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China Oral Industry Group Holdings Limited
中國口腔產業集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8406)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 21 October 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 160,000,000 new Shares to not less than six Places at the Placing Price of HK\$0.260 per Placing Share.

The Placing Shares represent (i) 20% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 16.67% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$1,600,000.

Assuming that all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing are estimated to be approximately HK\$41,600,000, and the maximum net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$40,520,000.

The Company intends to apply the net proceeds from the Placing as to (i) HK\$13,500,000 for any suitable investment in the medical and healthcare sector when opportunities arise; and (ii) the remaining net proceeds from the Placing for the working capital of the Group.

GENERAL

The Placing Shares will be allotted and issued pursuant to the General Mandate.

Application will be made by the Company to the Listing Committee for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the condition precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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THE PLACING AGREEMENT

The principal terms and conditions of the Placing Agreement are as follows:

Date

21 October 2022 (after trading hours)

Parties

Issuer: The Company

Placing Agent: CNI Securities Group Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placing commission

The Placing Agent will charge the Company a placing commission of 2.3% of the amount equal to the Placing Price multiplied by the number of Placing Shares actually placed. The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent, and determined with reference to, amongst other things, the market rate and the price performance of the Shares.

Placees

The Placing Shares will be placed on a best effort basis to not less than six Placees, who and whose ultimate beneficial owners (where applicable) will be Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) immediately after Completion.

Placing Shares

The Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 160,000,000 new Shares, representing (i) 20% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 16.67% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$1,600,000.

Placing Price

The Placing Price of HK\$0.260 represents:

- (i) a premium of approximately 4% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 17.46% to the average closing price of HK\$0.315 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market conditions, prevailing market prices and liquidity of the Shares.

The net issue price per Placing Share (after deduction of the placing commission, professional fees and all related expenses) is approximately HK\$0.253, assuming that the Placing is completed in full.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank pari passu in all respects with the other existing Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

The Placing is conditional upon the Stock Exchange granting or agreeing to grant a listing of, and permission to deal in, the Placing Shares.

If the above conditions are not fulfilled by 4 November 2022, or such later date as the Company and the Placing Agent may agree in writing, the Placing Agreement shall terminate and all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and that both parties shall be released from all their respective obligations pursuant to the Placing Agreement and neither party shall have any claim against the other party in respect of the Placing save for any antecedent breach.

Completion of the Placing

The Placing shall complete at 4:00 p.m. on the Completion Date, being the date within four (4) Business Days after the date on which the condition set out above is satisfied or such other date as the Company and the Placing Agent may agree in writing.

Termination of the Placing Agreement

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or make it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in all announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange and/or shareholders of the Company since the publication of the annual results for the year ended 31 December 2021 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

Upon the giving of notice to the Company pursuant to the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

General Mandate to allot and issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM.

Under the General Mandate, the Company is authorised to issue up to 160,000,000 Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Application for listing

Application will be made by the Company to the Listing Committee for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing and sales of inflatable products and related accessories. The Company is about to launch medical and healthcare related services including but not limited to investing and operating chain dental clinics, internet hospitals, biopharmaceuticals and health management service platforms and related upstream and downstream supply chain businesses.

Assuming that all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing are estimated to be approximately HK\$41,600,000, and the maximum net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$40,520,000.

The Company intends to apply the net proceeds from the Placing as to (i) HK\$13,500,000 for any suitable investment in the medical and healthcare sector when opportunities arise; and (ii) the remaining net proceeds from the Placing for the working capital of the Group.

Reference is made to the announcement of the Company dated 9 February 2022 in relation to, among others, the incorporation of a wholly-owned subsidiary of the Company to principally engage in the provision of medical and healthcare related services. In view of the above, it is the business direction of the Company to explore suitable investment opportunities in the medical and healthcare sector. As at the date of this announcement, the Company has not yet determined any specific investment or acquisition target and has not entered any negotiation, agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) in relation to any investment or acquisition target.

The Board is of the view that the Placing will strengthen the financial position of the Company and represents a good opportunity to broaden the Shareholders' base and capital base of the Company.

Having considered the above, the Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the Placing commission payable to the Placing Agent) are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately upon Completion (assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company before the Completion) are set out below:

Shareholders	As at the date of this announcement		Immediately upon Completion (Note 1)	
	Number of Shares	Approximate% (Note 3)	Number of Shares	Approximate% (Note 3)
Substantial Shareholder				
Ms. Yan Ping (Note 2)	424,560,000	53.07%	424,560,000	44.23%
Public Shareholders				
The Places	–	–	160,000,000	16.67%
Other public Shareholders	375,440,000	46.93%	375,440,000	39.10%
	<u>800,000,000</u>	<u>100.00%</u>	<u>960,000,000</u>	<u>100.00%</u>

Notes:

1. Assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company before the Completion.
2. Ms. Yan Ping is an executive Director and the chairlady of the Board.
3. The percentages are subject to rounding difference, if any.

Completion of the Placing is subject to the satisfaction of the condition precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 30 June 2022
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, a Sunday or a public holiday or a day on which a tropical cyclone warning No.8 or above or a “black rainstorm” warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are open for general banking business in Hong Kong
“Company”	China Oral Industry Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8406)
“Completion”	the completion of the Placing pursuant to the Placing Agreement, which shall take place on the Completion Date
“Completion Date”	the date within four (4) Business Days after the date on which the condition set out in the Placing Agreement is satisfied or such other date as the Company and the Placing Agent may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the rules governing the listing of securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal in not more than 160,000,000 new Shares by the Shareholders at the AGM
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or Directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Long Stop Date”	4 November 2022 or such later date as may be agreed between the Company and the Placing Agent
“Placee(s)”	any individuals, professional, institutional and other investors selected and procured by or on behalf of the Placing Agent to subscribe any of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing”	the placing, on a best effort basis, of a total of up to 160,000,000 new Shares to be allotted and issued under the General Mandate pursuant to the terms of the Placing Agreement
“Placing Agent”	CNI Securities Group Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 21 October 2022 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.260 per Placing Share
“Placing Share(s)”	up to 160,000,000 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the GEM Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules
“%”	per cent.

By order of the Board
China Oral Industry Group Holdings Limited
Ms. Yan Ping
Chairlady and executive Director

Hong Kong, 21 October 2022

As at the date of this announcement, the Board comprises Ms. Yan Ping, Mr. Liu Yao Guang and Mr. Xiao Jiansheng as executive Directors; and Ms. Shen Jindan, Ms. Lian Jingyu, Ms. Deng Xin and Mr. Yam Hiu Ping Bruce as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at www.chinaoral.co.