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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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.

This announcement, for which the directors (the "Directors") of China Golden Classic Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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.

ANNUAL RESULTS

The board of directors (the "Board") of the Company announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016, together with the comparative audited figures for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Revenue	*3*	**296,336**	283,101
Cost of sales		**(152,478)**	(154,350)
Gross profit		**143,858**	128,751
Other income		**4,880**	1,407
Selling and distribution costs		**(87,820)**	(58,741)
Administrative expenses		**(44,583)**	(36,156)
Finance costs		**(2,683)**	(2,061)
Profit before tax		**13,652**	33,200
Income tax expenses	*4*	**(3,050)**	(5,041)
Profit for the year	*5*	**10,602**	28,159
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(780)**	(983)
Total comprehensive income for the year attributable to owners of the Company		**9,822**	27,176
Earnings per share			
– Basic and diluted (RMB cents)	*7*	**1.22**	3.75

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		**139,292**	125,247
Prepaid lease payments		**18,916**	19,365
Intangible assets		**59**	199
Deposits paid for acquisition of property, plant and equipment		**4,458**	3,857
Deferred tax assets		**933**	1,654
		163,658	150,322
Current assets			
Inventories		**28,609**	22,816
Trade and other receivables	*8*	**60,704**	45,090
Prepaid lease payments		**449**	449
Bank balances and cash		**78,942**	25,344
		168,704	93,699
Current liabilities			
Trade and other payables	*9*	**75,303**	86,010
Amount due to a shareholder		**–**	1,959
Amounts due to related parties		**–**	13,047
Income tax payables		**474**	2,124
Bank and other borrowings		**52,807**	30,000
Deferred revenue		**83**	–
		128,667	133,140
Net current assets (liabilities)		**40,037**	(39,441)
Net assets		**203,695**	110,881
Capital and reserves			
Share capital	*10*	**8,606**	–
Reserves		**195,089**	110,881
		203,695	110,881

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital *RMB'000* *Note 10(a) (i),(ii)*	Share premium *RMB'000* *Note 10(a) (iii),(iv)*	Capital reserve *RMB'000* *Note 10(b) (ii)*	PRC statutory reserve *RMB'000* *Note 10(b) (i)*	Translation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2015	15	–	–	30,059	3,966	49,665	83,705
Profit for the year	–	–	–	–	–	28,159	28,159
Other comprehensive income for the year:							
Exchange difference arising on translation of foreign operations	–	–	–	–	(983)	–	(983)
Total comprehensive (expense) income for the year	–	–	–	–	(983)	28,159	27,176
Issue of shares *(note 10)*	–	–	–	–	–	–	–
Reorganisation	(15)	–	15	–	–	–	–
Transfer to statutory reserve	–	–	–	8,114	–	(8,114)	–
At 31 December 2015	–	–	15	38,173	2,983	69,710	110,881
At 31 December 2015 and 1 January 2016	**–**	**–**	**15**	**38,173**	**2,983**	**69,710**	**110,881**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**10,602**	**10,602**
Other comprehensive expense for the year:							
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**–**	**(780)**	**–**	**(780)**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**–**	**(780)**	**10,602**	**9,822**
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)**	**–**	**–**	**–**	**–**	**–**
Transfer to statutory reverse	**–**	**–**	**–**	**4,668**	**–**	**(4,668)**	**–**
At 31 December 2016	**8,606**	**74,386**	**15**	**42,841**	**2,203**	**75,644**	**203,695**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL

The Company was incorporated in the Cayman Islands on 29 July 2015 as an exempted company with limited liability under the Cayman Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of its registered office and principal place of business is Flat B, 19/F, Times Media Centre, 133 Wan Chai Road, Wan Chai, Hong Kong.

On 8 July 2016, the Company's shares were listed on the GEM of the Stock Exchange (Stock code: 8281).

The functional currency of the Company is Hong Kong Dollars ("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 consolidated financial statements in RMB.

The Company is an investment holding company and the Group are principally engaged in the manufacture and trading of oral care, leather care and household hygiene products.

2. BASIS OF PREPARATION

Pursuant to the group reorganisation ("Reorganisation"), the Company became the holding company of the companies comprising the Group on 25 August 2015 as detailed in the section headed "History, Reorganisation and Group Structure" of the prospectus of the Company dated 30 June 2016 (the "Prospectus"). The Company and its subsidiaries comprising the Group are under the control of Ms. Li Qiuyan ("Ms. Li") (the "Controlling Shareholder") throughout the year ended 31 December 2015 or since their respective dates of incorporation or establishment up to 31 December 2015. As there was a continuation of the risks and benefits to the Controlling Shareholder and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control and the Group as a continuing entity. Accordingly, the consolidated financial statements for the year ended 31 December 2015 have been prepared as if the Company had always been the holding company of the companies comprising the Group throughout the year ended 31 December 2015, using the principles of merger accounting with reference to Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows include the results and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the year ended 31 December 2015.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)") issued by HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Lossess[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]

[1] Effective for annual periods beginning on or after 1 January 2017.

[2] Effective for annual periods beginning on or after 1 January 2018.

[3] Effective for annual periods beginning on or after 1 January 2019.

[4] Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 mainly to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

Key requirements of HKFRS 9 (2014) are described as follows:

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company are in the process of assessing the impacts on the consolidated financial statement. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contract*s and the related interpretations when it becomes effective.

The directors of the Company are in the process of assessing the impacts on the consolidated financial statement. However, it is not practicable to provide a reasonable estimate of the effect of until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

The directors of the Company are in the process of assessing the impacts on the consolidated financial statement. However, it is not practicable to provide a reasonable estimate of the effect of until the Group performs a detailed review.

3. REVENUE AND SEGMENT INFORMATION

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

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

1) Oral care products segment reports manufacture and sales of oral care products.

2) Leather care products segment reports manufacture and sales of leather care products.

3) Household hygiene products segment reports manufacture and sales of household hygiene products.

4) Others segment reports manufacture and sales of other products.

Segment revenue and results

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

The followings are analysis of the Group's revenue and results by reportable and operating segments:

	Oral care products	**Leather care products**	**Household hygiene products**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2016					
Segment revenue	**156,262**	**52,165**	**87,909**	**–**	**296,336**
Segment profit	**88,831**	**20,351**	**34,676**	**–**	**143,858**
Unallocated income					**4,880**
Unallocated expenses					**(132,403)**
Finance costs					**(2,683)**
Consolidated profit before tax					**13,652**
For the year ended 31 December 2015					
Segment revenue	138,915	56,953	85,526	1,707	283,101
Segment profit	71,701	21,137	35,050	863	128,751
Unallocated income					1,407
Unallocated expenses					(94,897)
Finance costs					(2,061)
Consolidated profit before tax					33,200

Segment profit represents the profit earned by each segment without allocation of selling and distribution expenses, certain 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.

Segment assets and liabilities

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

	2016	2015
	RMB'000	*RMB'000*
SEGMENT ASSETS		
Jointly-shared by sales of oral care products, leather care products and household hygiene products	**252,487**	215,169
Unallocated	**79,875**	28,852
Total assets	**332,362**	244,021
SEGMENT LIABILITIES		
Jointly-shared by sales of oral care products, leather care products and household hygiene products	**74,606**	85,542
Unallocated	**54,061**	47,598
Total liabilities	**128,667**	133,140

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than bank balances and cash, deferred tax assets and certain other receivables and prepayments as these assets are managed on a group basis and;
- all liabilities are allocated to operating segments other than amounts due to a shareholder and related parties, income tax payables, certain other payables and bank and other borrowings as these liabilities are managed on a group basis.

The Group's CODM is of the view that the Group's principal assets and liabilities are jointly used and shared by oral care products, leather care products and household hygiene products.

4. INCOME TAX EXPENSES

	2016	2015
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax	**2,329**	5,015
Deferred tax	**721**	26
	3,050	5,041

5. PROFIT FOR THE YEAR

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

	2016	2015
	RMB'000	*RMB'000*
Auditor's remuneration	**714**	38
Listing expenses	**6,893**	7,592
Depreciation of property, plant and equipment	**6,015**	5,690
Amortisation of intangible assets	**140**	140
Amortisation of prepaid lease payments	**449**	449
Cost of inventories recognised as expenses*	**143,553**	137,728
Exchange (gains)/losses, net	**(668)**	7
Research and development costs recognised as an expenses**	**10,063**	8,434
Loss on disposal of property, plant and equipment	**1**	26
Impairment loss of trade receivables	**–**	148
Impairment loss of other receivables	**–**	181
Operating lease rentals in respect of rented premises	**552**	2,156
Emoluments of directors and chief executive	**705**	767
Other staff costs:		
Salaries and allowances	**20,290**	18,782
Contributions to retirement benefits scheme	**3,887**	2,796
Total staff costs	**24,882**	22,345

* Cost of inventories recognised as expenses for the years ended 31 December 2016 included staff costs of RMB5,031,000 (2015: RMB5,015,000) which had been included in the total staff costs disclosed above.

** Research and development costs recognised as an expenses for the years ended 31 December 2016 included staff costs of RMB4,186,000 (2015: RMB3,916,000) which were also included in the total staff costs disclosure above.

6. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period (2015: nil).

7. EARNINGS PER SHARE

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

Earnings

	2016	2015
	RMB'000	*RMB'000*
Earnings for the purpose of basic and diluted earnings per share	**10,602**	28,159

Number of shares

	2016	2015
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**870,902**	750,000

The weighted average number of ordinary shares for the purpose of basic earnings per share of the year ended 31 December 2016 has been adjusted for the effects of the capitalisation issue ("Capitalisation Issue") (note 10(a)(iii)).

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2015 has been retrospectively adjusted for the effects of the Reorganisation and the Capitalisation Issue which took place in 2016 in preparation for the Listing.

Since there are no potential dilutive shares in issue during the year ended 31 December 2016 and 2015, basic and diluted earnings per share are the same for both years.

8. TRADE AND OTHER RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade and bills receivables	**50,905**	39,787
Less: allowance for impairment of trade receivables	**(1,937)**	(2,221)
	48,968	37,566
Deposits and other receivables	**1,205**	501
Advances to independent third parties*	**1,997**	1,186
Less: allowance for impairment of deposits and other receivables	**(72)**	(502)
	3,130	1,185
Prepayments	**8,884**	6,617
Less: allowance for impairment of prepayments	**(278)**	(278)
	8,606	6,339
	60,704	45,090

* The advances were interest-free, unsecured and repayable on demand.

The Group does not hold any collateral over its trade receivables, deposits and other receivables.

The Group allows a credit period of 0 to 60 days to its trade customers. The following is an aged analysis of trade and bills receivables presented based on the invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period.

	2016	2015
	RMB'000	*RMB'000*
0-30 days	**45,415**	28,784
31-60 days	**1,667**	3,312
61-90 days	**175**	2,485
Over 3 months but less than 6 months	**1,469**	2,653
Over 6 months but less than 1 year	**242**	332
	48,968	37,566

9. TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade and bills payables	**32,872**	24,330
Receipts in advance	**15,668**	11,783
Accruals and other payables	**18,642**	31,837
Advances from independent third party*	**–**	876
Payables for property, plant and equipment	**8,121**	17,184
	75,303	86,010

* *The amount was interest-free, unsecured and fully repaid during the year.*

The following is an aged analysis of trade and bills payables presented based on the invoice date.

	2016	2015
	RMB'000	*RMB'000*
0-30 days	**23,808**	11,049
31-60 days	**4,837**	8,386
61-90 days	**1,781**	2,998
Over 3 months but less than 6 months	**1,330**	1,438
Over 6 months but less than 1 year	**861**	293
Over 1 year but less than 2 years	**163**	122
Over 2 year but less than 5 years	**92**	44
	32,872	24,330

The average credit period on purchases of goods is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

10. SHARE CAPITAL AND RESERVES

(a) Share capital

	Number of shares	Nominal value of ordinary shares	
	'000	*HK$'000*	*RMB'000*
Authorised:			
Ordinary shares of HK$0.01 each			
Incorporation of the Company on 29 July 2015	38,000	380	305
At 31 December 2015	38,000	380	305
Increase in authorised share capital pursuant to written resolutions of the shareholder of the Company on 17 June 2016	1,962,000	19,620	16,679
At 31 December 2016	2,000,000	20,000	16,984
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 January 2015 *(i)*	–	–	–
Issue of shares upon incorporation *(ii)*	10	–	–
Issue of shares pursuant to the Reorganisation *(ii)*	10	–	–
At 31 December 2015 and 1 January 2016	20	–	–
Issue of new shares by way of capitalisation *(iii)*	749,980	7,500	6,454
Issue of new shares by way of placing *(iv)*	250,000	2,500	2,152
At 31 December 2016	1,000,000	10,000	8,606

(i) The balances of share capital of the Group as presented on the consolidated statement of changes in equity as at 1 January 2015 represented aggregate share capital of SL Far East Investment Limited, Snow Leopard Technology (Holding Group) Limited and Golden Maxim Limited.

(ii) The Company was incorporated in the Cayman Islands on 29 July 2015. As at the date of its incorporation, the Company had authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. 10,000 ordinary shares were allotted and fully paid on the date of incorporation of the Company. On 25 August 2015, 10,000 ordinary shares of the Company were issued for the acquisition of the entire issued capital of SL Far East Investment Limited, Snow Leopard Technology (Holding Group) Limited and Golden Maxim Limited.

(iii) Pursuant to a resolution in writing of the shareholders of the Company passed on 17 June 2016, 749,980,000 ordinary shares of the Company of HK$0.01 each were credited as fully paid by way of capitalisation of the amount of approximately HK$7,499,800 (equivalent to approximately RMB6,454,000) standing to the credit of the share premium account of the Company.

(iv) On 8 July, 2016, 250,000,000 ordinary shares of the Company of HK$0.01 each were issued by way of placing to public investors at a placing price of HK$0.43 per share, resulting in an increase in share capital of HK$2,500,000 (equivalent to approximately to RMB2,152,000) and an interest in a share premium of HK$105,000,000 (equivalent to approximately RMB90,358,000).

(b) Reserves

(i) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of Jiangsu Snow Leopard Household Chemical Co., Ltd. and Shanghai Snow Leopard Household Chemical Co., Ltd.. Appropriations to the reserves were determined by the board of directors and can be used to offset accumulated losses and increase capital upon approval from the relevant government authorities.

(ii) Capital reserve

Capital reserve represents the difference between the aggregate amount of issued and fully paid share capital of the subsidiaries acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interests in the subsidiaries as part of the Reorganisation.

11. CAPITAL COMMITMENTS

As at 31 December 2016 and 2015, the Group has the following capital commitments in respect of acquisition of property, plant and equipment:

	2016	2015
	RMB'000	*RMB'000*
Contracted but not provided for	**8,650**	22,420

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2016 (the "Year") and up to the date of this announcement, the Group had been principally engaged in the manufacturing and trading of oral care, leather care and household hygiene products in China and overseas.

Business Review

For the Year, the Group recorded a turnover of approximately RMB296.3 million, increased by approximately 4.7% as compared to the last corresponding period; and net profit for the Year of approximately RMB10.6 million, decreased by approximately 62.4% compared to the same period in last year. Net profit margin was approximately 3.6%, representing a decrease of approximately 6.4 percentage points as compared to the same period last year (31 December 2015: 10.0%).

The decrease in the amount of the net profit for the Year was mainly attributable to the increased expenditures of advertising and promotion expenses, research and development costs and the additional legal and professional fees and compliance costs incurred by the Company related to the reporting as a public company since July 2016. The Directors believed that the increased advertising and promotion expenses would help the Group to promote its products and enhancing its long-term competitiveness. On the other hand, the Group's overall gross profit margin increased from approximately 45.5% for the year ended 31 December 2015 to approximately 48.6% for the Year. The increase in gross profit margin, especially in our oral care products, was mainly due to the negotiation of better terms with our suppliers during the year, which lowered the cost of sales of our oral care products.

PLACING OF SHARES

On 8 July 2016, the Company completed the placing (the "Placing") with the price of HK$0.43 per ordinary share of the Company (the "Share") and the net proceeds received by the Company from the Placing (after deducting the underwriting fees and other expenses) were approximately HK$76.2 million. The Directors intend to apply such net proceeds from the Placing in expanding the Group's production and warehousing capacity, advertisement and promotional activities, expanding the distribution network, enhancing the Group's research and development capabilities, and using for working capital and other general corporate purposes.

FINANCIAL REVIEW

Turnover

Turnover of the Group increased by approximately 4.7% from approximately RMB283.1 million for the year ended 31 December 2015 to approximately RMB296.3 million for the Year. The increase in turnover was mainly attributed to the increased turnover of oral care products by approximately RMB17.4 million or 12.5%, from approximately RMB138.9 million for the year ended 31 December 2015 to approximately RMB156.3 million for the Year. Such increase was mainly attributable to the increase in the average sales price and volume of the oral care products during the Year.

Turnover of leather care products recorded a drop of approximately RMB4.8 million or 8.4%, from approximately RMB57.0 million for the year ended 31 December 2015 to approximately RMB52.2 million for the Year. The decrease was mainly due to the reduction of the sales volume of our low-end leather care products.

Turnover of household hygiene products increased by approximately RMB2.4 million or 2.8%, from approximately RMB85.5 million for the year ended 31 December 2015 to approximately RMB87.9 million for the Year. Such increase was mainly due to the moderate increase of sales volume of the household hygiene products during the year. For the year ended 31 December 2015, the Group recorded turnover of other products of approximately RMB1.7 million, which was mainly represented by industrial hygiene products, and no such turnover of other products was recorded for the corresponding period in 2016.

Cost of sales

Cost of sales decreased from approximately RMB154.4 million for the last corresponding period to approximately RMB152.5 million for the Year, showing a slightly decrease of approximately 1.2%. The change was mainly due to the negotiation of better terms with our suppliers during the Year, which lowered the cost of sales of our oral care products.

Gross Profit and gross profit margin

Gross profit of the Group increased by approximately 11.7% from approximately RMB128.8 million for the year ended 31 December 2015 to approximately RMB143.9 million for the Year. The gross profit increased as the Group's revenue increased while the cost of sales dropped.

On the other hand, our gross profit margin increased by 3.1 percentage points from approximately 45.5% for the year ended 31 December 2015 to approximately 48.6% for the Year. Such increase was mainly attributable to the negotiation of better terms with our suppliers during the Year, which lowered the cost of sales of our products. In addition, the oral care products, being our most profitable segment, accounted for a higher proportion of 52.8% of our total turnover in 2016 as compared to 49.1% in 2015.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB29.1 million or 49.6% from approximately RMB58.7million for the year ended 31 December 2015 to approximately RMB87.8 million for the Year. It was primarily driven by the increased advertising and promotion activities incurred during the Year.

Administrative expenses

Administrative expenses of the Group increased by approximately RMB8.4 million or 23.2% from approximately RMB36.2 million for the year ended 31 December 2015 to approximately RMB44.6 million for the Year. Such increase was primarily due to the incurring of the additional legal and professional fees and compliance costs incurred by the Company related to the reporting as a public company after the Placing in July 2016. Furthermore, the increased administrative expenses were also attributed to increase of research and development expenses, administrative staff cost and travelling expenses.

Finance costs

Interest expenses incurred for the Year was approximately RMB2.7 million, increased by approximately RMB0.6 million as compared to RMB2.1 million in the year ended 31 December 2015, representing an increase of approximately 28.6%. It was mainly driven by the increase of effective interest rate of the interest-bearing loans and the average balance of the interest-bearing loans during the Year as compared to the last corresponding period.

Profit for the year

As a result, our net profit for the Year became approximately RMB10.6 million which represents a decrease of approximately 62.4% as compared with the profit of approximately RMB28.2 million for the year ended 31 December 2015. Net profit margin was approximately 3.6%, representing a decrease of approximately 6.4 percentage points as compared to the last corresponding period (2015: approximately 10.0%).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company's shares were successfully listed on GEM of the Stock Exchange on 8 July 2016. There has been no change in the capital structure of the Group since then. The capital of the Group only comprises of ordinary shares.

The total shareholders' equity of the Group as at 31 December 2016 was approximately RMB203.7 million (31 December 2015: RMB110.9 million). The Group had current assets of approximately RMB168.7 million (31 December 2015: RMB93.7 million) and current liabilities of approximately RMB128.7 million (31 December 2015: RMB133.1 million). The current ratio was 1.31 and 0.70 as at 31 December 2016 and 2015, respectively.

Prior to the completion of the Placing in July 2016, the Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in China. As at 31 December 2016, the Group had outstanding bank borrowings of approximately RMB35.3 million (31 December 2015: RMB30.0 million). These bank loans were secured by certain buildings, prepaid lease payments and trademarks owned by the Group. The Group has also raised a short-term interest-bearing loan of approximately RMB17.5 million from an independent third party in June 2016. As at 31 December 2016, the Group maintained bank balances and cash of approximately RMB78.9 million (31 December 2015: RMB25.3 million). The Group's net cash to equity ratio (total bank and other borrowings net of cash and cash equivalents over shareholders' equity) was (0.13) and 0.04 as at 31 December 2016 and 2015, respectively.

The Directors believe that with the new capital from the Placing and the available banking facilities, the Group possesses sufficient cash to meet its commitments and working capital requirements.

CAPITAL COMMITMENTS

The Group had approximately RMB8.7 million of capital commitments not provided for in respect of property, plant and equipment as at 31 December 2016 (31 December 2015: approximately RMB22.4 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Company's prospectus dated 30 June 2016 (the "Prospectus") and this announcement, the Group did not have other plans for material investments and capital assets as at 31 December 2016.

GEARING RATIO

As at 31 December 2016, the Group's gearing ratio was approximately 25.9% (31 December 2015: approximately 27.1%), based on total debt of approximately RMB52.8 million and total equity of approximately RMB203.7 million. The decrease is mainly attributable to the increase in total equity as at 31 December 2016.

Note: Gearing ratio is calculated as the total debt divided by total equity. Total debt includes bank and other borrowings.

CHARGE OVER ASSETS OF THE GROUP

As at 31 December 2016, the Group had prepaid lease payment, trademarks and charge over the Group's buildings of approximately RMB6.8 million (31 December 2015: approximately RMB6.9 million), RMB0.1 million (31 December 2015: approximately RMB0.2 million) and RMB17.1 million (31 December 2015: approximately RMB18.4 million) respectively. These prepaid lease payment, trademarks and charged buildings were secured to general banking facilities granted to the Group.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

Apart from the reorganisation of the Group in relation to the listing of the Shares of the Company on GEM on 8 July 2016 (the "Listing") as disclosed in the Prospectus, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Year. Save as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 December 2016.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no material contingent liabilities (2015: nil).

FOREIGN EXCHANGE EXPOSURE

Most of the sales and cost of production of the Group are settled in RMB. There are only limited sales and administrative expenses which are denominated in United Stated Dollars and HK$. Therefore, the Group is not exposed to material foreign exchange risks. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. However, the Directors will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group had a total of approximately 330 employees. The Group's staff cost for the Year amounted to approximately RMB24.9 million (2015: approximately RMB22.3 million). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries and allowance.

In the PRC, the Group's employees have participated in various security insurance including social insurance prescribed by the Social Insurance Law of PRC*（中華人民共和國社會保險法）and housing provident fund prescribed by the Regulations on Management of Housing Provident Fund*（住房公積金管理條例）.

SUBSEQUENT EVENT

There is no material subsequent event undertaken by the Company or the Group after 31 December 2016 and up to the date of this announcement.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 31 December 2016.

Business plan as set out in the Prospectus	Progress up to 31 December 2016
Expand the production and warehouse capacity	
– Expand the annual production capability of the oral care products from 3,720 tons to 9,000 tons	The construction of the new production workshops of the oral care products was completed and became under renovation.
– Construct a new inventory warehouse	The Group is in the course of planning to make additional inventory warehouse area in the existing factory premise.
– Settle outstanding payment for the construction in progress	The Group settled the outstanding payment of the construction in progress of the new production workshops and office building.
Strengthen the products research and development capabilities	
– Purchase various laboratory and test equipment	The Group has purchased the laboratory and test equipment and put in use the research and development centre in August 2016.
– Employ additional research and development personnel	The Group employed additional 2 research and development personnel to 11 as at 31 December 2016 compared with 9 personnel as at 31 December 2015.
Strengthen the leading position of the brands by advertising and promotion	
– Place television commercials and advertise in newspapers and on the internet	The Group has spent RMB5.8 million on the television commercials and advertisements in newspapers and on the Internet during the Year.
Expand the sales network	
– Employ additional sales and marketing personnel	The Group increased the hiring of additional 400 to 800 temporary sales and marketing personnel through the service agents since June 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

Foreign exchange risk

Foreign exchange rate risk refers to the risk that movement in foreign currency exchange rates will affect the Group's financial results and cash flows. As a result of the Group's sales and productions are primarily in China, the Group is not expected to incur a significant amount of sales, assets and liabilities denominated in a currency other than RMB. However, certain administrative expenses related to legal and professional fees and other short-term borrowings are denominated in HK$. In this case, the Group would be exposed to risks related to the exchange rate and the currency in which the Group's assets and liabilities is denominated. A depreciation of the RMB would require the Group to use more RMB funds to service the same amount of foreign currency liabilities, or a depreciation of foreign currency against RMB would result in receipts from receivables substantially less than the contractual amounts in terms of Renminbi at the settlement date. In addition, as the proceeds of the Placing was in HK$, any appreciation of the Renminbi against the HK$ will adversely affect the amount of proceeds the Group receives in terms of RMB. On the other hand, a depreciation of RMB would adversely affect the value of any dividends the Group pays to the shareholders subsequent to the Placing. The Group neither has a formal foreign currency hedging policy nor engages in hedging activities designed or intended to manage such exchange rate risk during the Year. Since RMB is not freely convertible, the Group's ability to reduce foreign exchange rate risk is limited.

Credit risk

The Group is exposed to credit risk primarily arising from trade receivables and bank balances. Trade receivables are substantially from customers with good collection track records with the Group. For trade receivables, the Group delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and to mitigate credit risks. Impairment losses on trade receivables of approximately RMB nil (2015: RMB148,000) were recognised during the Year. The remaining amounts are still considered recoverable because there were subsequent settlements or no historical default of payments by the respective customers.

The Group is also subject to concentration of credit risk arising from its trade receivables as approximately 45% (2015: approximately 29%) of these receivables are due from the Group's largest five customers as at the end of the reporting period.

The credit risk for bank balances is considered minimal as such amounts are placed with banks with high credit ratings assigned by international credit-rating agencies or with good reputation.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as of the end of each reporting period in relation to each class of recognised financial assets was the carrying amounts of those assets as stated on the Group's consolidated statements of financial position.

Liquidity risk

The Group's financial liabilities are all due within the next 12 months from the end of the Year. As at 31 December 2016, the Group had net current assets and net assets of RMB40.0 million and RMB203.7 million, respectively which does not expose it to liquidity risk. The Group manages the liquidity risk by maintaining sufficient cash and banking facilities to enable the Group to meet the Group's normal operating and capital commitments.

Interest rate risk

The Group's interest rate risk relates primarily to the Group's bank balances and bank and other borrowings. The Group currently has not entered into interest rate swaps to hedge against the Group's exposure to changes in fair values of the Group's borrowings. It is the Group's policy to maintain an appropriate level between the Group's borrowings so as to balance the fair value and cash flow interest rate risk. In addition, to the extent that the Group may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debts. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of the Group's debt obligations. The Group currently does not use any derivative instruments to manage the Group's interest rate risk. To the extent the Group decides to do so in the future, there can be no assurance that any future hedging activities will protect the Group from fluctuations in interest rates.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has implemented environmental protection measures, including procedures and programs related to noise control and waste discharge management, including waste water, solid waste and gases. The Group has seek to optimise the production by adopting low energy consumption and environmental pollution techniques, implementing environmental-friendly waste disposal methods and enhancing the environmental awareness of the employees through regular trainings. To ensure compliance with applicable regulations, the Group has dedicated staff responsible for supervising and monitoring compliance with statutory regulations and the internal standards relating to environmental protection. Ms. Li Qiuyan, the chairman and executive Director of the Company, has the overall responsibility for environmental protection matters within the Group. The Group's operations were in compliance in all material respects with currently applicable national and local environmental protection laws and regulations in the PRC during the Year.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As disclosed in the Prospectus, Jiangsu Snow Leopard Daily Chemical Co., Ltd.*（江蘇雪豹日化有限公司） (an indirect wholly-owned subsidiary of the Company) has failed to make housing provident fund payment for its employees prior to May 2015 and fully pay social insurance contributions for some of the employees for the period from January 2013 to May 2015. The Group has started to make housing provident fund payment and full payment of social insurance contributions for its employees since May and July 2015, respectively.

As far as the Board and the management are aware, save as disclosed above, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. The Group maintains a good relationship with suppliers and customers. During the Year, there was no material and significant dispute between the Group and its suppliers and/or customers.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Listing were approximately HK$76.2 million, which was based on the final placing price of HK$0.43 per share after deducting the underwriting fees and other expenses related to the Placing. Accordingly, the Group adjusted the use of proceeds in the same manner and proportion as shown in the Prospectus. Up to 31 December 2016, the net proceeds from the Placing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus *HK$' million*	**Actual use of proceeds up to 31 December 2016** *HK$' million*
Expand production and warehouse capacity	33.5	15.1
Strengthen the products research and development capabilities	7.0	3.6
Strengthen the leading position of the brand by advertisement and promotion	21.2	6.5
Expand the sales network	18.5	9.1
General working capital	7.9	2.0
Total	88.1	36.3

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business, the actual situation and the industry.

The Directors will constantly evaluate the Group's business objective and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

OUTLOOK

The Shares were successfully listed on GEM on 8 July 2016. The net proceeds received by the Group as a result of the Placing were approximately HK$76.2 million, after deducting the underwriting fees and other listing expenses. With the corporate image strengthened by the Listing and the net proceeds received by the Group, the Directors feel confident to take a step forward in the oral care industry and further expand the Group's business operations with a view to creating shareholders' value. The Group is in the course of the renovation of the new factory premises and installation of its facilities in its production base in Jiangyin, Jiangsu Province. Part of the net proceeds received from the Placing is applied to complete the expansion which is expected to take place in first half of 2017. The expansion will add extra production lines for the Group's oral care product and lead to the increase of the Group's total production capacity. The Directors believe that the new production workshops will enhance the Company's production and product development capabilities and further increase its competitiveness.

The economic outlook for 2017 remains uncertain. Competition in local market is expected to be fierce. To maintain our competitiveness in the market, the Group will continue to focus on the market for oral care products. On the other hand, the Group is currently developing new products (including formulae and product design) for the household hygiene products and leather care products to respond to the rapidly changing market demands.

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") on 17 June 2016 with written terms of reference which are in compliance with the code provisions of the Corporate Governance Code. The primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditors; review financial statements of the Company and judgments in respect of financial reporting; and oversee internal control procedures and risk management system of the Company. The Audit Committee consists of three independent non-executive Directors, namely Mr. Tang Wai Yau (Chairman), Mr. Ye Jingzhong and Mr. Qian Zaiyang.

From the date of Listing to the date of this announcement, the Audit Committee had reviewed the Group's financial results for the six months ended 30 June 2016 and nine months ended 30 September 2016 and the Group's internal controls for the Year. The Group's results for the Year had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this announcement, and confirmed that this announcement complies with the GEM Listing Rules.

SCOPE OF AUDITOR'S WORK ON FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in this announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited ("**SHINEWING**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING on this announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2016.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Each of the Directors or the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in any company that competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group during the Year and up to the date of this announcement.

Each of the controlling shareholders of the Company, namely Ms. Li Qiuyan and ChongBo Mary Investment Limited (together, the "Covenantors"), 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.

Each of the Covenantors declared that they have complied with the Deed of Non-competition. The independent non-executive Directors have conducted such review for the period from the date of Listing to 31 December 2016 and also reviewed the relevant undertakings and are satisfied that the Deed of Non-competition has been fully complied.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2015: nil).

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the value and importance of achieving high corporate governance standards and is committed to upholding good corporate standards and procedures for the best interest of the Company's shareholders.

During the period from 8 July 2016, i.e. the date of Listing, to 31 December 2016, the Company has complied with all the applicable code provisions in the Corporate Governance Code (the "Code") contained in Appendix 15 to the GEM Listing Rules.

Pursuant to the code provision A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. To ensure a balance of power and authority, the Company fully supports the division of responsibility between the chairman and the chief executive officer. The roles of the chairman and the chief executive officer are segregated and performed by Ms. Li Qiuyan and Mr. Tong Xing, respectively.

CODE OF CONDUCT

The Company has adopted as the code of conduct regarding securities transactions by Directors in respect of the shares of the Company (the "Code of Conduct") the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the Code of Conduct from the date of Listing and up to the date of this announcement.

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 date of Listing and up to the date of this announcement as required under the GEM Listing Rules.

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

Hong Kong, 27 March 2017

As at the date of this announcement, the executive Directors are Ms. Li Qiuyan, Mr. Tong Xing and Ms. Du Yongwei; and the independent non-executive Directors are Mr. Ye Jingzhong, Mr. 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 Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the website of the Company at www.goldenclassicbio.com.

* *For identification purpose only*