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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)**

### **ANNOUNCEMENT** **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

#### **2024 PROCUREMENT FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 30 December 2020 and the supplemental announcement dated 8 January 2021 in relation to the 2021 Procurement Framework Agreement entered into between the Company and Changbao and the amount of annual caps thereof. Since the 2021 Procurement Framework Agreement expired on 31 December 2023, on 10 January 2024, the Company and Changbao entered into the 2024 Procurement Framework Agreement in respect of each individual connected transaction between them in relation to the procurement of raw materials for the period from 1 January 2024 to 31 December 2026.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Changbao is an associate of Ms. JIANG Peizhen. Ms. JIANG Peizhen holds 51.2% equity interest in Liuzhou Jinqing Equity Investment Centre (LLP) (“**Jinqing**”) and 51.0% equity interest in Liuzhou Jingui Equity Investment Centre (LLP) (“**Jingui**”), which in turn in aggregate hold 95.6% equity interest in Changbao. The remaining 4.4% equity interest in Changbao is held by Mr. ZENG Yong. Changbao constitutes a connected person of the Company under the Listing Rules. The transactions between the Company and Changbao therefore constitutes continuing connected transactions of the Company.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the proposed annual caps of the continuing connected transactions contemplated under the 2024 Procurement Framework Agreement between the Group and Changbao exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024 Procurement

Framework Agreement between the Group and Changbao are therefore subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from the independent shareholders' approval requirements.

## **2024 PROCUREMENT FRAMEWORK AGREEMENT**

### **Introduction**

Reference is made to the announcement of the Company dated 30 December 2020 and the supplemental announcement dated 8 January 2021 in relation to the 2021 Procurement Framework Agreement entered into between the Company and Changbao and the amount of annual caps thereof. Since the 2021 Procurement Framework Agreement dated 30 December 2020 expired on 31 December 2023, on 10 January 2024, the Company and Changbao entered into the 2024 Procurement Framework Agreement in respect of each individual connected transaction between them in relation to the procurement of raw materials for the period from 1 January 2024 to 31 December 2026. The details of the 2024 Procurement Framework Agreement are as follows:

#### **1. *Date***

10 January 2024

#### **2. *Parties***

The Company and Changbao

#### **3. *Pricing***

##### *Liquid Isomalt*

Pursuant to the 2024 Procurement Framework Agreement, Changbao provides liquid Isomalt to the Company, which further benefits the production, processing and usage of the Company. The parties have agreed for the sale and purchase of liquid Isomalt at a lower unit price of not exceeding RMB20/kg or price paid to independent third parties by the Group from time to time. Such price has been determined by arm's length negotiation and comparing the price offered by Changbao with those offered by two independent third parties for the similar type of raw materials as follows:

(A) Germany BENEIO supplies solid Isomalt at RMB29/kg; and

(B) Guangzhou Jingfu Bioengineering Co., Ltd.\* (廣州晶富生物工程有限公司) supplies Isomalt of Cargill (美國嘉吉公司) at a reference price in 2023 of RMB29/kg.

### *Isomalt AG*

The Company determined the price and fair value of Isomalt AG with reference to its production costs as incurred by Changbao and the price of Isomalt AG offered by Changbao to third party customers. Isomalt AG is manufactured by Changbao using its patented method. Due to its refined quality, the price of Isomalt AG is higher than the price of ordinary solid Isomalt, which is generally priced on the market in the range between RMB29/kg and RMB35/kg. Changbao has sold a small quantity of Isomalt AG to independent third parties at a price of RMB50/kg. As Changbao has to produce Isomalt AG in accordance with the requirements of the Company, there is no market comparable which is of the same quality of Isomalt AG. After taking into consideration the above, the Company has decided to continue to purchase Isomalt AG from Changbao. The Company considers that a unit price not exceeding RMB50/kg reflects the fair value of Isomalt AG under the 2024 Procurement Framework Agreement.

### *Solid Isomalt ST*

Solid Isomalt ST is solid Isomalt. According to the 2024 Procurement Framework Agreement, the basis for Changbao to provide solid Isomalt to the Company is that where Changbao sometimes cannot produce and supply liquid Isomalt in time, the Company will give priority to purchasing Changbao's solid Isomalt ST as raw material for production. The parties have agreed that the lower unit price will not exceed RMB28/kg. Such price has been determined by arm's length negotiation and comparing the price offered by Changbao with those offered by the following two independent third parties for the same type of raw materials:

- (A) Germany BENEIO supplies solid Isomalt at RMB29/kg; and
- (B) Guangzhou Jingfu Bioengineering Co., Ltd.\* (廣州晶富生物工程有限公司) supplies Isomalt of Cargill (美國嘉吉公司) at a reference price in 2023 of RMB29/kg.

### *Syrup*

The parties have agreed for the sale and purchase of syrup to be priced at cost, and is expected to be not exceeding RMB8/kg. Such cost is calculated based on the lower of the actual cost and reasonable cost for providing syrup (including but not limited to the cost of raw materials and any processing costs). As the ingredients of syrup provided by various suppliers in the wholesale market are different, the price of syrup is not comparable. Changbao has confirmed to the Group that it has adopted the same pricing approach in respect of its sales to other customers.

The above pricing policies, together with the undertakings provided by Changbao, ensure that the pricing terms offered by Changbao are fair and reasonable and no less favourable than those offered by or to independent third parties.

#### 4. *Historical Figures*

For each of the years ended 31 December 2021, 2022 and 2023, (i) the Group's expenditure paid on liquid Isomalt, Isomalt AG and syrup provided by Changbao under the 2021 Procurement Framework Agreement, and (ii) the historical annual caps, are set out below:

<b>Year</b>	<b>Actual expenditure paid on liquid Isomalt, Isomalt AG and syrup (RMB)</b>	<b>Annual caps (RMB)</b>
2021	9,576,259.14	24,860,000
2022	2,446,314.79	31,110,000
2023	4,393,177.02	37,360,000

#### 5. *Proposed Annual Caps and Basis of Determination*

The proposed annual cap of the transactions with Changbao under the 2024 Procurement Framework Agreement for each of the years ending 31 December 2024, 2025 and 2026 are set out below:

<b>Year</b>	<b>Annual caps (RMB)</b>
2024	39,000,000
2025	41,360,000
2026	44,700,000

In determining the proposed annual caps, the Board has considered historical figures and the following factors:

- (i) The Group will add the purchase of solid Isomalt ST in the 2024 Procurement Framework Agreement and the amounts of purchase for each year from 2024 to 2026 are expected to be not more than RMB2.8 million, RMB3.36 million and RMB4.2 million, respectively;
- (ii) The Group anticipates an increase in the price of raw materials for syrup in the next three years;
- (iii) The Group's production was affected by the pandemic from 2021 to 2022. The Group expects that the production and sales of the Group will continue to expand from 2024, which will lead to the estimated growth of the Group's demand for sugar substitute raw materials of its pipeline products such as Golden Throat Lozenge (cane sugar-free) Series Products, Golden Throat Prebiotic Series Products (a product newly launched by the Group), and Golden Throat Compound Probiotic Lozenges;

- (iv) The Group will continue its development and research on new products and invest in a new production line. Upon completion, the Group's new products from special health food and biotechnology will be launched consecutively, leading to the an increase in the demand for sugar substitute raw materials; and
- (v) The continuous expansion of the distribution network of the Group and the active enhancement of the cooperation with the new online sales channel are expected to create an increase in the sales volume for the products of the Company, which in turn will lead to an increase in the Company's demand for raw materials.

## **6. *Term and Termination***

The 2024 Procurement Framework Agreement is effective from 1 January 2024 to 31 December 2026. The 2024 Procurement Framework Agreement can be terminated if the connected transactions under the 2024 Procurement Framework Agreement do not comply with the requirements for connected transactions under the Listing Rules. Upon expiry of the term, the Company has the option to renew the term for another three years by signing a new or supplemental renewed procurement framework agreement, which must be on terms no less favourable than the current terms, provided that the market supply price is followed.

## **7. *Payment Arrangement***

Based on mutual agreement, the Company shall settle the payment with Changbao separately according to each specific contract entered into with Changbao. Payment method for each order is subject to the specific contracts signed between the parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 PROCUREMENT FRAMEWORK AGREEMENT**

The Board (including the independent non-executive Directors) is of the opinion that the above continuing connected transactions between the Group and Changbao are on normal commercial terms or terms no less favourable than those offered to independent third parties, and are entered into in the ordinary and usual course of business of the Company. Entering into 2024 Procurement Framework Agreement is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole. Based on the above reasons and given that the continuing connected transactions between the Group and Changbao are for the purpose of satisfying the needs of the Group's daily operation and business development, the Directors are of the view that the continuing connected transactions between the Group and Changbao are beneficial to the Company.

## **INFORMATION ABOUT CHANGBAO AND THE COMPANY**

### **Changbao**

Changbao is primarily engaged in the production of raw materials and finished products of isomaltulose, such as isomalt, isomaltulose syrup and Changbao Probiotics.

In terms of ultimate beneficial ownership, Ms. JIANG Peizhen holds 51.2% equity interest in Jinqing and 51.0% equity interest in Jingui, which in turn in aggregate hold 95.6% equity interest in Changbao. The remaining 4.4% equity interest in Changbao is held by Mr. ZENG Yong, the son of Ms. JIANG Peizhen. Apart from Ms. JIANG Peizhen, whose equity interests in Jinqing and Jingui are disclosed above, (i) the other ultimate beneficial owners of Jinqing are 33 individuals, including employees of the Company and three executive Directors, with each of the remaining ultimate beneficial owners holding less than 5% equity interest in Jinqing; and (ii) the other ultimate beneficial owners of Jingui are 22 individuals, including employees of Changbao and an executive Director, with each of the remaining ultimate beneficial owners holding less than 5% equity interest in Jingui.

### **The Company**

The Company was incorporated in the Cayman Islands on 2 September 2014 as an exempted company with limited liability. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 July 2015. The Company is mainly engaged in the manufacture and sale of lozenges and other pharmaceutical and food products.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Changbao is an associate of Ms. JIANG Peizhen. Ms. JIANG Peizhen holds 51.2% equity interest in Jinqing and 51.0% equity interest in Jingui, which in turn in aggregate hold 95.6% equity interest in Changbao. The remaining 4.4% equity interest in Changbao is held by Mr. ZENG Yong, the son of Ms. JIANG Peizhen. Changbao constitutes a connected person of the Company under the Listing Rules. The transactions between the Company and Changbao therefore constitutes continuing connected transactions of the Company.

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As Ms. JIANG Peizhen and Mr. ZENG Yong have a material interest in the continuing connected transactions between the Group and Changbao, they have abstained from voting on the Board resolutions approving the 2024 Procurement Framework Agreement and the transactions thereunder.

Save as mentioned above, no other Director has a material interest in the 2024 Procurement Framework Agreement and none of the Directors is required to abstain from voting on the relevant Board resolutions.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Golden Throat Holdings Group Company Limited (金嚜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
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. ZENG Yong”	Mr. ZENG Yong, an executive director of the Company
“Ms. JIANG Peizhen”	Ms. JIANG Peizhen, the chairman of the Board and non-executive Director of the Company
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Changbao”	Guangxi Changbao Biological Technology Co., Ltd.(廣西常寶生物技術有限公司)
“2021 Procurement Framework Agreement”	the renewed framework agreement dated 30 December 2020 entered into between the Company and Changbao in relation to procurement of raw materials and finished products, which has a term of three years from 1 January 2021 to 31 December 2023

“2024 Procurement Framework Agreement”	the renewed framework agreement dated 10 January 2024 entered into by the Company and Changbao in relation to procurement of raw materials and finished products, which has a term of three years from 1 January 2024 to 31 December 2026
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of the ordinary shares of the Company
“%”	per cent.

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

Guangxi, the PRC  
10 January 2024

*As at the date of this announcement, the Board comprises 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.*

\* *For identification purpose only*