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GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED **金嚜子控股集團有限公司**

(Incorporated under the laws of the Cayman Islands with limited liability of its members)

(Stock Code: 6896)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS FOR 2022

- The Group's revenue increased by approximately RMB171.5 million or 20.9% to approximately RMB992.0 million, as compared to the year ended 31 December 2021.
- The Group's gross profit increased by approximately RMB143.2 million or 24.8% to approximately RMB720.9 million, as compared to the year ended 31 December 2021.
- The Group's earnings before interest, taxes, depreciation and amortisation increased by approximately RMB143.1 million or 50.8% to approximately RMB424.9 million, as compared to the year ended 31 December 2021.
- Profit attributable to equity holders of the Company increased by approximately RMB93.6 million or 49.9% to approximately RMB281.2 million, as compared to the year ended 31 December 2021.
- The Board recommends the payment of a final dividend of HK\$0.36 per share for the year ended 31 December 2022 to the shareholders of the Company. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and, if approved, is expected to be paid on or before 30 June 2023.

RESULTS

The Board of Directors of Golden Throat Holdings Group Company Limited is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2022, together with the audited comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	992,014	820,543
Cost of sales		<u>(271,094)</u>	<u>(242,807)</u>
Gross profit		720,920	577,736
Other income and gain	5	24,687	32,545
Selling and distribution expenses		(279,040)	(261,610)
Administrative expenses		(78,557)	(103,178)
Other expenses		(1,723)	(671)
Finance costs	7	<u>(10,294)</u>	<u>(7,975)</u>
PROFIT BEFORE TAX	6	375,993	236,847
Income tax expense	8	<u>(94,775)</u>	<u>(49,204)</u>
PROFIT FOR THE YEAR		<u>281,218</u>	<u>187,643</u>
Attributable to:			
Owners of the parent		<u>281,218</u>	<u>187,643</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic and diluted	10	<u>RMB38.04 cents</u>	<u>RMB25.38 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>281,218</u>	<u>187,643</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>7,853</u>	<u>(6,280)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>7,853</u>	<u>(6,280)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>7,853</u>	<u>(6,280)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>289,071</u>	<u>181,363</u>
Attributable to:		
Owners of the parent	<u>289,071</u>	<u>181,363</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		425,986	445,996
Advance payments for property, plant and equipment		359	478
Right-of-use assets		50,167	53,336
Prepayments, other receivables and other assets		–	108
Deferred tax assets		28,123	18,363
		<hr/>	<hr/>
Total non-current assets		504,635	518,281
CURRENT ASSETS			
Inventories		46,298	64,963
Trade and bills receivables	<i>11</i>	618,698	415,971
Prepayments, other receivables and other assets		82,553	95,594
Due from related parties		510	459
Financial assets at fair value through profit or loss		30,000	80,000
Pledged deposits		121,081	55,072
Cash and cash equivalents		895,515	722,839
		<hr/>	<hr/>
Total current assets		1,794,655	1,434,898
CURRENT LIABILITIES			
Trade payables	<i>12</i>	25,313	21,829
Other payables and accruals		363,033	283,712
Interest-bearing bank and other borrowings	<i>13</i>	272,586	234,999
Due to a director		236	216
Due to related parties		867	860
Tax payable		72,299	37,236
Government grants		266	366
		<hr/>	<hr/>
Total current liabilities		734,600	579,218
NET CURRENT ASSETS			
		1,060,055	855,680
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,564,690	1,373,961

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,564,690</u>	<u>1,373,961</u>
NON-CURRENT LIABILITIES		
Other payables and accruals	734	890
Government grants	75	341
Deferred tax liabilities	<u>24,770</u>	<u>7,587</u>
Total non-current liabilities	<u>25,579</u>	<u>8,818</u>
Net assets	<u>1,539,111</u>	<u>1,365,143</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	113	113
Share premium	675,410	675,410
Reserves	<u>863,588</u>	<u>689,620</u>
Total equity	<u>1,539,111</u>	<u>1,365,143</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2022

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 2 September 2014. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was principally involved in the manufacture and sale of pharmaceutical, healthcare food and other products.

In the opinion of the directors, the holding company of the Company is Golden Throat International Holdings Limited, which was incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendment to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China	984,383	817,130
Other countries/regions	<u>7,631</u>	<u>3,413</u>
	<u><u>992,014</u></u>	<u><u>820,543</u></u>

The revenue information is based on the locations of the customers.

(b) Non-current assets

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China	468,705	490,516
Hong Kong	<u>7,807</u>	<u>9,402</u>
	<u><u>476,512</u></u>	<u><u>499,918</u></u>

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customer

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A	<u><u>101,466</u></u>	<u><u>95,890</u></u>

5. REVENUE, OTHER INCOME AND GAIN

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers	991,866	820,407
Revenue from other sources		
Gross rental income	<u>148</u>	<u>136</u>
	<u><u>992,014</u></u>	<u><u>820,543</u></u>

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Geographical markets		
Mainland China	984,235	816,994
Other countries/regions	<u>7,631</u>	<u>3,413</u>
	<u><u>991,866</u></u>	<u><u>820,407</u></u>
Timing of revenue recognition		
Goods transferred at a point in time	<u><u>991,866</u></u>	<u><u>820,407</u></u>

The following table shows the amounts of revenue recognised during the year that were included in the contract liabilities at the beginning of the reporting period:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Sale of products	<u><u>82,532</u></u>	<u><u>37,657</u></u>

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon acceptance of the goods and payment is generally due within three months, extending up to six months for certain customers.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<u>87,135</u>	<u>85,214</u>

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gain is as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
<u>Other income</u>		
Government grants*	4,518	10,520
Bank interest income	16,553	15,346
Investment income from financial assets at fair value through profit or loss	2,191	1,413
Foreign exchange differences, net	1,392	3,367
Others	<u>33</u>	<u>41</u>
	<u>24,687</u>	<u>30,687</u>
<u>Gain</u>		
Gain on settlement of litigation	<u>-</u>	<u>1,858</u>
	<u>24,687</u>	<u>32,545</u>

* The government grants mainly represent subsidies received from the local government for the purposes of compensation for value-added tax paid, interest expense on bank borrowings and capital expenditure incurred on certain projects.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of inventories sold*	271,094	242,807
Depreciation of property, plant and equipment	34,700	33,125
Depreciation of right-of-use assets	3,944	3,850
Research and development costs	6,420	22,285
Lease payments not included in the measurement of lease liabilities	220	519
Government grants	(4,518)	(10,520)
Bank interest income	(16,553)	(15,346)
Investment income from financial assets at fair value through profit or loss	(2,191)	(1,413)
Foreign exchange differences, net	(1,392)	(3,367)
Loss on disposal of items of property, plant and equipment	194	75
Impairment of trade receivables, net	432	183
Impairment of other receivables, net	(41)	(120)
Write-down of inventories to net realisable value	(795)	(983)
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	66,196	58,621
Pension scheme contributions**	9,628	8,190
Staff welfare expenses	16,739	15,159
	<u>92,563</u>	<u>81,970</u>

* The cost of inventories sold includes the following expenses which are also included in the respective total amounts of the items disclosed above:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Depreciation of property, plant and equipment	28,049	26,712
Employee benefit expense	57,000	45,708
Write-down of inventories to net realisable value	(795)	(983)

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank loans	7,396	5,897
Interest on discounted bills receivable	2,891	2,052
Interest on lease liabilities	<u>7</u>	<u>26</u>
	<u>10,294</u>	<u>7,975</u>

8. INCOME TAX

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax:		
Charge for the year	72,227	44,138
Deferred tax	<u>22,548</u>	<u>5,066</u>
Total tax charge for the year	<u>94,775</u>	<u>49,204</u>

9. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Proposed final – HK36 cents (2021: HK18 cents) per ordinary share	<u>237,743</u>	<u>108,802</u>

The proposed final dividend for the year ended 31 December 2022 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 739,302,000 (2021: 739,302,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculation of basic earnings per share is based on:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>281,218</u>	<u>187,643</u>
	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>739,302,000</u>	<u>739,302,000</u>

11. TRADE AND BILLS RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	26,816	25,538
Bills receivable	<u>593,522</u>	<u>391,641</u>
	620,338	417,179
Impairment	<u>(1,640)</u>	<u>(1,208)</u>
	<u>618,698</u>	<u>415,971</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months, extending up to six months for certain customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	23,586	20,771
3 to 6 months	360	421
6 to 12 months	400	2,062
1 to 2 years	233	743
Over 2 years	597	333
	<u>25,176</u>	<u>24,330</u>

12. TRADE PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	<u>25,313</u>	<u>21,829</u>

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Less than 3 months	23,544	16,876
3 to 6 months	136	595
6 to 12 months	436	1,005
1 to 2 years	38	2,185
Over 2 years	1,159	1,168
	<u>25,313</u>	<u>21,829</u>

Included in the trade payables are trade payables of RMB182,000 (2021: RMB349,000) due to a related party controlled by a director of the Group which are repayable within 30 days, which represents credit terms similar to those offered by the related party to its major customers.

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Maturity	31 December 2022		31 December 2021	
		Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
Current					
Lease liabilities	Within 1 year	4.75	–	4.75	402
Bank loans – secured	Within 1 year	1.65-4.10	130,000	1.70-4.35	118,500
Bank loans – unsecured	Within 1 year	1.70-3.65	119,800	3.85	50,000
Discounted bills receivable	Within 1 year	1.80-2.00	22,786	2.20-3.50	66,097
			<u>272,586</u>		<u>234,999</u>
Analysed into:					
Bank loans repayable:					
	Within one year or on demand		<u>272,586</u>		<u>234,597</u>
Other borrowings repayable:					
	Within one year or on demand		<u>–</u>		<u>402</u>
			<u>272,586</u>		<u>234,999</u>

Note:

- (a) Certain of the Group's bank loans are secured by:
- (i) the pledge of the Group's bills receivable amounting to RMB20,384,000 (2021: RMB17,529,000); and
 - (ii) the pledge of certain of the Group's deposits amounting to RMB121,081,000 (2021: RMB55,072,000).

MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis is prepared as at 29 March 2023 (the date of this announcement). It should be read in conjunction with the audited consolidated financial statements and the notes thereto of the Group for the year ended 31 December 2022.

“ASEAN”	Association of Southeast Asian Nations
“Audit Committee”	the audit committee of the Board established on 13 February 2015
“Board”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company”	Golden Throat Holdings Group Company Limited (金嚟子控股集團有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 2 September 2014
“Director(s)”	director(s) of the Company
“Golden Throat Lozenges (OTC)”	Golden Throat Lozenges (金嚟子喉片), one of the Group’s key products and approved as a type of over-the-counter medicine
“Golden Throat Lozenge Series Products”	Golden Throat Lozenge Series Products (金嚟子喉寶系列產品), one of the Group’s key products and approved as food products
“Group”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPO Proceeds”	the net proceeds from the listing of the Shares on the Stock Exchange
“Listing Date”	15 July 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“NMPA”	National Medical Products Administration (國家藥品監督管理局) of China, formerly known as China Food and Drug Administration (國家食品藥品監督管理總局)
“OTC”	pharmaceutical products which may, upon receiving the NMPA’s approval, be sold over the counter in China at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 30 June 2015 in respect of the global offering of the Shares
“Reporting Period”	the year ended 31 December 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the capital of the Company with a nominal value of US\$0.000025 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America, its territories, its possessions and all its jurisdiction
“US\$” or “USD”	United States dollars, the lawful currency of the United States

Unless otherwise specified, all numerical figures in the management discussion and analysis section of this announcement are rounded to one decimal place.

BUSINESS REVIEW

The Group is a leading manufacturer of lozenges in China. In January 2023, the Company was awarded the title of Guangxi's Leading Industrial Enterprise. At the end of 2022, the Company was awarded the title of the Most Popular Brand by the Audience of Guangxi Brand High-quality Development Forum and the title of Top Ten Taxpayers of Private Enterprises in Liuzhou. In July 2022, the Company was listed as one of the Award-Winning Enterprises in the 2021 China Pharmaceutical Industry Top 100 Series List. In October 2021, in the 2021 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges (OTC) stood out amongst many products and was awarded No. 1 amongst Chinese traditional medicines (throat) by China Nonprescription Medicines Association and ranked 43rd in the overall ranking of nonprescription manufacturing enterprises. Currently, the Group has developed into a modern integrated group mainly engaging in the manufacture and sale of lozenges, other pharmaceutical and biotech food.

Amidst the ongoing global COVID-19 pandemic in 2022, the pandemic prevention and control achievements in China were consolidated and China's economy maintained a stable recovery.

In 2022, the Beijing Municipal Health Commission organized pharmaceutical, clinical and traditional Chinese medicine experts to formulate the Catalogue of Medicines for People Infected with COVID-19 (First Edition) (《新冠病毒感染者用藥目錄(第一版)》) with reference to the actual practice of medication treatment, in which our Golden Throat Lozenge (OTC) was specifically recommended for pharyngeal symptoms such as sore throat and dry throat. The Group also recorded a significant increase in sales for the full year of 2022.

Key Products

The Group reports its revenue by three product categories, which include Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

Golden Throat Lozenges (OTC) – over-the-counter medicine

The Group's flagship product is Golden Throat Lozenges (OTC), which was launched in 1994. It is a type of lozenge mainly designed to relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis. Golden Throat Lozenges (OTC) was approved as over-the-counter medicine by the National Medical Products Administration, as such they can be purchased by the public in pharmacies without requiring the prescription of a qualified medical professional.

For the year ended 31 December 2022, the Group's revenue of Golden Throat Lozenges (OTC) accounted for approximately 91.2% of its total revenue.

Golden Throat Lozenge Series Products – Food

The Group's other key products are Golden Throat Lozenge Series Products, which include seven products comprising of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and five other sugar-free flavours of this series, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊), American ginseng (西洋參) and hawthorn (山楂). In 2018, the Group established Golden Throat Lozenge Series Products flagship store on online platform Taobao Tmall, with the addition of online exclusive Golden Throat Lozenge Series Products, which include six products comprising of Golden Throat Lozenge Dule Lozenges and five other flavours (including mint, chrysanthemum, red tangerine (桔紅), fructus momordicae and American ginseng) and various fruit candies.

A major difference between Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products is that the former is approved as over-the-counter medicine, whereas the latter is approved as food products. The sugar-free series of Golden Throat Lozenge Series Products was launched in 2013, which supplements the Group's original sales channel and provides consumers with more diversified choices in response to consumer differentiation.

For the year ended 31 December 2022, the Group's revenue of Golden Throat Lozenges Series Products accounted for approximately 8.2% of its total revenue.

Other Products

For the year ended 31 December 2022, the Group's revenue of other products accounted for approximately 0.6% of its total revenue. One of the Group's other products is Yinxyngye Tablet (銀杏葉片). Yinxyngye Tablet is mainly designed to facilitate blood circulation, remove blood stasis and dredge energy channels and was approved as a prescription medicine by the NMPA.

Another one of the Group's other products is the Group's new product, Golden Throat Intestinal Series, which is an exclusive nutrition for probiotics, also known as prebiotics. It uses the targeting properties of prebiotics to deliver exclusive nutrition favored by probiotics to specific parts of the probiotic-rich intestine. This results in a significant increase in intestinal probiotics, especially the number and proportion of bifidobacteria. It also increases intestinal probiotics to promote intestinal health.

In June 2022, the Group launched a new product, Golden Throat Compound Probiotic Lozenges. The brand-new compound probiotic lozenges, Golden Throat Compound Probiotic Lozenges, was developed by the Group and the scientific research team of "Food Microbial Function Development" of Beijing Agricultural College, which is specially targeted at probiotics which are lacking independent intellectual property rights in China. The new product is an active probiotic developed independently in China and has obtained six patents. It adopts the leading international technologies such as three-layer embedding technology and 360-degree thermal radiation freeze-drying technology to ensure the active quality of probiotics, and is committed to using "Chinese bacteria" to improve the physique of Chinese people.

Research and Development

The Group's business has significantly benefited from its strong track record in research and development. Since 1994, the Group has successfully developed 32 new products for which it has obtained manufacturing permits, amongst which, 8 are pharmaceutical products (including Jinyin Sanqi Capsule (金銀三七膠囊)), 22 are food products, 1 is a health supplement and 1 is a medical apparatus product.

The Group's research and development activities are conducted both in-house and through collaborations with external research institutions, such as hospitals, institutes for drug research and other companies.

Sales, Marketing and Distribution

Branding

The Group believes that strong brand recognition and customer loyalty are key to the recognition of the "Golden Throat (金嗓子)" brand. In January 2023, the Company was awarded the title of Guangxi's Leading Industrial Enterprise. At the end of 2022, the Company was awarded the title of the Most Popular Brand by the Audience of Guangxi Brand High-quality Development Forum and the title of Top Ten Taxpayers of Private Enterprises in Liuzhou. In July 2022, the Company was listed as one of the Award-Winning Enterprises in the 2021 China Pharmaceutical Industry Top 100 Series List. In October 2021, in the 2021 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges (OTC) stood out among many products and was awarded No. 1 amongst Chinese traditional medicines (Throat) by China Nonprescription Medicines Association. It ranked 43rd in the overall ranking of nonprescription manufacturing enterprises. In May 2021, the 21st IAI International Advertising Awards, Golden Throat's brand story "The Treasure of Each Other" won the Gold Award for film and television work.

Golden Throat Lozenge Series Products have been exported to 22 countries and regions as of 31 December 2022, with France, Spain, the Netherlands, Italy and Ireland added to the list in 2022 and will be exported to Luxembourg, Croatia and Estonia in early 2023.

Distribution Network

The Group has established an extensive and structured sales and distribution network throughout China for its (i) over-the-counter medicines, (ii) food products and (iii) prescription medicines. As of 31 December 2022, substantially all of the Group's revenue was generated from sales to distributors.

As at 31 December 2022, the Group's distribution network covers all provinces, autonomous regions and municipalities directly under the jurisdiction of the PRC. In 2022, the Group will continue to expand into new markets as it further strengthens its partnerships with its top distributors and pharmacy chains following the consolidation of its distributor channel. In addition, the Group has further streamlined the procurement process for distributors by supplying primary pharmacies and clinics through an online drug procurement platform.

The Group also has a presence in various overseas markets for its products, including the United States, Canada, Japan, the European Union, Australia, Southeast Asia, Middle East, Mexico and Africa, with exports covering a total of 53 countries and regions across five continents of the world. In 2022, the Group's Golden Throat Lozenges (OTC) was granted the MAL Pharmaceutical Registration Qualification by the Ministry of Health of Malaysia after a long-term rigorous examination and testing. In the second quarter of 2023, the first batch of Golden Throat Lozenges (OTC) will soon be available in mainstream hospitals and clinics at all levels in Malaysia. The distribution network of the Group's Golden Throat Lozenge Series Products was expanded to France, Spain, the Netherlands, Italy and Ireland in 2022, and will be further expanded to Luxembourg, Croatia and Estonia in early 2023.

The Group has actively responded to China's top-level strategy – the national “Belt and Road” initiative, of which 10 ASEAN countries play a vital role in its strategy. Up to now, the Company has successfully entered into agency agreements with all of the 10 ASEAN countries, and its products have exported to nine countries, except Laos.

In October 2018, the Group established Golden Throat Lozenge Series Products flagship store on online platform Taobao Tmall, with the addition of online exclusive Golden Throat Lozenge Series Products, which include six products comprising of Golden Throat Lozenge Dule Lozenges and five other flavours (including mint, chrysanthemum, red tangerine (桔紅), fructus momordicae and American ginseng) and various fruit candies. Nowadays, the dual development of retail pharmacies and online sales has contributed to an efficient and comprehensive distribution system.

Promoters

As of 31 December 2022, the Group has entered into certain products promotion cooperation agreements with 11 promoters. The primary reasons for engaging the promoters in certain regions are: (i) their knowledge of local markets and substantial experience in promoting products; and (ii) their familiarity with local municipal level agents and that the Group can benefit from their facilitation and ongoing feedback of such local markets.

Market Review

In recent years, as the global pharmaceutical market grow steadily with the growth of global population and the increasing level of ageing population, the demand for and the types of medical services and medicines have been rising. Besides, the rising living standard gives rise to the increasing awareness of health management among the citizens, which has fostered the steady development of the global pharmaceutical market. Throat diseases are common and are frequently triggered. Given that the particulate matter 2.5 (PM2.5) has been at an unhealthy level in most of the major cities in China for a long time in recent years, air pollution is one of the main causes of respiratory infections, especially pharyngitis. In addition, broadcasters in live broadcasting industry, singers, actors and teachers generally use their voices for a long time, with loud volume and frequent throat discomfort symptoms. Such consumers will also pay special attention to throat products. In view of the air pollution and excessive use of voice problem, consumers are more concerned about protecting their throats, and the pharmaceutical and lozenge market in China is expected to grow continuously. Furthermore, young people these days also pay attention to throat products that can effectively remove oral odor that cool the throat and refresh the mind. The flagship products of the Group, Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products, cover a wide range of pharmacies and supermarkets to provide consumers with purchasing channels that are more convenient.

In the middle of 2022, Golden Throat Compound Probiotic Lozenges jointly developed by Golden Throat Group and the scientific research team of “Food Microbial Function Development” of Beijing Agricultural College was launched to market. The new product is an active probiotic that has obtained six patents by using strains with independent intellectual property rights. It adopts the leading international technologies such as three-layer embedding technology and 360-degree thermal radiation freeze-drying technology to ensure the active quality of probiotics.

PRC consumers' health awareness has been increasing year by year, which resulted in higher spending on health related products including, amongst others, health food and medicines. Consumers nowadays care more about life quality and health than before, and are getting more familiar with many brands of OTC medicines. In addition, the inconvenience and time needed for seeing doctors due to shortage of medical resources also drive consumers to treat themselves at home by purchasing OTC medicines when they encounter common ailments or chronic diseases.

In the post-COVID-19 era, the Group believes that two major health issues, namely immunity and gastrointestinal health, are receiving more attention from all age groups, which give rise to the health awareness in the probiotic and further enhanced the market's reception of probiotic products. At present, the probiotic industry has high technical barriers and domestic raw materials are mainly dominated by imported brands. The Group believes that it is only possible to create a competitive brand in the market by possessing core technologies and the Group will continue to conduct research and development of its products in future.

In 2022, the Beijing Municipal Health Commission organized pharmaceutical, clinical and traditional Chinese medicine experts to formulate the Catalogue of Medicines for People Infected with COVID-19 (First Edition) (《新冠病毒感染者用藥目錄(第一版)》) with reference to the actual practice of medication treatment, in which our Golden Throat Lozenge (OTC) were specifically recommended for pharyngeal symptoms such as sore throat and dry throat. The Group recorded a significant increase in sales for the full year of 2022.

Future Expansion and Upgrading Plan

In the future, the Group will remain committed to consumers' demand, continue to optimise and enrich its product portfolio, persistently strengthen its organisational capabilities, allocate resources to focus on customer-centric operation and digital marketing, thereby promoting the enhancement of its organisational capabilities and forming a new growth logic of the Group's products so as to realise positive and healthy development of the Group, continue to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food products markets.

Over the past three years, there has been a profound impact on economic development, industry patterns and lifestyles due to the impact of the COVID-19 pandemic. Despite the short-term turbulence, people have become more concerned about their physical and mental health, and the opportunities in the industry have increased, and the market is still full of momentum and hope. In view of this, the Group continued to strengthen its "single brand, multi-category, multi-channel" development strategy, focusing on product, channel and retail operation capabilities and supply chain management, continuing to attract consumers' attention through creative features, exclusive product sales and innovative diversified channel development to enrich the brand image and influence. Under the market trend of consumption upgrading, the Group will continue to innovate in promoting the development of new products such as genetic medicines, traditional Chinese medicine prescriptions and specialty health foods, and is committed to promoting the development of China's mass health industry.

Nowadays, people mainly rely on online purchasing while E-commerce and new retails continue to develop. The Group's Golden Throat WeChat Mini Program Mall was launched in early 2020. We will continue to expand online sales channel in 2023, and we believe there would be breakthroughs in our online business in the future.

To further enhance the popularity of its products and awareness of its brand and image in China, the Group will continue to maintain and promote its “Golden Throat (金嗓子)” brand with the goal of establishing it as a well-known household brand recognised for effective, safe and curative lozenge products in China. The Group plans to expand and enhance its media marketing and promotion efforts, by increasingly advertising via internet media that has a broader coverage. The Group’s dedicated marketing team will continue to work closely with its distributors to design and carry out effective and targeted marketing campaigns and promotional activities.

The Group also intends to increase its production capacity by constructing a new production base to meet the market demand for its Golden Throat Lozenges (OTC). As at 31 December 2022, plants and office buildings of a new medicine production and research and development base of the Group located at Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region and the commissioning of product line and trial production were completed, and the Group completed the overall relocation in the second half of 2021. The new production base covers a usable area of about 60,000 square meters, including research and development centers, production plants, warehouses and administrative office buildings. The fully automated production line in the production plant will improve the efficiency of the production process. A brand-new modern production enterprise will be formed with the new production and research and development base, new factories, new workflow and new production lines, which will completely upgrade the management platform and manufacturing platform of the factories, comprehensively improving the manufacturing quality and technology content of the products, enhancing the comprehensive competitiveness of the Company, and will lay a solid foundation for expanding and strengthening the Company.

In 2021, the Group selected a land of 48 mu (畝) located in the south of our new medicine production and research and development base as the new site for the second phase of our production base of Golden Throat, with the expected usable area of about 50,000 square meters when the construction is completed. A food production plant and a food product research centre will be built in accordance with our plan. Upon completion, a high-tech development and research team as well as smart production and smart sales will be deployed to develop more great health products. As of 31 December 2022, the phase two of the project has commenced the document approval.

The Golden Throat’s second phase construction will help to establish the core leading position of the technical platform of Golden Throat Doctoral Workstation, Golden Throat Professorial Workstation, Golden Throat Throat Research Institute, Golden Throat Gastrointestinal Research Institute and Golden Throat Heart and Brain Research Institute; develop new products such as genetic drugs, traditional Chinese medicine formulas, special medical devices and special health food; and promote the implementation of the second phase of the Golden Throat base to create a continuous innovation to drive the development of the Golden Throat great health industry.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, the Group's revenue increased by approximately RMB171.5 million or 20.9% to approximately RMB992.0 million, as compared to approximately RMB820.5 million for the year ended 31 December 2021.

For the year ended 31 December 2022, the Group's revenue generated from sales of Golden Throat Lozenges (OTC) was approximately RMB904.6 million, representing an increased of approximately RMB165.4 million or 22.4% as compared to approximately RMB739.2 million for the year ended 31 December 2021. This is mainly due to the significant increase in the Group's sales for the whole year of 2022.

For the year ended 31 December 2022, the Group's revenue from the sales of the Golden Throat Lozenge Series Products amounted to approximately RMB81.4 million as compared to approximately RMB71.7 million for the year ended 31 December 2021, representing an increase of approximately RMB9.7 million or 13.5%, which was mainly due to the significant increase in the Group's sales for the whole year of 2022.

For the year ended 31 December 2022, the Group's revenue from sales of other products amounted to approximately RMB6.0 million, representing a decrease of approximately 37.5% as compared to approximately RMB9.6 million for the year ended 31 December 2021.

The table below sets forth, for the periods indicated, the sales volume, revenue, cost, gross margin, unit price and unit cost of the Group's key products.

	Year ended 31 December 2022					
	Sales <i>boxes'000</i>	Revenue <i>RMB'000</i>	Cost <i>RMB'000</i>	Gross margin %	Unit price <i>RMB'000</i>	Unit cost <i>RMB'000</i>
Golden Throat Lozenges (OTC)	126,686	904,585	234,975	74.0	7.1	1.9
Golden Throat Lozenge Series Products	13,549	81,360	29,305	64.0	6.0	2.2

	Year ended 31 December 2021					
	Sales <i>boxes'000</i>	Revenue <i>RMB'000</i>	Cost <i>RMB'000</i>	Gross margin %	Unit price <i>RMB'000</i>	Unit cost <i>RMB'000</i>
Golden Throat Lozenges (OTC)	118,838	739,223	205,904	72.1	6.2	1.7
Golden Throat Lozenge Series Products	12,836	71,669	27,028	62.3	5.6	2.1

Cost of Sales

The Group's cost of sales consists primarily of cost of materials, labor costs, depreciation and other costs relating to Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

The Group's cost of sales increased from approximately RMB242.8 million for the year ended 31 December 2021 to approximately RMB271.1 million for the year ended 31 December 2022. The increase in cost of sales was mainly attributable to the increase in the sales volume of Golden Throat Lozenges (OTC).

The table below sets forth, for the periods indicated, the components of the cost of inventories sold and each component as a percentage of total cost of inventories sold.

	Year ended 31 December 2022		Year ended 31 December 2021	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Materials	169,610	62.6%	156,596	64.5%
Labor costs	57,000	21.0%	45,708	18.8%
Depreciation	28,049	10.3%	26,712	11.0%
Other costs	16,435	6.1%	13,791	5.7%
Total	<u>271,094</u>	<u>100.0%</u>	<u>242,807</u>	<u>100%</u>

Gross Profit

Gross profit represents the excess of revenue over cost of sales.

The Group's gross profit for the year ended 31 December 2022 was approximately RMB720.9 million, as compared to approximately RMB577.7 million for the year ended 31 December 2021, representing an increase of approximately RMB143.2 million or 24.8%. The increase in gross profit was mainly due to the increase in the Group's revenue. For the year ended 31 December 2022, the Group's gross profit margin was 72.7% as compared to 70.4% for the corresponding period in 2021.

Other Income and Gain

For the year ended 31 December 2022, the Group's other income and gain decreased to approximately RMB24.7 million, as compared to approximately RMB32.5 million for the year ended 31 December 2021, representing a decrease of approximately RMB7.8 million. The decrease was due to a decrease in government grants compared with last year.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of (i) advertising expenses, (ii) marketing expenses, (iii) employee benefit expenses, and (iv) other miscellaneous expenses. For the year ended 31 December 2022, the Group's selling and distribution expenses amounted to approximately RMB279.0 million, as compared to approximately RMB261.6 million for the year ended 31 December 2021, representing an increase of approximately RMB17.4 million or 6.7%. The increase was primarily due to the increase in promotion expenses as the Group aimed to boost its sales for the Reporting Period.

Administrative Expenses

The Group's administrative expenses primarily consisted of (i) salaries and staff welfare expenses for management and administrative personnel, (ii) travel and office expenses, (iii) research and development costs, (iv) depreciation and amortisation costs, (v) amortisation of right-of-use assets, (vi) professional services fees, and (vii) other miscellaneous expenses. For the year ended 31 December 2022, the Group's administrative expenses amounted to approximately RMB78.6 million, as compared to approximately RMB103.2 million for the year ended 31 December 2021, representing a decrease of approximately RMB24.6 million or 23.8%. The decrease was mainly due to higher research and development expenses incurred by the Group last year.

Other Expenses

Other expenses of the Group mainly consist of donation expense. For the year ended 31 December 2022, the Group's other expenses amounted to approximately RMB1.7 million, as compared to approximately RMB0.7 million for the year ended 31 December 2021, representing an increase of approximately RMB1.0 million. The change in amount was not material as compared with last year.

Finance Costs

For the year ended 31 December 2022, the Group's finance costs amounted to approximately RMB10.3 million, as compared to approximately RMB8.0 million for the year ended 31 December 2021, representing an increase of approximately RMB2.3 million or 28.8%. The increase was mainly due to the increase in interest-bearing bank borrowings for the Reporting Period.

Income Tax Expense

For the year ended 31 December 2022, the Group's income tax expense amounted to approximately RMB94.8 million, as compared to approximately RMB49.2 million for the year ended 31 December 2021, representing an increase of approximately RMB45.6 million or 92.7%. The increase was mainly due to the increased sales.

Net Profit

For the year ended 31 December 2022, the Group's net profit amounted to approximately RMB281.2 million, as compared to approximately RMB187.6 million for the year ended 31 December 2021, representing an increase of approximately RMB93.6 million or 49.9%. The increase in the Group's net profit was mainly attributable to the increase in the Group's revenue. For the reasons of increase in the Group's revenue, please refer to the section headed "Revenue" above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Net Current Assets

As of 31 December 2022, the Group had net current assets of approximately RMB1,060.1 million, as compared to approximately RMB855.7 million as of 31 December 2021. The current ratio of the Group was 2.5 as at 31 December 2021 and 2.4 as at 31 December 2022.

Borrowings and the Pledge of Assets

As of 31 December 2022, the Group had an aggregate interest-bearing bank borrowings and other borrowings of approximately RMB272.6 million, as compared to approximately RMB235.0 million as of 31 December 2021. All the bank borrowings are repayable within one year. Bank borrowings and other borrowings increased by RMB37.6 million as compared to that of 31 December 2021.

As of 31 December 2022, all of the Group's bank borrowings were at fixed interest rates. For details of such borrowings, please refer to Note 13 of the Group's consolidated financial statements above.

The Group continues to manage its financial position and capital structure with a solid equity base, adequate working capital and credit facilities. The Group has various policies governing accounting control, as well as credit and foreign exchange risks and treasury management. The Group has also been paying close attention to asset and liability management, including liquidity risks and currency risks.

As at 31 December 2022, certain of the Group's bank loans are secured by:

- (i) the pledge of the Group's bills receivable amounting to RMB20,384,000 (2021: RMB17,529,000); and
- (ii) the pledge of certain of the Group's deposits amounting to RMB121,081,000 (2021: RMB55,072,000).

Gearing Ratio

As at 31 December 2022, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to approximately 17.7% from approximately 17.2% as at 31 December 2021.

Contingent Liabilities

As at 31 December 2022, the Group did not have any significant contingent liabilities.

Foreign Exchange Risk

The Group's transactions are mainly denominated and settled in RMB. The Group had certain amounts of deposits in HKD and USD, amounting to approximately HK\$1.5 million and US\$11.1 million as of 31 December 2022, respectively. The Group has exposure to foreign exchange risk that arises from fluctuations in the exchange rates of HKD to RMB and USD to RMB. The management of the Group will monitor the foreign exchange risk on an ongoing basis, and the Board expects that fluctuations in HKD and USD will not have a significant impact on the Group.

As at 31 December 2022, the Group did not use any financial instruments to hedge its foreign exchange risk.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2022, the Group employed a total of 853 full-time employees, as compared to a total of 937 full-time employees as at 31 December 2021. The staff costs, including Directors' emoluments but excluding any contributions to pension scheme, were approximately RMB80.4 million for the year ended 31 December 2022 as compared to approximately RMB79.4 million for the corresponding period in 2021. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end bonuses are offered to those staffs with outstanding performances to attract and retain capable employees of the Group.

The Group adheres to the concept of “benefiting mankind and repaying society”, and currently employs more than 100 disabled employees. In August 2020, the Group provided employees with Baojun new energy electric vehicles produced by Liuzhou SGMW (柳州上汽通用五菱) for employees commuting to work. The Group ordered over 700 new energy electric vehicles from SGMW, which would not only solve the transportation problem of employees with long commuting distance, but also effectively stimulate domestic demand and help economic growth and recovery.

With respect to trainings, the Company proactively arranges its employees to study the newly-promulgated laws and regulations in the PRC so as to ensure that products produced by the Group are in compliance with the laws and regulations. The Group also organises various training programmes targeting employees from different business departments and functions. For example, there are training programmes in relation to knowledge of Chinese medicinal herbs and Chinese medicine decoction pieces as well as the trainings in relation to production quality standard of pharmaceutical products, equipment maintenance and repair and so forth. All of these are designed to provide support to the technological development and team building of the Group.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

For the year ended 31 December 2022, the Group did not hold any significant investments or make any material acquisitions or disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any specific plan for material investments or acquisitions of capital assets as at 31 December 2022.

SIGNIFICANT SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As of the date of this announcement, the Group does not have any significant subsequent events after the Reporting Period.

PROSPECTS

As a national brand, Golden Throat had experienced the challenge from the market and a vast range of consumers. At present, against the market trend of upgraded consumption, the original aspiration of the Group, to provide service for the health of a vast range of consumers will not be changed. Currently, the Company is committed to building a new base as the health industrial park of Golden Throat. In the coming ten years, the focus of the Golden Throat great health development plan will be on enhancing the core competitiveness of the Group.

The Group will continue to seek to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food markets in 2023. Moreover, the Group will aim to increase its production capacities, expand its product portfolio and strengthen its research and development capabilities. It will enhance its food and other pharmaceutical businesses and promote synergies across different product segments. The Group will aim to enhance its brand recognition through effective and targeted marketing efforts, and will continue to expand its distribution network, to refine associated infrastructure and to leverage on its existing distribution network to promote different products.

In 2023, the Group will continue to optimise and enrich its product portfolio based on consumer demand. It will also continue to strengthen its organisational capabilities, allocate resources based on customer-focused operations and digital marketing, promote organisational capability enhancement and establish a new logic for the Group's product growth, with a view to achieving sound and healthy development of the Group in future.

USE OF NET PROCEEDS FROM LISTING AND CHANGE IN USE OF PROCEEDS

The IPO Proceeds (including those shares issued pursuant to the partial exercise of the over-allotment options), after deducting underwriting fees and related expenses, amounted to approximately HK\$909.6 million. Details of the use of the IPO Proceeds are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

On 30 March 2022, the Board resolved to change part of the unutilized use of net IPO Proceeds originally intended to be used for conversion of headquarters into a food production plant and food research centre to construction of food production plant and food research center. For details of the change in the use of the IPO proceeds, please refer to the Company's announcement dated 30 March 2022.

From the Listing Date to 31 December 2022, the Group had utilized approximately HK\$650,955,000, representing approximately 71.6% of the IPO Proceeds. Set out below is a summary of the utilised and unutilised IPO Proceeds:

Revised use of IPO Proceeds	Amount utilized as of 31 December 2022 HK\$'000	Amount unutilized as of 31 December 2022 HK\$'000
Construction in Luwei Industrial Concentration Area	208,982	–
Construction of food production plant and food research center	2,295	187,689
Market expansion	286,685	–
Product development	51,597	30,730
Establishment of Chinese herbs processing base	–	37,997
Refinement and upgrade of electronic code system	10,436	2,229
General working capital	90,960	–
	<hr/>	<hr/>
Total	<u>650,955</u>	<u>258,645</u>

As of 31 December 2022, the Group's project for the construction of food production plant and food research center has commenced the exploration and survey phase. In addition, the Group has not utilized any IPO Proceeds in relation to the establishment of a Chinese herbs processing base on our current site in Laibin, Guangxi Zhuang Autonomous Region. The Group plans to commence the above-mentioned project in 2023.

The unutilized amount of IPO Proceeds is expected to be fully utilized by 2028.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.36 per share for the year ended 31 December 2022 to the shareholders of the Company. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and, if approved, is expected to be paid on or before 30 June 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Save as disclosed below, the Company complied with all the applicable code provisions set out in the CG Code for the year ended 31 December 2022.

Under code provision C.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. According to the CG Code, where an issuer considers that the code provisions of the CG code can be dispensed while applying the principles of good corporate governance, the issuer may choose to deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions). The Company did not arrange the above-mentioned insurance cover. The Board believes that with regular and timely communications among the Directors and the management of the Group, potential claims and legal actions against the Directors can be handled effectively without the need for insurance to be maintained. The Board will regularly review the procedures in handling potential claims and legal actions and take into account the requirements of the Directors and will monitor the need for making such an arrangement.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. After having made specific enquiry to all Directors, the Company confirmed that all of the Directors complied with the required standards set out in the Model Code for the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries for the year ended 31 December 2022.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the Board the accounting principles and policies adopted by the Group, the annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2022. The Audit Committee has also reviewed the effectiveness of the Group's risk management and internal control systems and considered such systems in place to be effective and adequate.

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.goldenthroat.com), and the annual report for the year ended 31 December 2022 will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Golden Throat Holdings Group Company Limited
JIANG Peizhen
Chairman

Guangxi, the PRC, 29 March 2023

As at the date of this announcement, the Board consists of Ms. JIANG Peizhen as non-executive Director, Mr. ZENG Yong, Mr. HUANG Jianping, Mr. ZENG Kexiong and Mr. HE Jinqiang as executive Directors, and Mr. LI Hua, Mr. ZHU Jierong and Mr. CHENG Yiqun as independent non-executive Directors.