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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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.

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

The board of Directors (the "Board") of China Golden Classic Group Limited is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 June 2018 together with comparative figures for the last corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Three months ended 30 June		Six months ended 30 June	
		2018	2017	**2018**	2017
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover	*3*	**52,101**	57,629	**121,594**	107,576
Cost of sales		**(31,173)**	(32,124)	**(72,473)**	(57,434)
Gross profit		**20,928**	25,505	**49,121**	50,142
Other income		**1,311**	1,429	**1,412**	2,067
Selling and distribution costs		**(12,490)**	(20,856)	**(26,840)**	(42,237)
Administrative expenses		**(9,772)**	(9,313)	**(20,382)**	(17,053)
Finance costs		**(674)**	(646)	**(1,303)**	(1,137)
(Loss) profit before tax		**(697)**	(3,881)	**2,008**	(8,218)
Income tax credit (expenses)	*4*	**17**	(96)	**(579)**	(106)
(Loss) profit for the period	*5*	**(680)**	(3,977)	**1,429**	(8,324)
Other comprehensive (expense) income for the period					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		**(313)**	307	**(316)**	14
Total comprehensive (expense) income for the period attributable to owners of the Company		**(993)**	(3,670)	**1,113**	(8,310)
(Loss) Earnings per share					
Basic and diluted (RMB cents)	*6*	**(0.07)**	(0.40)	**0.14**	(0.83)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**155,710**	158,494
Prepaid lease payments		**18,241**	18,466
Deposits paid for acquisition of property, plant and equipment		**6,982**	2,154
Deferred tax assets		**786**	786
		181,719	179,900
Current assets			
Inventories		**42,723**	42,635
Trade and other receivables	9	**70,322**	62,514
Prepaid lease payments		**449**	449
Bank balances and cash		**9,638**	59,964
Tax recoverable		**—**	21
		123,132	165,583
Current liabilities			
Trade and other payables	10	**57,351**	96,152
Tax payable		**6**	—
Bank and other borrowings	11	**39,207**	41,707
		96,564	137,859
Net current assets		**26,568**	27,724
Non-current liabilities			
Deferred tax liabilities		**—**	450
Net assets		**208,287**	207,174
Capital and reserves			
Share capital	12	**8,606**	8,606
Reserves		**199,681**	198,568
		208,287	207,174

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	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	**—**	**—**	**—**	**—**	**—**	**1,429**	**1,429**
Other comprehensive income for the period:							
Exchange difference arising on translation of foreign operations	**—**	**—**	**—**	**—**	**(316)**	**—**	**(316)**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**(316)**	**1,429**	**1,113**
At 30 June 2018 (unaudited)	**8,606**	**74,386**	**15**	**42,898**	**2,613**	**79,769**	**208,287**
At 1 January 2017 (audited)	8,606	74,386	15	42,841	2,203	75,644	203,695
Loss for the period	—	—	—	—	—	(8,324)	(8,324)
Other comprehensive income for the period:							
Exchange difference arising on translation of foreign operations	—	—	—	—	14	—	14
Total comprehensive income for the period	—	—	—	—	14	(8,324)	(8,310)
At 30 June 2017 (unaudited)	8,606	74,386	15	42,841	2,217	67,320	195,385

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(37,584)**	(18,558)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(4,189)**	(21,457)
Others	**(4,496)**	(2,073)
Net cash used in investing activities	**(8,685)**	(23,530)
FINANCING ACTIVITIES		
Bank and other borrowings raised	**—**	41,951
Repayment of bank borrowings	**(2,500)**	(48,549)
Others	**(1,241)**	195
Net cash used in financing activities	**(3,741)**	(6,403)
Net decrease in cash and cash equivalents	**(50,010)**	(48,491)
Cash and cash equivalents at 1 January	**59,964**	78,942
Effect of foreign exchange rate changes	**(316)**	(488)
Cash and cash equivalents at 30 June, representing bank balances and cash	**9,638**	29,963

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

1. BASIS OF PREPARATION

China Golden Classic Group Limited (the "Company") is a limited liability company incorporated in Cayman Islands and its shares are listed on 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 interim financial information ("Financial Information") of the Company and its subsidiaries (collectively as the "Group") for the six months ended 30 June 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 interim financial statements, except the new or revised standards as described in note 2, were consistent with those applied for the financial statements of the Group for the year ended 31 December 2017.

The functional currency of the Company is HK$. The functional currency of the Group's principal subsidiaries is Renminbi ("RMB"). As the Group mainly operates in the People's Republic of China ("PRC"), the directors of the Company consider that it is appropriate to present the Financial Information in RMB.

2. PRINCIPAL ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis.

The accounting policies and methods of computation used in the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the annual audited consolidated financial statements of the Group for the year ended 31 December 2017, except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2018.

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle: Amendments to HKFRS 12
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKAS 7	Disclosure Initiative
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

HKFRS 9 (2014) Financial Instruments

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

Key requirements of HKFRS 9 (2014) are described below:

All recognised financial assets that are within the scope of HKFRS 9 (2014) to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

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

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

The directors of the Company have performed a preliminary analysis of the Group's financial instruments as at 30 June 2018 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) ***Classification and measurement***

The directors of the Company expect to continue recognising initially at fair values for all financial assets which are subsequently measured at amortised costs. The directors of the Company anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) ***Impairment***

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade receivables and increase the amount of allowance for impairment recognised for these items.

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

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

(i) Identify the contract with a customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

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

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

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

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

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major source of revenue of the Group is sales of goods. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 30 June 2018.

3. 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.

(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 six months ended 30 June 2018 (unaudited)

	Oral care products *RMB'000*	**Leather care products** *RMB'000*	**Household hygiene products** *RMB'000*	**Total** *RMB'000*
Segment revenue	**68,353**	**13,859**	**39,382**	**121,594**
Segment profit	**32,484**	**4,113**	**12,524**	**49,121**
Unallocated income				**1,412**
Unallocated expenses				**(47,222)**
Finance costs				**(1,303)**
Consolidated profit before tax				**2,008**

For the six months ended 30 June 2017 (unaudited)

	Oral care products *RMB'000*	Leather care products *RMB'000*	Household hygiene products *RMB'000*	Total *RMB'000*
Segment revenue	64,657	13,643	29,276	107,576
Segment profit	34,998	5,191	9,953	50,142
Unallocated income				2,067
Unallocated expenses				(59,290)
Finance costs				(1,137)
Consolidated loss before tax				(8,218)

For the three months ended 30 June 2018 (unaudited)

	Oral care products	Leather care products	Household hygiene products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	**32,559**	**3,004**	**16,538**	**52,101**
Segment profit	**15,084**	**1,109**	**4,735**	**20,928**
Unallocated income				**1,311**
Unallocated expenses				**(22,262)**
Finance costs				**(674)**
Consolidated loss before tax				**(697)**

For the three months ended 30 June 2017 (unaudited)

	Oral care products	Leather care products	Household hygiene products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	37,644	4,555	15,430	57,629
Segment profit	18,577	1,359	5,569	25,505
Unallocated income				1,429
Unallocated expenses				(30,169)
Finance costs				(646)
Consolidated loss before tax				(3,881)

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.

(b) Segment assets and liabilities

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

Segment assets

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Jointly-shared by sales of oral care products, leather care products and household hygiene products	**294,427**	284,712
Unallocated	**10,424**	60,771
Total assets	**304,851**	345,483

Segment liabilities

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Jointly-shared by sales of oral care products, leather care products and household hygiene products	**57,188**	95,765
Unallocated	**39,376**	42,544
Total liabilities	**96,564**	138,309

4. INCOME TAX CREDIT (EXPENSES)

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

	Three months ended 30 June		**Six months ended 30 June**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax				
PRC Enterprise Income Tax	**17**	(96)	**(579)**	(117)
Deferred tax	**—**	—	**—**	11
	17	(96)	**(579)**	(106)

(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 six months ended 30 June 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 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 six months ended 30 June 2018 (2017: 15%).

5. (LOSS) PROFIT FOR THE PERIOD

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

	Three months ended 30 June		**Six months ended 30 June**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Depreciation of property, plant and equipment	**4,460**	2,618	**5,347**	3,415
Amortisation of intangible assets	**—**	24	**—**	59
Amortisation of prepaid lease payments	**112**	112	**225**	224
Cost of inventories recognised as expenses	**31,173**	32,124	**72,473**	57,434

6. (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 30 June		**Six months ended 30 June**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss) profit attributable to owners of the Company	**(680)**	(3,977)	**1,429**	(8,324)

Number of shares

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	'000	*'000*	***'000***	*'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Weighted average number of ordinary shares	**1,000,000**	1,000,000	**1,000,000**	1,000,000

Note:

No adjustment has been made to the basic (loss) earnings per share amount for the three months and six months ended 30 June 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during these periods.

7. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the six months ended 30 June 2018 (2017: nil).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, additions to the Group's property, plant and equipment were approximately RMB4,189,000 (2017: RMB16,852,000).

9. TRADE AND OTHER RECEIVABLES

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade and bills receivables	**39,045**	36,145
Less: allowance for impairment of trade receivables	**(1,054)**	(1,054)
	37,991	35,091
Deposits and other receivables	**2,037**	1,866
Advances to independent third parties	**2,507**	3,369
	4,544	5,235
Prepayments	**28,047**	22,448
Less: allowance for impairment of prepayments	**(260)**	(260)
	27,787	22,188
	70,322	62,514

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

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 30 days	**27,368**	24,364
31 – 60 days	**2,011**	3,917
61 – 90 days	**968**	847
Over 3 months but less than 6 months	**2,852**	838
Over 6 months but less than 1 year	**4,792**	5,125
	37,991	35,091

10. TRADE AND OTHER PAYABLES

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade and bills payables	**29,616**	57,555
Receipts in advance	**14,313**	20,937
Accruals and other payables	**10,942**	14,563
Payables for property, plant and equipment	**2,480**	3,097
	57,351	96,152

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

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 30 Days	**12,089**	39,550
31 – 60 Days	**10,359**	14,245
61 – 90 Days	**2,476**	934
Over 3 months but less than 6 months	**2,364**	1,553
Over 6 months but less than 1 year	**770**	731
Over 1 year	**1,558**	542
	29,616	57,555

The average credit period on purchases of goods is 30 to 60 days.

11. BANK AND OTHER BORROWINGS

The Group obtained no new bank and other borrowings but repaid bank and other borrowings of RMB2,500,000 (2017: RMB41,951,000 and RMB48,549,000 respectively) during the six months ended 30 June 2018.

12. SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2017 (audited), 30 June 2017 (unaudited), 1 January 2018 (audited) and 30 June 2018 (unaudited)	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2017 (audited), 30 June 2017 (unaudited), 1 January 2018 (audited) and 30 June 2018 (unaudited)	1,000,000	10,000
Equivalent to RMB'000		8,606

13. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

(a) Commitment under operating lease

The Group as lessor

The Group had contracted with tenants under operating lease arrangement, with leases negotiated for terms ranging from 1 to 10 years (2017: 1 to 10 years). At 30 June 2018 and 31 December 2017, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Within one year	**886**	1,217
In the second to fifth years inclusive	**2,343**	2,343
In the sixth to ten years inclusive	**2,490**	2,929
	5,719	6,489

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Within one year	**10**	73

Operating lease payments represent rentals payable by the Group for certain of its office premises. The lease typically runs for an initial term of 1 to 3 years (2017: 1 to 2 years), with an option to renew the lease when all terms are renegotiated and rentals are fixed over the relevant lease term.

(b) Capital commitments

Capital commitments in respect of acquisition of plant and equipment at the end of the reporting period were as follows:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Contracted but not provided for	**7,196**	8,140

14. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following transactions with its related parties:

(a) During the six months ended 30 June 2018, the Group was granted the right to use certain trademarks registered by a company controlled by the spouse of Ms. Du Yongwei, a director of the Company, at nil consideration (2017: nil).

(b) During the six months ended 30 June 2018, the Group rented an office premises from Ms. Li Qiuyan, a director of the Company, with rental expenses of nil (2017: nil).

(c) During the six months ended 30 June 2018, the Group incurred advertising expenses payable to a company controlled by the spouse of Mr. Tong Xing, a director of the Company, of approximately RMB207,000 (2017: RMB371,000).

(d) Key management compensation

The remuneration of directors and other members of key management during the period are as follows:

	30 June 2018 *RMB'000* **(Unaudited)**	30 June 2017 *RMB'000* (Unaudited)
Salaries and other benefits in kind	**891**	1,111
Retirement benefits scheme contributions	**79**	81
	970	1,192

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the six months ended 30 June 2018, the Group recorded a turnover of approximately RMB121.6 million, increased by approximately 13.0% as compared to the last corresponding period. The Group also recorded a net profit of approximately RMB1.4 million, increased by approximately 116.9% compared to the net loss of RMB8.3 million in last corresponding period. Net profit margin was approximately 1.2% as compared to net loss margin of 7.7% in the last corresponding period, representing a change of approximately 8.9 percentage points. On the other hand, the Group's overall gross profit margin was approximately 40.4% for the six months ended 30 June 2018, decreased slightly from approximately 46.6% compared to the same period last year. The decrease in gross profit margin was primarily due to the reduction of selling prices of all products.

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 half of 2018. The Directors believe that our efforts have paid off 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 provides extra production lines for the Group's oral care products and leads 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, especially 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.

The economic outlook in China for 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 be able to cope with these challenges head on as part of our Group's growth process. The Directors will continue to move 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 Group's turnover for the six months ended 30 June 2018 was approximately RMB121.6 million, representing an increase of 13.0%, as compared to approximately RMB107.6 million for the last corresponding period. During the six months ended 30 June 2018, the Group incurred a net profit of approximately RMB1.4 million, as compared to the net loss of approximately RMB8.3 million for the last corresponding period. The basic earnings per share of the Company was RMB0.14 cents for the six months ended 30 June 2018 while the basic loss per share was RMB0.83 cents for the last corresponding period.

Turnover

The Group recorded a turnover of approximately RMB121.6 million for the six months ended 30 June 2018, increased by approximately 13.0% as compared to approximately RMB107.6 million for the same period last year.

The increase of turnover was mainly resulted from the increase of turnover of household hygiene products by approximately RMB10.1 million or 34.5%, from approximately RMB29.3 million for the six months ended 30 June 2017 to approximately RMB39.4 million for the six months ended 30 June 2018. Turnover of oral care products also recorded an increase of approximately RMB3.7 million or 5.7%, from approximately RMB64.7 million for the six months ended 30 June 2017 to approximately RMB68.4 million for the six months ended 30 June 2018. The increase of the turnover of household hygiene products and oral care products was mainly attributable to the increase of sales volume through the sales promotion activities during the period. Turnover of leather care products increased by approximately RMB0.3 million or 2.2%, from approximately RMB13.6 million for the six months ended 30 June 2017 to approximately RMB13.9 million for the six months ended 30 June 2018. The increment was mainly due to the increased sales volume of the low-end leather care products.

Cost of sales

The Group's cost of sales increased from approximately RMB57.5 million for the six months ended 30 June 2017 to approximately RMB72.5 million for the six months ended 30 June 2018, showing an increase of approximately RMB15.0 million or 26.1%. The difference was primarily due to the increased usage of raw materials and consumables reflecting the enhanced sales performance of our products.

Gross profit and gross profit margin

The Group's gross profit experienced a minor decrease of approximately RMB1.0 million or 2.0% from approximately RMB50.1 million for the six months ended 30 June 2017 to approximately RMB49.1 million for the six months ended 30 June 2018. During the same period in 2018, the Group's gross profit margin was 40.4%, representing a 6.2 percentage points decrease as compared to 46.6% for the last corresponding period. Such decrease was mainly attributable to the reduced selling prices of household hygiene products and oral care products following the implementation of price reduction campaigns during the six months ended 30 June 2018. Further, the market's increased demand for low-end leather care products also contributed to the reduction in the Group's overall gross profit margin. In addition, the sales proportion of the oral care products, which is our most profitable segment, decreased from approximately 60.1% in the six months ended 30 June 2017 to approximately 56.2% in the six months ended 30 June 2018, which has also led to the decrease of the Group's overall gross profit margin.

Selling and distribution costs

Selling and distribution expenses incurred by the Group for the six months ended 30 June 2018 was approximately RMB26.8 million, reflecting a decrease of approximately RMB15.4 million or approximately 36.5%, as compared to approximately RMB42.2 million for the last corresponding period, which mainly reflected the reduced sales staff costs and advertising and promotion costs incurred for the promotion activities, including the decreased number of sales and promotion personnels during the first half of 2018.

Administrative expenses

Administrative expenses incurred by the Group for the six months ended 30 June 2018 was approximately RMB20.4 million, representing an increase of approximately RMB3.3 million or 19.3%, as compared to approximately RMB17.1 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 by the Group for the six months ended 30 June 2018 was approximately RMB1.3 million, increased by approximately RMB0.2 million or 18.2% as compared to approximately RMB1.1 million for the last corresponding period. The increase mainly arose from the increase of the average interest-bearing loans during the six months ended 30 June 2018 as compared to the last corresponding period.

Profit for the period

As a result of the foregoing, we incurred a net profit of RMB1.4 million for the six months ended 30 June 2018, representing a difference of RMB9.7 million or 116.9% as compared to the net loss of approximately RMB8.3 million for the six months ended 30 June 2017. Net profit margin for the six months ended 30 June 2018 was approximately 1.2%, representing a change of approximately 8.9 percentage points as compared to the net loss margin of 7.7% at the corresponding period last year.

INTERIM DIVIDEND

The Board has determined not to declare interim dividend for the six months ended 30 June 2018.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' equity in the Group as at 30 June 2018 was approximately RMB208.3 million (31 December 2017: RMB207.2 million). The Group had current assets of approximately RMB123.1 million (31 December 2017: RMB165.6 million) and current liabilities of approximately RMB96.6 million (31 December 2017: RMB137.9 million). The current ratio was 1.28 and 1.20 as at 30 June 2018 and 31 December 2017, respectively.

During the six months ended 30 June 2018, the Group generally financed its operations with internally generated cash flow and credit facilities provided by its principal bankers in China. As at 30 June 2018, the Group had outstanding bank borrowings of approximately RMB39.2 million (31 December 2017: RMB41.7 million). These bank loans were secured by certain properties and prepaid lease payments owned by the Group. As at 30 June 2018, the Group maintained bank balances and cash of approximately RMB9.6 million (31 December 2017: RMB60.0 million). The Group's net cash-to-equity ratio (total bank and other borrowings net of cash and cash equivalents over shareholders' equity) was 0.14 and (0.09) as at 30 June 2018 and 31 December 2017, respectively. The Group's gearing ratio (total bank and other borrowings over shareholders' equity) was 18.8% and 20.1% as at 30 June 2018 and 31 December 2017, respectively.

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

CAPITAL COMMITMENTS

Save as disclosed above, as at 30 June 2018, the Group had no material capital commitments.

CHARGE OVER ASSETS OF THE GROUP

As at 30 June 2018, the Group had prepaid lease payment and charge over the Group's buildings of approximately RMB6.4 million (31 December 2017: approximately RMB6.7 million) and RMB15.3 million (31 December 2017: approximately RMB15.9 million) respectively. These prepaid lease payment and charged buildings were secured to general banking facilities granted to the Group.

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 six months ended 30 June 2018. Save as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 30 June 2018.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2018, the Group had 297 full-time employees. The Group has maintained good relationship with its employees, and provided them with training programs, competitive compensation and incentives. The staffs are remunerated based on their job nature, scope of duty, work performance, professional experience and prevailing market situation. The Group's remuneration packages comprise salary and discretionary annual bonus.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 30 June 2018.

Business plan as set out in the Prospectus	Progress up to 30 June 2018
Expand the production and warehouse capacity	
— Expand the annual production capability of the oral care products from 3,720 tons to 9,000 tons	The construction of the new production facilities for the oral care products was completed and has commenced operation in February 2018.
— Construct a new inventory warehouse	The Group has decided to create additional inventory warehouse area in the existing factory premises instead to save the construction time and costs.
— Settle outstanding payment for the construction in progress	The Group has settled the outstanding payments for the construction of the new production facilities and office building.
Strengthen the products research and development capabilities	
— Purchase various laboratory and test equipment	The Group has purchased the laboratory and test equipment and put them in use in the research and development centre in August 2016.
— Employ additional research and development personnel	The Group has employed 2 additional research and development personnel since mid-2016, increasing the Group's total research and development personnel to 12 as of 30 June 2018.

Business plan as set out in the Prospectus	Progress up to 30 June 2018

Strengthen the leading position of the brands by advertising and promotion

— Place television commercials and advertise in newspapers and on the internet	The Group has spent RMB5.1 million on the television commercials and advertisements in newspapers and on the Internet during the six months ended 30 June 2018.

Expand the sales network

— Employ additional sales and marketing personnel	The Group has increased the hiring of additional temporary sales and marketing personnel through service agents since June 2016.

USE OF PROCEEDS FROM THE PLACING

The net proceeds from the Placing were approximately HK$76.2 million, which was based on the final placing price of HK$0.43 per share after deducting the underwriting fees and other expenses related to the Placing. Accordingly, the Group adjusted the use of proceeds in the same manner and proportion as shown in the Prospectus. Up to 30 June 2018, the net proceeds from the Placing had been applied as follows:

	Planned use of proceeds up as stated in the Prospectus *HK$' million*	**Actual use of proceeds up to 30 June 2018** *HK$' million*
Expand production and warehouse capacity	33.5	27.2
Strengthen the products research and development capabilities	7.0	7.0
Strengthen the leading position of the brand by advertisement and promotion	21.2	20.3
Expand the sales network	18.5	18.5
General working capital	7.9	7.9
Total	88.1	80.9

OTHER INFORMATION

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

As at 30 June 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 *(Note 1)*	575,625,000	57.56%
Mr. Tong Xing ("Mr. Tong")	Interest of a controlled corporation *(Note 2)*	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 30 June 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 *(Note 1)*	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 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement and interim report of the Company for the six months ended 30 June 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, 14 August 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.