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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)

2018 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 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 2018 together with comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2018

	<i>Notes</i>	Three months ended	
		2018	2017
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Turnover	2	69,493	49,947
Cost of sales		<u>(41,300)</u>	<u>(25,310)</u>
Gross profit		28,193	24,637
Other income		101	638
Selling and distribution costs		(14,350)	(21,381)
Administrative expenses		(10,610)	(7,740)
Finance costs		<u>(629)</u>	<u>(491)</u>
Profit (loss) before tax		2,705	(4,337)
Income tax expenses	3	<u>(596)</u>	<u>(10)</u>
Profit (loss) for the period	4	2,109	(4,347)
Other comprehensive expense for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u>(3)</u>	<u>(293)</u>
Total comprehensive income (expense) for the period attributable to owners of the Company		<u>2,106</u>	<u>(4,640)</u>
Profit (loss) earnings per share			
Basic and diluted (RMB cents)	5	<u>0.21</u>	<u>(0.43)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

	Share capital	Share premium	Capital reserve	PRC statutory reserve	Translation reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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 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>
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 for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	(293)	-	(293)
Total comprehensive expense for the period	-	-	-	-	(293)	(4,347)	(4,640)
At 31 March 2017 (unaudited)	<u>8,606</u>	<u>74,386</u>	<u>15</u>	<u>42,841</u>	<u>1,910</u>	<u>71,297</u>	<u>199,055</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 31 March 2018

1. BASIS OF PREPARATION

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed on GEM on 8 July 2016.

The principal activity of the Company is 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 Group for the three months ended 31 March 2018 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 2017. The accounting policies adopted in preparing the unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2017.

The application of the new and revised HKFRSs in the current interim period has had no material effect on the Group’s financial performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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 People’s Republic of China (“PRC”), the directors of the Company consider that it is appropriate to present the Financial Information in Renminbi (“RMB”).

2. 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 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, and 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 2018 (unaudited)

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

For the three months ended 31 March 2017 (unaudited)

	Oral care products	Leather care products	Household hygiene products	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue	<u>27,013</u>	<u>9,088</u>	<u>13,846</u>	<u>–</u>	<u>49,947</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 represents:

	Three months ended 31 March	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	<u>596</u>	21
Deferred tax	<u>–</u>	<u>(11)</u>
	<u>596</u>	<u>10</u>

- (a) Pursuant to the rules and regulations of the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the BVI.
- (b) No provision for Hong Kong Profits Tax had been made for the three months ended 31 March 2018 (2017: nil) as the Group did not have any assessable profits arising in Hong Kong during the period.
- (c) Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the Enterprise Income Tax 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 2018 (2017: 15%).

4. PROFIT (LOSS) FOR THE PERIOD

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

	Three months ended 31 March	
	<i>2018</i>	2017
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	887	590
Amortisation of intangible assets	–	35
Amortisation of prepaid lease payments	112	112
Cost of inventories recognised as expenses	<u>41,300</u>	<u>25,310</u>

5. EARNINGS PER SHARE

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

	Three months ended 31 March	
	<i>2018</i>	2017
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Profit (loss) attributable to owners of the Company	<u>2,109</u>	<u>(4,347)</u>

Number of shares

	Three months ended 31 March	
	<i>2018</i>	2017
	<i>’000</i>	<i>’000</i>
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>

Note:

No adjustment has been made to the basic earnings per share amount for the three months ended 31 March 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during these periods.

6. DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2018 (2017: nil).

7. EVENTS AFTER REPORTING PERIOD

There was no important events affecting the Group which have occurred during the period from 1 January 2018 to the date of this announcement.

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the three months ended 31 March 2018, the Group recorded a turnover of approximately RMB69.5 million, representing a significant increase of approximately 39.3% as compared to the last corresponding period; and a net profit of approximately RMB2.1 million, reflecting a difference of approximately RMB6.4 million or 148.8% as compared to the last corresponding period. The Group's net profit margin was approximately 3.0% during the first quarter of 2018, compared to net loss margin of approximately 8.6% in the last corresponding period, representing an increase of approximately 11.6 percentage points. On the other hand, the Group's overall gross profit margin decreased from approximately 49.3% for the three months ended 31 March 2017 to approximately 40.6% for the three months ended 31 March 2018.

Benefiting from the continuing sales promotion activities and marketing efforts, the Group recorded increased turnover and turned the net loss position from the last corresponding period to net profit position during the first quarter of 2018. The Directors believe that our efforts have helped and will continue to help the Group in promoting our products and enhancing our long-term competitiveness.

PROSPECTS AND OUTLOOKS

In February 2018, the Group completed the renovation of the new production facilities in its production base in Jiangyin, Jiangsu Province, the PRC and the new production facilities were put into use. The expansion added extra production lines for the Group's oral care product and led to an increase of the Group's total production capacity. The Directors believe that the new production facilities will enhance the Group's production and product development capabilities, in particular to our oral care products, so that the Group's products' overall competitiveness can be further strengthened. In addition, the Group will continue to promote the "Fe" trademark and its oral care products and has planned to expand such trademark in other new products of the Group in the future.

Although the economic outlook of China in the near future has improved, the second half of 2018 will continue to be filled with challenges. It is expected that competition in fast consumable product market will continue to be fierce. Despite potential fluctuations in the global and Chinese economies and slowdown in economic growth in the near future, our management team will face all of these challenges head on as part of our Group's growth process. 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

Turnover for the three months ended 31 March 2018 was approximately RMB69.5 million, representing an increase of 39.3%, as compared to approximately RMB49.9 million for the last corresponding period. During the three months ended 31 March 2018, the Group incurred a net profit of approximately RMB2.1 million, as compared to the net loss of approximately RMB4.3 million for the last corresponding period. The basic earnings per share was RMB0.21 cents for the three months ended 31 March 2018 while the basic loss per share was RMB0.43 cents for the last corresponding period.

Turnover

The Group recorded a total turnover of approximately RMB69.5 million for the three months ended 31 March 2018, which represented a significant increase of approximately 39.3% as compared to approximately RMB49.9 million for the same period last year. The increase of turnover was mainly resulted from the increase in turnover of household hygiene products by approximately RMB11.9 million or 86.2%, from approximately RMB13.8 million for the three months ended 31 March 2017 to approximately RMB25.7 million for the three months ended 31 March 2018. The increase in the turnover of household hygiene products was mainly attributable to the improved sales volume through the sales promotion activities during the period. Turnover of oral care products increased by approximately RMB5.8 million or 21.5% to approximately RMB32.8 million for the three months ended 31 March 2018, as compared with approximately RMB27.0 million for the last corresponding period. The increment was mainly attributable to the increase of sales volume during the first quarter of 2018. The turnover of leather care products increased by approximately RMB1.9 million or 20.9%, from approximately RMB9.1 million for the three months ended 31 March 2017 to approximately RMB11.0 million for the three months ended 31 March 2018. The increment was mainly due to the increased sales volume of the low-end leather care products, which resulted in a lower margin during the period.

Cost of sales

Cost of sales increased from approximately RMB25.3 million for the three months ended 31 March 2017 to approximately RMB41.3 million for the three months ended 31 March 2018, showing an increment of approximately RMB16.0 million or 63.2%. The increment mainly reflected the increased costs of raw materials and consumables, reflecting the improved sales volume in household hygiene products, oral care products and leather care products segments during the first quarter of 2018.

Gross profit and gross profit margin

Gross profit increased from approximately RMB24.6 million for the three months ended 31 March 2017 to approximately RMB28.2 million for the three months ended 31 March 2018, representing an increase of approximately RMB3.6 million or 14.6%. The gross profit margin decreased to 40.6%, representing a 8.7 percentage points decrease as compared to 49.3% for the last corresponding period. Such decrease was mainly attributable to the reduced selling prices of household hygiene products following the

implementation of price reduction campaigns during the three months ended 31 March 2018. On the other hand, the increased demand of the low-end leather care products reduced the gross margin of the leather care products during the period. In addition, the sales proportion of the oral care products, which is our most profitable segment, decreased from approximately 54.1% in the three months ended 31 March 2017 to approximately 47.2% in the three months ended 31 March 2018, which has also contributed to the decrease of the overall gross margin.

Selling and distribution costs

Selling and distribution expenses incurred for the three months ended 31 March 2018 was approximately RMB14.4 million, reflecting a decrease of approximately RMB7.0 million or approximately 32.7%, as compared to approximately RMB21.4 million for the last corresponding period, which mainly reflected the reduced advertising and promotion costs incurred for the promotion activities during the first quarter of 2018.

Administrative expenses

Administrative expenses incurred for the three months ended 31 March 2018 was approximately RMB10.6 million, representing an increase of approximately RMB2.9 million or approximately 37.7%, as compared to approximately RMB7.7 million for the last corresponding period. The increase was mainly resulted from the increase in staff costs, depreciation and amortisation, research and development expenses and legal and professional fees.

Finance costs

Interest expenses incurred for the three months ended 31 March 2018 was approximately RMB0.6 million, increased by approximately RMB0.1 million or approximately 20.0% as compared to approximately RMB0.5 million for the last corresponding period. The increase mainly arose from the increase of the average interest-bearing loans during the three months ended 31 March 2018 as compared to the last corresponding period.

Profit for the period

As a result of the foregoing, we incurred a net profit of RMB2.1 million for the three months ended 31 March 2018, representing a significant improvement of approximately RMB6.4 million or 148.8% as compared to the net loss of approximately RMB4.3 million for the three months ended 31 March 2017. Net profit margin for the three months ended 31 March 2018 was approximately 3.0%, representing a difference of approximately 11.6 percentage points as compared to the net loss margin of 8.6% for the last corresponding period.

DIVIDEND

The Board has determined not to declare a dividend for the three months ended 31 March 2018.

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 2018. Save as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 March 2018.

OTHER INFORMATION

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

As at 31 March 2018, 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

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

Notes:

1. Ms. Li beneficially owns the entire issued share capital of ChongBo Mary Investment Limited (“ChongBo Mary”). Therefore, Ms. Li is deemed, or taken to be, interested in the shares of the Company held by ChongBo Mary for the purposes of the SFO. Ms. Li is a director of ChongBo Mary.
2. 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 2018, 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:

- 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 2018, 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 three months ended 31 March 2018 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 three months ended 31 March 2018 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 2018 and up to the date of this announcement.

NON-COMPETITION UNDERTAKINGS

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

COMPETING INTERESTS

As far as the Directors are aware, as at the date of this announcement, none of the Directors or the Controlling Shareholders have any interests in a business which competes or may compete with the business of the Group or have any other conflict of interest with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

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

The Audit Committee had reviewed the unaudited consolidated results of the Group for the three months ended 31 March 2018 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 three months ended 31 March 2018.

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 three months ended 31 March 2018 are available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.goldenclassicbio.com.

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

Hong Kong, 15 May 2018

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

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

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