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## **GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED** **金嚟子控股集團有限公司**

*(Incorporated under the laws of the Cayman Islands with limited liability of its members)*

**(Stock Code: 6896)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **FINANCIAL HIGHLIGHTS FOR 2020**

- Revenue decreased by approximately RMB150.2 million or 18.8% to approximately RMB646.9 million, as compared to the year ended 31 December 2019.
- Gross profit decreased by approximately RMB122.9 million or 20.5% to approximately RMB475.6 million, as compared to the year ended 31 December 2019.
- Earnings before interest, taxes, depreciation and amortisation decreased by approximately RMB5.9 million or 2.5% to approximately RMB233.3 million, as compared to the year ended 31 December 2019.
- Profit attributable to equity holders of the Company decreased by approximately RMB13.5 million or 8.1% to approximately RMB154.1 million, as compared to the year ended 31 December 2019.
- The Board recommends the payment of a final dividend of HK\$0.06 per share for the year ended 31 December 2020 to the shareholders of the Company. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and, if approved, is expected to be paid on or before 30 June 2021.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

		2020	2019
	Notes	RMB'000	RMB'000
<b>REVENUE</b>	5	<b>646,941</b>	797,129
Cost of sales		<u>(171,298)</u>	<u>(198,673)</u>
Gross profit		<b>475,643</b>	598,456
Other income and gains	5	<b>66,087</b>	26,814
Selling and distribution expenses		<b>(253,309)</b>	(308,447)
Administrative expenses		<b>(83,526)</b>	(77,540)
Other expenses		<b>(3,506)</b>	(9,556)
Finance costs	7	<u><b>(11,503)</b></u>	<u>(9,807)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>189,886</b>	219,920
Income tax expense	8	<u><b>(35,834)</b></u>	<u>(52,307)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>154,052</b></u>	<u>167,613</u>
Attributable to:			
Owners of the parent		<u><b>154,052</b></u>	<u>167,613</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	10		
Basic and diluted		<u><b>RMB20.84 cents</b></u>	<u>RMB22.67 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
<b>PROFIT FOR THE YEAR</b>	<b><u>154,052</u></b>	<b><u>167,613</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(10,770)</u>	<u>7,906</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(10,770)</u>	<u>7,906</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>(10,770)</u></b>	<b><u>7,906</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>143,282</u></b>	<b><u>175,519</u></b>
Attributable to:		
Owners of the parent	<b><u>143,282</u></b>	<b><u>175,519</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***31 December 2020*

		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>461,460</b>	412,292
Advance payments for property, plant and equipment		<b>1,411</b>	4,537
Right-of-use assets		<b>48,808</b>	53,426
Prepayments, other receivables and other assets		<b>–</b>	2
Deferred tax assets		<b>17,201</b>	16,893
		<hr/>	<hr/>
Total non-current assets		<b>528,880</b>	487,150
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>38,843</b>	36,488
Trade and bills receivables	<i>11</i>	<b>364,067</b>	416,451
Prepayments, other receivables and other assets		<b>47,761</b>	38,841
Due from related parties		<b>–</b>	587
Pledged deposits		<b>–</b>	70,103
Cash and cash equivalents		<b>705,537</b>	577,333
		<hr/>	<hr/>
Total current assets		<b>1,156,208</b>	1,139,803
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>16,081</b>	15,212
Other payables and accruals		<b>237,980</b>	273,006
Interest-bearing bank and other borrowings	<i>13</i>	<b>152,450</b>	96,123
Due to a director		<b>222</b>	237
Due to related parties		<b>609</b>	–
Tax payable		<b>52,139</b>	77,900
Government grants		<b>366</b>	366
		<hr/>	<hr/>
Total current liabilities		<b>459,847</b>	462,844
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>696,361</b>	676,959
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,225,241</b>	1,164,109
		<hr/>	<hr/>

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b><u>1,225,241</u></b>	<b><u>1,164,109</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Other payables and accruals	684	816
Government grants	632	998
Deferred tax liabilities	<u>3,583</u>	<u>8,166</u>
Total non-current liabilities	<u>4,899</u>	<u>9,980</u>
Net assets	<u><u>1,220,342</u></u>	<u><u>1,154,129</u></u>
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	113	113
Share premium	675,410	675,410
Reserves	<u>544,819</u>	<u>478,606</u>
Total equity	<u><u>1,220,342</u></u>	<u><u>1,154,129</u></u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2020

### 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 2 September 2014. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was principally involved in the manufacture and sale of pharmaceutical, healthcare food and other products.

On 15 July 2015, the Company achieved a successful listing on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In the opinion of the directors, the holding company of the Company is Golden Throat International Holdings Limited, which was incorporated in the British Virgin Islands.

### 2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

The Group has early adopted the amendment on 1 January 2020. The amendment did not have any impact on the financial position and performance of the Group as the Group does not have any Covid-19-Related Rent Concessions for the year ended 31 December 2020.

- e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

#### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

##### Geographical information

##### (a) Revenue from external customers

	2020 RMB'000	2019 RMB'000
Mainland China	641,845	788,901
Other countries/regions	<u>5,096</u>	<u>8,228</u>
	<u><b>646,941</b></u>	<u><b>797,129</b></u>

The revenue information is based on the locations of the customers.

##### (b) Non-current assets

	2020 RMB'000	2019 RMB'000
Mainland China	499,677	455,009
Hong Kong	<u>12,002</u>	<u>15,246</u>
	<u><b>511,679</b></u>	<u><b>470,255</b></u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

##### Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue during the year (2019: Nil).



## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 RMB'000	2019 RMB'000
<i>Revenue from contracts with customers</i>	646,812	796,992
<i>Revenue from other sources</i>		
Gross rental income	<u>129</u>	<u>137</u>
	<u><b>646,941</b></u>	<u><b>797,129</b></u>

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods :

	2020 RMB'000	2019 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the report period :		
Sale of products	<u><b>11,675</b></u>	<u><b>11,792</b></u>

All of the Group's revenue generated from the sale of goods was recognised at a point in time during the year.

	2020 RMB'000	2019 RMB'000
<b><u>Other income</u></b>		
Government grants	15,018	13,380
Bank interest income	15,206	12,449
Investment income from financial assets		
at fair value through profit or loss	2,522	969
Foreign exchange differences, net	2,281	–
Others	<u>980</u>	<u>9</u>
	<u><b>36,007</b></u>	<u><b>26,807</b></u>
<b><u>Gains</u></b>		
Gains on settlement of litigation	30,080	–
Gains on disposal of items of property, plant and equipment	<u>–</u>	<u>7</u>
	<u><b>66,087</b></u>	<u><b>26,814</b></u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020 RMB'000	2019 RMB'000
Cost of inventories sold*	171,298	198,673
Depreciation of property, plant and equipment	28,147	5,695
Depreciation of right-of-use assets	3,771	3,818
Research and development costs	2,793	2,894
Lease payments not included in the measurement of lease liabilities	124	298
Auditor's remuneration	2,715	2,560
Government grants	(15,018)	(13,380)
Bank interest income	(15,206)	(12,449)
Investment income from financial assets at fair value through profit or loss	(2,522)	(969)
Foreign exchange (gain)/loss, net	(2,281)	3,399
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	56,649	48,755
Pension scheme contributions	653	10,099
Staff welfare expenses	11,976	13,471
	<u>69,278</u>	<u>72,325</u>
Loss/(gain) on disposal of items of property, plant and equipment	36	(7)
Impairment of trade receivables, net	(6,240)	918
Impairment of other receivables, net	165	7,826
Write-down of inventories to net realisable value	<u>1,032</u>	<u>924</u>

\* The "Cost of inventories sold" amount includes the following expenses which are also included in the respective total amounts of the items disclosed above:

	2020 RMB'000	2019 RMB'000
Depreciation of property, plant and equipment	5,293	4,688
Employee benefit expense	<u>39,259</u>	<u>42,498</u>

## 7. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest on bank loans	7,667	9,009
Interest on discounted bills receivable	3,830	775
Interest on lease liabilities	<u>6</u>	<u>23</u>
	<u>11,503</u>	<u>9,807</u>

## 8. INCOME TAX

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax:		
Charge for the year	40,725	57,643
Deferred tax	<u>(4,891)</u>	<u>(5,336)</u>
Total tax charge for the year	<u><u>35,834</u></u>	<u><u>52,307</u></u>

## 9. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Proposed final		
– HK6 cents (2019: HK12 cents) per ordinary share	<u>37,334</u>	<u>79,470</u>
	<u><u>37,334</u></u>	<u><u>79,470</u></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 739,302,000 (2019: 739,302,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

The calculation of basic earnings per share is based on:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	<u><b>154,052</b></u>	<u>167,613</u>
	<b>Number of shares</b>	
	<b>2020</b>	2019
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u><b>739,302,000</b></u>	<u>739,302,000</u>

## 11. TRADE AND BILLS RECEIVABLES

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	<b>40,873</b>	111,824
Bills receivable	<u><b>324,219</b></u>	<u>311,892</u>
	<b>365,092</b>	423,716
Impairment	<u><b>(1,025)</b></u>	<u>(7,265)</u>
	<u><b>364,067</b></u>	<u>416,451</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months, extending up to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Less than 3 months	<b>34,904</b>	100,595
3 to 6 months	<b>2,493</b>	1,467
6 to 12 months	<b>1,553</b>	1,929
1 to 2 years	<b>546</b>	512
Over 2 years	<b>352</b>	56
	<u><b>39,848</b></u>	<u>104,559</u>

## 12. TRADE PAYABLES

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Trade payables	<u><b>16,081</b></u>	<u>15,212</u>

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Less than 3 months	<b>12,656</b>	11,460
3 to 6 months	<b>1,627</b>	1,497
6 to 12 months	<b>612</b>	1,051
1 to 2 years	<b>27</b>	1
Over 2 years	<b>1,159</b>	1,203
	<u><b>16,081</b></u>	<u>15,212</u>

Included in the trade payables are trade payables of RMB595,000 (2019: Nil) due to a related party controlled by a director of the Group which are repayable within 30 days, which represents credit terms similar to those offered by the related party to its major customers.

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

### 13. INTEREST-BEARING BANK AND OTHER BORROWINGS

		31 December 2020		31 December 2019	
	Maturity	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
Current					
Lease liabilities	Within 1 year	4.75	–	4.75	370
Bank loans – secured	Within 1 year	2.65-4.35	72,450	3.25-4.35	65,753
Bank loans – unsecured	Within 1 year	4.35	80,000	4.35	30,000
			152,450	96,123	
Analysed into:					
Bank loans repayable:					
Within one year or on demand		152,450		95,753	
Other borrowings repayable:					
Within one year or on demand		–		370	
			152,450	96,123	

#### Notes:

- (a) Certain of the Group's bank loans are secured by:
- (i) mortgages over the Group's buildings, which had a net carrying value at the end of the reporting period of approximately RMB1,257,000 (2019: Nil); and
  - (ii) mortgages over the Group's leasehold land, which had a net carrying value at the end of the reporting period of approximately RMB14,037,000 (2019: Nil).
- (b) The Group's other loans are unsecured, due within one year and bear interest at 4.35%.

## MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis is prepared as at 30 March 2021 (the date of this announcement). It should be read in conjunction with the audited consolidated financial statements and the notes thereto of the Group for the year ended 31 December 2020.

“ASEAN”	Association of Southeast Asian Nations
“Audit Committee”	the audit committee of the Board established on 13 February 2015
“Board”	the board of Directors of the Company
“CFDA”	China Food and Drug Administration (國家食品藥品監督管理總局)
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company”	Golden Throat Holdings Group Company Limited (金嗓子控股集團有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 2 September 2014
“Director(s)”	director(s) of the Company
“Golden Throat Herbal Vegetable Beverages Series Products”	Golden Throat Herbal Vegetable Beverages Series Products (金嗓子草本植物飲料系列產品), a series of the Group’s products and approved as a type of food
“Golden Throat Lozenges (OTC)”	Golden Throat Lozenges (金嗓子喉片), one of the Group’s key products and approved as a type of over-the-counter medicine
“Golden Throat Lozenge Series Products”	Golden Throat Lozenge Series Products (金嗓子喉寶系列產品), one of the Group’s key products and approved as food products
“Group”	the Company and its subsidiaries
“Herbal Vegetable Beverage”	Golden Throat Herbal Vegetable Beverage (金嗓子草本植物飲料), a series of products under Golden Throat Herbal Vegetable Beverages Series Products

“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPO Proceeds”	the net proceeds from the listing of the Shares on the Stock Exchange
“Listing Date”	15 July 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“OTC”	pharmaceutical products which may, upon receiving the CFDA’s approval, be sold over the counter in China at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 30 June 2015 in respect of the global offering of the Shares
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the capital of the Company with a nominal value of US\$0.000025 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America, its territories, its possessions and all its jurisdiction
“US\$” or “USD”	United States dollars, the lawful currency of the United States

Unless otherwise specified, all numerical figures in the management discussion and analysis section of this announcement are rounded to one decimal place.



## **BUSINESS REVIEW**

The Group is a leading manufacturer of lozenges in China. At the China Financial Market Awards 2019, Golden Throat stood out for its excellent performance in brand value, and was awarded the Best Brand Value Award. In October 2019, in the 2019 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges stood out amongst many products and was awarded No. 1 amongst Chinese traditional medicines (Throat) by China Nonprescription Medicines Association. It ranked 37th in the overall ranking of manufacturing enterprises. It was also listed in the Top 500 Chinese Brands at the 14th China Brand Festival in August 2020, and won the honour of “2019 Top 100 Chinese Medicine Enterprises in China Pharmaceutical Industry” in the Top 100 Pharmaceutical Enterprises in China Conference in August 2020. Currently, the Group has developed into a modern integrated group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

Since early 2020, in response to the sudden outbreak of novel coronavirus (“COVID-19”), the Group has been proactively responding to the pandemic, actively resuming work and production, and donating anti-pandemic materials by utilizing all domestic and overseas resources.

Due to the impact of the COVID-19 pandemic, most of the distributors in China delayed their resumption of work in 2020, and there were fewer customers nationwide in pharmacies and supermarkets, resulting in a certain degree of impact on the offline business of Golden Throat Lozenges (OTC) products and Golden Throat Lozenge Series Products.

In 2021, the Group will continue to focus on customer needs, optimize and enrich its product portfolio and strengthen its organizational capacity, and concentrate on customer-oriented operation, digital marketing and resource allocation to facilitate the improvement of organizational capabilities, and establish a new logic for the Group’s products to achieve positive and healthy development in the future.

### **Key Products**

The Group reports its revenue by three product categories, which include Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

### ***Golden Throat Lozenges (OTC) – over-the-counter medicine***

The Group's flagship product is Golden Throat Lozenges (OTC), which was launched in 1994. It is a type of lozenge mainly designed to relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis. Golden Throat Lozenges (OTC) was approved as over-the-counter medicine by the National Medical Products Administration, as such they can be purchased by the public in pharmacies without requiring the prescription of a qualified medical professional.

As of 31 December 2020, Golden Throat Lozenges (OTC) were exported to the United States, Canada, Russia, the European Union, Australia, Southeast Asia, Middle East, Mexico and Africa, and Mongolia, a newly explored export country in 2019, across five continents of the world.

As of 31 December 2020, the Group's revenue of Golden Throat Lozenges (OTC) accounted for approximately 89.9% of its total revenue.

### ***Golden Throat Lozenge Series Products – Food***

The Group's other key products are Golden Throat Lozenge Series Products, which include seven products comprising of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and five other sugar-free flavours of this series, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊), American ginseng (西洋參) and hawthorn (山楂).

A major difference between Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products is that the former is approved as over-the-counter medicine, whereas the latter is approved as food products. The sugar-free series of Golden Throat Lozenge Series Products was launched in 2013, which supplements the Group's original sales channel and provides consumers with more diversified choices in response to consumer differentiation.

As of 31 December 2020, Golden Throat Lozenge Series Products were exported to 17 countries and regions.

As of 31 December 2020, the Group's revenue of Golden Throat Lozenges Series Products accounted for approximately 8.3% of its total revenue.

## **Other Products**

As of 31 December 2020, the Group's revenue of other products accounted for approximately 1.8% of its total revenue for the year ended 31 December 2020. Two of the Group's other products are Yinxingye Tablet (銀杏葉片) and Herbal Vegetable Beverages. Yinxingye Tablet is mainly designed to facilitate blood circulation, remove blood stasis and dredge energy channels and was approved as a prescription medicine by the CFDA, while the main function of Herbal Vegetable Beverages is soothing voice and relieving sore throats.

## **Research and Development**

The Group's business has significantly benefited from its strong track record in research and development. Since 1994, the Group has successfully developed 31 new products for which it has obtained manufacturing permits, amongst which, eight are pharmaceutical products (including Jinyin Sanqi Capsule (金銀三七膠囊)), 21 are food products, one is a health supplement and one is a medical apparatus product.

The Group's research and development activities are conducted both in-house and through collaborations with external research institutions, such as hospitals, institutes for drug research and other companies.

## **Sales, Marketing and Distribution**

### ***Branding***

The Group believes that strong brand recognition and customer loyalty are key to the recognition of the "Golden Throat (金嗓子)" brand. In 2017, "Golden Throat (金嗓子)" brand was selected as a world famous brand by the China America Branding Strategy Forum and in the same year, the Company was ranked amongst the listed companies on the Forbes China Up-and-Comers List. At the China Financial Market Awards 2019, Golden Throat stood out for its excellent performance in brand value, and was awarded the Best Brand Value Award. It also won the Huapu Award at the 13th China Brand Festival in August 2019. In October 2019, in the 2019 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges stood out among many products and was awarded No. 1 amongst Chinese traditional medicines (Throat) by China Nonprescription Medicines Association. It ranked 37th in the overall ranking of manufacturing enterprises. It was also listed in the Top 500 Chinese Brands at the 14th China Brand Festival in August 2020, and won the honour of "2019 Top 100 Chinese Medicine Enterprises in China Pharmaceutical Industry" in the Top 100 Pharmaceutical Enterprises in China Conference in August 2020.

## ***Distribution Network***

The Group has established an extensive and structured sales and distribution network throughout China for its (i) over-the-counter medicines, (ii) food products and (iii) prescription medicines. As of 31 December 2020, substantially all of the Group's revenue was generated from sales to distributors.

As of 31 December 2020, the Group's distribution network had no substantial change, with over 630 distributors directly engaged by the Group and covering all the provinces, autonomous regions and municipal cities throughout China. The increase in the number of distributors was beneficial to the expansion of the Group's national sales network and enhanced the market coverage of the Group's products. In addition, the Group has also engaged promoters to further facilitate its product promotion and advertising, strengthen communication with its customers and monitor the activities of its distributors. The Group restructured its sales system since the first half of 2018. After reorganisation of the Group's distribution network and delineating distribution areas, the number of sub-distributors has increased.

As mentioned above, the Group also has a presence in various overseas markets for its products, including the United States, Canada, Russia, Japan, the European Union, Australia, Southeast Asia, Middle East, Mexico, and Africa across five continents of the world. The Group has actively responded to China's top-level strategy – the national “Belt and Road” initiative, of which 10 ASEAN countries play a vital role in its strategy. Up to now, the Company has successfully entered into agency agreements with all of the 10 ASEAN countries, and its products have exported to nine countries, except Laos.

In October 2018, the Group established Golden Throat Lozenge Series Products flagship store on online platform Taobao Tmall, with the addition of online exclusive Golden Throat Lozenge Series Products, which include six products comprising of Golden Throat Lozenge Dule Lozenges and five other flavours (including mint, chrysanthemum, red tangerine (桔紅), fructus momordicae and American ginseng) and various fruit candies. Nowadays, the dual development of retail pharmacies and online sales has contributed to an efficient and comprehensive distribution system.

In 2020, due to the impact of the COVID-19 pandemic in the PRC, most domestic distributors' resumption of work was delayed and the number of customers across the country in retail outlets such as pharmacies and supermarkets has decreased, which caused certain impact to the offline business of Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products.

## **Promoters**

As of 31 December 2020, the Group has entered into certain products promotion cooperation agreements with 11 promoters. The primary reasons for engaging the promoters in certain regions are: (i) their knowledge of local markets and substantial experience in promoting products; and (ii) their familiarity with local municipal level agents and that the Group can benefit from their facilitation and ongoing feedback of such local markets.

## **Market Review**

In recent years, as the global pharmaceutical market grow steadily with the growth of global population and the increasing level of ageing population, the demand for and the types of medical services and medicines have been rising. Besides, the rising living standard gives rise to the increasing awareness of health management among the citizens, which has fostered the steady development of the global pharmaceutical market. Throat diseases are common and are frequently triggered. Given that the particulate matter 2.5 (PM2.5) has been at an unhealthy level in most of the major cities in China for a long time in recent years, air pollution is one of the main causes of respiratory infections, especially pharyngitis. In view of the air pollution problem, consumers are more concerned about protecting their throats, and the pharmaceutical and lozenge market in China is expected to grow continuously. Furthermore, young people these days also pay attention to throat products that can effectively remove oral odor that cool the throat and refresh the mind. The flagship products of the Group, Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products, cover a wide range of pharmacies and supermarkets to provide consumers with purchasing channels that are more convenient.

PRC consumers' health awareness has been increasing year by year, which resulted in higher spending on health related products including, amongst others, health food and medicines. Consumers nowadays care more about life quality and health than before, and are getting more familiar with many brands of OTC medicines. In addition, the inconvenience and time needed for seeing doctors due to shortage of medical resources also drive consumers to treat themselves at home by purchasing OTC medicines when they encounter common ailments or chronic diseases.

## **Future Expansion and Upgrading Plan**

In the future, the Group will remain committed to consumers' demand, continue to optimise and enrich its product portfolio, persistently strengthen its organisational capabilities, allocate resources to focus on customer-centric operation and digital marketing, thereby promoting the enhancement of its organisational capabilities and forming a new growth logic of the Group's products so as to realise positive and healthy development of the Group, continue to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food products markets.

The Group has commenced its strategic expansion into new geographic markets such as Qinghai Province, Jilin Province and Inner Mongolia through the Group's refined distribution network established back in 2013 and will continue both to expand into new markets and further penetrate its existing markets through the expansion of its sales team to provide more distribution and sales support to its distributors at the pharmacy level. In addition, by evaluating its experience in adjusting the operational policy in 2018, the Group further strengthened the restructuring of the national sales channel of Golden Throat Lozenges (OTC) in 2019, while the enhancement of the Group's channel has been successfully achieved. At the beginning of 2020, people had less outdoor spendings and mainly relied on online purchasing due to the impact of COVID-19 pandemic. The Group continues to develop E-commerce and new retails and the Group's Golden Throat WeChat Mini Program Mall was launched in early 2020. The Group will further strengthen and develop online sales channel in the future.

To further enhance the popularity of its products and awareness of its brand and image in China, the Group will continue to maintain and promote its "Golden Throat (金嗓子)" brand with the goal of establishing it as a well-known household brand recognised for effective, safe and curative lozenge products in China. The Group plans to expand and enhance its media marketing and promotion efforts, which historically have mainly been advertising on television networks, by increasingly advertising via internet media that has a broader coverage. The Group's dedicated marketing team will continue to work closely with its distributors to design and carry out effective and targeted marketing campaigns and promotional activities.

The Group also intends to increase its production capacity by constructing a new production base to meet the market demand for its Golden Throat Lozenges (OTC). As at 31 December 2020, plants and office buildings of a new medicine production and research and development base of the Group located at Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region were completed and the commissioning of product line and trial production were being carried out, and it is expected that the Group will gradually relocate in 2021. The new production base covers a usable area of about 60,000 square meters, including research and development centers, production plants, warehouses and administrative office buildings. The fully automated production line in the production plant will improve the efficiency of the production process. A brand-new modern production enterprise will be formed with the new production and research and development base, new factories, new workflow and new production lines, which will completely upgrade the management platform and manufacturing platform of the factories, comprehensively improving the manufacturing quality and technology content of the products, enhancing the comprehensive competitiveness of the Company, and will lay a solid foundation for expanding and strengthening the Company.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2020, the Group's revenue decreased by approximately RMB150.2 million or 18.8% to approximately RMB646.9 million, as compared to approximately RMB797.1 million for the year ended 31 December 2019.

For the year ended 31 December 2020, the Group's revenue generated from sales of Golden Throat Lozenges (OTC) was approximately RMB581.8 million, representing a decrease of approximately RMB139.4 million or 19.3% as compared to approximately RMB721.2 million for the year ended 31 December 2019. The decrease in revenue was mainly due to the COVID-19 pandemic in the PRC, which caused a significant reduction in the number of customers nationwide in retail outlets such as pharmacies and supermarkets, which in turn caused certain impact to the sales of Golden Throat Lozenges (OTC).

For the year ended 31 December 2020, the Group's revenue from the sales of the Golden Throat Lozenge Series Products amounted to approximately RMB53.7 million as compared to approximately RMB66.8 million for the year ended 31 December 2019, representing a decrease of approximately RMB13.1 million or 19.6%, which was mainly attributable to the impact of COVID-19 pandemic in the PRC leading to the sales decrease.

For the year ended 31 December 2020, the Group's revenue from sales of other products amounted to approximately RMB11.4 million, representing an increase of by approximately 25.3% as compared to approximately RMB9.1 million for the year ended 31 December 2019.

The table below sets forth, for the periods indicated, the sales volume, revenue, cost, gross margin, unit price and unit cost of the Group's key products.

	Year ended 31 December 2020					
	Sales <i>boxes'000</i>	Revenue <i>RMB'000</i>	Cost <i>RMB'000</i>	Gross margin %	Unit price <i>RMB'000</i>	Unit cost <i>RMB'000</i>
Golden Throat Lozenges (OTC)	90,639	581,844	139,521	76.0	6.4	1.5
Golden Throat Lozenge Series Products	9,733	53,688	19,271	64.1	5.5	2.0

	Year ended 31 December 2019					
	Sales <i>boxes'000</i>	Revenue <i>RMB'000</i>	Cost <i>RMB'000</i>	Gross margin %	Unit price <i>RMB'000</i>	Unit cost <i>RMB'000</i>
Golden Throat Lozenges (OTC)	112,581	721,181	158,724	78.0	6.4	1.4
Golden Throat Lozenge Series Products	12,851	66,776	23,906	64.2	5.2	1.9

### Cost of Inventories Sold

The Group's cost of sales consists primarily of cost of packaging materials, labor costs, cost of raw materials, write-down of inventories to net realisable value, depreciation and other costs relating to Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other its products.

The Group's cost of sales decreased from approximately RMB198.7 million for the year ended 31 December 2019 to approximately RMB171.3 million for the year ended 31 December 2020. The decrease in cost of sales of the Group for the year ended 31 December 2020 was mainly attributable to the decrease in the sales volume of Golden Throat Lozenges (OTC).



The table below sets forth, for the periods indicated, the components of the cost of inventories sold and each component as a percentage of total cost of inventories sold.

	Year ended 31 December 2020		Year ended 31 December 2019	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Packaging materials	74,670	43.6%	92,307	46.5%
Raw materials	42,738	24.9%	44,958	22.6%
Labor costs	39,259	22.9%	42,498	21.4%
Depreciation	5,293	3.1%	4,688	2.4%
Write-down of inventories to net realisable value	1,032	0.6%	924	0.5%
Other costs	8,306	4.9%	13,298	6.6%
Total	<u>171,298</u>	<u>100%</u>	<u>198,673</u>	<u>100%</u>

### Gross Profit

Gross profit represents the excess of revenue over cost of sales.

The Group's gross profit for the year ended 31 December 2020 was approximately RMB475.6 million, as compared to approximately RMB598.5 million for the year ended 31 December 2019, representing a decrease of approximately RMB122.9 million, or 20.5%. The decrease in the Group's gross profit was mainly due to the decrease in the Group's revenue. The Group's gross profit margin decreased to 73.5% as of 31 December 2020 from 75.1% for the corresponding period in 2019.

### Other Income and Gains

For the year ended 31 December 2020, the Group's other income and gains increased to approximately RMB66.1 million, as compared to approximately RMB26.8 million for the year ended 31 December 2019, representing an increase of approximately RMB39.3 million. The increase was due to the interest income, exchange gain and the gain from settlement of the Group's litigation.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses primarily consisted of (i) advertising expenses, (ii) marketing expenses, (iii) transportation expenses, (iv) employee benefit expenses, and (v) other miscellaneous expenses. For the year ended 31 December 2020, the Group's selling and distribution expenses amounted to approximately RMB253.3 million, as compared to approximately RMB308.4 million for the year ended 31 December 2019, representing a decrease of approximately RMB55.1 million, or 17.9%. The decrease was primarily due to the COVID-19 pandemic leading to the decrease of the promotion expenses.

## **Administrative Expenses**

The Group's administrative expenses primarily consisted of (i) salaries and staff welfare expenses for management and administrative personnel, (ii) travel and office expenses, (iii) research and development costs, (iv) depreciation relating to its office equipment, (v) amortisation of right-of-use assets, (vi) professional services fees, and (vii) other miscellaneous expenses. For the year ended 31 December 2020, the Group's administrative expenses amounted to approximately RMB83.5 million, as compared to approximately RMB77.5 million for the year ended 31 December 2019, representing an increase of approximately RMB6.0 million, or 7.7%. The increase was primarily due to the newly built plants and office buildings which have started depreciating in 2020.

## **Other Expenses**

Other expenses of the Group mainly include (i) exchange loss; and (ii) donation expense. For the year ended 31 December 2020, the Group's other expenses amounted to approximately RMB3.5 million, as compared to approximately RMB9.6 million for the year ended 31 December 2019, representing a decrease of approximately RMB6.1 million. The decrease was mainly due to the fact that the Group incurred foreign exchange gains in the current year and foreign exchange losses in 2019.

## **Finance Costs**

For the year ended 31 December 2020, the Group's finance costs amounted to approximately RMB11.5 million, as compared to approximately RMB9.8 million for the year ended 31 December 2019, representing an increase of approximately RMB1.7 million, or 17.3%. The increase was mainly due to the increase in the interest on discounted bills receivable during the year ended 31 December 2020 as compared to the corresponding period in 2019.

## **Income Tax Expense**

For the year ended 31 December 2020, the Group's income tax expense amounted to approximately RMB35.8 million, as compared to approximately RMB52.3 million for the year ended 31 December 2019, representing a decrease of approximately RMB16.5 million, or 31.5%. The effective tax rate for the year ended 31 December 2020 and the corresponding period in 2019 was 18.9% and 23.8%, respectively.

## **Net Profit**

For the year ended 31 December 2020, the Group's net profit decreased to approximately RMB154.1 million, as compared to approximately RMB167.6 million for the year ended 31 December 2019, representing a decrease of approximately RMB13.5 million, or 8.1%. The decrease in the Group's net profit was mainly attributable to the decrease in the Group's revenue. For the reasons of decrease in the Group's revenue, please refer to the section headed "Revenue" above.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

### **Net Current Assets**

As of 31 December 2020, the Group had net current assets of approximately RMB696.4 million, as compared to approximately RMB677.0 million as of 31 December 2019. The current ratio of the Group was approximately 2.5 as at 31 December 2020 and 31 December 2019.

### **Borrowings and the Pledge of Assets**

As of 31 December 2020, the Group had an aggregate interest-bearing bank borrowings and other borrowings of approximately RMB152.5 million, as compared to approximately RMB96.1 million as of 31 December 2019. All the bank borrowings are repayable within one year. Bank borrowings and other borrowings increased by RMB56.4 million as compared to that of 31 December 2019.

As of 31 December 2020, all of the Group's bank borrowings were at fixed interest rates. For details of such borrowings, please refer to Note 13 of the Group's consolidated financial statements above.

The Group continues to manage its financial position and capital structure with a solid equity base, adequate working capital and credit facilities. The Group has various policies governing accounting control, as well as credit and foreign exchange risks and treasury management. The Group has also been paying close attention to asset and liability management, including liquidity risks and currency risks.

As at 31 December 2020, certain of the Group's bank loans are secured by:

- (i) mortgages over the Group's buildings, which had a net carrying value at the end of the reporting period of approximately RMB1,257,000 (2019: Nil); and
- (ii) mortgages over the Group's leasehold land, which had a net carrying value at the end of the reporting period of approximately RMB14,037,000 (2019: Nil).

### **Gearing Ratio**

As of 31 December 2020, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to approximately 12.5% from approximately 8.3% as of 31 December 2019.

### **Foreign Exchange Risk**

The Group's transactions are mainly denominated and settled in RMB. The Group had certain amounts of deposits in HKD and USD, amounting to approximately HK\$6.6 million and US\$11.7 million as of 31 December 2020, respectively. The Group has exposure to foreign exchange risk that arises from fluctuations in the exchange rates of HKD to RMB and USD to RMB.

As at 31 December 2020, the Group did not use any financial instruments to hedge its foreign exchange risk.

## **EMPLOYEES AND EMOLUMENTS POLICY**

As at 31 December 2020, the Group employed a total of 938 full-time employees, as compared to a total of 903 full-time employees as at 31 December 2019. The staff costs, including Directors' emoluments but excluding any contributions to pension scheme, were approximately RMB74.2 million for the year ended 31 December 2020 as compared to approximately RMB69.1 million for the corresponding period in 2019. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end bonuses are offered to those staffs with outstanding performances to attract and retain capable employees of the Group.

The Group adheres to the concept of “benefiting mankind and repaying society”, and currently employs more than 100 disabled employees. In August 2020, the Group provided employees with Baojun new energy electric vehicles produced by Liuzhou SGMW (柳州上汽通用五菱) for employees commuting to work. The Group ordered over 700 new energy electric vehicles from SGMW, which would not only solve the transportation problem of employees with long commuting distance, but also effectively stimulate domestic demand and help economic growth and recovery.

With respect to trainings, the Company proactively arranges its employees to study the newly-promulgated laws and regulations in the PRC so as to ensure that products produced by the Group are in compliance with the laws and regulations. The Group also organises various training programmes targeting employees from different business departments and functions. For example, there are training programmes in relation to knowledge of Chinese medicinal herbs and Chinese medicine decoction pieces as well as the trainings in relation to production quality standard of pharmaceutical products, equipment maintenance and repair and so forth. All of these are designed to provide support to the technological development and team building of the Group.

## **SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES**

For the year ended 31 December 2020, the Group did not hold any significant investments or make any material acquisitions or disposals of subsidiaries, associates or joint ventures.

## **PROSPECTS**

The Group will continue to seek to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food markets. Moreover, the Group will aim to increase its production capacities, expand its product portfolio and strengthen its research and development capabilities. It will enhance its food and other pharmaceutical businesses and promote synergies across different product segments. The Group will aim to enhance its brand recognition through effective and targeted marketing efforts, and will continue to expand its distribution network, to refine associated infrastructure and to leverage on its existing distribution network to promote different products.

## USE OF NET PROCEEDS FROM LISTING

The IPO Proceeds (including those shares issued pursuant to the partial exercise of the over-allotment options), after deducting underwriting fees and related expenses, amounted to approximately HK\$909.6 million, which are intended to be applied in the manner disclosed in the Prospectus. Details of the use of the IPO Proceeds are set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at 31 December 2020, there was no change to the intended use of the IPO Proceeds as disclosed in the Prospectus.

From the Listing Date to 31 December 2020, the Group had utilised approximately HK\$615.09 million, representing approximately 67.62% of the IPO Proceeds. Set out below is a summary of the utilisation of the IPO Proceeds:

Use of IPO Proceeds	Utilised	
	HK\$'000	% of IPO Proceeds
Construction in Luowei Industrial Concentration Area	207,613	22.83
Conversion of headquarters	—	—
Market expansion	286,685	31.52
Product development	21,696	2.38
Establishment of Chinese herbs processing base	—	—
Refinement and Upgrade of electronic code system	8,133	0.89
General working capital	90,960	10.00

## FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.06 per share for the year ended 31 December 2020 to the Shareholders. The final dividend is subject to the approval of Shareholders at the forthcoming annual general meeting of the Company (the “Annual General Meeting”) to be held on 9 June 2021 and, if approved, is expected to be paid on or before 30 June 2021 to the Shareholders whose names appear on the register of members of the Company on 18 June 2021.

## **ARRANGEMENT FOR CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining entitlement to attend and vote at the Annual General Meeting, the transfer books and register of members of the Company will be closed from 4 June 2021 to 9 June 2021, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 3 June 2021. For the purpose of determining entitlement to the final dividend, the transfer books and register of members of the Company will also be closed on 18 June 2021, during which period no transfer of Shares can be registered. In order to be entitled to the payment of final dividend, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 June 2021.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Save as disclosed below, the Company complied with all the applicable code provisions set out in the CG Code for the year ended 31 December 2020.

Under code provision A.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. According to the CG Code, where an issuer considers a more suitable alternative to a code provision exists, it should adopt it and give reasons. The Company did not arrange any insurance cover. The Board believes that with regular and timely communications among the Directors and the management of the Group, potential claims and legal actions against the Directors can be handled effectively without the need for insurance to be maintained. The Board will regularly review the procedures in handling potential claims and legal actions and take into account the requirements of the Directors and will monitor the need for making such an arrangement.

## **CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. After having made specific enquiry to all Directors, the Company confirmed that all of the Directors complied with the required standards set out in the Model Code for the year ended 31 December 2020.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

There was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries for the year ended 31 December 2020.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed together with the Board the accounting principles and policies adopted by the Group, the annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2020. The Audit Committee has also reviewed the effectiveness of the Group's risk management and internal control systems and considered such systems in place to be effective and adequate.

## **PUBLICATION OF THE AUDITED ANNUAL RESULTS AND 2020 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.goldenthroat.com](http://www.goldenthroat.com)), and the annual report for the year ended 31 December 2020 will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

Guangxi, the PRC, 30 March 2021

By order of the Board  
**Golden Throat Holdings Group Company Limited**  
**JIANG Peizhen**  
*Chairman*

*As at the date of this announcement, the Board consists of Ms. JIANG Peizhen as non-executive Director, Mr. ZENG Yong, Mr. HUANG Jianping, Mr. ZENG Kexiong, Mr. LU Xinghong and Mr. HE Jinqiang as executive Directors, and Mr. LI Hua, Mr. ZHU Jierong and Mr. CHENG Yiqun as independent non-executive Directors.*