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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)**

### **2019 FIRST QUARTER RESULTS ANNOUNCEMENT**

#### **CHARACTERISTICS OF THE GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

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

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

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2019 (the “Period”) together with comparative figures for the three months ended 31 March 2018 (the “Last Corresponding Period”) as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

	Notes	Three months ended 31 March	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Turnover	2	68,739	69,493
Cost of sales		<u>(41,877)</u>	<u>(41,300)</u>
Gross profit		26,862	28,193
Other income		1,114	101
Selling and distribution costs		(17,220)	(14,350)
Administrative expenses		(11,197)	(10,610)
Finance costs		<u>(892)</u>	<u>(629)</u>
(Loss) profit before tax		(1,333)	2,705
Income tax expenses	3	<u>(26)</u>	<u>(596)</u>
(Loss) profit for the period	4	(1,359)	2,109
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		<u>(55)</u>	<u>(3)</u>
Total comprehensive (expense) income for the period attributable to owners of the Company		<u><u>(1,414)</u></u>	<u><u>2,106</u></u>
(Loss) profit earnings per share			
Basic and diluted (RMB cents)	5	<u><u>(0.14)</u></u>	<u><u>0.21</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	PRC statutory reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2019 (audited)	8,606	74,386	15	42,898	2,869	79,748	208,522
Loss for the period	-	-	-	-	-	(1,359)	(1,359)
Other comprehensive expense for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	(55)	-	(55)
Total comprehensive expense for the period	-	-	-	-	(55)	(1,359)	(1,414)
At 31 March 2019 (unaudited)	<u>8,606</u>	<u>74,386</u>	<u>15</u>	<u>42,898</u>	<u>2,814</u>	<u>78,389</u>	<u>207,108</u>
At 1 January 2018 (audited)	8,606	74,386	15	42,898	2,929	78,340	207,174
Profit for the period	-	-	-	-	-	2,109	2,109
Other comprehensive expense for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	(3)	-	(3)
Total comprehensive (expense) income for the period	-	-	-	-	(3)	2,109	2,106
At 31 March 2018 (unaudited)	<u>8,606</u>	<u>74,386</u>	<u>15</u>	<u>42,898</u>	<u>2,926</u>	<u>80,449</u>	<u>209,280</u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

*For the three months ended 31 March 2019*

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

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 (the “Financial Information”) of the Group for the Period have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Financial Information of the Group should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended 31 December 2018. The accounting policies adopted in preparing the Financial Information were consistent with those applied for the financial statements of the Group for the year ended 31 December 2018.

The accounting policies adopted in the unaudited condensed consolidated first quarterly financial statements are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2018 included in the annual report of the Company dated 28 March 2019, except for the application of HKFRS 16 “Leases” which is effective for the Group’s annual periods beginning on or after 1 January 2019 (the date of initial application). The Group transitioned to HKFRS 16 in accordance with the modified retrospective approach and therefore comparative figures were not restated. Upon application of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 “Leases”. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The associated right-of-use assets were measured at the amount equal to the respective lease liabilities, adjusted by the amounts of any prepaid or accrued lease payment relating to that lease recognised as at 31 December 2018. In addition, the Group elected to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous lease recognised in the consolidated statement of financial position immediately before the date of initial application. The Group also decided not to apply HKFRS 16 to lease whose terms will end within twelve months from the date of initial application. In such cases, the leases are accounted for as short-term leases and the lease payments associated with the leases are recognised as an expense from short-term leases.

The functional currency of the Company and the Group’s principal subsidiaries is Hong Kong Dollars (“HK\$”) or Renminbi (“RMB”). As the Group mainly operates in the People’s Republic of China (“PRC”), the Directors of the Company consider that it is appropriate to present the Financial Information in RMB.

## 2. REVENUE AND SEGMENT INFORMATION

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

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

- 1) Oral care products segment reports manufacture and sales of oral care products including functional toothpaste, mouthwash, oral spray and toothbrush.
- 2) Leather care products segment reports manufacture and sales of leather care products including leather shoe care products and leather clothing care products.
- 3) Household hygiene products segment reports manufacture and sales of household hygiene products including surface cleaners, laundry care products, toilet care products and mould proof products.

### (a) Segment revenues and results

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

During the Period, all revenue were recognised at a point in time upon delivery.

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

#### *For the three months ended 31 March 2019 (unaudited)*

	Oral care products <i>RMB’000</i>	Leather care products <i>RMB’000</i>	Household hygiene products <i>RMB’000</i>	Total <i>RMB’000</i>
Segment revenue	<u>38,215</u>	<u>6,764</u>	<u>23,760</u>	<u>68,739</u>

#### *For the three months ended 31 March 2018 (unaudited)*

	Oral care products <i>RMB’000</i>	Leather care products <i>RMB’000</i>	Household hygiene products <i>RMB’000</i>	Total <i>RMB’000</i>
Segment revenue	<u>32,838</u>	<u>11,014</u>	<u>25,641</u>	<u>69,493</u>

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

### 3. INCOME TAX EXPENSES

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

	Three months ended	
	31 March	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
PRC Enterprise Income Tax	26	596
<b>Deferred tax</b>	–	–
	<u>26</u>	<u>596</u>

- (a) Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.
- (b) No provision for Hong Kong Profits Tax had been made for the Period (the Last Corresponding Period: 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 Period (the Last Corresponding Period: 15%).
- (e) One of the Group's subsidiaries registered in the PRC is recognised as a Small and Low Profit Enterprise which has been granted tax concessions by the local tax bureau and is entitled to PRC Enterprise Income Tax at concessionary rate of 10% for the Period (the Last Corresponding Period: 25%).

### 4. (LOSS) PROFIT FOR THE PERIOD

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

	Three months ended	
	31 March	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	4,054	887
Amortisation of prepaid lease payments	112	112
Cost of inventories recognised as expenses	41,877	41,300
	<u>41,877</u>	<u>41,300</u>

## 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:

	Three months ended 31 March	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
(Loss) profit attributable to owners of the Company	<u>(1,359)</u>	<u>2,109</u>

### Number of shares

	Three months ended 31 March	
	2019 '000 (Unaudited)	2018 '000 (Unaudited)
Weighted average number of ordinary shares in issue	<u>1,000,000</u>	<u>1,000,000</u>

*Note:*

No diluted (loss) earnings per share is presented for the Period and the Last Corresponding Period as the Group had no potential ordinary shares outstanding.

## 6. DIVIDEND

The Directors do not recommend the payment of any dividend for the Period (the Last Corresponding Period: nil).

## **BUSINESS REVIEW AND PROSPECTS**

### **BUSINESS REVIEW**

For the Period, the Group recorded a turnover of approximately RMB68.7 million, representing a slight decrease of approximately 1.2% compared to the Last Corresponding Period; and a net loss of approximately RMB1.4 million, reflecting a difference of approximately RMB3.5 million or 167% as compared to the net profit of approximately RMB2.1 million in the Last Corresponding Period. The Group's net loss margin was approximately 2.0% during the Period, representing a difference of approximately 5.0%, compared to net profit margin of approximately 3.0% in the Last Corresponding Period. On the other hand, the Group's overall gross profit margin decreased from approximately 40.6% for the Last Corresponding Period to approximately 39.1% for the Period.

Suffering from the shrinking leather care products industry, the Group recorded a decreased turnover and turned the net profit position from the Last Corresponding Period to a net loss position during the Period. However, as the proportion of the revenue of leather care products to the Group's total revenue was below 10%, and the Group will gear its business focus toward oral care and household hygiene products, the room for further decline is small. The Directors believe that the evergrowing sales of oral care products will be beneficial to the Shareholders.

### **PROSPECTS AND OUTLOOKS**

Although the leather care products industry suffers prolonged recession, the demand of toothpaste is evergrowing driven by the sustained growth of population and increasing awareness over oral hygiene. The Directors will continue to take a step forward in the oral care industry and further expand the Group's business operations. To carry out the expansion plan, the Company has been constructing new production facilities in addition to the production facilities that have been put into use last year for oral care products. The new production facilities aim to facilitate the production of FE Enzyme and functional cosmetics to lower the total production costs of oral care products and to expand production lines in the future. This will help the group to strengthen its competition.

Since the economic outlook of China in the near future is still uncertain, the second half of 2019 will continue to be filled with challenges. It is expected that competition in the fast consumable product market will continue to be fierce. The Directors will continue 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.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS OF OPERATION**

The turnover for the Period was approximately RMB68.7 million, representing a decrease of approximately 1.2%, as compared to approximately RMB69.5 million for the Last Corresponding Period. During the Period, the Group incurred a net loss of approximately RMB1.4 million, as compared to the net profit of approximately RMB2.1 million for the Last Corresponding Period. The basic loss per share was RMB0.14 cents for the Period while the basic earnings per share was RMB0.21 cents for the Last Corresponding Period.

#### **Turnover**

The Group recorded a total turnover of approximately RMB68.7 million for the Period, which represented a slight decrease of approximately 1.2% as compared to approximately RMB69.5 million for the Last Corresponding Period. The decrease of turnover was mainly resulted from the decrease in turnover of leather care products by approximately RMB4.2 million or 38.2%, from approximately RMB11.0 million for the Last Corresponding Period to approximately RMB6.8 million for the Period. The decrease in the turnover of leather care products was mainly attributable to the shrinking leather care product industry. Turnover of oral care products increased by approximately RMB5.4 million or 16.5% to approximately RMB38.2 million for the Period, as compared with approximately RMB32.8 million for the Last Corresponding Period. The increment was mainly attributable to the increase in purchases from repeated consumers during the Period. The turnover of household hygiene products decreased by approximately RMB1.8 million or 7%, from approximately RMB25.6 million for the Last Corresponding Period to approximately RMB23.8 million for the Period. The decrement was mainly due to the temporary reduction of selling prices of household hygiene products following the implementation of price reduction campaigns during the Period.

#### **Cost of sales**

Cost of sales increased from approximately RMB41.3 million for the Last Corresponding Period to approximately RMB41.9 million for the Period, demonstrating an increment of approximately RMB0.6 million or 1.5%. The increment mainly reflected the increased sales volume of commodities.

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

Gross profit decreased from approximately RMB28.2 million for the Last Corresponding Period to approximately RMB26.9 million for the Period, representing a decrease of approximately RMB1.3 million or 4.6%. The gross profit margin decreased to 39.1%, representing a 1.5% decrease as compared to 40.6% for the Last Corresponding Period. The decrease was mainly attribute to the significant shrinking margin of the leather care products. On the other hand, the implementation of price reduction campaigns reduced the gross margin of the household hygiene products during the Period. However, it is worth highlighting that

the gross profit of oral care products segment, which is our most profitable segment, increased by approximately 9.2% from approximately 35.6% for the Last Corresponding Period to approximately 44.8% for the Period.

### **Selling and distribution costs**

Selling and distribution expenses incurred for the Period were approximately RMB17.2 million, reflecting an increase of approximately RMB2.8 million or approximately 19.4%, as compared to approximately RMB14.4 million for the Last Corresponding Period, which mainly reflected the growth in the costs of sales personnel in light of the fierce competition during the first quarter of 2019.

### **Administrative expenses**

Administrative expenses incurred for the Period were approximately RMB11.2 million, representing an increase of approximately RMB0.6 million or approximately 5.7%, as compared to approximately RMB10.6 million for the Last Corresponding Period. The increase was mainly resulted from the increase in staff costs, depreciation and amortisation, and research and development expenses.

### **Finance costs**

Interest expenses incurred for the Period were approximately RMB0.9 million, increased by approximately RMB0.3 million or approximately 50.0% as compared to approximately RMB0.6 million for the Last Corresponding Period. The increase mainly arose from the increase in the average lending rate during the Period as compared to the Last Corresponding Period.

### **(Loss) profit for the period**

As a result of the foregoing, we incurred a net loss of RMB1.4 million for the Period, representing a difference of approximately RMB3.5 million or 167% as compared to the net profit of approximately RMB2.1 million for the Last Corresponding Period. Net loss margin for the Period was approximately 2.0%, representing a difference of approximately 5.0% as compared to the net profit margin of 3.0% for the Last Corresponding Period.

### **DIVIDEND**

The Board has determined not to declare a dividend for the Period.

## **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 Period. Save as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 March 2019.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, are as follows:

### **Long position in the ordinary shares of the Company**

<b>Name of Director</b>	<b>Capacity/nature of interest</b>	<b>Number of shares or underlying shares</b>	<b>Approximate percentage of interest in the Company</b>
Ms. Li Qiuyan ("Ms. Li")	Interest of a controlled corporation ( <i>Note 1</i> )	575,625,000	57.56%
Mr. Tong Xing ("Mr. Tong")	Interest of a controlled corporation ( <i>Note 2</i> )	106,875,000	10.69%

#### *Notes:*

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

### Long position in the shares of associated corporation

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

Save as disclosed above, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2019, so far as the Directors are aware, the following persons (not being Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

### Long position in the ordinary shares of the Company

Name	Capacity/nature of interest	Number of shares or underlying shares	Approximate percentage of interest in the Company
ChongBo Mary	Beneficial owner	575,625,000	57.56%
Tong Xing Holding	Beneficial owner	106,875,000	10.69%
Ms. Zhang Li	Interest of spouse ( <i>Note 1</i> )	106,875,000	10.69%

*Note:*

1. Ms. Zhang Li is the spouse of Mr. Tong. Accordingly, Ms. Zhang Li is deemed, or taken to be, interested in the shares of the Company held by Mr. Tong for the purposes of the SFO.

Save as disclosed above, as at 31 March 2019, the Directors are not aware of any other persons who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

## **SHARE OPTION SCHEME**

The Company's share option scheme (the "Scheme") was adopted pursuant to the written resolutions of the shareholders of the Company passed on 17 June 2016. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company. The Scheme will remain in force for a period of 10 years from the date of adoption of such scheme and will expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting. No share options have been granted pursuant to the Scheme since its adoption.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Save as disclosed above, at no time during the Period was any rights granted to any Director or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, or was any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period and up to the date of this announcement.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard of dealings and the code of conduct adopted by the Company for the Period and up to the date of this announcement.

## **NON-COMPETITION UNDERTAKINGS**

Each of the controlling shareholders of the Company, namely Ms. Li and ChongBo Mary (together, the “Controlling Shareholders”), has entered into a deed of non-competition on 17 June 2016 (the “Deed of Non-competition”). Details of the Deed of Non-competition are set out in the section headed “Relationship with Controlling Shareholders” of the Prospectus and the non-competition undertaking has become effective from the date of listing of the shares of the Company on GEM (the “Listing Date”). As far as the Directors are aware, as at the date of this announcement, the Controlling Shareholders have not breached any terms under the Deed of Non-competition.

## **COMPETING INTERESTS**

As far as the Directors are aware, as at the date of this announcement, none of the Directors or the Controlling Shareholders 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.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment, reappointment and removal of the Company’s external auditor, review the financial information of the Company, and oversee the Company’s financial reporting system, risk management and internal control systems. The Audit Committee comprised of three independent non-executive Directors, namely Mr. Tang Wai Yau (chairman of the Audit Committee), Mr. Ye Jingzhong and Mr. Qian Zaiyang.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the Period and this announcement with the management and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

## **CORPORATE GOVERNANCE CODE**

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices. To the best knowledge of the Directors, the Company had complied with the code provisions in the CG Code for the Period.

## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float since the Listing Date as required under the GEM Listing Rules.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND QUARTERLY REPORT**

The quarter results announcement and quarterly report of the Company for the Period are available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.goldenclassicbio.com](http://www.goldenclassicbio.com).

For and on behalf of  
**China Golden Classic Group Limited**  
**Li Qiuyan**  
*Chairman*

Hong Kong, 15 May 2019

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

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

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](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).*