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## **China Oral Industry Group Holdings Limited**

**中國口腔產業集團控股有限公司**

**(formerly known as Alpha Era International Holdings Limited**

**合寶豐年控股有限公司)**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8406)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **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 HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2021 (the “**Year**”) amounted to approximately RMB294,917,000 (2020: approximately RMB260,735,000).
- Loss to the owners of the Company for the Year amounted to approximately RMB2,133,000 (2020: profit of approximately RMB23,557,000).
- Basic and diluted loss per share for the Year amounted to approximately RMB0.3 cents and RMB0.3 cents (2020: basis and diluted earnings per share of approximately RMB2.9 cents and RMB2.9 cents), respectively.

## ANNUAL RESULTS

The board of Directors (the “**Board**”) presents the audited consolidated annual results of the Company for the Year, together with the comparative figures for the year ended 31 December 2020 as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

|   | <i>Notes</i> | <b>2021</b><br><b>RMB'000</b> | 2020<br><b>RMB'000</b> |
|---|--------------|-------------------------------|------------------------|
| Revenue   | 3            | <b>294,917</b>                | 260,735                |
| Cost of sales   |              | <u><b>(235,060)</b></u>       | <u>(185,824)</u>       |
| Gross profit  |              | <b>59,857</b>                 | 74,911                 |
| Other income and gains  | 4            | <b>2,210</b>                  | 1,189                  |
| Distribution and selling expenses                                     |              | <b>(31,653)</b>               | (25,487)               |
| Administrative and other operating expenses                           |              | <b>(21,590)</b>               | (20,030)               |
| (Impairment)/reversal of impairment on financial assets               |              | <b>(242)</b>                  | 162                    |
| Impairment loss on non-financial assets                               |              | <b>(3,800)</b>                | –                      |
| Finance costs   | 5            | <u><b>(1,947)</b></u>         | <u>(2,191)</u>         |
| Profit before tax   |              | <b>2,835</b>                  | 28,554                 |
| Income tax expense  | 6            | <u><b>(4,968)</b></u>         | <u>(4,997)</u>         |
| (Loss)/profit for the year  | 7            | <u><b>(2,133)</b></u>         | <u>23,557</u>          |
| <b>Other comprehensive expense, net of income tax</b>                 |              |                               |                        |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |              |                               |                        |
| Exchange differences on translating foreign operations                |              | <u><b>(1,064)</b></u>         | <u>(1,085)</u>         |
| Other comprehensive expense for the year                              |              | <u><b>(1,064)</b></u>         | <u>(1,085)</u>         |
| Total comprehensive (expense)/income for the year                     |              | <u><b>(3,197)</b></u>         | <u>22,472</u>          |
|   |              | <b>RMB cents</b>              | <b>RMB cents</b>       |
| <b>(Loss)/earnings per share</b>                                      |              |                               |                        |
| – Basic and diluted   | 9            | <u><b>(0.3)</b></u>           | <u>2.9</u>             |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

|  | <i>Notes</i> | <b>2021</b><br><b>RMB'000</b> | 2020<br>RMB'000       |
|--|--------------|-------------------------------|-----------------------|
| <b>Non-current assets</b>                    |              |                               |                       |
| Property, plant and equipment                |              | 17,259                        | 21,855                |
| Right-of-use assets                          |              | 17,152                        | 20,244                |
| Intangible assets                            |              | 524                           | 544                   |
| Deferred tax assets                          |              | <u>6</u>                      | <u>1,414</u>          |
|  |              | <b>34,941</b>                 | 44,057                |
| <b>Current assets</b>                        |              |                               |                       |
| Inventories                                  | <i>10</i>    | 79,697                        | 52,361                |
| Trade and other receivables                  | <i>11</i>    | 61,986                        | 32,137                |
| Tax recoverable                              |              | 692                           | 128                   |
| Cash and bank balances                       |              | <u>25,590</u>                 | <u>52,114</u>         |
|  |              | <b>167,965</b>                | 136,740               |
| <b>Total assets</b>                          |              | <b><u>202,906</u></b>         | <b><u>180,797</u></b> |
| <b>Current liabilities</b>                   |              |                               |                       |
| Trade and other payables                     | <i>12</i>    | 61,046                        | 33,262                |
| Lease liabilities                            |              | 3,985                         | 3,284                 |
| Current tax liabilities                      |              | <u>–</u>                      | <u>1,274</u>          |
|  |              | <b>65,031</b>                 | 37,820                |
| <b>Net current assets</b>                    |              | <b><u>102,934</u></b>         | 98,920                |
| <b>Total assets less current liabilities</b> |              | <b><u>137,875</u></b>         | 142,977               |
| <b>Non-current liabilities</b>               |              |                               |                       |
| Lease liabilities                            |              | 16,005                        | 18,810                |
| Deferred tax liabilities                     |              | <u>3,161</u>                  | <u>2,261</u>          |
|  |              | <b>19,166</b>                 | 21,071                |
| <b>Net assets</b>                            |              | <b><u>118,709</u></b>         | <b><u>121,906</u></b> |
| <b>Capital and reserves</b>                  |              |                               |                       |
| Equity attributable to owners of the Company |              |                               |                       |
| Share capital                                | <i>13</i>    | 6,969                         | 6,969                 |
| Reserves                                     |              | <u>111,740</u>                | <u>114,937</u>        |
| <b>Total equity</b>                          |              | <b><u>118,709</u></b>         | <b><u>121,906</u></b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act 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.

Pursuant to the special resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 28 February 2022, the English name and the dual foreign name in Chinese of the Company changed from “Alpha Era International Holdings Limited” to “China Oral Industry Group Holdings Limited” and from “合寶豐年控股有限公司” to “中國口腔產業集團控股有限公司”. On 28 February 2022, the certificate of incorporation on change of name of the Company was issued by the Registrar of Companies in the Cayman Islands and the certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 18 March 2022.

Its ultimate controlling party is Ms. Yan Ping, who is also the chairlady and 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 Suite 1812E, 18/F, Tower 2, Lippo Centre, 89 Queensway, Admiralty, 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.

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 People’s Republic of China (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 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 2021 for the preparation of the consolidated financial statements:

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

The application of the 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.

## ***New and amendments to HKFRSs in issue but not yet effective***

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

|  |   |
|--|---|
| HKFRS 17   | <i>Insurance Contracts and the related Amendments</i> <sup>3</sup>  |
| Amendments to HKFRS 17                             | <i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i> <sup>3</sup>   |
| Amendments to HKFRS 3                              | <i>Reference to the Conceptual Framework</i> <sup>2</sup>   |
| Amendments to HKFRS 10 and HKAS 28                 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>                               |
| Amendments to HKFRS 16                             | <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> <sup>1</sup>   |
| Amendments to HKAS 1                               | <i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i> <sup>3</sup> |
| Amendments to HKAS 1 and HKFRS Practice Standard 2 | <i>Disclosure of Accounting Policies</i> <sup>3</sup>   |
| Amendments to HKAS 8                               | <i>Definition of Accounting Estimates</i> <sup>3</sup>  |
| Amendments to HKAS 12                              | <i>Deferred Tax related To Assets and Liabilities arising from a Single Transaction</i> <sup>3</sup>                                    |
| Amendments to HKAS 16                              | <i>Property, Plant and Equipment – Proceeds before Intended Use</i> <sup>2</sup>  |
| Amendments to HKAS 37                              | <i>Onerous Contracts – Cost of Fulfilling a Contract</i> <sup>2</sup>   |
| Amendments to HKFRSs                               | <i>Annual Improvements to HKFRSs 2018 – 2020</i> <sup>2</sup>   |

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### ***Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)***

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

#### **Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies***

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. 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.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

#### **Amendments to HKAS 8 *Definition of Accounting Estimates***

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

### 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 only has one operating segment which is the manufacturing and sales of inflatable products and related accessories. Since this is the only operating segment of the Group, no further analysis for segment information is presented.

#### Revenue

|   | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Revenue from customer                                 |                        |                        |
| – Sale of inflatable products and related accessories | 294,291                | 260,251                |
| – Sub-contracting income                              | 626                    | 484                    |
|   | <u>294,917</u>         | <u>260,735</u>         |

#### 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. Save for right-of-use assets of approximately RMB175,000 (2020: RMB85,000) which are located in Hong Kong, the Group's other major non-current assets are all located in the PRC.

|                                  | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|----------------------------------|------------------------|------------------------|
| Revenue from external customers: |                        |                        |
| – China                          | 29,992                 | 30,447                 |
| – Europe                         | 53,469                 | 26,860                 |
| – Australia and Oceania          | 32,124                 | 16,352                 |
| – North America                  | 117,681                | 130,867                |
| – Asia                           | 60,506                 | 56,194                 |
| – Central and South America      | 1,145                  | 15                     |
|                                  | <u>294,917</u>         | <u>260,735</u>         |

#### Information about major customers

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

|            | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|------------|------------------------|------------------------|
| Customer A | 49,777                 | 33,582                 |
| Customer B | 30,201                 | 39,975                 |
| Customer C | N/A <sup>1</sup>       | 34,474                 |

<sup>1</sup> The corresponding revenue did not contribute over 10% of the Group's total revenue.

#### 4. OTHER INCOME AND GAINS

|   | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Interest income on bank deposits                  | 78                     | 86                     |
| Rental income                                     | 100                    | –                      |
| Gain on disposal of property, plant and equipment | 530                    | –                      |
| Grants and subsidies                              | 373                    | 833                    |
| Others  | 1,129                  | 270                    |
|   | <u>2,210</u>           | <u>1,189</u>           |

#### 5. FINANCE COSTS

|                               | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|-------------------------------|------------------------|------------------------|
| Interest on lease liabilities | 1,947                  | 2,191                  |

#### 6. INCOME TAX EXPENSE

|   | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| <b>Current tax</b>                            |                        |                        |
| Hong Kong Profits Tax                         | 1,228                  | 2,021                  |
| PRC Enterprise Income Tax                     | 1,432                  | 2,856                  |
| <b>Deferred tax</b>                           | <u>2,308</u>           | <u>120</u>             |
| Total income tax recognised in profit or loss | <u>4,968</u>           | <u>4,997</u>           |

Hong Kong Profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year.

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 City is registered as a High and New Technology Enterprise and is entitled to the preferential corporate income tax rate of 15% for a period of 3 years.

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

## 7. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging:

|   | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Auditors' remuneration                                      | 605                    | 579                    |
| Cost of inventories recognised as an expense                | 235,060                | 185,824                |
| Depreciation of property, plant and equipment               | 2,465                  | 1,638                  |
| Depreciation of right-of-use assets                         | 4,190                  | 3,815                  |
| Write-down of inventories                                   | 710                    | 1,953                  |
| Amortisation of intangible assets                           | 112                    | 108                    |
| Net foreign exchange losses                                 | 1,459                  | 3,973                  |
| Short-term lease expenses                                   | 41                     | –                      |
|   | <u>          </u>      | <u>          </u>      |
| Employee benefits expense (including directors' emoluments: |                        |                        |
| Salaries, wages and other benefits                          | 67,703                 | 50,365                 |
| Contribution to retirement benefits schemes                 | 8,094                  | 1,506                  |
|   | <u>          </u>      | <u>          </u>      |
| Total employee benefits expense                             | <u>75,797</u>          | <u>51,871</u>          |

## 8. DIVIDENDS

|                                      | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|--------------------------------------|------------------------|------------------------|
| Dividends recognised as distribution | <u>          </u>      | <u>5,428</u>           |

During the year ended 31 December 2020, a final dividend in respect of the year ended 31 December 2019 of HK\$0.75 cents per ordinary share in an aggregate amount of HK\$6,000,000 had been proposed and paid.

No final dividend was proposed by the board of directors in respect of the years ended 31 December 2021 and 2020.

## 9. (LOSS)/EARNINGS PER SHARE

|   | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| <b>(Loss)/earnings</b>  |                        |                        |
| (Loss)/profit for the year attributable to owners of the Company for the purpose of basic (loss)/earnings per share | <u><u>(2,133)</u></u>  | <u><u>23,557</u></u>   |

|  | 2021<br><i>'000</i> | 2020<br><i>'000</i> |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

### Number of shares

Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share

|                       |                       |
|-----------------------|-----------------------|
| <u><u>800,000</u></u> | <u><u>800,000</u></u> |
|-----------------------|-----------------------|

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there is no dilutive potential ordinary share in issue during years ended 31 December 2021 and 2020.

## 10. INVENTORIES

|                  | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|------------------|------------------------|------------------------|
| Raw materials    | 16,222                 | 7,326                  |
| Work in progress | 32,489                 | 18,730                 |
| Finished goods   | <u>30,986</u>          | <u>26,305</u>          |
|                  | <u><u>79,697</u></u>   | <u><u>52,361</u></u>   |

## 11. TRADE AND OTHER RECEIVABLES

|                                  | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|----------------------------------|------------------------|------------------------|
| Trade receivables                | 46,309                 | 18,122                 |
| Allowance for credit losses      | <u>(294)</u>           | <u>(52)</u>            |
|                                  | 46,015                 | 18,070                 |
| Value-added tax                  | 3,612                  | 2,449                  |
| Deposits paid                    | 4,143                  | 1,234                  |
| Other receivables and prepayment | <u>8,216</u>           | <u>10,384</u>          |
|                                  | <u><u>61,986</u></u>   | <u><u>32,137</u></u>   |

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

|                | <b>2021</b><br><i><b>RMB'000</b></i> | 2020<br><i>RMB'000</i> |
|----------------|--------------------------------------|------------------------|
| 0 – 30 days    | <b>19,547</b>                        | 11,656                 |
| 31 – 60 days   | <b>6,002</b>                         | 6,414                  |
| 61 – 90 days   | <b>2,023</b>                         | –                      |
| 91 – 120 days  | <b>8,583</b>                         | –                      |
| 121 – 365 days | <b>9,860</b>                         | –                      |
|                | <b>46,015</b>                        | 18,070                 |

## 12. TRADE AND OTHER PAYABLES

|                                     | <b>2021</b><br><i><b>RMB'000</b></i> | 2020<br><i>RMB'000</i> |
|-------------------------------------|--------------------------------------|------------------------|
| Trade payables                      | <b>37,432</b>                        | 17,314                 |
| Contract liability                  | <b>6,445</b>                         | 3,109                  |
| Accrued salaries and other benefits | <b>11,497</b>                        | 8,457                  |
| Other payables and accruals         | <b>5,672</b>                         | 4,382                  |
|                                     | <b>61,046</b>                        | 33,262                 |

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

|                | <b>2021</b><br><i><b>RMB'000</b></i> | 2020<br><i>RMB'000</i> |
|----------------|--------------------------------------|------------------------|
| 0 – 30 days    | <b>12,922</b>                        | 7,059                  |
| 31 – 60 days   | <b>13,241</b>                        | 7,628                  |
| 61 – 90 days   | <b>8,670</b>                         | 2,220                  |
| 91 – 120 days  | <b>1,027</b>                         | 217                    |
| 121 – 365 days | <b>1,032</b>                         | 70                     |
| Over 365 days  | <b>540</b>                           | 120                    |
|                | <b>37,432</b>                        | 17,314                 |

The trade payables are non-interest bearing.

### 13. SHARE CAPITAL

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

|  | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| <b>Authorised:</b>                             |                                |                         |
| 1,000,000,000 ordinary shares of HK\$0.01 each | <u><b>10,000</b></u>           | <u>10,000</u>           |
| <b>Issued and fully paid:</b>                  |                                |                         |
| 800,000,000 ordinary shares of HK\$0.01 each   | <u><b>8,000</b></u>            | <u>8,000</u>            |
| Equivalents to RMB'000                         | <u><b>6,969</b></u>            | <u>6,969</u>            |

## **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. The Group will further expand its business into the health care industry, especially China's domestic oral care industry. The Group has always been committed to maintaining high standards of its products and will also provide high-quality products for the oral care industry going forward.

### **FINANCIAL REVIEW**

#### **REVENUE**

The Group's revenue was approximately RMB294,917,000 for the Year, representing an increase of approximately RMB34,182,000 or 13.1% as compared to the revenue of approximately RMB260,735,000 for the year ended 31 December 2020. Revenue from the sales of inflatable playgrounds with air blowers for the Year was approximately RMB265,658,000 (2020: approximately RMB236,423,000 representing an increase of approximately RMB29,235,000 or 12.4% as compared with the corresponding period in 2020, which accounted for approximately 90.1% of the Group's total revenue (2020: approximately 90.7%); revenue from the sales of other inflatable products for the Year was approximately RMB1,091,000 (2020: approximately RMB2,890,000), representing a decrease of approximately RMB1,799,000 or 62.2% as compared with the corresponding period in 2020, which accounted for approximately 0.4% of the Group's total revenue (2020: approximately 1.1%); revenue from the sales of electronic solar products for the Year was approximately RMB10,328,000 (2020: approximately RMB7,345,000), representing an increase of approximately RMB2,983,000 or 40.6% as compared with the corresponding period in 2020, which accounted for approximately 3.5% of the Group's total revenue (2020: approximately 2.8%); revenue from the sales of other inflatable products related accessories and subcontracting work for the Year was approximately RMB17,840,000 (2020: approximately RMB14,077,000), representing an increase of approximately RMB3,763,000 or 26.7% as compared with the corresponding period in 2020, which accounted for approximately 6.0% of the Group's total revenue (2020: approximately 5.4%).

An analysis of the Group's revenue for the Year by geographical location is set out in Note 3 to this annual results announcement.

## **COST OF SALES**

The cost of sales was approximately RMB235,060,000 for the Year, representing an increase of approximately RMB49,236,000 or 26.5% as compared to approximately RMB185,824,000 for the year ended 31 December 2020. Such increase was primarily due to (i) the increase in purchase price of raw materials; (ii) the increase in staff cost as there was no relief of contribution to retirement benefits scheme allowed by the PRC government in 2021; and (iii) the corresponding increase in the Group's revenue for the Year.

## **GROSS PROFIT AND GROSS PROFIT MARGIN**

The Group recorded a gross profit of approximately RMB59,857,000 for the Year, representing a decrease of approximately RMB15,054,000 as compared with that for the year ended 31 December 2020 (2020: approximately RMB74,911,000). The gross profit margin was approximately 20.3% for the Year, representing a significant decrease of approximately 8.4% as compared to that of the previous year (2020: approximately 28.7%).

## **OTHER INCOME AND GAINS**

Total other income and gains was approximately RMB2,210,000 for the Year, representing an increase of approximately RMB1,021,000 or 85.9% as compared with that for the year ended 31 December 2020 (2020: approximately RMB1,189,000). The increase was mainly due to an increase in other income and gains of approximately RMB859,000 and gain on disposal of property, plant and equipment of approximately RMB530,000, partly offset by a decrease in grants and subsidies from the PRC government of approximately RMB460,000.

## **DISTRIBUTION AND SELLING EXPENSES**

Total distribution and selling expenses was approximately RMB31,653,000 for the Year (2020: approximately RMB25,487,000), representing an increase of approximately RMB6,166,000 or 24.2% as compared with last year. The increase was mainly due to (i) the increase in freight and transportation expenses of approximately RMB2,180,000; (ii) the increase in advertising and promotion expenses of approximately RMB1,728,000; and (iii) commission and sales services expenses of approximately RMB981,000.

## **ADMINISTRATIVE EXPENSES**

The administrative expenses was approximately RMB21,590,000 for the Year (2020: approximately RMB20,030,000), representing an increase of approximately RMB1,560,000 or 7.8% as compared with last year, which was mainly due to the increase in staff costs, depreciation expenses and legal and professional fees, partly offset by the decrease in net foreign exchange losses.

## **FINANCE COSTS**

The Group recorded an interest on lease liabilities of approximately RMB1,947,000 for the Year, representing a decrease of approximately RMB244,000 or 11.1% (2020: approximately RMB2,191,000).

## **INCOME TAX EXPENSE**

Income tax expenses was approximately RMB4,968,000 for the Year (2020: approximately RMB4,997,000), representing an increase of approximately RMB29,000 or 0.6% as compared with last year. An analysis of the Group's income tax expense for the Year is set out in Note 6 to this annual results announcement.

## **LOSS/PROFIT AND TOTAL COMPREHENSIVE EXPENSE/INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY**

Loss and total comprehensive expense attributable to owners of the Company for the Year was approximately RMB3,197,000 (2020: profit and total comprehensive income of approximately RMB22,472,000).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

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

The Company's shares were successfully listed on GEM of the Stock Exchange on 7 December 2017 (the "Listing"). There has been no change in the capital structure of the Group since the date of Listing and up to the date of this announcement.

As at 31 December 2021, the Group's total equity attributable to owners of the Company amounted to approximately RMB118.7 million (2020: approximately RMB121.9 million).

The current ratio of the Group as at 31 December 2021 was approximately 2.58 times as compared to that of approximately 3.62 times as at 31 December 2020. The quick ratio of the Group as at 31 December 2021 was approximately 1.36 times as compared to that of approximately 2.23 times as at 31 December 2020. The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

Since no borrowings was outstanding as at 31 December 2021 and 31 December 2020, no gearing ratio was applicable.

## **CAPITAL EXPENDITURE**

During the Year, there was capital expenditure of approximately RMB1,792,000 (2020: approximately RMB15,225,000) which was used in the purchase of property, plant and equipment.

## **FINAL DIVIDEND**

The Board does not propose the payment of any final dividend for the year ended 31 December 2021 (2020: Nil) to the shareholders of the Company.

## **CONTINGENT LIABILITIES**

As at 31 December 2021, the Group did not have any significant contingent liabilities (2020: Nil).

## **PLEDGE OF ASSETS**

As at 31 December 2021, the Group had no assets pledged for bank borrowings or for other purpose (2020: Nil).

## **CAPITAL COMMITMENTS**

As at 31 December 2021, the Group did not have any commitment to contribute to the registered capital of the indirect wholly-owned subsidiaries (2020: RMB200,000) and has entered into contractual commitments for the acquisition of property, plant and equipment of approximately RMB429,000 (2020: RMB863,000).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AFFILIATED COMPANIES AND JOINT VENTURES**

During the Year, the Group did not have any material acquisitions and disposal of subsidiaries, affiliated companies and joint ventures (2020: Nil).

## **SIGNIFICANT INVESTMENTS HELD BY THE GROUP**

During the Year, there was no significant investment held by the Group (2020: Nil).

## **FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS**

As at 31 December 2021 and up to the date of this announcement, save for the incorporation of a new subsidiary to engage in the provision of medical and healthcare related services in Hong Kong and the PRC as disclosed in the announcement of the Company dated 9 February 2022, the Group does not have any plan for material investment and capital assets for the coming year.

## **FOREIGN CURRENCY EXPOSURE**

As approximately 87% and 88.1% of the Group's revenue for the years ended 31 December 2021 and 31 December 2020 respectively are denominated in US Dollars but the costs incurred for the production are denominated in Renminbi ("**RMB**"), significant fluctuation in the exchange rate between RMB against US Dollars may materially affect the Group's business results of operations. As a result of the Group's business expansion to overseas markets, the Group may 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 funds to service the same amount of foreign currency liabilities, or a depreciation of foreign currency against RMB would 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 Group's 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 Year. Because RMB is not freely convertible, the Group's ability to reduce foreign exchange rate 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. During the Year, allowance for credit losses in relation to trade receivables of approximately RMB242,000 was recognised (2020: reversal of allowance for credit losses in relation to trade receivables of approximately RMB162,000).

Bank deposits are mainly the 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 2021, the Group had 953 full-time employees (31 December 2020: 726). Most of the employees are located in Zhongshan City and Heyuan City, Guangdong Province, and Yongzhou City, Hunan Province, the PRC. The total employee remuneration, including remuneration of the Directors, for the year ended 31 December 2021 amounted to approximately RMB75,797,000 (2020: approximately RMB51,871,000).

The Group entered into separate labour contracts with each of the Group's 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.

During the years ended and as at 31 December 2020 and 2021, no contribution was forfeited (by the Group on behalf of its employees who leave the defined contribution schemes prior to vesting fully in such contributions) and be used by the Group to reduce the existing level of contributions.

## **CORPORATE GOVERNANCE PRACTICE**

The Board considers that good corporate governance of the Company is central to safeguarding the interests of the shareholders of the Company and enhancing the performance of the Group. The board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the Year.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

## **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 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Year.

## **SHARE OPTION SCHEME**

The Company has adopted a share option scheme (the “**Scheme**”) pursuant to a resolution passed on 15 November 2017. The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted under the Scheme since its adoption and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

## **CLOSURE OF REGISTER OF MEMBERS**

The forthcoming annual general meeting of the Company is scheduled to be held on Thursday, 30 June 2022 (the “**2022 AGM**”).

In order to establish entitlements to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Monday, 27 June 2022 to Thursday, 30 June 2022, both days inclusive, during which period no transfer of the shares of the Company will be registered. Shareholders of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 24 June 2022.

## EVENTS AFTER THE REPORTING PERIOD

The Board has proposed to change of the English name from “Alpha Era International Holdings Limited” to “China Oral Industry Group Holdings Limited” and the dual foreign name in Chinese of the Company from “合寶豐年控股有限公司” to “中國口腔產業集團控股有限公司” (the “**Change of Company Name**”) on 18 January 2022, and the relevant special resolution was duly passed by the shareholders of the Company by way of poll at the extraordinary general meeting of the Company which was held on 28 February 2022.

On 28 February 2022, the certificate of incorporation on change of name was issued by the Registrar of Companies in the Cayman Islands and the Change of Company Name has been effective from the same date. The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 18 March 2022. On 24 March 2022, the Company has ceased to use its existing company logo and the website of the Company shall change to “www.chinaoral.co”. The short stock names of the Company will be changed from “ALPHA ERA” to “CHINA ORAL IND” in English and “合寶豐年” to “中國口腔產業” in Chinese, with effect from 30 March 2022.

For details, please refer to the announcements of the Company dated 18 January 2022, 28 February 2022 and 24 March 2022 respectively, and the circular of the Company dated 9 February 2022.

Save as the abovementioned, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 December 2021 and up to the date of this announcement.

## SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) currently comprises three independent non-executive Directors, namely Ms. Yang Haili, Ms. Shen Jindan and Mr. Wang Mo. The chairlady of the Audit Committee is Ms. Yang Haili. 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 of the Company.

## **REVIEW OF THE ANNUAL RESULTS**

The Group's consolidated financial statements for the year ended 31 December 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2021 comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made. 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 2021 as set out in this annual results announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2021. 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 annual results announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Company at [www.chinaoral.co](http://www.chinaoral.co) and the "Latest Listed Company Information" page of the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk).

The 2021 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at [www.chinaoral.co](http://www.chinaoral.co) and the "Latest Listed Company Information" page of the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) in due course and in accordance with the requirements under the GEM Listing Rules.

## **APPRECIATION**

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the Year.

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

Hong Kong, 24 March 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. Yang Haili and Mr. Wang Mo 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](http://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](http://www.chinaoral.co).*