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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)

# THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of China Oral Industry Group Holdings Limited (formerly known as Alpha Era International Holdings Limited) (the "Company" and together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

# FINANCIAL RESULTS

The board of Directors (the "**Board**") is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2022 (the "**Period**"), together with the unaudited comparative figures for the corresponding periods in 2021, as follows:

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period

		For the three months ended 30 September		For the nine months ended 30 September	
	Note	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue Cost of sales	3	38,594 (35,689)	75,710 (63,196)	182,495 (161,601)	222,726 (173,394)
Gross profit Other income and gains		2,905 3,691	12,514 320	20,894 7,454	49,332 1,072
Distribution and selling expenses Administrative expenses		(6,511) (5,116)	(6,896) (4,382)	(19,687) (15,195)	(21,732) (13,488)
Finance costs		(384)	(484)	(1,231)	(1,480)
Loss before tax Income tax expense	4	(5,415) (17)	1,072 (413)	(7,765) (471)	13,704 (3,627)
Loss for the period	5	(5,464)	659	(8,347)	10,077
Other comprehensive (expense)/income, net of income tax  Items that may be reclassified subsequently to profit or loss:  Exchange differences on translating					
foreign operations		2,484	(90)	3,785	(405)
Other comprehensive (expense)/income for the period		2,484	(90)	3,785	(405)
Total comprehensive income for the period		(2,980)	569	(4,562)	9,672
		RMB cents	RMB cents	RMB cents	RMB cents
Loss per share  - Basic and diluted	6	(0.68)	0.08	(1.04)	1.26

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

# Attributable to the owners of the Company

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Special reserve <i>RMB'000</i>	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profit RMB'000	Total equity <i>RMB'000</i>
Balance at 1 January 2022 (Audited)	6,969	26,558	17,429	9,567	(205)	58,391	118,709
Loss for the period	-	-	-	-	-	(8,347)	(8,347)
Other comprehensive expense for the period					3,785		3,785
Total comprehensive income/ (expense) for the period				=	3,785	(8,347)	(4,562)
Balance at 30 September 2022 (Unaudited)	6,969	26,558	17,429	9,567	3,580	50,044	114,147
Balance at 1 January 2021 (Audited)	6,969	26,558	17,429	8,067	859	62,024	121,906
Profit for the period	-	_	-	-	-	10,077	10,077
Other comprehensive income for the period				=	(405)		(405)
Total comprehensive income for the period		=	=	=	(405)	10,077	9,672
Balance at 30 September 2021 (Unaudited)	6,969	26,558	17,429	8,067	454	72,101	131,578

#### NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION

China Oral Industry Group Holdings Limited (the "Company") was incorporated in the Cayman Islands under the Companies Act (as revised) of the Cayman Islands as an exempted company with limited liability on 3 November 2015.

The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 7 December 2017.

Its ultimate controlling party is Ms. Yan Ping, who is also the chairlady and an executive Director of the Company.

The addresses of the Company's registered office and principal place of business in Hong Kong are Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong respectively.

The Company is an investment holding company. 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 in and operating chain dental clinics, internet hospitals, biopharmaceuticals and health management service platforms and related upstream and downstream supply chain businesses.

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the respective entity operates (the "functional currency"). The functional currency of the Company is Hong Kong dollars ("HK\$"). The unaudited condensed consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is different from the functional currency of the Company as the Group's primary business operations are substantially based in the People's Republic of China (the "PRC").

#### 2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements for the Period have been prepared in accordance with the accounting policies, which conform to the Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated financial statements for the Period have been prepared under the historical cost convention.

During the Period, the Group has applied the following amendments to the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of consolidated financial statements:

Amendments to HKFRS 16 Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Covid-19-Related Rent Concessions Interest Rate Benchmark Reform – Phase 2

#### 3. REVENUE AND SEGMENT INFORMATION

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive Directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it has only one operating segment which is the manufacturing and sales of inflatable products and related accessories.

Since there is only one operating segment of the Group, no further analysis for segment information is presented.

# Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	<b>2022</b> 202		2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from customer				
<ul> <li>Sales of inflatable products and related accessories</li> </ul>	38,605	75,710	182,575	221,942
<ul> <li>Sub-contracting income</li> </ul>	(11)		(80)	784
	38,594	75,710	182,495	222,726

# Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of revenue is based on the locations of the customers.

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB</i> '000 (Unaudited)	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Revenue from external customers				
- the PRC	1,842	8,941	8,917	23,206
– Europe	1,940	2,961	28,199	33,697
<ul> <li>Australia and Oceania</li> </ul>	13,127	18,349	15,342	21,170
<ul><li>North America</li></ul>	9,805	34,722	77,007	96,637
– Asia	10,954	10,073	49,655	47,093
- Central and South America	26	664	682	923
	38,594	75,710	182,495	222,726

#### 4. INCOME TAX EXPENSE

The amount of income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the three months ended 30 September		For the nin ended 30 Se	
	<b>2022</b> 2021		2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax for the Period				
Hong Kong Profits Tax	(36)	283	39	1,725
PRC Enterprise Income Tax	54	146	432	1,282
Deferred tax	31	(16)	111	620
Total income tax recognised in profit or loss	49	413	582	3,627

The Group is subjected to Hong Kong Profits Tax at a rate of 16.5%.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years, unless preferential rate is applicable. A wholly-owned subsidiary of the Company located in the Zhongshan Zone is registered as a New and High Technology Enterprise and is entitled to the preferential corporate income tax rate of 15% for a period of 3 years from 2020 to 2022.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

#### 5. LOSS FOR THE PERIOD

Loss for the Period has been arrived at after charging:

	For the three months ended 30 September		For the nine months ended 30 September	
	<b>2022</b> 2021		2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of inventories recognised as an expense	35,689	63,196	161,601	173,394
Depreciation of property, plant and equipment	592	711	1,751	1,805
Depreciation of right-of-use assets	1,019	1,058	3,159	3,103
Amortisation of intangible assets	30	29	83	84
Employee benefits expense (including directors' emoluments)				
Salaries, wages and other benefits	9,150	18,417	36,671	50,387
Contribution to retirement benefits schemes	1,019	1,408	5,487	3,743
Total employee benefits expense	10,435	19,825	42,159	54,130

# 6. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	For the three months ended 30 September		For the nin ended 30 Se		
	<b>2022</b> 202 <b>RMB'000</b> RMB'00		2022 RMB'000	2021 RMB'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Loss					
Loss for the period attributable to the owners of the Company for the purpose of basic					
earnings per share	(5,464)	659	(8,347)	10,077	
	'000	'000	'000	'000	
Number of shares					
Weighted average number of ordinary shares					
for the purpose of basic earnings per share	800,000	800,000	800,000	800,000	

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the nine months ended 30 September 2022 and 2021.

# 7. DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2022. (2021: Nil)

### MANAGEMENT DISCUSSION AND ANALYSIS

# BUSINESS REVIEW AND OUTLOOK

The Group is mainly engaged in the manufacturing and sales of inflatable products and related accessories for overseas markets, and has set its sights in further expanding and developing its business in the healthcare industry, particularly in the oral care industry in the PRC so as to diversify the Group's business and enhance shareholders' value.

The global pandemic remains as the most critical factor that affects the Group's main business and slows down the Group's new business development. The increased logistic and labor costs eroded the Group's profit margins over the Period. It is uncertain whether the situation would continue in the second half of 2022. The Group has been monitoring the situation and considering possible measures including developing new products and implementing cost control measures, in an attempt to minimize the impact to the Group's financial performance.

The development of the new oral care business in China has been affected by the pandemic controls in the PRC such as travel restrictions and lockdown. The Group intends to cooperate with local governments and professional organizations in the oral care industry to build a new innovative oral care service platform. The Group believes that the new business development could be a key driver for the success of its future performance.

#### FINANCIAL REVIEW

#### Revenue

The Group's revenue was approximately RMB182,495,000 for the Period, representing a decrease of approximately RMB40,230,000 or 18.1% as compared to the revenue of approximately RMB222,726,000 for the corresponding period in 2021. Revenue from the sales of inflatable playgrounds with air blowers for the Period was approximately RMB182,575,000 (2021: approximately RMB198,936,000), representing a decrease of approximately RMB16,361,000 or 8.2% compared with the corresponding period in 2021.

An analysis of the Group's revenue for the Period by geographical location is set out in Note 3 to the unaudited condensed consolidated financial statements.

# **Cost of sales**

Cost of sales were approximately RMB161,601,000 for the Period, representing a decrease of approximately RMB11,793,000 or 6.8% as compared to approximately RMB173,394,000 for the corresponding period in 2021.

# Gross profit and gross profit margin

The Group recorded a gross profit of approximately RMB20,894,000 for the Period, representing a decrease of approximately RMB28,438,000 or 6% compared with the corresponding period in 2021 (2021: approximately RMB49,332,000). Gross profit margin was approximately 11.5% for the Period, representing a decrease of approximately 10.6% as compared to that of the corresponding period in 2021 (2021: approximately 22.1%).

# Other income and gains

Total other income and gains were approximately RMB7,454,000 for the Period, representing an increase of approximately RMB8,526,000 or 795% as compared with that of the corresponding period in 2021 (2021: approximately RMB1,072,000). The increase was mainly due to exchange gain of RMB5,055,000.

# Distribution and selling expenses

Total distribution and selling expenses were approximately RMB19,687,000 for the Period (2021: approximately RMB21,732,000), representing an decrease of approximately RMB2,045,000 or 9.4% as compared to that of the corresponding period in 2021.

# Administrative expenses

The administrative expenses were approximately RMB15,195,000 for the Period (2021: approximately RMB13,488,000), representing an increase of approximately RMB1,707,000 or 12.66% as compared to that of the corresponding period in 2021. The increase was mainly due to the increase in depreciation and amortization expense as re-classes.

# **Finance costs**

The Group recorded interest on lease liabilities of approximately RMB1,231,000 for the Period, representing a decrease of approximately RMB249,000 or 16.8% as compared with the corresponding period in 2021 (2021: approximately RMB1,480,000).

# Loss for the period

Loss for the Period was approximately RMB8,347,000, representing a decrease of approximately RMB18,424,000 or 182.8% as compared with that of the corresponding period in 2021 (2021: profit approximately RMB10,077,000).

The loss was mainly due to sales decreased significantly. In addition, the finished product inventory of the fabric factory made an impairment provision of about RMB2 million because the unit price of the production cost was far higher than the future sales unit price.

#### **Dividends**

The Board does not recommend the payment of any dividend for the Period (2021: Nil).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plan for Material Investments or Capital Assets

During the Period, there was no significant investment held, material acquisition and disposal of subsidiaries, associates and joint ventures by the Company. The Group did not have any plans for material investments of capital assets as at 30 September 2022.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2022, the interests and short positions of the Directors and chief executive of the Company (the "Chief Executive") in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings") were as follows:

# Long positions in ordinary shares of the Company

Name of Director/		Number of	Percentage
<b>Chief Executive</b>	Capacity/Nature of interest	underlying Shares	of shareholding
			(Note 1)
Ms. Yan Ping	Beneficial owner	424,560,000	53.07%

Note:

(1) The percentage is calculated on the basis of 800,000,000 shares in issue as at the date of this announcement.

Save as disclosed above, as at 30 September 2022, none of the Directors or the Chief Executive or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

# INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL AND OTHER SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2022, so far as was known to the Directors and the Chief Executive and based on the public records filed on the website of the Stock Exchange and records kept by the Company, there was no other person or corporation (other than the Directors and the Chief Executive) who had any interest or short position in the shares and underlying shares of the Company which would require disclosure to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued share capital of the Company, or as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

# SHARE OPTION SCHEME

The Company had conditionally adopted a share option scheme (the "Share Option Scheme") pursuant to the written resolution of the shareholders of the Company on 15 November 2017 for the purpose of providing additional incentives to eligible participants for their contribution to the Group and/or enabling the Group to attract and retain best available personnel that are valuable to the Group.

No share option had been granted under the Share Option Scheme since its adoption on 15 November 2017 to the date of this announcement.

#### COMPETING AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders of the Company and their respective close associates had engaged in any business which competes or may compete, directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the Period.

# DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiries with all Directors, all Directors confirmed that they had complied with the Required Standard of Dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the Period.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Period.

#### EVENTS AFTER THE REPORTING PERIOD

# Placing of New Shares Under General Mandate

On 21 October 2022 (after trading hours), the Company entered into the placing agreement with the CNI Securities Group Limited ("**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 placees at the placing price of HK\$0.260 per placing share.

On 8 November 2022, the conditions of the placing have been fulfilled and all placing shares have been successfully placed by the Placing Agent to not less than six places at the placing price, representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares.

The net proceeds from the placing (after deduction of placing commission and other relevant costs and other expenses of the placing) amount to 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 potential dental clinic(s) with proven track records in Guangdong Province when opportunities arise, and (ii) the remaining net proceeds from the placing will be used as the working capital of the Group.

For further details of the placing, please refer to the Company announcements dated 21 October 2022, 26 October 2022 and 8 November 2022.

# CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the "CG Code"). During the Period, to the best knowledge of the Board, the Company had complied with the applicable code provisions of the CG Code.

# **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") was established on 20 June 2017 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision D.3 of the CG Code. During the nine months ended 30 September 2022, the Audit Committee comprised all three independent non-executive Directors and chaired by Ms. Lian Jingyu. The other members are Ms. Deng Xin and Ms. Shen Jindan (Ms. Shen Jindan has been appointed as the member of the Audit Committee while Mr. Yam Yiu Ping Bruce ceased to be the member of the Audit Committee with effect from 1 November 2022).

The primary duties of the Audit Committee are mainly to make recommendation to the Board on the appointment and removal of external auditors, review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The unaudited condensed financial results for the Period have not been audited by the Company's independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such results complied with the applicable accounting standards of the HKFRSs issued by the HKICPA and the applicable disclosure provisions of the GEM Listing Rules, and that adequate disclosures have been made.

By order of the Board

China Oral Industry Group Holdings Limited

Yan Ping

Chairlady and executive Director

Hong Kong, 8 November 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 and Ms. Deng Xin as independent non-executive Directors.

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.