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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)

2017 THIRD QUARTER RESULTS ANNOUNCEMENT

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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.

The board of Directors (the “Board”) of China Golden Classic Group Limited is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2017 together with comparative figures for the last corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Turnover	2	79,879	72,584	187,455	190,424
Cost of sales		(43,556)	(35,776)	(100,990)	(95,932)
Gross profit		36,323	36,808	86,465	94,492
Other income		621	1,467	2,688	2,943
Selling and distribution costs		(17,662)	(20,122)	(59,899)	(51,835)
Administrative expenses		(10,370)	(9,568)	(27,423)	(31,776)
Finance costs		(692)	(618)	(1,829)	(1,618)
Profit before tax		8,220	7,967	2	12,206
Income tax expenses	3	(508)	(1,967)	(614)	(2,562)
Profit (loss) for the period	4	7,712	6,000	(612)	9,644
Other comprehensive income (expense) for the period					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		560	(432)	574	(862)
Total comprehensive income (expense) for the period attributable to owners of the Company		8,272	5,568	(38)	8,782
Earnings (loss) per share					
Basic and diluted (RMB cents)	5	0.77	0.61	(0.06)	1.17

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Capital	Share	Capital	PRC	Translation	Retained	Total
	RMB'000	premium	reserve	statutory	reserve	profits	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017 (audited)	8,606	74,386	15	42,841	2,203	75,644	203,695
Loss for the period	—	—	—	—	—	(612)	(612)
Other comprehensive income for the period:							
Exchange difference arising on translation of foreign operations	—	—	—	—	574	—	574
Total comprehensive income for the period	—	—	—	—	574	(612)	(38)
At 30 September 2017 (unaudited)	<u>8,606</u>	<u>74,386</u>	<u>15</u>	<u>42,841</u>	<u>2,777</u>	<u>75,032</u>	<u>203,657</u>
At 1 January 2016 (audited)	—	—	15	38,173	2,983	69,710	110,881
Profit for the period	—	—	—	—	—	9,644	9,644
Other comprehensive income for the period:							
Exchange difference arising on translation of foreign operations	—	—	—	—	(862)	—	(862)
Total comprehensive income for the period	—	—	—	—	(862)	9,644	8,782
Issue of new shares by way of placing	2,152	90,358	—	—	—	—	92,510
Transaction costs attributable to issue of new shares	—	(9,518)	—	—	—	—	(9,518)
Capitalisation issue of shares	6,454	(6,454)	—	—	—	—	—
At 30 September 2016 (unaudited)	<u>8,606</u>	<u>74,386</u>	<u>15</u>	<u>38,173</u>	<u>2,121</u>	<u>79,354</u>	<u>202,655</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2017

1. BASIS OF PREPARATION

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

The Company is engaged in 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 2017 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 unaudited condensed consolidated 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 2016. The accounting policies adopted in preparing the unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2016.

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

2. REVENUE AND SEGMENT INFORMATION

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

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

- 1) Oral care products segment reports the manufacture and sales of oral care products.
- 2) Leather care products segment reports the manufacture and sales of leather care products.
- 3) Household hygiene products segment reports the manufacture and sales of household hygiene products.

Segment revenues and results

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

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

For the nine months ended 30 September 2017 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Total RMB'000
Segment revenue	<u>106,297</u>	<u>23,799</u>	<u>57,359</u>	<u>187,455</u>

For the nine months ended 30 September 2016 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Total RMB'000
Segment revenue	<u>106,701</u>	<u>30,039</u>	<u>53,684</u>	<u>190,424</u>

For the three months ended 30 September 2017 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Total RMB'000
Segment revenue	<u>41,640</u>	<u>10,156</u>	<u>28,083</u>	<u>79,879</u>

For the three months ended 30 September 2016 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Total RMB'000
Segment revenue	<u>41,753</u>	<u>13,046</u>	<u>17,785</u>	<u>72,584</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.

3. INCOME TAX EXPENSES

Income tax in the condensed consolidated statement of profit or loss represents:

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
PRC Enterprise Income Tax	508	2,041	625	3,562
Deferred tax	—	(74)	(11)	(1,000)
	<u>508</u>	<u>1,967</u>	<u>614</u>	<u>2,562</u>

- (a) Pursuant to the rules and regulations of the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the BVI.
- (b) No provision for Hong Kong Profits Tax had been made for the nine months ended 30 September 2017 (2016: 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 2017 (2016: 15%).

4. PROFIT (LOSS) FOR THE PERIOD

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Listing expenses	—	714	—	6,893
Depreciation of property, plant and equipment	2,781	1,881	6,196	4,544
Amortisation of intangible assets	—	147	59	218
Amortisation of prepaid lease payments	112	112	336	336
Cost of inventories recognised as expenses	<u>43,556</u>	<u>35,776</u>	<u>109,990</u>	<u>95,932</u>

5. EARNINGS (LOSS) PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Profit (loss) attributable to owners of the Company	<u>7,712</u>	<u>6,000</u>	<u>(612)</u>	<u>9,644</u>
	Three months ended 30 September		Nine months ended 30 September	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Weighted average number of ordinary shares	<u>1,000,000</u>	<u>980,978</u>	<u>1,000,000</u>	<u>827,555</u>

Note:

The weighted average number of ordinary shares in issue during the three months and nine months ended 30 September 2016 have been retrospectively adjusted for the effect of the capitalisation issue as stated in the prospectus of the Company dated 30 June 2016 (the "Prospectus") as if such capitalisation issued shares were issued at the beginning of the three months and nine months ended 30 September 2016.

No adjustment has been made to the basic earnings (loss) per share amount for the three months and nine months ended 30 September 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during these periods.

6. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the nine months ended 30 September 2017 (2016: nil).

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the nine months ended 30 September 2017, the Group recorded a turnover of approximately RMB187.5 million, representing a slight decrease of approximately 1.5% as compared to the last corresponding period; and a net loss of approximately RMB0.6 million, reflecting a difference of approximately 106.3% as compared to the last corresponding period. The Group's net loss margin was approximately 0.3% during the first nine months of 2017, while it recorded a net profit margin of 5.1% in the last corresponding period, representing a change of approximately 5.4 percentage points. In addition, the Group's overall gross profit margin decreased from approximately 49.6% for the nine months ended 30 September 2016 to approximately 46.1% for the nine months ended 30 September 2017.

During the third quarter of 2017, the Group recorded a turnover of approximately RMB79.9 million, representing an increase of approximately 10.1% as compared to the last corresponding period; and a net profit of approximately RMB7.7 million, reflecting an increase of approximately 28.3% as compared to the last corresponding period.

Benefiting from the continuing sales promotion activities and marketing efforts incurred since late 2016, the Group recorded increased turnover and profit during the third quarter compared with the past two quarters of 2017 and the last corresponding period. The Directors believed that our efforts in sales and marketing activities have helped and will continue to help the Group in promoting our products and enhancing our long-term competitiveness.

PROSPECTS AND OUTLOOKS

During the first nine months of 2017, the Company has continued the renovation of the new production facilities, which are expected to be put into use during late 2017. The Directors believe that the new production facilities will enhance the Group's productivity and product development capabilities, in particular to our oral care products, so that the Group's products' competitiveness can be further strengthened.

The economic outlook in China in the near future is improving. Although it is expected that competition in fast consumable product market will continue to be fierce, we believe that our products have competitive advantages in China. To maintain our competitiveness in the market, on one hand the Company will continue to promote the "Fe" trademark and its oral care products, increase the research and development expenses, and expand the application of the "Fe" trademark in other new products. On the other hand, the Company will continue to develop new products (including formula and product design) for the household hygiene products segment and leather care products segment to respond to the rapidly changing market demands.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION

Turnover for the nine months ended 30 September 2017 was approximately RMB187.5 million, representing a slight decrease of 1.5%, as compared to approximately RMB190.4 million for the last corresponding period. During the nine months ended 30 September 2017, the Group incurred a net loss of approximately RMB0.6 million, as compared to the net profit of approximately RMB9.6 million for the last corresponding period. The basic loss per share was RMB0.06 cents for the nine months ended 30 September 2017 while the basic earnings per share was RMB1.17 cents for the last corresponding period.

Turnover for the three months ended 30 September 2017 was approximately RMB79.9 million, representing an increase of 10.1%, as compared to approximately RMB72.6 million for the last corresponding period. During the three months ended 30 September 2017, the Group generated a net profit of approximately RMB7.7 million, as compared to the net profit of approximately RMB6.0 million for the last corresponding period. The basic earnings per share was RMB0.77 cents for the three months ended 30 September 2017 while the basic earnings per share was RMB0.61 cents for the last corresponding period.

Turnover

The Group recorded a total turnover of approximately RMB187.5 million for the nine months ended 30 September 2017, which represented a slight decrease of approximately 1.5% as compared to approximately RMB190.4 million for the same period last year. The decrease of turnover was mainly resulted from the decrease of turnover of leather care products by approximately RMB6.2 million or 20.7%, from approximately RMB30.0 million for the nine months ended 30 September 2016 to approximately RMB23.8 million for the nine months ended 30 September 2017, which was mainly attributable to the reduction of selling price for the sales promotion activities during the period. Turnover of household hygiene products recorded an increase of approximately RMB3.7 million or 6.9%, from approximately RMB53.7 million for the nine months ended 30 September 2016 to approximately RMB57.4 million for the nine months ended 30 September 2017. The increase of the turnover of household hygiene products was mainly attributable to the improved sales volume through the sales promotion activities during the period. The turnover of oral care products remained largely stable, with an insignificant decrease of approximately RMB0.4 million or 0.4%, from approximately RMB106.7 million for the nine months ended 30 September 2016 to approximately RMB106.3 million for the nine months ended 30 September 2017, resulting from an interplay of increased sales volume and reduced selling price.

The Group recorded a total turnover of approximately RMB79.9 million for the three months ended 30 September 2017, which represented an increase of approximately 10.1% as compared to approximately RMB72.6 million for the same period last year. The increase of turnover was mainly resulted from the increase of turnover of household hygiene products by approximately RMB10.3 million or 57.9%, from approximately RMB17.8 million for the three months ended 30 September 2016 to approximately

RMB28.1 million for the three months ended 30 September 2017. The increase of the turnover of household hygiene products was mainly attributable to the improved sales volume, which benefited from the accumulative effect of the sales promotion activities during this period and the first half of 2017. Turnover of leather care products recorded a decrease of approximately RMB2.8 million or 21.5%, from approximately RMB13.0 million for the three months ended 30 September 2016 to approximately RMB10.2 million for the three months ended 30 September 2017. The decrease of the turnover of leather care products was mainly attributable to the reduction of selling price for the sales promotion activities during the period. The turnover of oral care products remained largely stable, with an insignificant decrease by approximately RMB0.2 million or 0.5%, from approximately RMB41.8 million for the three months ended 30 September 2016 to approximately RMB41.6 million for the three months ended 30 September 2017, resulting from an interplay of increased sales volume and reduced selling price.

Cost of sales

Cost of sales increased from approximately RMB95.9 million for the nine months ended 30 September 2016 to approximately RMB101.1 million for the nine months ended 30 September 2017, showing an increment of approximately RMB5.2 million or 5.4%. The increment mainly reflected the increased costs of raw materials and consumables which were largely driven by the increased sales volume in household products and oral care products segment.

Cost of sales increased from approximately RMB35.8 million for the three months ended 30 September 2016 to approximately RMB43.6 million for the three months ended 30 September 2017, showing an increment of approximately RMB7.8 million or 21.8%. The increment mainly reflected the increased costs of raw materials and consumables, reflecting the improved sales volume in household products and oral care products segment during the third quarter of 2017.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB94.5 million for the nine months ended 30 September 2016 to approximately RMB86.4 million for the nine months ended 30 September 2017, representing a decrease of approximately RMB8.1 million or 8.6%. The gross profit margin was decreased to 46.1%, representing 3.5 percentage points' difference as compared to 49.6% for the last corresponding period. Such decrease was mainly attributable to the reduced selling prices of leather care products, household hygiene products and oral care products following the implementation of price reduction campaigns during the nine months ended 30 September 2017.

Gross profit decreased from approximately RMB36.8 million for the three months ended 30 September 2016 to approximately RMB36.3 million for the three months ended 30 September 2017, representing a slight decrease of approximately RMB0.5 million or 1.4%. The gross profit margin was decreased to 45.5%, representing 5.2 percentage points' difference as compared to 50.7% for the last corresponding period. Such decrease was mainly attributable to the reduction of selling prices of leather care products, household hygiene products and oral care products following the implementation of price reduction campaigns during the three months ended 30 September 2017.

Selling and distribution costs

Selling and distribution expenses incurred for the nine months ended 30 September 2017 was approximately RMB59.9 million, reflecting an increase of approximately RMB8.1 million or approximately 15.6%, as compared to approximately RMB51.8 million for the last corresponding period. The increase was mainly driven by the Group's strengthened efforts in advertising and promotion activities during the first half of 2017.

Selling and distribution expenses incurred for the three months ended 30 September 2017 was approximately RMB17.6 million, reflecting a decrease of approximately RMB2.5 million or approximately 12.4%, as compared to approximately RMB20.1 million for the last corresponding period, which mainly reflected the reduced advertising and promotion costs incurred for the promotion activities during the third quarter of 2017.

Administrative expenses

Administrative expenses incurred for the nine months ended 30 September 2017 was approximately RMB27.4 million, representing a decrease of approximately RMB4.4 million or approximately 13.8%, as compared to approximately RMB31.8 million for the last corresponding period. Such decrease was primarily because the Group was no longer required to incur listing expenses during the period (2016: RMB6.9 million). Except for the impact of the listing expenses, the administrative expenses increased by approximately RMB2.5 million or approximately 10.0%, which was mainly attributed to the increase of the additional legal and professional fees as well as compliance costs incurred by the Company to fulfill its reporting duties as a public company since July 2016.

Administrative expenses incurred for the three months ended 30 September 2017 was approximately RMB10.4 million, representing an increase of approximately RMB0.8 million or approximately 8.3%, as compared to approximately RMB9.6 million for the last corresponding period. After considering the impact of the listing expenses of RMB0.7 million incurred in the three months ended 30 September 2016, the administrative expenses for the three months ended 30 September 2017 increased by approximately RMB1.5 million or approximately 16.9%. It is mainly attributed to the increase of the additional legal and professional fees as well as compliance costs incurred by the Company to fulfill its reporting duties as a public company.

Finance costs

Interest expenses incurred for the nine months ended 30 September 2017 was approximately RMB1.8 million, increased by approximately RMB0.2 million or approximately 12.5% as compared to approximately RMB1.6 million for the last corresponding period. Interest expenses incurred for the three months ended 30 September 2017 was approximately RMB0.7 million, increased by approximately RMB0.1 million or approximately 16.7% compared to approximately RMB0.6 million for the last corresponding period.

The additions in the relevant periods were both driven by the increase of the average interest-bearing loans during the nine months and three months ended 30 September 2017 as compared to the last corresponding periods.

Loss for the period

As a result of the foregoing, we incurred a net loss of RMB0.6 million for the nine months ended 30 September 2017, representing a difference of RMB10.2 million or 106.3% as compared to the net profit of approximately RMB9.6 million for the nine months ended 30 September 2016. Net loss margin for the nine months ended 30 September 2017 was approximately 0.3%, representing a decrease of approximately 5.4 percentage points as compared to the net profit margin of 5.1% at the corresponding period last year.

However, it is noticeable that we generated a net profit of RMB7.7 million for the three months ended 30 September 2017, representing an increase of RMB1.7 million or 28.3% as compared to approximately RMB6.0 million for the three months ended 30 September 2016. Net profit margin for the three months ended 30 September 2017 was approximately 9.7%, representing an increase of approximately 1.4 percentage points as compared to the net profit margin of 8.3% at the corresponding period last year.

DIVIDEND

The Board has determined not to declare a dividend for the nine months ended 30 September 2017.

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

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the nine months ended 30 September 2017. Save as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 30 September 2017.

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 2017, 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 Rules 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 (<i>Note 2</i>)	57.56%
Mr. Tong Xing ("Mr. Tong")	Interest of a controlled corporation (<i>Note 3</i>)	106,875,000 (<i>Note 4</i>)	10.69%

Notes:

1. Ms. Li beneficially owns the entire issued share capital of ChongBo Mary Investment Limited ("ChongBo Mary"). Therefore, Ms. Li is deemed, or taken to be, interested in the shares of the Company held by ChongBo Mary for the purposes of the SFO. Ms. Li is a director of ChongBo Mary.
2. During the nine months ended 30 September 2017, Ms. Li procured ChongBo Mary to transfer 30,000,000 shares, 12,750,000 shares and 19,125,000 shares of the Company to Mr. Li Hongfei, Mr. Xu Zhiliang and Mr. Chen Xinyu, respectively, for nil consideration as reward for their significant contribution to the Group. For details of the share rewards, please refer to the announcement published by the Company dated 29 May 2017.
3. 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.

4. During the nine months ended 30 September 2017, Mr. Tong procured Tong Xing Holdings to transfer 2,250,000 shares and 3,375,000 shares of the Company to Mr. Xu Zhiliang and Mr. Chen Xinyu, respectively, for nil consideration as reward for their significant contribution to the Group. For details of the share rewards, please refer to the announcement published by the Company dated 29 May 2017.

Long position in the shares of associated corporation

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

Save as disclosed above, none of the Directors and chief executive of the Company had any interests and short positions 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 2017, 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 of 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%
Mr. Tong Yu	Interest of spouse (<i>Note 1</i>)	575,625,000	57.56%
Ms. Zhang Li	Interest of spouse (<i>Note 2</i>)	106,875,000	10.69%

Notes:

1. Mr. Tong Yu is the spouse of Ms. Li. Accordingly, Mr. Tong Yu is deemed, or taken to be, interested in all the shares of the Company in which Ms. Li is interested in for the purposes of the SFO. Mr. Tong Yu is the father of Mr. Tong.
2. 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 2017, the Directors are not aware of any other persons who had any interests or short positions 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 of 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 options have been granted pursuant to the Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the nine months ended 30 September 2017 was any rights granted to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, 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 nine months ended 30 September 2017 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 nine months ended 30 September 2017 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 have any interests in a business which competes or may compete with the business of the Group or have any other conflict of interest with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As at the date of this announcement, save and except for the compliance adviser agreement entered into between the Company and First Shanghai Capital Limited (the “Compliance Advisor”) on 28 August 2015, neither the Compliance Advisor nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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. Qian Zaiyang.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the nine months ended 30 September 2017 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 of the Directors, the Company had complied with the code provisions in the CG Code for the nine months ended 30 September 2017.

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.

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

Hong Kong, 14 November 2017

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

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

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