% during the Period, representing an increase of 1.6 percentage points as compared to 36.7% for the Last Corresponding Period. The increases were mainly attributable to the price reduction of raw materials and packing materials.

Selling and distribution costs

Selling and distribution costs incurred for the Period were approximately RMB35.0 million, which is almost the same as compared to the Last Corresponding Period.

Administrative expenses

Administrative expenses incurred for the Period were approximately RMB39.0 million, representing an increase of approximately RMB5.8 million or approximately 17.6% as compared to approximately RMB33.2 million for the Last Corresponding Period. The increase was mainly resulting from the increased research and development expenses, lease costs and employee benefits.

Finance costs

Interest expenses incurred for the Period were approximately RMB0.4 million, which decreased by approximately RMB0.2 million or approximately 33.5% as compared to approximately RMB0.5 million for the Last Corresponding Period. The decrease in the Period was mainly driven by the decreased loan amount as well as lending rate for the Period as compared to the Last Corresponding Period.

Profit for the Period

As a result of the foregoing, the Group generated a net profit of approximately RMB5.4 million for the Period, representing an increase of approximately RMB3.6 million or 197.3% as compared to the net profit of approximately RMB1.8 million for the Last Corresponding Period. Net profit margin for the Period was approximately 2.6%, representing an increase of approximately 1.6 percentage points as compared to the net profit margin of 1.0% 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 2023.

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 2023, 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:

- 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.
- 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 2023, 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 2023, 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 the irrelative 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, 14 November 2023

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 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.

* *For identification purpose only*