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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)

DISCLOSEABLE AND MAJOR TRANSACTIONS SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

The Board announces that during the period from 2 January 2020 to 10 March 2020, the Subsidiary subscribed for wealth management products for an aggregate principal amount of RMB52.9 million (the “**Subscriptions**”) offered by a group of affiliated institutions which comprises of ZZ International Investment Holdings Limited* (中植國際投資控股有限公司) (“**ZZ Investment Holdings**”), ZZ High-Tech (Beijing) Investment Co., Ltd. (“**ZZ High-Tech Investment**”) * (中植高科(北京)投資有限公司) and Beijing Zhixin Fund Sales Co., Ltd.* (北京植信基金銷售有限公司) (“**Beijing Zhixin**”) (collectively, the “**ZZ Group**”). A summary of the Subscriptions are set out below:

2019 Private Fund Raising Plan

- a) Subscription of a wealth management product involving investment of RMB30 million to ZZ Investment Holdings for a term of 6 months on 2 January 2020 (“**WM Product I**”); and
- b) Subscription of a wealth management product involving investment of RMB10 million to ZZ High-Tech Investment for a term of 12 months on 17 January 2020 (“**WM Product II**”).

Medium and Short Term Bond Fund

- c) Subscription of a wealth management product involving investment of RMB5 million to Beijing Zhixin on 13 January 2020, the subscription amount of which has been redeemed on 23 March 2020 (“**WM Product III**”); and
- d) Subscription of a wealth management product involving investment of RMB7.9 million to Beijing Zhixin on 10 March 2020, the subscription amount of which has been redeemed on 23 March 2020 (“**WM Product IV**”) (collectively the “**WM Products**”).

* *English names are translated for identification purposes only*

IMPLICATIONS UNDER THE GEM LISTING RULES

As the Subscriptions were made by the Subsidiary within a 12-month period and were all entered into with members of the ZZ Group, the Subscriptions would be aggregated as a series of transactions pursuant to Rule 19.22 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Subscriptions in aggregate exceeds 25% but is less than 100%, the Subscriptions, when aggregated, constitute a major transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules and are therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

BACKGROUND

The Group is a daily household products producer in China with a strategic business focus on the production and sales of functional toothpaste.

The ZZ Group principally provides equity investment, fixed placements, M&A funds, post investment value added services and venture capital services. ZZ Investment Holdings and ZZ High-Tech Investment are affiliated with ZZ Capital International Limited (中植資本國際有限公司), a company listed on the GEM of the Stock Exchange (Stock Code 8295), a global alternative investment firm headquartered in Hong Kong, with activities in China and internationally. Zhongzhi Capital International Limited's subsidiary, Zhongzhi Corporate Finance Limited is licensed by the Hong Kong Securities and Futures Commission to provide a variety of corporate advisory services and related activities, investment in various types of assets as well as making alternative investment globally.

On 2 January 2020 and 17 January 2020, the Subsidiary respectively entered into the WM Product I Subscription Agreement and WM Product II Subscription Agreement (collectively the "**Subscription Agreements**"). Pursuant to the Subscription Agreements, the Subsidiary agreed to purchase wealth management products of RMB30 million and RMB10 million respectively, using idle funds. The principal of these wealth management products will be applied to the working capital of ZZ Investment Holdings and ZZ High-Tech Investment respectively. The return of the WM Product I and WM Product II is linked to the respective financial performance of ZZ Investment Holdings and ZZ High-Tech Investment.

On 13 January 2020 and 10 March 2020, the Subsidiary also invested RMB5 million and RMB7.9 million respectively in the "Chuang Jin He Xin Heng Xing Medium and Short Term Bond Investment Fund" (創金合信恆興中短債債券型證券投資基金) provided by Beijing Zhixin.

Set out below are the principle terms of the Subscription Agreements:

PRINCIPAL TERMS OF THE WEALTH MANAGEMENT PRODUCTS

Parties

WM Product I

- (i) the Subsidiary as the subscriber;
- (ii) ZZ Investment Holdings as the issuer; and
- (iii) Qingdao Zhongfuheng Financial Management Co., Ltd.* (青島中福恆融資管理有限公司) as the underwriter.

WM Product II

- (i) the Subsidiary as the subscriber;
- (ii) ZZ High-Tech Investment as the issuer; and
- (iii) Fuzhou Huntai Investment Management Co., Ltd.* (福州 餽泰投資管理有限公司) as the underwriter.

WM Product III

- (i) the Subsidiary as the investor;
- (ii) Beijing Zhixin as the fund manager; and
- (iii) Bank of Communications Co., Ltd. as the fund custodian.

WM Product IV

- (i) the Subsidiary as the investor;
- (ii) Beijing Zhixin as the fund manager; and
- (iii) Bank of Communications Co., Ltd. as the fund custodian.

All the named parties above, save for the Subsidiary, are collectively known as the “Parties”.

To the best of the Directors’ knowledge, information and belief having made all enquiries, the Parties and its ultimate beneficial owners are Independent Third Parties.

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Investment periods	WM Product I 2 January 2020 to 2 July 2020
	WM Product II 17 January 2020 to 17 January 2021
	WM Product III Up to 3 years from 13 January 2020 and redeemable at anytime
	WM Product IV Up to 3 years from 10 March 2020 and redeemable at anytime
Date of redemption	WM Product III 23 March 2020 (principal redeemed with interest)
	WM Product IV 23 March 2020 (principal redeemed with interest)
Name of the wealth management product	WM Product I Non-public offering financing plan in 2019* (Zhongzhi International Zhikang)* (2019年非公開發行融資計劃(中植國際志康))
	WM Product II 2019 Non-Public Offering Financing Plan (Gaokezhixin)* (2019年非公開發行融資計劃(高科智芯))
	WM Product III and WM Product IV Chuang Jin He Xin Heng Xing Medium and Short Term Bond Investment Fund* (創金合信恆興中短債債券型證券投資基金)

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Nature of the product	<p>WM Product I</p> <p>Principal-protected and fixed-return, with an annualized rate of 8.6%</p> <p>WM Product II</p> <p>Principal-protected and fixed-return, with an annualized rate of 9.8%</p> <p>WM Product III and WM Product IV</p> <p>Linked to the financial performance of the particular fund</p>
Principal amounts of subscriptions	<p>WM Product I: RMB30 million</p> <p>WM Product II: RMB10 million</p> <p>WM Product III: RMB5 million</p> <p>WM Product IV: RMB7.9 million</p>
Investment portfolio	<p>Subscriptions</p> <p>The funds to be raised through the issue of WM Product I and WM Product II will be used as the working capital of ZZ Investment Holdings and ZZ High-Tech Investment.</p> <p>Bond Investments</p> <p>The funds to be raised through the issue of WM product III and WM Product IV will be invested in medium and short-term debt themed securities such as treasury bonds, government backed institutional bonds, government backed bonds, local government bonds, financial bonds, corporate bonds, corporate bonds, short-term corporate bonds of securities companies, publicly issued commercial bank subordinated bonds, medium-term notes, short-term financing bonds (including super short-term financing bonds), convertible bonds with a duration of less than 3 years.</p>

Expected rate of investment return	WM Product I:	8.6%
	WM Product II:	9.8%
	WM Product III and WM Product IV:	According to the particular investment's yield curve and interest margin
Risk Classification	WM Product I:	Low risk
	WM Product II:	Low risk
	WM Product III:	Low risk
	WM Product IV:	Low risk
Right of early redemption	WM Product I and WM Product II	
	The Subsidiary may only redeem the product upon the end of the respective investment period.	
	WM Product III and WM Product IV	
	The Subsidiary is entitled to the right of early redemption at any time.	
Payment of principal and interest upon maturity	WM Product I and WM Product II	
	ZZ Investment Holdings and ZZ High-Tech Investment shall respectively transfer the principal and interest that is received by the Subsidiary to a designated account of the Subsidiary in a lump sum within one Business Day after the maturity date of the respective product.	
	WM Product III and WM Product IV	
	The Subsidiary is entitled to the right of early redemption of the investment at fair market value at any time.	

BACKGROUND OF AND REASONS FOR THE SUBSCRIPTIONS AND THEIR BENEFITS TO THE GROUP

The Board is of the view that reasonable and effective use of temporary idle funds to purchase short to medium-term cash management products will enhance the overall capital gain of the Group, which is consistent with the core objectives of the Group to ensure capital safety and liquidity. Under the condition of ensuring the daily operations of the Group, the use of temporary idle funds to subscribe for cash management projects can generate higher income than that from general fixed return deposits in commercial banks in the PRC and increase the yield of short-term idle funds, and is conducive to the expansion of the Group's cash management methods and enhancement of the income of funds.

As at the date of this announcement, the Directors confirm that (i) the Group did not suffer any monetary loss in connection with the Subscriptions; and (ii) the Subscriptions did not cause any adverse impact on the Group's working capital.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the Subscriptions were made by the Subsidiary within a 12-month period and were all entered into with members of the ZZ Group, the Subscriptions would be aggregated as a series of transactions pursuant to Rule 19.22 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Subscriptions in aggregate exceeds 25% but is less than 100%, the Subscriptions, when aggregated, constitute a major transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules and are therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

The Company has obtained a confirmation from the Company's controlling Shareholders ChongBo Mary Investment Limited and Tong Xing Holding Group Limited who in aggregate hold 682,500,000 Shares (representing approximately 68.25% of the issued share capital of the Company as at the date of this announcement) that they have approved, confirmed and ratified the Subscriptions in lieu of holding a general meeting of the Company in accordance with Rule 19.44 of the GEM Listing Rules. Therefore, no circular will be despatched to the Shareholders and no extraordinary general meeting will be convened for the purpose of considering and approving the Subscriptions.

RATIFICATION AND REMEDIAL ACTIONS TO BE TAKEN BY THE COMPANY

On 20 May 2020, a Board meeting was held to ratify and approve the Subscriptions. During the Board meeting, the Directors (including independent non-executive Directors) considered that the terms and the transactions contemplated under the Subscriptions are fair and reasonable, on normal commercial terms or better, and are in the interests of the Company and its shareholders as a whole.

The Company deeply regrets its non-compliance with the GEM Listing Rules and the Company would like to stress that such non-compliance was inadvertent and the Company had no intention to withhold any information relation to the Subscriptions from disclosure. The Company will take the following remedial measures to prevent the recurrence of similar incidents in the future:

- the Group has updated its internal control manual on cash and treasury management to ensure that any future investments in wealth management products shall comply with Chapter 19 of the GEM Listing Rules;
- the Group shall require its management and members of its finance department to report those transactions which may constitute potential notifiable transactions under the GEM Listing Rules to the chief financial officer of the Company for approval, and the chief financial officer shall assess the disclosure requirements or consult the Company’s professional advisors before the Group enters into those transactions;
- the Group will consult with its professional advisors more closely in relation to regulatory compliance; and
- the Audit Committee shall report on the implementation progress of the above matters in the next published interim report of the Company.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings:

“Audit Committee”	audit committee of the Board
“Board”	the board of Directors
“Business Day”	means a day (other than public holidays) on which banks are open for general business in Xiaka Town, Jiangyin City
“Company”	China Golden Classic Group Limited
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party”	A third party (and where the third party is a corporation, such corporation and its ultimate beneficial owners) who is independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiary”	Jiangsu Snow Leopard Household Chemical Co. Limited* (江蘇雪豹日化有限公司), a wholly owned subsidiary of the Company
“Wealth Management Products”	collectively, WM Product I, WM Product II, WM Product III and WM Product IV
“WM Product I”	the wealth management product named “Non-public offering financing plan in 2019 (Zhongzhi International Zhikang) 2019年非公開發行融資計劃(中植國際志康)” provided by ZZ Investment Holdings in the amount of RMB30 million
“WM Product I Agreement”	the subscription agreement entered into between the Subsidiary as the subscriber, 中植國際投資控股有限公司 as the issuer and Qingdao Zhongfuheng Financial Management Co., Ltd. (青島中福恆融資管理有限公司)* as the underwriter on 2 January 2020 in respect of WM Product I
“WM Product II”	the wealth management product named “2019 Non-Public Offering Financing Plan (Gaokezhixin) 2019年非公開發行融資計劃(高科智芯)” provided by ZZ High-Tech Investment in the amount of RMB10 million
“WM Product II Agreement”	the subscription agreement entered into between the Subsidiary as the subscriber, ZZ High-Tech Investment as the issuer and Fuzhou Huntai Investment Management Co., Ltd.* (福州鯤泰投資管理有限公司) as the underwriter on 10 January 2020 in respect of WM Product II

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“WM Product III”	the investment in the “Chuang Jin He Zhi Xin Medium and Short Term Bond Investment Fund”* (創金合信恆興中短債債券型證券投資基金) provided by Beijing Zhixin in the amount of RMB5 million
“WM Product IV”	the investment in the “Chuang Jin He Zhi Xin Medium and Short Term Bond Investment Fund”* (創金合信恆興中短債債券型證券投資基金) provided by Beijing Zhixin in the amount of RMB7.9 million
“%”	per cent

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

Hong Kong, 1 June 2020

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

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

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the website of the Company at www.goldenclassicbio.com.

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