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## **GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED** **金嚨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 2023**

#### **FINANCIAL HIGHLIGHTS FOR 2023**

- The Group's revenue decreased by approximately RMB30.6 million or 3.1% to approximately RMB961.4 million, as compared to the year ended 31 December 2022.
- The Group's gross profit decreased by approximately RMB23.2 million or 3.2% to approximately RMB697.7 million, as compared to the year ended 31 December 2022.
- The Group's earnings before interest, taxes, depreciation and amortisation decreased by approximately RMB14.1 million or 3.3% to approximately RMB410.8 million, as compared to the year ended 31 December 2022.
- Profit attributable to equity holders of the Company decreased by approximately RMB31.0 million or 11.0% to approximately RMB250.2 million, as compared to the year ended 31 December 2022.
- The Board recommends the payment of a final dividend of HK\$0.6 per share for the year ended 31 December 2023 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 around 26 June 2024.

## 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 2023, together with the audited comparative figures for the previous year as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

		<b>2023</b>	2022
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>REVENUE</b>	5	<b>961,377</b>	992,014
Cost of sales		<u>(263,658)</u>	<u>(271,094)</u>
Gross profit		<b>697,719</b>	720,920
Other income and gains	5	<b>39,291</b>	24,687
Selling and distribution expenses		<b>(266,401)</b>	(279,040)
Administrative expenses		<b>(94,579)</b>	(78,557)
Other expenses		<b>(4,310)</b>	(1,723)
Finance costs	7	<u><b>(10,699)</b></u>	<u>(10,294)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>361,021</b>	375,993
Income tax expense	8	<u><b>(110,859)</b></u>	<u>(94,775)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>250,162</b></u>	<u>281,218</u>
Attributable to:			
Owners of the parent		<u><b>250,162</b></u>	<u>281,218</u>
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	10	<u><b>RMB33.84 cents</b></u>	<u>RMB38.04 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>PROFIT FOR THE YEAR</b>	<b><u>250,162</u></b>	<b><u>281,218</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>4,619</u>	<u>7,853</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>4,619</u>	<u>7,853</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>4,619</u></b>	<b><u>7,853</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>254,781</u></b>	<b><u>289,071</u></b>
Attributable to:		
Owners of the parent	<b><u>254,781</u></b>	<b><u>289,071</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***31 December 2023*

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>412,437</b>	425,986
Investment properties		<b>12,426</b>	–
Advance payments for property, plant and equipment		<b>1,555</b>	359
Right-of-use assets		<b>33,833</b>	50,167
Deferred tax assets		<b>21,155</b>	28,123
		<hr/>	<hr/>
Total non-current assets		<b>481,406</b>	504,635
<b>CURRENT ASSETS</b>			
Inventories		<b>63,209</b>	46,298
Trade and bills receivables	<i>11</i>	<b>419,662</b>	618,698
Prepayments, other receivables and other assets		<b>165,018</b>	82,553
Due from related parties		<b>517</b>	510
Financial assets at fair value through profit or loss		<b>40,000</b>	30,000
Pledged deposits		<b>97,025</b>	121,081
Cash and cash equivalents		<b>1,032,200</b>	895,515
		<hr/>	<hr/>
Total current assets		<b>1,817,631</b>	1,794,655
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>17,527</b>	25,313
Other payables and accruals		<b>227,198</b>	363,033
Interest-bearing bank and other borrowings	<i>13</i>	<b>412,340</b>	272,586
Due to a director		<b>240</b>	236
Due to related parties		<b>869</b>	867
Tax payable		<b>48,641</b>	72,299
Government grants		<b>75</b>	266
		<hr/>	<hr/>
Total current liabilities		<b>706,890</b>	734,600
<b>NET CURRENT ASSETS</b>			
		<b>1,110,741</b>	1,060,055
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>1,592,147</b>	1,564,690

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><b>1,592,147</b></u>	<u>1,564,690</u>
<b>NON-CURRENT LIABILITIES</b>		
Other payables and accruals	<b>609</b>	734
Government grants	-	75
Deferred tax liabilities	<u><b>40,839</b></u>	<u>24,770</u>
Total non-current liabilities	<u><b>41,448</b></u>	<u>25,579</u>
Net assets	<u><b>1,550,699</b></u>	<u>1,539,111</u>
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	<b>113</b>	113
Share premium	<b>675,410</b>	675,410
Reserves	<u><b>875,176</b></u>	<u>863,588</u>
Total equity	<u><b>1,550,699</b></u>	<u>1,539,111</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2023

### 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 is 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**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for bills receivable 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 new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	951,639	984,383
Other countries/regions	<u>9,738</u>	<u>7,631</u>
Total revenue	<u><u>961,377</u></u>	<u><u>992,014</u></u>

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

###### (b) Non-current assets

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	454,832	468,705
Hong Kong	<u>5,419</u>	<u>7,807</u>
Total non-current assets	<u><u>460,251</u></u>	<u><u>476,512</u></u>

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

##### Information about a 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A	<u><u>128,285</u></u>	<u><u>101,466</u></u>

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers	961,377	991,866
Revenue from other sources		
Gross rental income	<u>          -</u>	<u>          148</u>
Total	<u><u>961,377</u></u>	<u><u>992,014</u></u>

### Revenue from contracts with customers

#### (a) *Disaggregated revenue information*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Geographical markets</b>		
Chinese Mainland	951,639	984,235
Other countries/regions	<u>9,738</u>	<u>7,631</u>
Total	<u><u>961,377</u></u>	<u><u>991,866</u></u>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<u><u>961,377</u></u>	<u><u>991,866</u></u>

The following table shows the amount of revenue recognised during the year that was included in the contract liabilities at the beginning of the year:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Sale of products	<u><u>87,135</u></u>	<u><u>82,532</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.

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Other income and gains</b>		
Government grants*	<b>12,755</b>	4,518
Bank interest income	<b>24,126</b>	16,553
Gross rental income from investment properties operating leases:		
Lease payments, including fixed payments	<b>1,450</b>	–
Investment income from financial assets at fair value through profit or loss	<b>847</b>	2,191
Foreign exchange differences, net	–	1,392
Others	<b>113</b>	33
	<hr/>	<hr/>
Total other income and gains	<b><u>39,291</u></b>	<u>24,687</u>

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

## 6. PROFIT BEFORE TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of inventories sold*	263,658	271,094
Depreciation of property, plant and equipment	35,381	34,700
Depreciation of investment properties	120	–
Depreciation of right-of-use assets	3,532	3,944
Research and development costs	17,073	6,420
Lease payments not included in the measurement of lease liabilities	952	220
Auditor's remuneration	3,565	3,017
Government grants	(12,755)	(4,518)
Bank interest income	(24,126)	(16,553)
Investment income from financial assets at fair value through profit or loss	(847)	(2,191)
Foreign exchange differences, net	3,339	(1,392)
Loss on disposal of items of property, plant and equipment and leasehold land	12	194
Impairment of trade receivables, net	1,103	432
Reversal of impairment of other receivables, net	(2)	(41)
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	66,492	66,196
Pension scheme contributions**	10,210	9,628
Staff welfare expenses	21,191	16,739
	<u>97,893</u>	<u>92,563</u>
Total	<u>97,893</u>	<u>92,563</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Depreciation of property, plant and equipment	24,919	28,049
Employee benefit expense	50,641	57,000
Write-down of inventories to net realisable value	<u>2,914</u>	<u>(795)</u>

\*\* 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:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bank loans	7,444	7,396
Interest on discounted bills receivable	3,255	2,891
Interest on lease liabilities	<u>–</u>	<u>7</u>
Total	<u><b>10,699</b></u>	<u>10,294</u>

## 8. INCOME TAX

The income tax expense of the Group during the year is analysed as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax:		
Charge for the year	56,822	72,227
Deferred tax	<u>54,037</u>	<u>22,548</u>
Total tax charge for the year	<u><b>110,859</b></u>	<u>94,775</u>

## 9. DIVIDENDS

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Proposed final – HK60 cents (2022: HK36 cents) per ordinary share	<u><b>401,982</b></u>	<u>237,743</u>

The proposed final dividend for the year 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 amounts 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 (2022: 739,302,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

## 11. TRADE AND BILLS RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	55,721	26,816
Bills receivable	<u>366,623</u>	<u>593,522</u>
	422,344	620,338
Impairment	<u>(2,682)</u>	<u>(1,640)</u>
Net carrying amount	<u><u>419,662</u></u>	<u><u>618,698</u></u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	47,419	23,586
3 to 6 months	2,387	360
6 to 12 months	2,376	400
1 to 2 years	729	233
Over 2 years	<u>128</u>	<u>597</u>
Total	<u><u>53,039</u></u>	<u><u>25,176</u></u>

## 12. TRADE PAYABLES

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Less than 3 months	14,446	23,544
3 to 6 months	774	136
6 to 12 months	566	436
1 to 2 years	545	38
Over 2 years	<u>1,196</u>	<u>1,159</u>
Total	<u><u>17,527</u></u>	<u><u>25,313</u></u>

Included in the Group's trade payables are payables of nil (2022: RMB182,000) due to a related party controlled by a director of the Company.

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 2023		31 December 2022	
		Effective interest rate (%)	<i>RMB'000</i>	Effective interest rate (%)	<i>RMB'000</i>
<b>Current</b>					
Bank loans – secured	Within 1 year	1.65-3.65	98,900	1.65-4.10	130,000
Bank loans – unsecured	Within 1 year	1.30-4.10	270,000	1.70-3.65	119,800
Discounted bills receivable	Within 1 year	1.25-2.30	<u>43,440</u>	1.80-2.00	<u>22,786</u>
Total			<u><u>412,340</u></u>		<u><u>272,586</u></u>

Analysed into:

Bank loans repayable:

Within one year or on  
demand

<u><u>412,340</u></u>	<u><u>272,586</u></u>
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*Note:*

Certain of the Group's bank loans are secured by:

- (i) the pledge of certain of the Group's bills receivable amounting to RMB8,821,000 (2022: RMB20,384,000); and
- (ii) the pledge of certain of the Group's deposits amounting to RMB97,025,000 (2022: RMB121,081,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

“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 C1 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 Lozenges Series Products”	Golden Throat Lozenges 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 C3 to the Listing Rules

“NMPA”	China National Medical Products Administration (中國國家藥品監督管理局), formerly known as China Food and Drug Administration (中國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 2023
“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. In December 2023, the Group's flagship product, Golden Throat Lozenges (OTC), was awarded the honor of Golden Single Product under the category of Chinese traditional medicines in the 2023 China Nonprescription Drug Evaluation by China Nonprescription Medicines Association, and in the 2023 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. In February 2024, "Dule" brand, the main product of the Group, was awarded one of the third batch of China time-honored brands. Currently, the Group has developed into a modern integrated group mainly engaging in the manufacture and sale of lozenges, other pharmaceutical and biotech food.

### **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 NMPA, 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 2023, the Group's revenue of Golden Throat Lozenges (OTC) accounted for approximately 90.0% 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 2023, the Group's revenue of Golden Throat Lozenges Series Products accounted for approximately 9.5% of its total revenue.

### **Other Products**

For the year ended 31 December 2023, the Group's revenue of other products accounted for approximately 0.5% of its total revenue. One of the Group's other products is Yinxingye Tablet (銀杏葉片). Yinxingye 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 March 2024, Golden Throat Intestinal Series (prebiotics) passed the test of relevant authorities in Hong Kong, and have entered into the Hong Kong market.

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.

The Group has undertaken the development of a number of classic famous prescriptions, and two of them have entered the pilot stage of drug development.

## **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 February 2024, “Dule” brand, the main product of the Group, was awarded one of the third batch of China time-honored brands. In December 2023, the Group’s flagship product, Golden Throat Lozenges (OTC), was awarded the honor of Golden Single Product under the category of Chinese traditional medicines in the 2023 China Nonprescription Drug Evaluation by China Nonprescription Medicines Association, and in the 2023 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.

The Group started to employ its international communication strategy in 2023 by launching Golden Throat YouTube channel, inviting bloggers from Indonesia, Thailand, Singapore and other countries to cooperate on the overseas TikTok platform, and planning and producing a variety of short videos with different styles according to their respective characteristics, so as to promote Golden Throat to overseas users through a series of digital communication technologies. After completing the trial in the Southeast Asian market, Golden Throat strengthened its promotion in the European and American markets by

making full use of the resources of overseas distributors to produce short videos of Golden Throat brand locally and focus on promotion on the YouTube platform. As of the date of this announcement, the total display volume of Golden Throat YouTube channel is nearly 80 million times, and the video viewing volume is over 4 million times.

Golden Throat Lozenge Series Products have been exported to 22 countries and regions as of 31 December 2023, with France, Spain, the Netherlands, Italy and Ireland added to the list in 2022, Luxembourg, Croatia and Estonia in early 2023, and India in early 2024.

### ***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 2023, substantially all of the Group's revenue was generated from sales to distributors.

As at 31 December 2023, the Group's distribution network covers all provinces, autonomous regions and municipalities directly under the jurisdiction of the PRC. In 2023, 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 56 countries and regions across five continents of the world. The Group's Golden Throat Lozenge Series Products were further expanded to Luxembourg, Croatia and Estonia in 2023, and were exported to India in early 2024.

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. As of the date of this announcement, 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 2023, 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 grows 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.

Recently, 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.

At the end of 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.

### **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 few 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 2024, 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). 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. 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 (亩) 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. According to our plan, a production plant for mass health industry and a research and development center for mass health industry will be built. 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 2023, the Group has commenced the construction of the underground building portion of Phase II project.

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, special nutritional food 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 2023, the Group's revenue decreased by approximately RMB30.6 million or 3.1% to approximately RMB961.4 million, as compared to approximately RMB992.0 million for the year ended 31 December 2022. The change in amount was not material as compared with the correspondence period of previous year.

Sales of Golden Throat Lozenges (OTC) remained stable in 2023. For the year ended 31 December 2023, the Group's revenue generated from sales of Golden Throat Lozenges (OTC) was approximately RMB864.9 million, representing a decrease of approximately RMB39.7 million or 4.4% as compared to approximately RMB904.6 million for the year ended 31 December 2022. The change in amount was not material as compared with the correspondence period of previous year.

For the year ended 31 December 2023, the Group's revenue from the sales of the Golden Throat Lozenges Series Products amounted to approximately RMB91.6 million as compared to approximately RMB81.4 million for the year ended 31 December 2022, representing an increase of approximately RMB10.2 million or 12.5%, which was mainly due to the expansion of the Group's sales channels in 2023.

For the year ended 31 December 2023, the Group's revenue from sales of other products amounted to approximately RMB4.9 million, representing a decrease of approximately 18.3% as compared to approximately RMB6.0 million for the year ended 31 December 2022. The decrease was mainly due to the decrease in sales of other products of the Group in 2023 as they were in the stage of product upgrading and equipment upgrading.

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 2023					
	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)	118,133	864,947	217,698	74.8	7.3	1.8
Golden Throat Lozenges Series Products	15,254	91,559	33,339	63.6	6.0	2.2
	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 Lozenges Series Products	13,549	81,360	29,305	64.0	6.0	2.2

## 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 decreased from approximately RMB271.1 million for the year ended 31 December 2022 to approximately RMB263.7 million for the year ended 31 December 2023. The change in amount was not material as compared with the correspondence period of previous year.

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 2023		Year ended 31 December 2022	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Materials	<b>169,718</b>	<b>64.3%</b>	169,610	62.6%
Labor costs	<b>50,641</b>	<b>19.2%</b>	57,000	21.0%
Depreciation	<b>24,919</b>	<b>9.5%</b>	28,049	10.3%
Other costs	<b>18,380</b>	<b>7.0%</b>	16,435	6.1%
Total	<b><u>263,658</u></b>	<b><u>100.0%</u></b>	<u>271,094</u>	<u>100.0%</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 2023 was approximately RMB697.7 million, as compared to approximately RMB720.9 million for the year ended 31 December 2022, representing a decrease of approximately RMB23.2 million or 3.2%. The decrease in gross profit was mainly due to the decrease in the Group's revenue. For the year ended 31 December 2023, the Group's gross profit margin was 72.6% as compared to 72.7% for the corresponding period in 2022.

## **Other Income and Gains**

For the year ended 31 December 2023, the Group's other income and gains increased to approximately RMB39.3 million, as compared to approximately RMB24.7 million for the year ended 31 December 2022, representing an increase of approximately RMB14.6 million. The increase was due to increase in government subsidies and interest income as compared with the correspondence period of previous 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 2023, the Group's selling and distribution expenses amounted to approximately RMB266.4 million, as compared to approximately RMB279.0 million for the year ended 31 December 2022, representing a decrease of approximately RMB12.6 million or 4.5%. The change in amount was not material as compared with the correspondence period of previous year.

## **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 2023, the Group's administrative expenses amounted to approximately RMB94.6 million, as compared to approximately RMB78.6 million for the year ended 31 December 2022, representing an increase of approximately RMB16.0 million or 20.4%. The increase was mainly due to the Group's increased investment in research and development expenses.

## **Other Expenses**

Other expenses of the Group mainly consist of donation expense. For the year ended 31 December 2023, the Group's other expenses amounted to approximately RMB4.3 million, as compared to approximately RMB1.7 million for the year ended 31 December 2022, representing an increase of approximately RMB2.6 million. The increase was mainly due to the increase in exchange losses compared with the correspondence period of previous year.

## **Finance Costs**

For the year ended 31 December 2023, the Group's finance costs amounted to approximately RMB10.7 million, as compared to approximately RMB10.3 million for the year ended 31 December 2022, representing an increase of approximately RMB0.4 million or 3.9%. The change in amount was not material as compared with the correspondence period of previous year.

## **Income Tax Expense**

For the year ended 31 December 2023, the Group's income tax expense amounted to approximately RMB110.9 million, as compared to approximately RMB94.8 million for the year ended 31 December 2022, representing an increase of approximately RMB16.1 million or 17.0%.

## **Net Profit**

For the year ended 31 December 2023, the Group's net profit amounted to approximately RMB250.2 million, as compared to approximately RMB281.2 million for the year ended 31 December 2022, representing a decrease of approximately RMB31.0 million or 11.0%. The decrease in the Group's net profit was mainly attributable to the decrease in revenue. For the reasons of decrease 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 2023, the Group had net current assets of approximately RMB1,110.7 million, as compared to approximately RMB1,060.1 million as of 31 December 2022. The current ratio of the Group was 2.4 as at 31 December 2022 and 2.6 as at 31 December 2023.

### **Borrowings and the Pledge of Assets**

As of 31 December 2023, the Group had an aggregate interest-bearing bank borrowings and other borrowings of approximately RMB412.3 million, as compared to approximately RMB272.6 million as of 31 December 2022. All the bank borrowings are repayable within one year. Bank borrowings and other borrowings increased by RMB139.7 million as compared to that of 31 December 2022.

As of 31 December 2023, 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 2023, certain of the Group's bank loans are secured by:

- (i) the pledge of certain of the Group's bills receivable amounting to RMB8,821,000 (2022: RMB20,384,000); and
- (ii) the pledge of certain of the Group's deposits amounting to RMB97,025,000 (2022: RMB121,081,000).

### **Gearing Ratio**

As at 31 December 2023, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to approximately 26.6% from approximately 17.7% as at 31 December 2022.

### **Contingent Liabilities**

As at 31 December 2023, 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\$3.4 million and US\$11.3 million as of 31 December 2023, 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 2023, the Group did not use any financial instruments to hedge its foreign exchange risk.

## **EMPLOYEES AND EMOLUMENTS POLICY**

As at 31 December 2023, the Group employed a total of 869 full-time employees, as compared to a total of 853 full-time employees as at 31 December 2022. The staff costs, including Directors' emoluments but excluding any contributions to pension scheme, were approximately RMB82.5 million for the year ended 31 December 2023 as compared to approximately RMB80.4 million for the corresponding period in 2022. 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**

As at 31 December 2023, 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**

As at 31 December 2023, the Group has committed to a primary investment plan of approximately RMB94.3 million to build the Phase II of a new medicine production and research and development base located at Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region. Saved as disclosed above, the Group did not have any specific plan for material investments or acquisitions of capital assets.

## **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 2024. 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 2024, 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 2023, the Group had utilized approximately HK\$683.62 million, representing approximately 75.16% of the IPO Proceeds. Set out below is a summary of the utilised and unutilised IPO Proceeds:

Revised use of IPO Proceeds	Revised allocation of IPO Proceeds <i>HK'000</i>	Balance unutilised	Amounts utilised	Balance unutilised
		as at 1 January 2023 <i>HK'000</i>	during the year ended 31 December 2023 <i>HK'000</i>	as at 31 December 2023 <i>HK'000</i>
Construction in Luowei Industrial Concentration Area	208,982	–	–	–
Construction of food production plant and food research center	189,984	187,689	1,068	186,621
Market expansion	286,685	–	–	–
Product development	82,326	30,730	30,730	–
Establishment of Chinese herbs processing base	37,997	37,997	–	37,997
Refinement and upgrade of electronic code system	12,666	2,229	864	1,365
General working capital	90,960	–	–	–
Total	<u>909,600</u>	<u>258,645</u>	<u>32,662</u>	<u>225,983</u>

As of 31 December 2023, the Group's project for the construction of food production plant and food research center has commenced the construction of the underground building portion. 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 2024.

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\$0.6 per share for the year ended 31 December 2023 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 around 26 June 2024.

## 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 2023.

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 2023.

## **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 2023.

## **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 2023. 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 2023 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](http://www.hkexnews.hk)) and the Company ([www.goldenthroat.com](http://www.goldenthroat.com)), and the annual report for the year ended 31 December 2023 will be dispatched to the shareholders of the Company and published on the above 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, 27 March 2024

*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.*