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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 FIRST 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.**

*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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement herein or this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2017, together with the comparative unaudited figures for the corresponding periods in 2016, as follows:

## Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

For the three months ended 31 March 2017

	Notes	Three months ended 31 March	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Turnover	2	49,947	57,504
Cost of sales		(25,310)	(26,941)
Gross profit		24,637	30,563
Other income		638	581
Selling and distribution costs		(21,381)	(16,392)
Administrative expenses		(7,740)	(8,449)
Finance costs		(491)	(473)
(Loss) profit before tax		(4,337)	5,830
Income tax expenses	3	(10)	(880)
(Loss) profit for the period	4	(4,347)	4,950
Other comprehensive expense for the period			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange difference arising on translation of foreign operations		(293)	(734)
Total comprehensive (expense) income for the period attributable to owners of the Company		(4,640)	4,216
(Loss) earnings per share			
Basic and diluted (RMB cents)	5	(0.43)	0.66

# Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2017

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2016 (audited)	-	-	15	38,173	2,983	69,710	110,881
Profit for the period	-	-	-	-	-	4,950	4,950
Other comprehensive (expense) income for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	(734)	-	(734)
Total comprehensive (expense) income for the period	-	-	-	-	(734)	4,950	4,216
At 31 March 2016 (unaudited)	-	-	15	38,173	2,249	74,660	115,097

# Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2017

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2017 (audited)	8,606	74,386	15	42,841	2,203	75,644	203,695
Loss for the period	-	-	-	-	-	(4,347)	(4,347)
Other comprehensive (expense) income for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	(293)	-	(293)
Total comprehensive (expense) income for the period	-	-	-	-	(293)	(4,347)	(4,640)
At 31 March 2017 (unaudited)	8,606	74,386	15	42,841	1,910	71,297	199,055

# Notes to the Condensed Consolidated Financial Information

*For the three months ended 31 March 2017*

## **1. BASIS OF PREPARATION**

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

The 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 three months ended 31 March 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 first quarterly financial statements were consistent with those opted 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 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 Renminbi (“RMB”), and all values are rounded to the nearest thousand (RMB’000), unless otherwise stated.

# Notes to the Condensed Consolidated Financial Information

For the three months ended 31 March 2017

## 2. 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 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.

### (a) Segment revenues and results

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

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

#### For the three months ended 31 March 2017 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Others RMB'000	Total RMB'000
Segment revenue	27,013	9,088	13,846	-	49,947

# Notes to the Condensed Consolidated Financial Information

For the three months ended 31 March 2017

## 2. REVENUE AND SEGMENT INFORMATION (Continued)

### (a) Segment revenue and results (Continued)

For the three months ended 31 March 2016 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Others RMB'000	Total RMB'000
Segment revenue	30,241	11,599	15,664	-	57,504

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 and other comprehensive income represents:

	<b>Three months ended 31 March</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Current tax</b>		
PRC Enterprise Income Tax	<b>21</b>	1,806
<b>Deferred tax</b>		
	<b>(11)</b>	(926)
	<b>10</b>	880

# Notes to the Condensed Consolidated Financial Information

For the three months ended 31 March 2017

## 3. INCOME TAX EXPENSES (Continued)

- (a) Pursuant to the rules and regulations of the British Virgin Islands (“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 three months ended 31 March 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 three months ended 31 March 2017 (2016: 15%).

## 4. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging:

	Three months ended 31 March	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Listing expenses	–	2,411
Depreciation of property, plant and equipment	590	1,341
Amortisation of intangible assets	35	35
Amortisation of prepaid lease payments	112	112
Cost of inventories recognised as expenses	25,310	26,941

# Notes to the Condensed Consolidated Financial Information

For the three months ended 31 March 2017

## 5. (LOSS) EARNINGS PER SHARE

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

	<b>Three months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss) profit attributable to owners of the Company	<b>(4,347)</b>	<b>4,950</b>

## Number of shares

	<b>Three months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>'000</b>	<b>'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Weighted average number of ordinary shares	<b>1,000,000</b>	<b>750,000</b>

Note:

The weighted average number of ordinary shares in issue during the three months ended 31 March 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 ended 31 March 2016.

No adjustment has been made to the basic earnings per share amount for the three months ended 31 March 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 payment of any dividend for the three months ended 31 March 2017 (2016: nil).

# Business Review and Prospects

## **BUSINESS REVIEW**

For the three months ended 31 March 2017, the Group recorded a turnover of approximately RMB49.9 million, decreased by approximately 13.2% as compared to the last corresponding period; and a net loss of approximately RMB4.3 million, decreased by approximately 186.0% compared to the last corresponding period. Net loss margin was approximately 8.7% as compared to net profit margin of 8.6% in the last corresponding period, representing a change of approximately 17.3 percentage points. In addition, the Group's overall gross profit margin decreased from approximately 53.2% for the three months ended 31 March 2016 to approximately 49.3% for the three months ended 31 March 2017. The decrease in gross profit margin was primarily due to the reduction of selling prices of leather care products and household hygiene products for the sales promotion activities.

The incurrence of net loss was mainly attributable to the increase in the expenditures of advertising and promotion expenses and temporary reduction of selling price due to the sales promotion activities during the three months ended 31 March 2017. The Directors believed that the increased advertising and promotion expenses would help the Company to promote its products and enhancing its long-term competitiveness.

## **PROSPECTS AND OUTLOOK**

During the first quarter of 2017, the Company continued the renovation of the new production workshops. They are expected to be put into use during 2017. The Directors believe that the new production workshops will enhance the Group's production and product development capabilities, in particular to our oral care products, and further increase their competitiveness.

The economic outlook for 2017 is challenging. Competition in local market is expected to be fierce. To maintain our competitiveness in the market, the Company will continue to promote "Fe" trademark and its oral care products and planned to expand such trademark in other new products. On the other hand, the Company continues to develop new products (including formulae and product design) for the household hygiene products and leather care products to respond to the rapidly changing market demands.

# Management Discussion and Analysis

## RESULTS OF OPERATION

Turnover for the three months ended 31 March 2017 was approximately RMB49.9 million, representing a decrease of approximately 13.2% as compared to approximately RMB57.5 million for the last corresponding period. During the three months ended 31 March 2017, the Group incurred a net loss of approximately RMB4.3 million, as compared to the net profit of approximately RMB5.0 million for the last corresponding period. The basic loss per share was RMB0.43 cents for the three months ended 31 March 2017 while the basic earnings per share was RMB0.66 cents for the last corresponding period.

### Turnover

The Group recorded turnover of approximately RMB49.9 million for the three months ended 31 March 2017, decreased by approximately 13.2% as compared to approximately RMB57.5 million for the same period last year. The decrease of turnover was resulted from the decrease in turnover of oral care products of approximately RMB3.2 million or 10.6%, from approximately RMB30.2 million for the three months ended 31 March 2016 to approximately RMB27.0 million for the three months ended 31 March 2017. Such decrease was mainly attributable to the drop of sales volume resulted from the Chinese new year holiday impact started earlier in January 2017. Turnover of leather care products also recorded a drop of approximately RMB2.5 million or 21.6%, from approximately RMB11.6 million for the three months ended 31 March 2016 to approximately RMB9.1 million for the three months ended 31 March 2017. In addition, the turnover of household hygiene products was decreased by approximately RMB1.9 million or 12.1%, from approximately RMB15.7 million for the three months ended 31 March 2016 to approximately RMB13.8 million for the three months ended 31 March 2017. The decrease of the turnover of leather care products and household hygiene products was mainly attributable to the drop of sales volume and reduction of selling price for the sales promotion activities during the period.

### Cost of sales

Cost of sales decreased from approximately RMB26.9 million for the last corresponding period to approximately RMB25.3 million for the three months ended 31 March 2017, showing a decrease of approximately 5.9%. The decrease was in a slower pace compared with the decrease of turnover during the period.

# Management Discussion and Analysis

## **Gross profit and gross profit margin**

Gross profit decreased from approximately RMB30.6 million for the last corresponding period to approximately RMB24.6 million for the three months ended 31 March 2017, representing a decrease of approximately 19.6%. The gross profit margin was decreased to approximately 49.3%, dropped by 3.9% as compared to approximately 53.2% for the last corresponding period. Such decrease was mainly attributable to the reduction of selling prices of leather care products and household hygiene products due to promotion activities during the three months ended 31 March 2017, which lowered the sales price of the products.

## **Selling and distribution costs**

Selling and distribution expenses incurred for the three months ended 31 March 2017 was approximately RMB21.4 million, increased by approximately RMB5.0 million as compared to approximately RMB16.4 million for the last corresponding period, representing an increase of approximately 30.5%, mainly driven by the increased advertising and promotion activities incurred during the three months ended 31 March 2017.

## **Administrative expenses**

Administrative expenses incurred for the three months ended 31 March 2017 was approximately RMB7.7 million, decreased by approximately RMB0.7 million as compared to approximately RMB8.4 million for the last corresponding period, representing a decrease of approximately 8.3%. Such decrease was primarily because the Group is no longer required to incur listing expenses during the period (2016: RMB2.4 million). Except for the impact of the listing expenses, the administrative expenses increased by approximately RMB1.7 million and up approximately 28.3%, which was mainly attributed to the increase of the additional legal and professional fees and compliance costs incurred by the Company related to the reporting as a public company since July 2016.

## **Finance costs**

Interest expenses incurred for the three months ended 31 March 2017 was approximately RMB491,000, increased by approximately RMB18,000 as compared to the last corresponding period, representing an increase of approximately 3.8%. It was driven by the increase of the average balance of the interest-bearing loans during the three months ended 31 March 2017 as compared to the last corresponding period.

# Management Discussion and Analysis

## **Loss for the period**

As a result of the foregoing, we incurred a net loss of RMB4.3 million for the three months ended 31 March 2017, representing a change of RMB9.3 million or 186.0% from the net profit of approximately RMB5.0 million for the three months ended 31 March 2016. Net loss margin for the three months ended 31 March 2017 was approximately 8.7%, representing a decrease of approximately 17.3 percentage points as compared to the net profit margin of 8.6% at the same period last year.

## **DIVIDEND**

The Board has determined not to declare a dividend for the three months ended 31 March 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 three months ended 31 March 2017. Save as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 March 2017.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 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 (Note 1)	637,500,000	63.75%
Mr. Tong Xing ("Mr. Tong")	Interest of a controlled corporation (Note 2)	112,500,000	11.25%

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. Mr. Tong beneficially owns the entire issued share capital of Tong Xing Holding Group Limited ("Tong Xing Holding"). Therefore, Mr. Tong is deemed, or taken to be, interested in the shares of the Company held by Tong Xing Holding for the purposes of the SFO. Mr. Tong is a director of Tong Xing Holding.

#### Long position in the shares of associated corporation

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

## Other Information

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 31 March 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 10% 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	637,500,000	63.75%
Tong Xing Holding	Beneficial owner	112,500,000	11.25%
Mr. Tong Yu	Interest of spouse (Note 1)	637,500,000	63.75%
Ms. Zhang Li	Interest of spouse (Note 2)	112,500,000	11.25%

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.

## **Other Information**

Save as disclosed above, as at 31 March 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 10% 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 three months ended 31 March 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 three months ended 31 March 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 three months ended 31 March 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, re-appointment 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 three months ended 31 March 2017 and this announcement with the management and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

## Other Information

### **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 three months ended 31 March 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  
**China Golden Classic Group Limited**  
**Li Qiuyan**  
*Chairman*

Hong Kong, 15 May 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 Company Announcements” page of the GEM website at [www.hkgem.com](http://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](http://www.goldenclassicbio.com).*