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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 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.

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 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 2016 together with comparative figures for the last corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2016

		Three months ended 30 June		Six months ended 30 June	
		2016	2015	**2016**	2015
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover	*3*	**60,336**	49,895	**117,840**	110,629
Cost of sales		**(33,215)**	(27,723)	**(60,156)**	(61,920)
Gross profit		**27,121**	22,172	**57,684**	48,709
Other income		**895**	195	**1,476**	579
Selling and distribution costs		**(15,321)**	(11,739)	**(31,713)**	(26,205)
Administrative expenses		**(13,759)**	(8,011)	**(22,208)**	(15,255)
Finance costs		**(527)**	(466)	**(1,000)**	(1,115)
(Loss) profit before tax		**(1,591)**	2,151	**4,239**	6,713
Income tax credit (expenses)	*4*	**285**	(655)	**(595)**	(1,346)
(Loss) profit for the period	*5*	**(1,306)**	1,496	**3,644**	5,367
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		**305**	117	**(429)**	169
Total comprehensive (expense) income for the period attributable to owners of the Company		**(1,001)**	1,613	**3,215**	5,536
(Loss) earnings per share					
Basic and diluted (RMB cents)	*6*	**(0.17)**	0.20	**0.49**	0.72

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**132,283**	125,247
Prepaid lease payments		**19,141**	19,365
Intangible assets		**128**	199
Deposits paid for acquisition of property, plant and equipment		**5,024**	3,857
Deferred tax assets		**2,643**	1,654
		159,219	150,322
Current assets			
Inventories		**28,524**	22,816
Trade and other receivables	9	**47,451**	45,090
Prepaid lease payments		**449**	449
Bank balances and cash		**13,917**	25,344
		90,341	93,699
Current liabilities			
Trade and other payables	10	**77,785**	86,010
Amount due to a shareholder	11	**–**	1,959
Amounts due to related parties	11	**–**	13,047
Income tax payables		**1,883**	2,124
Bank and other borrowings	12	**55,796**	30,000
		135,464	133,140
Net current liabilities		**(45,123)**	(39,441)
		114,096	110,881
Capital and reserves			
Share capital	13	**–**	–
Reserves		**114,096**	110,881
		114,096	110,881

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2016

	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 2016 (audited)	**–**	**15**	**38,173**	**2,983**	**69,710**	**110,881**
Profit for the period	**–**	**–**	**–**	**–**	**3,644**	**3,644**
Other comprehensive income for the period:						
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**(429)**	**–**	**(429)**
Total comprehensive income for the period	**–**	**–**	**–**	**(429)**	**3,644**	**3,215**
At 30 June 2016 (unaudited)	**–**	**15**	**38,173**	**2,554**	**73,354**	**114,096**
At 1 January 2015 (audited)	–	15	30,059	3,966	49,665	83,705
Profit for the period	–	–	–	–	5,367	5,367
Other comprehensive income for the period:						
Exchange difference arising on translation of foreign operations	–	–	–	169	–	169
Total comprehensive income for the period	–	–	–	169	5,367	5,536
At 30 June 2015 (unaudited)	–	15	30,059	4,135	55,032	89,241

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**2,167**	13,397
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(20,723)**	(10,597)
Others	**(1,696)**	(1,682)
Net cash used in investing activities	**(22,419)**	(12,279)
FINANCING ACTIVITIES		
Bank and other borrowings raised	**59,796**	19,000
Repayment of bank borrowings	**(34,000)**	(28,000)
(Repayment to) advanced from a shareholder	**(1,995)**	1,358
Repayment to related parties	**(13,287)**	(161)
Others	**(1,681)**	(920)
Net cash generated from (used in) financing activities	**8,833**	(8,723)
Net decrease in cash and cash equivalents	**(11,419)**	(7,605)
Cash and cash equivalents at 1 January	**25,344**	24,618
Effect of foreign exchange rate changes	**(8)**	(8)
Cash and cash equivalents at 30 June, representing bank balances and cash	**13,917**	17,005

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 interim financial information of the Company and its subsidiaries (collectively as the "Group") for the six months ended 30 June 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").

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information have 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 Accountants' Report, except as described below.

In the six months ended 30 June 2016, the Group has applied, for the first time, the following new standards, amendments and interpretation (the "new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2016.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

Except as described below, the application of the above 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 years and/or on the disclosures set out in these condensed consolidated financial statements.

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligations located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements ‘if not disclosed elsewhere in the interim financial report’. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle has had no material impact on the disclosures or on the amounts recognised in the Group’s condensed consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contains a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity’s financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The application of Amendments to HKAS 1 has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Classification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

(i) when the intangible asset is expressed as a measure of revenue;

(ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

As the Group uses straight-line method for depreciation of property, plant and equipment and intangible assets, the application of Amendments to HKAS 16 and HKAS 38 has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the Standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

As the Company does not have any investment in investment entities, the application of Amendments to HKFRS 10, HKFRS 12 and HKAS 28 has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

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.

4) Others segment reports manufacture and sales of other products.

(a) Segment revenues and results

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

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

For the six months ended 30 June 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	**64,948**	**16,993**	**35,899**	**–**	**117,840**
Segment profit	**37,290**	**6,774**	**13,620**	**–**	**57,684**
Unallocated income					**1,476**
Unallocated expenses					**(53,921)**
Finance costs					**(1,000)**
Consolidated profit before tax					**4,239**

For the six months ended 30 June 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	57,189	19,930	31,996	1,514	110,629
Segment profit	27,486	7,234	13,181	808	48,709
Unallocated income					579
Unallocated expenses					(41,460)
Finance costs					(1,115)
Consolidated profit before tax					6,713

For the three months ended 30 June 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	**34,707**	**5,394**	**20,235**	**–**	**60,336**
Segment profit	**18,754**	**1,598**	**6,769**	**–**	**27,121**
Unallocated income					**895**
Unallocated expenses					**(29,080)**
Finance costs					**(527)**
Consolidated loss before tax					**(1,591)**

For the three months ended 30 June 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	30,255	5,124	13,912	604	49,895
Segment profit	14,543	1,855	5,569	205	22,172
Unallocated income					195
Unallocated expenses					(19,750)
Finance costs					(466)
Consolidated profit before tax					2,151

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.

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 2016 ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Jointly-shared by sales of oral care products, leather care products and household hygiene products	**232,948**	215,169
Unallocated	**16,612**	28,852
Total assets	**249,560**	244,021

Segment liabilities

	30 June 2016 *RMB'000* (Unaudited)	31 December 2015 *RMB'000* (Audited)
Jointly-shared by sales of oral care products, leather care products and household hygiene products	**71,555**	85,542
Unallocated	**63,909**	47,598
Total liabilities	**135,464**	133,140

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	
	2016 *RMB'000* **(Unaudited)**	2015 *RMB'000* (Unaudited)	**2016** *RMB'000* **(Unaudited)**	2015 *RMB'000* (Unaudited)
Current tax				
PRC Enterprise Income Tax	**641**	712	**1,521**	1,403
Deferred tax	**(926)**	(57)	**(926)**	(57)
	(285)	655	**595**	1,346

(a) Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

(b) No provision for Hong Kong Profits Tax had been made for the six months ended 30 June 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 six months ended 30 June 2016 (2015: 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	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Listing expenses	**3,768**	2,719	**6,179**	2,719
Depreciation of property, plant and equipment	**1,322**	1,279	**2,663**	2,815
Amortisation of intangible assets	**36**	35	**71**	70
Amortisation of prepaid lease payments	**112**	112	**224**	225
Cost of inventories recognised as expenses	**33,215**	27,723	**60,156**	61,920

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	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss) profit attributable to owners of the Company	**(1,306)**	1,496	**3,644**	5,367

Number of shares

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	'000	*'000*	***'000***	*'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Weighted average number of ordinary shares	**750,000**	750,000	**750,000**	750,000

Note:

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

No adjustment has been made to the basic (loss) earnings per share amount for the three months and six months ended 30 June 2016 and 2015 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 interim dividend for the six months ended 30 June 2016 (2015: nil).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, additions to the Group's property, plant and equipment were approximately RMB9,817,000 (2015: RMB20,091,000).

9. TRADE AND OTHER RECEIVABLES

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade and bills receivables	**35,913**	39,787
Less: allowance for impairment of trade receivables	**(2,221)**	(2,221)
	33,692	37,566
Deposits and other receivables	**1,754**	501
Advances to independent third parties	**780**	1,186
Less: allowance for impairment of deposits and other receivables	**(502)**	(502)
	2,032	1,185
Prepayments	**12,005**	6,617
Less: allowance for impairment of prepayments	**(278)**	(278)
	11,727	6,339
	47,451	45,090

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 date, which approximated the respective revenue recognition dates, at the end of the reporting period.

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 30 days	**27,374**	28,784
31 – 60 days	**1,998**	3,312
61 – 90 days	**1,382**	2,485
Over 3 months but less than 6 months	**1,981**	2,653
Over 6 months but less than 1 year	**957**	332
	33,692	37,566

10. TRADE AND OTHER PAYABLES

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade and bills payables	**28,480**	24,330
Receipts in advance	**12,485**	11,783
Accruals and other payables	**31,780**	31,837
Advance from an independent third party	**–**	876
Payables for property, plant and equipment	**5,040**	17,184
	77,785	86,010

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

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 30 Days	**16,884**	11,049
31 – 60 Days	**5,216**	8,386
61 – 90 Days	**2,598**	2,998
Over 3 months but less than 6 months	**2,850**	1,438
Over 6 months but less than 1 year	**578**	293
Over 1 year	**354**	166
	28,480	24,330

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

11. AMOUNTS DUE TO A SHAREHOLDER AND RELATED PARTIES

The amounts are unsecured, interest-free and repaid during the six months ended 30 June 2016.

12. BANK AND OTHER BORROWINGS

The Group obtained new and repaid bank and other borrowings of RMB59,796,000 and RMB34,000,000 (2015: RMB19,000,000 and RMB28,000,000) respectively during the six months ended 30 June 2016.

13. SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2015 (audited) and 30 June 2015 (unaudited)	–	–
Incorporation of the Company on 29 July 2015	38,000	380
At 31 December 2015 (audited)	38,000	380
Increase in authorised share capital pursuant to written resolution of the shareholders of the Company on 17 June 2016	1,962,000	19,620
At 30 June 2016 (unaudited)	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2015 (audited) and 30 June 2015 (unaudited)	–	–
Issue of shares upon incorporation (a)	10	–
Issue of shares pursuant to a reorganisation (b)	10	–
At 1 January 2016 (audited) and 30 June 2016 (unaudited)	20	–
Equivalent to RMB'000		–

(a) 10,000 ordinary shares were allotted and issued as nil paid on the date of incorporation of the Company.

(b) The shares are issued to acquire the subsidiaries now comprising the Group as part of the reorganisation of the Group for the purpose of listing.

14. 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 3 years (2015: 1 to 2 years). At 30 June 2016 and 31 December 2015, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within one year	**827**	650
In the second to fifth years inclusive	**900**	113
	1,727	763

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 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within one year	**173**	194
In the second to fifth years inclusive	**35**	48
	208	242

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 2 years (2015: 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 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted but not provided for	**10,711**	22,420

15. RELATED PARTY TRANSACTIONS

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

(a) During the six months ended 30 June 2016 and 2015, 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.

(b) During the six months ended 30 June 2016 and 2015, the Group rented an office premises from Ms. Li Qiuyan, a director of the Company, with rental expenses of approximately nil and RMB180,000, respectively.

(c) During the six months ended 30 June 2016 and 2015, the Group incurred advertising expenses to a company controlled by the spouse of Mr. Tong Xing a director of the Company, of approximately RMB197,000 and RMB411,000, respectively.

(d) During the six months ended 30 June 2015, the Group made purchases from a company controlled by the son of Ms Li Qiuyan, a director of the Company (the "Related Company") of approximately RMB243,000. The Related Company ceased to be a related company in August 2015.

(e) During the six months ended 30 June 2015, the Group made sales to the Related Company of approximately RMB564,000.

(f) Key management compensation

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

	30 June 2016	30 June 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries and other benefits in kind	**916**	1,019
Retirement benefits scheme contributions	**24**	25
	940	1,044

16. EVENTS AFTER THE REPORTING PERIOD

On 8 July 2016, the Company issued 250,000,000 ordinary shares by way of placing (the "Placing"). The price of the Placing was HK$0.43 per ordinary share of the Company and the net proceeds from the Placing (after deducting the underwriting fees and other expenses) were approximately HK$76.2 million.

On the same day, 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 standing to the credit of the share premium account of the Company and the Company was successfully listed on the Growth Enterprise Market of the Stock Exchange.

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the six months ended 30 June 2016, the Group recorded a turnover of approximately RMB117.8 million, increased by 6.5% as compared to the last corresponding period; and a net profit before deducting the non-recurring listing expenses for the period of approximately RMB9.8 million, increased by approximately 21.0% compared to the same period in last year. Adjusted net profit margin was approximately 8.3%, representing an increase of approximately 1.0 percentage points as compared to the same period last year (30 June 2015: 7.3%).

The Directors believed that the significant increase in the amount of net profit before deducting the non-recurring listing expenses for the period was mainly attributable to the increase in gross profit margin of our oral care products segment from approximately 48.1% for the six months ended 30 June 2015 to the gross profit margin of approximately 57.1% for the six months ended 30 June 2016. The increase in gross profit margin of our oral care products was mainly due to the negotiation of better terms with our suppliers in 2016 which lowered the cost of sales of our oral care products.

PLACING OF SHARES

On the Listing Date, the Company was successfully listed on GEM by way of Placing of 250,000,000 ordinary shares of the Company. The price of the Placing was 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.

PROSPECTS

It is expected that the Company's research and development centre, new office building and production workshops will be completed and put into use by the third quarter of 2016. The Directors believed that it will enhance the Company's production and product development capabilities and further increase its competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION

Turnover and net profit for the six months ended 30 June 2016 was approximately RMB117.8 million and approximately RMB3.6 million, representing an increase of 6.5% and a decrease of 33.3% respectively, as compared to approximately RMB110.6 million and approximately RMB5.4 million respectively for the last corresponding period. The basic earnings per share was RMB0.49 cents for the period ended 30 June 2016 and RMB0.72 cents for the last corresponding period. However, before deducting the non-recurring listing expenses, the adjusted profit for the six months ended 30 June 2016 was approximately RMB9.8 million, increased approximately RMB1.7 million or 21.0% from the last corresponding period.

Turnover

The Group recorded turnover of approximately RMB117.8 million for the six months ended 30 June 2016, increased by approximately 6.5% as compared to approximately RMB110.6 million for the same period last year. The increase of turnover was primarily resulted from the increase in turnover of oral care products of approximately RMB7.7 million or 13.5%, from approximately RMB57.2 million for the six months ended 30 June 2015 to approximately RMB64.9 million for the six months ended 30 June 2016. Such increase was mainly due to increased sales volume and average unit price of the oral care products since the second half of 2015. Turnover of household hygiene products increased approximately RMB3.9 million or 12.2%, from approximately RMB32.0 million for the six months ended 30 June 2015 to approximately RMB35.9 million for the six months ended 30 June 2016. Such increase was attributable to the increase in the sales volume of the key hygiene products during the period. Turnover of leather care products recorded a drop of approximately RMB2.9 million or 14.6%, from approximately RMB19.9 million for the six months ended 30 June 2015 to approximately RMB17.0 million for the six months ended 30 June 2016. The decrease was mainly due to the reduction of the sales volume of our low-end leather care products.

Cost of sales

Cost of sales decreased from approximately RMB61.9 million for the last corresponding period to approximately RMB60.2 million for the six months ended 30 June 2016, showing a slight decrease of approximately 2.7%. The decrease was due to the negotiation of better terms with our suppliers which has successfully improved the gross profit margin.

Gross profit and gross profit margin

Gross profit increased from approximately RMB48.7 million for the last corresponding period to approximately RMB57.7 million for the six months ended 30 June 2016, representing an increase of approximately 18.5%. The gross profit margin was increased to 49.0%, up 5.0 percentage points as compared to 44.0% for the last corresponding period. Such increase was mainly attributable to the negotiation of better terms with our suppliers during the first half of 2016 which lowered the cost of sales of the oral care products.

Selling and distribution costs

Selling and distribution expenses incurred for the six months ended 30 June 2016 was approximately RMB31.7 million, increased by approximately RMB5.5 million as compared to approximately RMB26.2 million for the last corresponding period, representing an increase of approximately 21.0%, mainly driven by the increased advertising and promotion activities incurred during the six months ended 30 June 2016.

Administrative expenses

Administrative expenses incurred for the six months ended 30 June 2016 was approximately RMB22.2 million, increased by approximately RMB6.9 million as compared to approximately RMB15.3 million for the last corresponding period, representing an increase of approximately 45.1%. Such increase was primarily due to the non-recurring listing expenses of approximately RMB6.2 million during the period (six months ended 30 June 2015: RMB2.7 million). Except for the impact of the listing expenses, the administrative expenses were increased by approximately RMB3.4 million and up approximately 27.0% which was mainly attributed to increase of administrative staff cost and travelling expenses.

Finance costs

Interest expenses incurred for the six months ended 30 June 2016 was approximately RMB1.0 million, decreased by approximately RMB0.1 million as compared to approximately RMB1.1 million for the last corresponding period, representing a decrease of approximately 9.1%. It was driven by the decrease of the average interest-bearing loans during the six months ended 30 June 2016 as compared to the last corresponding period.

Profit for the period

As a result of the foregoing, our net profit decreased by approximately 33.3% from approximately RMB5.4 million for the six months ended 30 June 2015 to approximately RMB3.6 million for the six months ended 30 June 2016. After considering the non-recurring listing expenses of approximately RMB6.2 million and approximately RMB2.7 million for the six months ended 30 June 2016 and 2015, respectively, the adjusted profit for the period increased from approximately RMB8.1 million to approximately RMB9.8 million, represented an increment of approximately 21.0%. Adjusted net profit margin was approximately 8.3%, representing an increase of approximately 1.0 percentage points as compared to the same period last year (30 June 2015: 7.3%).

INTERIM DIVIDEND

The Board has determined not to declare interim dividend for the six months ended 30 June 2016.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' equity of the Group as at 30 June 2016 was approximately RMB114.1 million (31 December 2015: RMB110.9 million). The Group had current assets of approximately RMB90.3 million (31 December 2015: RMB93.7 million) and current liabilities of approximately RMB135.4 million (31 December 2015: RMB133.1 million). The current ratio was 0.67 and 0.70 as at 30 June 2016 and 31 December 2015, respectively.

Prior to the completion of the Placing in July 2016, the Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in China. As at 30 June 2016, the Group had outstanding bank borrowings of approximately RMB39.0 million (31 December 2015: RMB30.0 million). These bank loans were secured by certain buildings, prepaid lease payments and trademarks owned by the Group. The Group has also raised a short-term interest-bearing loan of approximately RMB16.8 million from an independent third party. As at 30 June 2016, the Group maintained bank balances and cash of approximately RMB13.9 million (31 December 2015: RMB25.3 million). The Group's net cash-to-equity ratio (total bank and other borrowings net of cash and cash equivalents over shareholders' equity) was 0.37 and 0.04 as at 30 June 2016 and 31 December 2015, 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 2016, the Group had no material capital commitments.

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 six months ended 30 June 2016. Save as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 30 June 2016.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2016, the Group had 326 full-time employees. The Group maintains a good relationship with its employees, and provides 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. Remuneration packages comprise salary and discretionary annual bonus.

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 the Placing was not completed as at 30 June 2016, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and section 352 of the SFO were not applicable.

Upon completion of the Placing and as at the date of this announcement, 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 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 corporations

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, upon completion of the Placing and as at the date of this announcement, 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 the Placing was not completed as at 30 June 2016, Divisions 2 and 4 of Part XV of the SFO and section 336 of the SFO were not applicable.

Upon completion of the Placing and as at the date of this announcement, 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 *(Note 1)*	637,500,000	63.75%
Ms. Zhang Li	Interest of spouse *(Note 2)*	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.

Save as disclosed above, upon completion of the Placing and as at the date of this announcement, 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 six months ended 30 June 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 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 from the Listing Date 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 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 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.

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 August 2016

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.