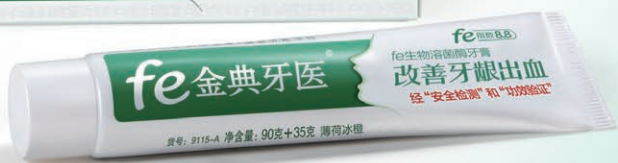


China Golden Classic Group Limited 中國金典集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8281



Third Quarterly Report 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 report 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 report misleading.

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the three and nine months ended 30 September 2016, together with the comparative unaudited figures for the corresponding periods in 2015, as follows:

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

For the nine months ended 30 September 2016

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Turnover	2	72,584	80,134	190,424	190,763
Cost of sales		(35,776)	(42,994)	(95,932)	(104,914)
Gross profit		36,808	37,140	94,492	85,849
Other income		1,467	194	2,943	773
Selling and distribution costs		(20,122)	(13,884)	(51,835)	(40,089)
Administrative expenses		(9,568)	(10,132)	(31,776)	(25,387)
Finance costs		(618)	(466)	(1,618)	(1,581)
Profit before tax		7,967	12,852	12,206	19,565
Income tax expenses	3	(1,967)	(2,370)	(2,562)	(3,716)
Profit for the period	4	6,000	10,482	9,644	15,849
Other comprehensive expense for the period					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		(432)	(728)	(862)	(559)
Total comprehensive income for the period attributable to owners of the Company		5,568	9,754	8,782	15,290
Earnings per share					
Basic and diluted (RMB cents)	5	0.61	1.40	1.17	2.11

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2016

	Share capital RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2015 (audited)	15	-	30,059	3,966	49,665	83,705
Profit for the period	-	-	-	-	15,849	15,849
Other comprehensive income for the period:						
Exchange difference arising on translation of foreign operations	-	-	-	(559)	-	(559)
Total comprehensive income for the period	-	-	-	(559)	15,849	15,290
Issue of new shares	-	-	-	-	-	-
Reorganisation	(15)	15	-	-	-	-
At 30 September 2015 (unaudited)	-	15	30,059	3,407	65,514	98,995

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2016

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2016 (audited)	-	-	15	38,173	2,983	69,710	110,881
Profit for the period	-	-	-	-	-	9,644	9,644
Other comprehensive income for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	(862)	-	(862)
Total comprehensive income for the period	-	-	-	-	(862)	9,644	8,782
Issue of new shares by way of placing (Note (a))	2,152	90,358	-	-	-	-	92,510
Transaction costs attributable to issue of new shares	-	(9,518)	-	-	-	-	(9,518)
Capitalisation issue of shares (Note (b))	6,454	(6,454)	-	-	-	-	-
At 30 September 2016 (unaudited)	8,606	74,386	15	38,173	2,121	79,354	202,655

- (a) On 8 July, 2016, 250,000,000 ordinary shares of the Company of HK\$0.01 each were issued by way of placing to public investors at a placing price of HK\$0.43 per share, resulting in a share premium of HK\$107,500,000 (equivalent to approximately RMB92,510,000).
- (b) Pursuant to a resolution in writing of the shareholders of the Company passed on 17 June 2016, 749,980,000 ordinary shares of the Company of HK\$0.01 each were credited as fully paid by way of capitalisation of the amount of approximately HK\$7,499,800 (equivalent to approximately RMB6,454,000) standing to the credit of the share premium account of the Company.

Notes to the Condensed Consolidated Financial Information

For the nine months ended 30 September 2016

1. BASIS OF PREPARATION

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

The Company is engaged in investment holding during the period. The subsidiaries of the Company are principally engaged in the manufacture and trading of oral care, leather care and household hygiene products.

The unaudited condensed consolidated financial information (“Financial Information”) of the Company and its subsidiaries (collectively as the “Group”) for the nine months ended 30 September 2016 have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated financial information of the Group should be read in conjunction with the accountants’ report (the “Accountants’ Report”) included in the prospectus of the Company dated 30 June 2016 (the “Prospectus”).

The functional currency of the Company is HK\$. The functional currency of the Group’s principal subsidiaries is RMB. As the Group mainly operates in the PRC, the directors of the Company consider that it is appropriate to present the Financial Information in Renminbi (“RMB”).

Notes to the Condensed Consolidated Financial Information

For the nine months ended 30 September 2016

2. SEGMENT INFORMATION

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

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

- 1) Oral care products segment reports manufacture and sales of oral care products.
- 2) Leather care products segment reports manufacture and sales of leather care products.
- 3) Household hygiene products segment reports manufacture and sales of household hygiene products.
- 4) Others segment reports manufacture and sales of other products.

(a) Segment revenues and results

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

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

For the nine months ended 30 September 2016 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Others RMB'000	Total RMB'000
Segment revenue	106,701	30,039	53,684	-	190,424

Notes to the Condensed Consolidated Financial Information

For the nine months ended 30 September 2016

2. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

For the nine months ended 30 September 2015 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Others RMB'000	Total RMB'000
Segment revenue	95,777	34,719	58,753	1,514	190,763

For the three months ended 30 September 2016 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Others RMB'000	Total RMB'000
Segment revenue	41,753	13,046	17,785	-	72,584

For the three months ended 30 September 2015 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Others RMB'000	Total RMB'000
Segment revenue	38,588	14,789	26,757	-	80,134

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.

Notes to the Condensed Consolidated Financial Information

For the nine months ended 30 September 2016

3. INCOME TAX EXPENSES

Income tax in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Three months ended 30 September		Nine months ended 30 September	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Current tax				
PRC Enterprise Income Tax	2,041	2,458	3,562	3,861
Deferred tax	(74)	(88)	(1,000)	(145)
	1,967	2,370	2,562	3,716

- (a) Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the BVI.
- (b) No provision for Hong Kong Profits Tax had been made for the nine months ended 30 September 2016 (2015: nil) as the Group did not have any assessable profits arising in Hong Kong.
- (c) Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries registered in the PRC is 25%.
- (d) One of the Group's subsidiaries registered in the PRC is recognised as a High and New-technology Enterprise which has been granted tax concessions by the local tax bureau and is entitled to PRC Enterprise Income Tax at concessionary rate of 15% For the nine months ended 30 September 2016 (2015: 15%).

Notes to the Condensed Consolidated Financial Information

For the nine months ended 30 September 2016

4. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Listing expenses	714	2,349	6,893	5,068
Depreciation of property, plant and equipment	1,881	1,529	4,544	4,344
Amortisation of intangible assets	147	442	218	442
Amortisation of prepaid lease payments	218	211	442	436
Cost of inventories recognised as expenses	35,776	42,994	95,932	104,914

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 30 September		Nine months ended 30 September	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Profit attributable to owners of the Company	6,000	10,482	9,644	15,849

Number of shares

	Three months ended 30 September		Nine months ended 30 September	
	2016 '000 (Unaudited)	2015 '000 (Unaudited)	2016 '000 (Unaudited)	2015 '000 (Unaudited)
Weighted average number of ordinary shares	980,978	750,000	827,555	750,000

Notes to the Condensed Consolidated Financial Information

For the nine months ended 30 September 2016

5. EARNINGS PER SHARE (Continued)

Note:

The weighted average number of ordinary shares in issue during the three months and nine months ended 30 September 2016 and 2015 have been retrospectively adjusted for the effect of the capitalisation issue as stated in the Prospectus as if such capitalisation issued shares were issued at the beginning of the three months and nine months ended 30 September 2016 and 2015.

No adjustment has been made to the basic earnings per share amount for the three months and nine months ended 30 September 2016 and 2015 as the Group had no potentially dilutive ordinary shares in issue during these periods.

6. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the nine months ended 30 September 2016 (2015: nil).

BUSINESS REVIEW

For the nine months ended 30 September 2016, the Group recorded a turnover of approximately RMB190.4 million, slightly decreased by approximately 0.2% as compared to the last corresponding period; and a net profit before deducting the non-recurring listing expenses for the period (“Adjusted Profit”) of approximately RMB16.5 million, decreased by approximately 21.1% compared to the same period in last year. Adjusted net profit margin was approximately 8.7%, representing a decrease of approximately 2.3 percentage points as compared to the same period last year (30 September 2015: 11.0%).

The decrease in the amount of the Adjusted Profit was mainly attributable to the increase expenditures of advertising and promotion expenses and research and development costs. The Directors believed that the increased advertising and promotion expenses would help the Company to promote its products and enhancing its long-term competitiveness. On the other hand, the Company’s overall gross profit margin increased from approximately 45.0% for the nine months ended 30 September 2015 to approximately 49.6% for the nine months ended 30 September 2016. The increase in gross profit margin, especially in our oral care products, was mainly due to the negotiation of better terms with our suppliers during the first nine months of 2016, which lowered the cost of sales of our oral care products.

PLACING OF SHARES

On 8 July 2016, the Company completed the Placing with the price of HK\$0.43 per ordinary share of the Company and the net proceeds received by the Company from the Placing (after deducting the underwriting fees and other expenses) were approximately HK\$76.2 million. The Directors intend to apply such net proceeds from the Placing in expanding the Company’s production and warehousing capacity, advertisement and promotional activities, expanding the distribution network, enhancing the Company’s research and development capabilities, and using for working capital and other general corporate purposes.

Business Review and Prospects

PROSPECTS AND OUTLOOK

During the third quarter of 2016, the Company's new research and development centre and new office building has been completed and put into use. In November 2016, the construction of the production workshops was completed and became under renovation. They are expected to be put into use in the first half of 2017. The Directors believe that the new production workshops will enhance the Company's production and product development capabilities and further increase its competitiveness.

The economic outlook for the rest of 2016 remains uncertain. Competition in local market is expected to be fierce. To maintain our competitiveness in the market, the Company will continue to focus on the market for oral care products. On the other hand, the Company is currently developing new products (including formulae and product design) for the household hygiene products and leather care products to respond to the rapidly changing market demands.

Management Discussion and Analysis

RESULTS OF OPERATION

Turnover and Adjusted Profit for the nine months ended 30 September 2016 was approximately RMB190.4 million and approximately RMB16.5 million, representing a decrease of approximately 0.2% and 21.1% respectively, as compared to approximately RMB190.8 million and approximately RMB20.9 million respectively for the last corresponding period. The basic earnings after adjusting the non-recurring listing expenses per share was RMB2.00 cents for the nine months ended 30 September 2016 and RMB2.79 cents for the last corresponding period.

Turnover

The Group recorded turnover of approximately RMB190.4 million for the nine months ended 30 September 2016, slightly decreased by approximately 0.2% as compared to approximately RMB190.8 million for the same period last year. The decrease of turnover was primarily resulted from the decrease in turnover of household hygiene products by approximately RMB5.1 million or 8.7%, from approximately RMB58.8 million for the nine months ended 30 September 2015 to approximately RMB53.7 million for the nine months ended 30 September 2016. Such decrease was attributable to the decrease in the sales volume of the household hygiene products during the period. Turnover of leather care products recorded a drop of approximately RMB4.7 million or 13.5%, from approximately RMB34.7 million for the nine months ended 30 September 2015 to approximately RMB30.0 million for the nine months ended 30 September 2016. The decrease was mainly due to the reduction of the sales volume of our low-end leather care products. For the nine months ended 30 September 2015, the Group recorded turnover of other products of approximately RMB1.5 million, which was mainly represented by industrial hygiene products, and no such turnover of other products was recorded for the corresponding period in 2016. The decrease in turnover was partially offset by increase in turnover of oral care products of approximately RMB10.9 million or 11.4%, from approximately RMB95.8 million for the nine months ended 30 September 2015 to approximately RMB106.7 million for the nine months ended 30 September 2016. Such increase was mainly due to increased sales volume of the oral care products since the second half of 2015.

Cost of sales

Cost of sales decreased from approximately RMB104.9 million for the last corresponding period to approximately RMB95.9 million for the nine months ended 30 September 2016, showing a decrease of approximately 8.6%. The decrease was due to the negotiation of better terms with our suppliers during the first nine months of 2016, which has successfully improved the gross profit margin.

Management Discussion and Analysis

Gross profit and gross profit margin

Gross profit increased from approximately RMB85.8 million for the last corresponding period to approximately RMB94.5 million for the nine months ended 30 September 2016, representing an increase of approximately 10.1%. The gross profit margin was increased to approximately 49.6%, up 4.6% as compared to approximately 45.0% for the last corresponding period. Such increase was mainly attributable to the negotiation of better terms with our suppliers during the first nine months of 2016, which lowered the cost of sales of the oral care products.

Selling and distribution costs

Selling and distribution expenses incurred for the nine months ended 30 September 2016 was approximately RMB51.8 million, increased by approximately RMB11.7 million as compared to approximately RMB40.1 million for the last corresponding period, representing an increase of approximately 29.2%, mainly driven by the increased advertising and promotion activities incurred during the nine months ended 30 September 2016.

Administrative expenses

Administrative expenses incurred for the nine months ended 30 September 2016 was approximately RMB31.8 million, increased by approximately RMB6.4 million as compared to approximately RMB25.4 million for the last corresponding period, representing an increase of approximately 25.2%. Such increase was primarily due to the non-recurring listing expenses of approximately RMB6.9 million during the period (nine months ended 30 September 2015: approximately RMB5.1 million). Except for the impact of the listing expenses, the administrative expenses were increased by approximately RMB4.6 million and up approximately 22.5%, which was mainly attributed to increase of research and development expenses, administrative staff cost and travelling expenses.

Finance costs

Interest expenses incurred for the nine months ended 30 September 2016 was approximately RMB1.6 million, increased by approximately RMB37,000 as compared to the last corresponding period, representing an increase of approximately 2.3%. It was driven by the increase of the average balance of the interest-bearing loans during the nine months ended 30 September 2016 as compared to the last corresponding period.

Management Discussion and Analysis

Profit for the period

As a result of the foregoing, our net profit decreased by approximately 39.2% from approximately RMB15.8 million for the nine months ended 30 September 2015 to approximately RMB9.6 million for the nine months ended 30 September 2016. After considering the non-recurring listing expenses of approximately RMB6.9 million and approximately RMB5.1 million for the nine months ended 30 September 2016 and 2015 respectively, the Adjusted Profit decreased from approximately RMB20.9 million for the nine months ended 30 September 2015 to approximately RMB16.5 million for the nine months ended 30 September 2016, represented a decrease of approximately 21.1%. Adjusted net profit margin was approximately 8.7%, representing a decrease of approximately 2.3 percentage points as compared to the same period last year (For the nine months ended 30 September 2015: approximately 11.0%).

DIVIDEND

The Board has determined not to declare a dividend for the nine months ended 30 September 2016.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from the reorganisation of the Group in relation to the listing of the shares of the Company on GEM as disclosed in the Prospectus, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the nine months ended 30 September 2016. Save as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 30 September 2016.

Other Information

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

As at 30 September 2016, 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 corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 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, are as follows:

Long position in the ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of shares or underlying shares	Approximate percentage of interest in the Company
Ms. Li Qiuyan ("Ms. Li")	Interest of a controlled corporation (Note 1)	637,500,000	63.75%
Mr. Tong Xing ("Mr. Tong")	Interest of a controlled corporation (Note 2)	112,500,000	11.25%

Notes:

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

Long position in the shares of associated corporation

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

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 September 2016, so far as the Directors are aware, the following persons (not being Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO and/or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the ordinary shares of the Company

Name	Capacity/nature of interest	Number of shares or underlying shares	Approximate percentage of interest in the Company
ChongBo Mary	Beneficial owner	637,500,000	63.75%
Tong Xing Holding	Beneficial owner	112,500,000	11.25%
Mr. Tong Yu	Interest of spouse <i>(Note 1)</i>	637,500,000	63.75%
Ms. Zhang Li	Interest of spouse <i>(Note 2)</i>	112,500,000	11.25%

Notes:

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

Other Information

Save as disclosed above, the Directors are not aware of any other persons who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO, and/or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE OPTION SCHEME

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the nine months ended 30 September 2016 was any rights granted to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or was any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities from the Listing Date to the date of this report.

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 from the Listing Date to the date of this report.

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 Listing Date. As far as the Directors are aware, as at the date of this report, 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 report, 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 report, 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 nine months ended 30 September 2016 with the management and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

Other Information

CORPORATE GOVERNANCE CODE

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

PUBLIC FLOAT

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

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

Hong Kong, 14 November 2016

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