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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **CHARACTERISTICS OF THE 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 (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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.

The Board hereby presents the audited consolidated final results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	4	166,917	212,519
Cost of sales		<u>(139,882)</u>	<u>(194,948)</u>
Gross profit		27,035	17,571
Other income and gains	6	5,468	8,813
Distribution and selling expenses		(20,174)	(23,461)
Administrative and other operating expenses		(19,593)	(24,165)
Reversal of impairment/(impairment loss) on trade and other receivables under expected credit loss model, net		94	(547)
Impairment loss on non-financial assets		(10,223)	(12,372)
Finance costs	7	<u>(1,015)</u>	<u>(1,607)</u>
Loss before tax		(18,408)	(35,768)
Income tax (expense)/credit	8	<u>(218)</u>	<u>917</u>
Loss for the year	9	<u>(18,626)</u>	<u>(34,851)</u>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>143</u>	<u>2,035</u>
Other comprehensive income for the year		<u>143</u>	<u>2,035</u>
Total comprehensive expense for the year		<u><u>(18,483)</u></u>	<u><u>(32,816)</u></u>
		RMB cents	RMB cents
<b>Loss per share</b>			
– Basic and diluted	10	<u><u>(1.9)</u></u>	<u><u>(4.2)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,169</b>	5,535
Right-of-use assets		<b>2,690</b>	7,017
Goodwill	<i>11</i>	<b>14,379</b>	–
Other intangible assets		–	346
Prepayments		–	25,420
Deferred tax assets		–	6
		<u><b>19,238</b></u>	<u>38,324</u>
<b>Current assets</b>			
Inventories		<b>61,039</b>	43,371
Trade receivables	<i>12</i>	<b>17,707</b>	22,738
Prepayments, deposits and other receivables		<b>9,468</b>	21,608
Tax recoverable		–	981
Financial assets at fair value through profit or loss		–	30,899
Bank deposits with maturity period over three months		<b>20,000</b>	–
Cash and bank balances		<b>56,323</b>	29,385
		<u><b>164,537</b></u>	<u>148,982</u>
Assets classified as held for sale		–	<u>3,540</u>
		<u><b>164,537</b></u>	<u>152,522</u>
<b>Total assets</b>		<u><b>183,775</b></u>	<u>190,846</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>53,233</b>	44,827
Amount due to a shareholder		<b>8,954</b>	4,060
Lease liabilities		<b>5,263</b>	4,495
Current tax liabilities		<b>16</b>	470
		<u><b>67,466</b></u>	<u>53,852</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 <b>RMB'000</b>	2022 <b>RMB'000</b>
<b>Net current assets</b>		<u>97,071</u>	<u>98,670</u>
<b>Total assets less current liabilities</b>		<u>116,309</u>	<u>136,994</u>
<b>Non-current liabilities</b>			
Lease liabilities		9,310	11,297
Deferred tax liabilities		<u>2,334</u>	<u>2,549</u>
		<u>11,644</u>	<u>13,846</u>
<b>Net assets</b>		<u><b>104,665</b></u>	<u><b>123,148</b></u>
<b>Capital and reserves</b>			
Equity attributable to owners of the Company			
Share capital	14	8,427	8,427
Reserves		<u>96,238</u>	<u>114,721</u>
<b>Total equity</b>		<u><b>104,665</b></u>	<u><b>123,148</b></u>

## NOTES:

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law 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 registered office and the principal place of business of the Company are Wingward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Unit 304, Dominion Centre, 43 Queen’s Road East, Hong Kong respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the manufacturing and sales of inflatable products and related accessories, and the provision of dental clinic services and sales of dental related products in the People’s Republic of China (the “**PRC**”).

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 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 dominated operations are substantially based in the PRC.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### *New and amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### ***Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group have applied the new amendments on temporary differences for transactions related to leases as at 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with lease liabilities and right-of-use-assets.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group discloses the related deferred tax assets of RMB3,342,000 and deferred tax liabilities of RMB3,342,000 on a gross basis but it has no material impact on the retained profits at the earliest period presented.

### **Amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period.

### 4. REVENUE

An analysis of the Group's revenue by category is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Sale of inflatable products and related accessories	150,860	212,051
Sub-contracting income	317	468
Provision of dental services	9,695	–
Sale of medical equipment	1,450	–
Sale of dental materials	4,595	–
	<u>166,917</u>	<u>212,519</u>

### 5. 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 (“CODM”), for the purpose of resources allocation and performance assessment.

Specifically, the Group's business activities are operated and managed as two segments as follows:

- (i) Inflatable products business – manufacturing and sales of inflatable products and related accessories; and
- (ii) Dental clinic business – provision of dental clinic services and sales of dental related products in the PRC.

In prior year, the Group has one operating segment which is the manufacturing and sales of inflatable products and related accessories. Upon completion of acquisition of Hongkong Eko Holding Co., Limited (“**Hongkong Eko**”) during the year, the Group commenced the business engaging in the provision of dental clinic services and sales of dental related products in the PRC. For the purpose of resource allocation and performance assessment, management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, prior year segment disclosures have been represented to conform with the current year's presentation.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

### *For the year ended 31 December 2023*

	Inflatable products business <i>RMB'000</i>	Dental clinic business <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>			
Sales to external customers	<u>151,177</u>	<u>15,740</u>	<u>166,917</u>
<b>Segment results</b>	<u>(19,176)</u>	<u>857</u>	<u>(18,319)</u>
Interest income on bank deposits			753
Gain on lease modification			280
Gain on fair value changes of financial assets at fair value through profit or loss			137
Net foreign exchange gains			3,761
Directors' remuneration			(2,325)
Unallocated corporate expenses			<u>(2,695)</u>
<b>Loss before tax</b>			<u><u>(18,408)</u></u>

### *For the year ended 31 December 2022*

	Inflatable products business <i>RMB'000</i>	Dental clinic business <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>			
Sales to external customers	<u>212,519</u>	<u>–</u>	<u>212,519</u>
<b>Segment results</b>	<u>(31,998)</u>	<u>–</u>	<u>(31,998)</u>
Interest income on bank deposits			56
Gain on lease modification			68
Gain on fair value changes of financial assets at fair value through profit or loss			231
Net foreign exchange gains			5,803
Directors' remuneration			(2,019)
Unallocated corporate expenses			<u>(7,909)</u>
<b>Loss before tax</b>			<u><u>(35,768)</u></u>

There were no inter-segment sales in the current year (2022: Nil).



The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the (loss)/profit from each segment without allocation of interest income on bank deposits, gain on lease modification, gain on fair value changes of financial assets at fair value through profit or loss, net foreign exchange gains, directors' remuneration and unallocated corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

*As at 31 December 2023*

	<b>Inflatable products business RMB'000</b>	<b>Dental clinic business RMB'000</b>	<b>Total RMB'000</b>
<b>Segment assets</b>	<u>61,296</u>	<u>31,112</u>	92,408
Goodwill			14,379
Bank deposits with maturity period over three months			20,000
Cash and bank balances			56,323
Corporate and other unallocated assets			<u>665</u>
Consolidated assets			<u><u>183,775</u></u>
<b>Segment liabilities</b>	<u>54,747</u>	<u>5,739</u>	60,486
Amount due to a shareholder			8,954
Deferred tax liabilities			2,334
Corporate and other unallocated liabilities			<u>7,336</u>
Consolidated liabilities			<u><u>79,110</u></u>

As at 31 December 2022 (restated)

	Inflatable products business <i>RMB'000</i>	Dental clinic business <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment assets</b>	<u>88,357</u>	<u>25,250</u>	113,607
Prepayment for a capital investment			13,000
Financial assets at fair value through profit or loss			30,899
Cash and bank balances			29,385
Assets classified as held for sale			3,540
Corporate and other unallocated assets			<u>415</u>
Consolidated assets			<u><u>190,846</u></u>
<b>Segment liabilities</b>	<u>54,680</u>	<u>–</u>	<u>54,680</u>
Amount due to a shareholder			4,060
Deferred tax liabilities			2,549
Corporate and other unallocated liabilities			<u>6,409</u>
Consolidated liabilities			<u><u>67,698</u></u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than goodwill, prepayment for a capital investment, financial assets at fair value through profit or loss, bank deposits with maturity period over three months, cash and bank balances, assets classified as held for sale and corporate and other unallocated assets; and
- all liabilities are allocated to reportable segments other than amount due to a shareholder, deferred tax liabilities and corporate and other unallocated liabilities.

## Other segment information

Amounts included in the measure of segment results or segment assets:

### For the year ended 31 December 2023

	Inflatable products business <i>RMB'000</i>	Dental clinic business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Additions to non-current assets (Note)	914	6,030	–	6,944
Loss on disposal of property, plant and equipment	376	–	–	376
Depreciation of property, plant and equipment	1,147	454	–	1,601
Amortisation of intangible assets	68	–	–	68
Depreciation of right-of-use assets	2,455	717	–	3,172
Write-down on inventories	1,581	–	–	1,581
(Reversal of impairment)/impairment loss on trade and other receivables under the expected credit loss model, net	(311)	217	–	(94)
Impairment loss on non-financial assets	<u>10,223</u>	<u>–</u>	<u>–</u>	<u>10,223</u>

### For the year ended 31 December 2022 (restated)

	Inflatable products business <i>RMB'000</i>	Dental clinic business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Additions to non-current assets (Note)	831	–	504	1,335
Loss on disposal of property, plant and equipment	58	–	–	58
Depreciation of property, plant and equipment	2,338	–	–	2,338
Amortisation of intangible assets	112	–	–	112
Depreciation of right-of-use assets	4,182	–	152	4,334
Write-down on inventories	2,769	–	–	2,769
Impairment loss on trade receivables under the expected credit loss model	547	–	–	547
Impairment loss on non-financial assets	<u>12,215</u>	<u>–</u>	<u>157</u>	<u>12,372</u>

Note: Non-current assets exclude goodwill, prepayments and deferred tax assets.

## Geographical information

All of the Group's operations are located in the PRC and Hong Kong. Most of the Group's non-current assets (excluding goodwill, prepayments and deferred tax assets) are located in the PRC. Accordingly, no geographical analysis is presented.

The following is an analysis of the Group's revenue by geographical segments:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from external customers:		
– China	26,781	9,975
– Europe	11,142	38,989
– Australia and Oceania	3,005	15,769
– North America	99,872	88,794
– Asia	24,773	58,310
– Central and South America	1,344	682
	<u>166,917</u>	<u>212,519</u>

## Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's total revenue are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A <sup>1</sup>	54,237	54,225
Customer B <sup>1</sup>	16,834	23,061
Customer C <sup>1</sup>	NA <sup>2</sup>	23,536

<sup>1</sup> Revenue from inflatable products business.

<sup>2</sup> The corresponding revenue did not contribute over 10% of the Group's total revenue.

## 6. OTHER INCOME AND GAINS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income on bank deposits	753	56
Rental income	240	1,200
Grants and subsidies	52	914
Gain on lease modification	280	68
Gain on fair value changes of financial assets at fair value through profit or loss	137	231
Net foreign exchange gains	3,761	5,803
Others	245	541
	<u>5,468</u>	<u>8,813</u>

## 7. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on lease liabilities	<u>1,015</u>	<u>1,607</u>

## 8. INCOME TAX EXPENSE/(CREDIT)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax	16	–
PRC Enterprise Income Tax	101	9
Under/(over) provided in prior years	310	(314)
<b>Deferred tax</b>	<u>(209)</u>	<u>(612)</u>
Total income tax expense/(credit) recognised in profit or loss	<u>218</u>	<u>(917)</u>

## 9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Auditors' remuneration	802	822
Cost of inventories recognised as an expense	135,924	194,948
Depreciation of property, plant and equipment	1,601	2,338
Depreciation of right-of-use assets	3,172	4,334
Loss on disposal of property, plant and equipment	376	58
Write-down of inventories	1,581	2,769
Amortisation of intangible assets	68	112
Short-term lease expenses	<u>18</u>	<u>33</u>
Employee benefits expense (including directors' emoluments):		
Salaries, wages and other benefits	39,843	44,657
Contribution to retirement benefits schemes	<u>2,158</u>	<u>6,336</u>
Total employee benefits expense	<u>42,001</u>	<u>50,993</u>

## 10. LOSS PER SHARE

The diluted loss per share is equal to the basic loss per share as there is no dilutive potential ordinary share in issue during the years ended 31 December 2023 and 2022.

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(18,626)</u>	<u>(34,851)</u>
	<b>2023</b> <b>'000</b>	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><b>960,000</b></u>	<u>823,671</u>

## 11. GOODWILL

	<i>RMB'000</i>
<b>Cost and net carrying amount</b>	
Balance at 1 January 2022 and 31 December 2022	–
Arising on acquisition of a subsidiary	<u>14,379</u>
Balance at 31 December 2023	<u><b>14,379</b></u>

The goodwill of RMB14,379,000 arose from the acquisition of the entire equity interest in Hongkong Eko Holding Co., Limited during the year ended 31 December 2023.

## 12. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables arising from		
– Inflatable products business	11,540	23,579
– Dental clinic business	6,830	–
Allowance for credit losses	(663)	(841)
	<u>17,707</u>	<u>22,738</u>

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the invoice dates:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0 – 30 days	16,698	13,508
31 – 60 days	849	859
61 – 90 days	100	1,825
91 – 120 days	60	1,013
121 – 365 days	–	5,533
	<u>17,707</u>	<u>22,738</u>

## 13. TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	28,826	22,503
Contract liabilities	3,625	2,150
Accrued salaries and other benefits	10,390	10,073
Other payables and accruals	10,392	10,101
	<u>53,233</u>	<u>44,827</u>

The following is an analysis of trade payables based on the invoice date:

	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
0 – 30 days	<b>13,772</b>	11,771
31 – 60 days	<b>7,350</b>	2,819
61 – 90 days	<b>6,380</b>	3,705
91 – 120 days	<b>355</b>	1,042
121 – 365 days	<b>898</b>	2,966
Over 365 days	<b>71</b>	200
	<b>28,826</b>	22,503

#### 14. SHARE CAPITAL

Details of the Company's authorised and issued ordinary share capital are as follows:

	Number of ordinary shares '000	Share capital <b>HK\$'000</b>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 January 2022	1,000,000	10,000
Increase in authorised capital	<u>1,000,000</u>	<u>10,000</u>
At 31 December 2022 and 31 December 2023	<b><u>2,000,000</u></b>	<b><u>20,000</u></b>
<b>Issued and fully paid:</b>		
At 1 January 2022	800,000	8,000
Shares issued under placing	<u>160,000</u>	<u>1,600</u>
At 31 December 2022 and 31 December 2023	<b><u>960,000</u></b>	<b><u>9,600</u></b>
	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
Equivalents to RMB	<b><u>8,427</u></b>	<b><u>8,427</u></b>

#### 15. DIVIDENDS

No final dividend was proposed by the Board in respect of the years ended 31 December 2023 and 2022.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

Founded in 2003, the Group has nearly 20 years of experience in designing, manufacturing, and selling high-quality inflatable amusement parks and other inflatable products. The Group is mainly engaged in the manufacturing and sales of inflatable products and related accessories, and has sets its sights in the development of big health field.

Due to the uncertainty of the global pandemic, the Group's main business is affected to varying degrees. The Group manufactures its inflatable products in the production facilities in Dongcheng Industrial Zone located in Zhongshan City, Guangdong Province. The Group is committed to maintain high standards of quality in all of the products and follow stringent quality control procedures throughout its production processes. The Group believes its product design and development capabilities will help strengthen its competitiveness through product differentiation and innovation.

Upon the completion of acquisition of the entire equity interest in Hongkong Eko Holding Co., Limited in January 2023, the Group has made a step forward in the oral care industry. Hongkong Eko Holding Co., Limited and its subsidiary are engaged in the operation of a dental clinic and provision of dental clinic services in the PRC. The Group believes the acquisition shall generate new income stream to the Group.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue was derived from two principal businesses, namely, the sales of inflatable products and related accessories, and the provision of dental clinic services and sales of dental related products which are analysed in Note 4 to this preliminary announcement.

The Group's revenue was approximately RMB166,917,000 in 2023, representing a decrease of approximately RMB45,602,000 or 21.5% as compared to the revenue of approximately RMB212,519,000 in 2022. Revenue from the sales of inflatable products in 2023 was approximately RMB151,177,000 (2022: approximately RMB212,519,000), representing a decrease of approximately RM61,342,000 or 28.9% compared with that of 2022. Revenue from the provision of dental clinic services and sales of medical equipment and dental materials in 2023 was approximately RMB9,695,000 (2022: Nil) and RMB6,045,000 (2022: Nil), which accounted for approximately 5.8% and 3.6% of the Group's total revenue, respectively.

#### **Cost of sales**

Cost of sales was approximately RMB139,882,000 in 2023, representing a decrease of approximately RMB55,066,000 or 28.2% as compared to approximately RMB194,948,000 in 2022.

## **Gross profit and gross profit margin**

The Group recorded a gross profit of approximately RMB27,035,000 in 2023, representing an increase of approximately RMB9,464,000 or 53.9% compared with 2022 (2022: approximately RMB17,571,000). Overall gross profit margin was approximately 16.2% in 2023, representing an increase of approximately 7.9% as compared to that of 2022 (2022: approximately 8.3%). Such increase was mainly due to the higher gross profit margin from the dental clinic business. In 2023, the gross profit margin was approximately 15.8% from the inflatable products business and approximately 20.4% from the dental clinic business.

## **Other income and gains**

Total other income and gains was approximately RMB5,468,000 in 2023, representing a decrease of approximately RMB3,345,000 or 38.0% as compared with that of 2022 (2022: approximately RMB8,813,000). The decrease was mainly due to a decrease in rental income of approximately RMB960,000, a decrease in grants and subsidies of RMB862,000 and a decrease in net foreign exchange gains of approximately RMB2,042,000, partly offset by an increase in interest income on bank deposits of approximately RMB697,000.

## **Distribution and selling expenses**

Total distribution and selling expenses was approximately RMB20,174,000 in 2023, representing a decrease of approximately RMB3,287,000 or 14.0% as compared to that of 2022 (2022: approximately RMB23,461,000).

## **Administrative expenses**

The administrative expenses was approximately RMB19,593,000 in 2023, representing a decrease of approximately RMB4,572,000 or 18.9% as compared to that of 2022 (2022: approximately RMB24,165,000).

## **Impairment loss on non-financial assets**

During the Year, the Group's operation of inflatable products business was adversely affected by the challenging global economy and weak customer demand. Because of worse-than expected performance of the inflatable products business operation and the loss sustained by the Group, management considered certain property, plant and equipment, right-of-use assets and intangible assets of the Group were subject to impairment at 31 December 2023 and performed an impairment assessment. For the purpose of impairment testing, the estimates of recoverable amount were determined based on the value-in-use calculation. Based on the impairment assessment, impairment loss of approximately RMB4,615,000, RMB5,204,000 and RMB404,000 were recognised on property, plant and equipment, right-of-use assets and intangible assets relating to the inflatable products business respectively in profit or loss during the year ended 31 December 2023 in order to write down the carrying amount of the property, plant and equipment, right-of-use assets and intangible assets to their recoverable amounts.

## **Finance costs**

The Group recorded interest on lease liabilities of approximately RMB1,015,000 in 2023, representing a decrease of approximately RMB592,000 or 36.8% as compared to that of 2022 (2022: approximately RMB1,607,000).

## **Loss for the year**

Loss for the year was approximately RMB18,626,000, representing a decrease of approximately RMB16,225,000 or 46.6% as compared to that of 2022 (2022: approximately RMB34,851,000).

## **Dividends**

The Board does not recommend the payment of any dividend in 2023 (2022: Nil).

## **Liquidity, Financial Resources, Capital Structure and Gearing Ratio**

The Group finances its liquidity and financial requirements primarily through cash generated from operations and equity contributed from the shareholders of the Company.

As at 31 December 2023, the Group's total equity attributable to owners of the Company amounted to approximately RMB104,665,000 (2022: RMB123,148,000).

The current ratio of the Group as at 31 December 2023 was approximately 2.44 as compared to that of approximately 2.83 in 2022. The quick ratio of the Group as at 31 December 2023 was approximately 1.53 as compared to that of approximately 2.03 in 2022. Since no borrowings was outstanding as at 31 December 2023 and 31 December 2022, no gearing ratio was applicable. The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

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

In January 2023, the Group has completed the acquisition of the entire equity interest in Hongkong Eko Holding Co., Limited and its subsidiary.

As at 31 December 2023, the Group did not hold any significant investments in financial products (2022: the Group has invested RMB30,899,000 in unlisted financial products which were classified as financial assets at fair value through profit or loss).

Save as disclosed above, there was no other significant investment, material acquisition or disposal of subsidiaries or associated companies by the Group in 2023.

## **Contingent Liabilities**

As at 31 December 2023, the Group did not have any significant contingent liabilities (2022: Nil).

## **Pledge of Assets**

As at 31 December 2023, the Group had no assets pledged for bank borrowings or for other purpose (2022: Nil).

## **Commitments**

As at 31 December 2023, the Group has not entered into any contractual commitments for the acquisition of property, plant and equipment (2022: RMB1,000,000).

## **Subsequent events**

### ***Acquisition of Subsidiaries***

On 4 January 2024, the Group entered into an agreement for the acquisition of HongKong Taixing Holding Co., Limited and its subsidiaries, which are principally engaged in the selling of textile products such as polyester yarn and knitted fabric in the PRC at a consideration of HK\$25,600,000, which shall be fully settled and discharged by (i) the allotment and issue of 180,000,000 consideration shares to the vendor, at the issue price of HK\$0.12 per consideration share to the vendor; and (ii) the payment of cash of HK\$4,000,000. The completion of the acquisition took place as of 29 January 2024. Upon completion of the acquisition, HongKong Taixing Holding Co., Limited and its subsidiaries became wholly-owned subsidiaries of the Company and its financial results and financial position will be consolidated into the consolidated financial statements of the Company. As at the date of approval of these financial statements, the management of the Group is still in the midst of determining the financial effect of the aforesaid acquisition.

### ***Appointment of Agent and Proposed Issue of Bond***

On 20 March 2024, the Company entered into the Referral Agreement with Mango Financial Limited (the “**Agent**”) pursuant to which the Agent agreed to introduce one or more potential clients to the Company in relation to the proposed issuance of a 36-months 5% coupon rate bond with an aggregate principal amount of up to HK\$40,000,000 (the “**Bond**”) and appointed Mango Financial Limited as the Agent, on a best effort basis, for the purpose of procuring the clients to subscribe in cash for the Bond. Subject to the completion, the Company shall pay to the Agent a referral fee of HK\$2,000,000 equivalent to 5.0% of the aggregate price of the Bond successfully introduced by the Agent. As at the date of approval of these financial statements, the aforesaid fund-raising exercise has not been completed.

## **Foreign Currency Exposure**

As the majority of the Group's revenue is denominated in US Dollars but the costs incurred by the Group for the production are denominated in RMB, significant fluctuation in the exchange rate between RMB against US Dollars may materially affect the business results of operations. As a result of the business expansion to overseas markets, the Group will continue to generate a significant amount of sales, assets and liabilities denominated in a currency other than RMB. In this case, the Group would be exposed to risks related to the exchange rate and the currency in which its assets and liabilities are denominated. A depreciation of RMB would require the Group to use more RMB to service the same amount of foreign currency liabilities, or a depreciation of foreign currency against RMB may result in receipts from receivables substantially less than the contractual amounts in terms of RMB at the settlement date.

Having considered the cost effectiveness with reference to the business model, the Group currently does not have a formal foreign currency hedging policy or engage in hedging activities designed or intended to manage such exchange rate risk during the reporting periods. Because RMB is not freely convertible, the ability of the Group to reduce foreign exchange risk is limited.

## **Treasury Policies**

The Group is exposed to credit risk primarily arising from trade receivables and bank deposits. Trade receivables are from customers with good collection track records with the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risks. Reversal of allowance for credit loss on trade and other receivables of RMB94,000 was recognised in 2023 (2022: an allowance for credit loss of RMB547,000) because there were subsequent settlements or no historical default of payments by the respective customers and the amounts are still considered recoverable.

Bank deposits are mainly deposits with banks with good credit ratings assigned by international credit-rating agencies or with good reputation. For bank deposits, the Group adopts the policy of dealing only with high credit quality counterparties.

## **Employees and Remuneration Policies**

As at 31 December 2023, the Group had 544 full-time employees (2022: 571). Most of the employees of the Group are located in the PRC. The total employee remuneration, including remuneration of Directors, amounted to approximately RMB42,001,000 in 2023 (2022: approximately RM50,993,000).

The Group entered into separate labour contracts with each of its employees in accordance with the applicable labour laws in Hong Kong and the PRC. The Group provides its employees with various benefits including discretionary bonus, contribution to social insurance premium and housing provident fund, and contribution to mandatory provident fund. The Group also offers options that may be granted to employees under the share option scheme.

## 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 31 December 2023, 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

<b>Name of Director/Chief Executive</b>	<b>Capacity/Nature of interest</b>	<b>Number of shares</b>	<b>Percentage of shareholding (note 1)</b>
Ms Yan Ping (note 2)	Interest of a controlled corporation	424,560,000	44.23%

*Notes:*

- (1) The percentage is calculated on the basis of 960,000,000 ordinary shares of the Company in issue as at 31 December 2023.
- (2) Ms. Yan Ping (“**Ms. Yan**”) beneficially owns the entire issued share capital of RISEN THRIVE LIMITED. Ms. Yan is deemed, or taken to be, interested in all the Shares held by RISEN THRIVE LIMITED for the purpose of the SFO. Ms. Yan is the sole director of RISEN THRIVE LIMITED

Save as disclosed above, as at 31 December 2023, 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 31 December 2023, 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**”) on 15 November 2017 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 in 2023.

## **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 in 2023.

## **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 in 2023.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The forthcoming annual general meeting (the “**2024 AGM**”) of the Company is scheduled to be held on Friday, 21 June 2024. A notice convening the 2024 AGM will be issued and despatched to the Shareholders according to the Articles. The register of members of the Company will be closed from Tuesday, 18 June 2024 to Friday, 21 June 2024 (both dates inclusive), the period during which no transfer of shares may be effected for the purpose of determining the Shareholders who are entitled to attend and vote at the 2024 AGM. In order to be eligible to attend and vote at the 2024 AGM, all transfer forms accompanied by the relevant share certificate(s) should be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 17 June 2024.

## **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**”). In 2023, to the best knowledge of the Board, the Company had complied with all 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. In 2023, the Audit Committee comprised all three independent non-executive Directors and chaired by Ms. Lian Jingyu. The other members are Ms. Shen Jindan and Ms. Deng Xin. The primary duties of the Audit Committee are mainly to review and supervise the financial reporting process and the internal control procedures of the Group.

The audit committee has reviewed the Group’s audited consolidated result for the year ended 31 December 2023.

## **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this preliminary announcement.



## APPRECIATION

The Board would like to take this opportunity to express their thanks and gratitude to the Group's management and staff who dedicated their endless efforts and devoted services, and to our shareholders, suppliers, clients and bankers for their continuous support.

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

Hong Kong, 28 March 2024

*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. Deng Xin and Ms. Lian Jingyu as independent non-executive Directors.*

*This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and on the Company's website at [www.chinoral.co](http://www.chinoral.co).*