

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

INTERIM REPORT

2023

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This report, for which the directors (the “**Directors**”) of China Oral Industry Group 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 report 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 report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Yan Ping (*Chairlady*)

Mr. Liu Yao Guang (*Chief Executive Officer*)

Mr. Xiao Jiansheng

Independent non-executive Directors

Ms. Shen Jindan

Ms. Deng Xin

Ms. Lian Jingyu

BOARD COMMITTEE

Audit Committee

Ms. Lian Jingyu (*Chairlady*)

Ms. Deng Xin

Ms. Shen Jindan

Remuneration Committee

Ms. Deng Xin (*Chairlady*)

Ms. Lian Jinyu

Mr. Liu Yao Guang

Ms. Shen Jidan

Nomination Committee

Ms. Yan Ping (*Chairlady*)

Ms. Shen Jindan

Ms. Lian Jinyu

COMPLIANCE OFFICER

Mr. Xiao Jiansheng

AUTHORISED REPRESENTATIVES

Ms. Yan Ping

Ms. Chan Sze Ting (resigned on 30 June 2023)

Ms. Chim Lai Kuen (appointed on 30 June 2023)

COMPANY SECRETARY

Ms. Chan Sze Ting (resigned on 30 June 2023)

Ms. Chim Lai Kuen (appointed on 30 June 2023)

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park

P.O. Box 1350, Grand Cayman

KY1-1108, Cayman Islands

HEAD OFFICE

Dongcheng Industrial Zone

Xinping Road, Minzhong Town

Zhongshan City, Guangdong Province

The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 304, Dominion Centre

43 Queen's Road East

Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

31/F., Gloucester Tower, The Landmark

11 Pedder Street, Central, Hong Kong

LEGAL ADVISER

Stevenson, Wong & Co in association with
AllBright Law Offices
39/F, Gloucester Tower, The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman
KY1-1108, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

PRINCIPAL BANKERS

Bank of China
Industrial & Commercial Bank of China (Asia) Limited

GEM STOCK CODE

8406

COMPANY'S WEBSITE

www.chinaoral.co

The directors of the Company (the “**Directors**”) announce the unaudited consolidated results of the Group for the six months ended 30 June 2023 (the “**Period**”), together with the comparative figures as follows:

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

For the three months and six months ended 30 June 2023

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	32,836	66,155	94,882	143,901
Cost of sales		(28,213)	(57,817)	(81,542)	(125,912)
Gross profit		4,623	8,338	13,340	17,989
Other income and gains	7	3,119	3,373	3,440	3,763
Distribution and selling expenses		(5,476)	(7,795)	(10,316)	(13,176)
Administrative expenses		(4,503)	(4,724)	(9,188)	(10,079)
Finance costs	8	(306)	(412)	(635)	(847)
Loss before tax		(2,543)	(1,220)	(3,359)	(2,350)
Income tax expense	9	(16)	(174)	(225)	(534)
Loss for the period	10	(2,559)	(1,394)	(3,584)	(2,884)
Other comprehensive income, net of income tax Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		1,668	2,829	1,297	2,484
Other comprehensive income for the period		1,668	2,829	1,297	2,484
Total comprehensive income/ (expense) for the period		(891)	1,435	(2,287)	(400)
		RMB cents	RMB cents	RMB cents	RMB cents
Loss per share					
– Basic and diluted	11	(0.27)	(0.17)	(0.37)	(0.36)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	13	8,771	5,535
Right-of-use assets		5,055	7,017
Intangible assets	14	315	346
Goodwill		13,018	–
Prepayments		9,620	25,420
Deferred tax assets		6	6
		36,785	38,324
Current assets			
Inventories		35,247	43,371
Trade receivables	15	22,310	22,738
Prepayments, deposits and other receivables		19,162	21,608
Tax recoverable		1,487	981
Financial assets at fair value through profit or loss		–	30,899
Cash and bank balances		69,923	29,385
		148,129	148,982
Assets classified as held for sale		–	3,540
		148,129	152,522
Total assets		184,914	190,846
Current liabilities			
Trade and other payables	16	42,924	44,827
Amount due to a shareholder		4,846	4,060
Lease liabilities		4,385	4,495
Current tax liabilities		–	470
		52,155	53,852
Net current assets		95,974	98,670
Total assets less current liabilities		132,759	136,994

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		9,350	11,297
Deferred tax liabilities		2,548	2,549
		11,898	13,846
Net assets			
		120,861	123,148
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	17	8,427	8,427
Reserves		112,434	114,721
Total equity			
		120,861	123,148

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company						Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	
Balance at 1 January 2023 (Audited)	8,427	62,355	17,429	9,567	1,830	23,540	123,148
Loss for the period	-	-	-	-	-	(3,584)	(3,584)
Other comprehensive income for the period	-	-	-	-	1,297	-	1,297
Total comprehensive income/(expense) for the period	-	-	-	-	1,297	(3,584)	(2,287)
Balance at 30 June 2023 (Unaudited)	8,427	62,355	17,429	9,567	3,127	19,956	120,861
Balance at 1 January 2022 (Audited)	6,969	26,558	17,429	9,567	(205)	58,391	118,709
Loss for the period	-	-	-	-	-	(2,884)	(2,884)
Other comprehensive income for the period	-	-	-	-	2,484	-	2,484
Total comprehensive income/(expense) for the period	-	-	-	-	2,484	(2,884)	(400)
Balance at 30 June 2022 (Unaudited)	6,969	26,558	17,429	9,567	2,279	55,507	118,309

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Cash flows from operating activities		
Loss before tax	(3,359)	(2,350)
Adjustments for:		
Depreciation of property, plant and equipment	855	1,159
Depreciation of right-of-use assets	1,950	2,140
Amortisation of intangible assets	58	54
Reversal of write-down of inventories	(479)	-
Interest income	(417)	(44)
Finance costs	635	847
Gain on lease modification	(35)	-
Loss on disposal of property, plant and equipment and assets classified held for sale, net	57	4
Operating cash flows before movement in working capital	(735)	1,810
Decrease in inventories	10,257	16,965
Decrease/(increase) in trade and other receivables	19,993	(20,774)
(Decrease)/increase in trade and other payables	(6,417)	12,032
Increase in amount due to a shareholder	786	-
Cash generated from operations	23,884	10,033
Income tax paid	(1,201)	(284)
Net cash generated from operating activities	22,683	9,749
Cash flows from investing activities		
Interest received	417	44
Payments for property, plant and equipment	(2,800)	(519)
Proceeds from disposal of property, plant and equipment and assets classified held for sale	3,540	53
Payments for intangibles assets	(27)	(185)
Purchase of subsidiary companies, net of cash acquired	(12,825)	-
Decrease in financial assets at fair value through profit or loss	30,899	-
Net cash generated from/(used in) investing activities	19,204	(607)
Cash flows from financing activities		
Capital element of lease liabilities	(2,010)	(1,935)
Interest element of lease liabilities	(635)	(847)
Net cash used in financing activities	(2,645)	(2,782)
Net increase in cash and cash equivalents	39,242	6,360
Cash and cash equivalents at the beginning of the period	29,385	25,590
Effect of foreign exchange rate changes, net	1,296	2,529
Cash and cash equivalents at the end of the period	69,923	34,479

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

The addresses of the registered office and the principal place of business in Hong Kong of the Company are Windward 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.

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. BASIS OF PREPARATION

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

During the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
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

Except as described above, the application of the amendments to HKFRSs in the current period has no material impact on the Group's performance and financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. ESTIMATES

In the application of the Group's accounting policies, the management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience, expectations of the future and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are reviewed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the unaudited condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at 31 December 2022.

There have been no changes in the risk management policies since year end.

4.2 Liquidity risk

Compared to the year ended 31 December 2022, there had been no material changes to the policies and practices for the Group's liquidity and funding risks management as described in the unaudited condensed consolidated financial statements for the six months ended 30 June 2023.

4.3 Fair value estimation

As at 31 December 2022, the Group has invested RMB30,899,000 in unlisted financial products which are classified as financial assets at fair value through profit or loss. As at 30 June 2023 the Group did not have any financial assets or financial liabilities that are measured at fair value.

The carrying values of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

5. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. For management purposes, the resources are allocated to two reporting segments, namely (i) sales of inflatable products and related accessories; and (ii) provision of dental clinic services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income and corporate income/(expenses) are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, amounts due to related parties, interest-bearing bank borrowings, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

	Sales of inflatable products For the six months ended 30 June		Provision of dental clinic services For the six months ended 30 June		Total For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Segment revenue:						
Sales to external customers	89,804	143,970	5,091	-	94,895	143,970
Other revenue	(13)	(69)	-	-	(13)	(69)
	89,791	143,901	5,091	-	94,882	143,901
Segment results	(2,929)	(105)	1,194	-	(1,735)	(105)
Reconciliation:						
Corporate and other unallocated expenses					(1,624)	(2,245)
Loss before tax					(3,359)	(2,350)

	Sales of inflatable products		Provision of dental clinic services		Total	
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Segment assets	143,462	152,137	19,124	-	162,586	152,137
Reconciliation:						
Corporate and other unallocated assets					22,328	38,709
Total assets					184,914	190,846
Segment liabilities	50,216	57,228	1,574	-	51,790	57,228
Reconciliation:						
Corporate and other unallocated liabilities					12,263	10,470
Total liabilities					64,053	67,698

6. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from external customers				
– Sales of inflatable products and related accessories	29,479	66,184	89,804	143,970
– Sub-contracting income	(14)	(29)	(13)	(69)
– Provision of dental clinic services	3,371	–	5,091	–
	32,836	66,155	94,882	143,901

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.

	For the three months ended 30 June		For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from external customer				
– China	5,438	2,377	8,202	7,075
– Europe	269	8,437	1,742	26,258
– Australia and Oceania	701	1,561	701	2,214
– North America	18,651	29,692	69,192	67,202
– Asia	6,461	22,910	13,729	38,701
– Middle East	562	1,178	562	1,795
– Central and South America	754	–	754	656
	32,836	66,155	94,882	143,901

7. OTHER INCOME AND GAINS

	For the three months ended 30 June		For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income on bank deposits	301	36	417	44
Exchange gains, net	2,762	2,059	2,830	2,059
Grants and subsidies	–	626	–	626
Others	56	652	193	1,034
	3,119	3,373	3,440	3,763

8. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on lease liabilities	306	412	635	847

9. INCOME TAX EXPENSE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax				
Hong Kong Profits Tax	(32)	79	154	76
PRC Enterprise Income Tax	48	95	71	378
Deferred tax	–	–	–	80
	16	174	225	534

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

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

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

10. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of inventories recognized as an expense	28,213	57,817	81,542	125,912
Depreciation of property, plant and equipment	512	584	855	1,159
Depreciation of right-of-use assets	892	1,060	1,950	2,140
Amortisation of intangible assets	29	27	58	54
Net foreign exchange gains	2,762	2,059	2,830	2,059
Employee benefits expense (including directors' emoluments)				
Salaries, wages and other benefits	10,265	11,543	20,167	27,521
Contribution to retirement benefits schemes	1,154	2,048	2,363	4,203
	11,419	13,591	22,530	31,724

11. LOSS PER SHARE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Loss				
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(2,559)	(1,394)	(3,584)	(2,884)
Number of shares	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	960,000	800,000	960,000	800,000

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 six months ended 30 June 2023 and 2022.

12. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023. (2022: Nil)

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and equipment RMB'000	Computer equipment RMB'000	Total RMB'000
Cost						
Balance at 1 January 2023	8,760	20,505	1,249	411	2,515	33,440
Additions	-	2,800	-	-	-	2,800
Disposals	(573)	(1,958)	-	-	-	(2,531)
Acquisition of subsidiaries	840	579	-	85	574	2,078
Effect of foreign exchange differences	-	-	-	1	-	1
Balance at 30 June 2023	9,027	21,926	1,249	497	3,089	35,788
Accumulated depreciation and impairments						
Balance at 1 January 2023	8,297	16,046	1,035	347	2,180	27,905
Depreciation expense	169	492	52	20	122	855
Eliminated on disposals	(516)	(1,958)	-	-	-	(2,474)
Acquisition of subsidiaries	294	88	-	21	327	730
Effect of foreign exchange differences	-	-	-	1	-	1
Balance at 30 June 2023	8,244	14,668	1,087	389	2,629	27,017
Carrying amounts						
Balance at 30 June 2023	783	7,258	162	108	460	8,771
Balance at 31 December 2022	463	4,459	214	64	335	5,535

14. INTANGIBLE ASSETS

During the Period, the Group spent approximately RMB27,000 on acquisition of intangible assets (2022: RMB92,000).

15. TRADE RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	23,165	23,579
Allowable for credit losses	(855)	(841)
	22,310	22,738

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The Group generally allows credit period ranging from 0 to 180 days. No interest is charged on overdue receivables.

The following is an analysis of trade receivables by age, presented based on the invoice date:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0-30 days	4,751	13,508
31-60 days	2,013	859
61-90 days	5,974	1,825
91-120 days	8,414	1,013
121-365 days	1,158	5,533
	22,310	22,738

16. TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables	17,990	22,503
Contract liabilities	2,091	2,150
Accrued salaries and other benefits	10,899	10,073
Other payables and accruals	11,944	10,101
	42,924	44,827

The trade payables are non-interest bearing and the Group is normally granted credit period ranging from 30 to 90 days.

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0-30 days	3,430	11,771
31-60 days	2,304	2,819
61-90 days	3,386	3,705
91-120 days	5,041	1,042
121-365 days	3,689	2,966
Over 365 days	140	200
	17,990	22,503

17. SHARE CAPITAL

Details of the authorised and issued share capital of the Company are summarised as follows:

	Number of ordinary shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 2022 and 30 June 2023	2,000,000	20,000
Issued and fully paid:		
At 31 December 2022 and 30 June 2023	960,000	9,600
	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Equivalent to RMB	8,427	8,427

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 set 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, sales of inflatable products and related accessories, and provision of dental clinic services which are analysed in Note 6 to the unaudited condensed consolidated financial statements.

The Group's revenue was approximately RMB94,882,000 for the Period, representing a decrease of approximately RMB49,019,000 or 34.1% as compared to the revenue of approximately RMB143,901,000 for the corresponding period in 2022. Revenue from the sales of inflatable products for the Period was approximately RMB89,791,000 (2022: approximately RMB143,901,000), representing a decrease of approximately RMB54,110,000 or 37.6% compared with the corresponding period in 2022. Revenue from the provision of dental clinic services for the Period was approximately RMB5,091,000 (2022: Nil), which accounted for approximately 5.4% of the Group's total revenue.

Cost of sales

Cost of sales was approximately RMB81,542,000 for the Period, representing a decrease of approximately RMB44,370,000 or 35.2% as compared to approximately RMB125,912,000 for the corresponding period in 2022.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately RMB13,340,000 for the Period, representing a decrease of approximately RMB4,649,000 or 25.8% compared with the corresponding period in 2022 (2022: approximately RMB17,989,000). Overall gross profit margin was approximately 14.1% for the Period, representing an increase of approximately 1.6% as compared to that of the corresponding period in 2022 (2022: approximately 12.5%). Such increase was mainly due to the higher gross profit margin from the dental clinic business. During the Period, the gross profit margin was approximately 11.8% from the inflatable products business and approximately 53.2% from the dental clinic business.

Other income and gains

Total other income and gains was approximately RMB3,440,000 for the Period, representing a decrease of approximately RMB323,000 or 8.6% as compared with that of the corresponding period (2022: approximately RMB3,763,000). The decrease was mainly due to a decrease in miscellaneous income of approximately RMB841,000 and an absence of grants and subsidies from the PRC government of approximately RMB626,000, partly offset by an increase in exchange gain of approximately RMB771,000 and an increase in bank interest income of approximately RMB373,000.

Distribution and selling expenses

Total distribution and selling expenses was approximately RMB10,316,000 for the Period (2022: approximately RMB13,176,000), representing a decrease of approximately RMB2,860,000 or 21.7% as compared to that of the corresponding period in 2022.

Administrative expenses

The administrative expenses was approximately RMB9,188,000 for the Period (2022: approximately RMB10,079,000), representing a decrease of approximately RMB891,000 or 8.8% as compared to that of the corresponding period in 2022.

Finance costs

The Group recorded interest on lease liabilities of approximately RMB635,000 for the Period, representing a decrease of approximately RMB212,000 or 25.0% as compared with the corresponding period in 2022 (2022: approximately RMB847,000).

Loss for the period

Loss for the Period was approximately RMB3,584,000, representing an increase of approximately RMB700,000 or 24.3% as compared with that of the corresponding period (2022: loss of approximately RMB2,884,000).

Dividends

The Board does not recommend the payment of any interim dividend for the Period (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 30 June 2023, the Group's total equity attributable to owners of the Company amounted to approximately RMB120,861,000 (31 December 2022: RMB123,148,000).

The current ratio of the Group as at 30 June 2023 was approximately 2.84 as compared to that of approximately 2.83 as at 31 December 2022. The quick ratio of the Group as at 30 June 2023 was approximately 2.16 as compared to that of approximately 2.03 as at 31 December 2022. Since no borrowings was outstanding as at 30 June 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.

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

Contingent Liabilities

As at 30 June 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).

Pledge of Assets

As at 30 June 2023, the Group had no assets pledged for bank borrowings or for other purpose (31 December 2022: Nil).

Commitments

As at 30 June 2023, the Group has entered into contractual commitments for the acquisition of property, plant and equipment amounting to RMB1,000,000 (31 December 2022: RMB1,000,000).

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. No allowance for credit loss was recognised during the six months ended 30 June 2023 and 2022 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 30 June 2023, the Group had 567 full-time employees (31 December 2022: 571). Most of the employees of the Group are located in the PRC. The total employee remuneration, including remuneration of Directors, for the six months ended 30 June 2023 amounted to approximately RMB22,530,000 (2022: approximately RMB31,724,000).

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 30 June 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

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of shares held	Percentage of shareholding <i>(note 1)</i>
Ms Yan Ping <i>(note 2)</i>	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 30 June 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 30 June 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 30 June 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 report.

COMPETING AND CONFLICT OF INTERESTS

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

DIRECTORS' SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the **"CG Code"**). During the Period, to the best knowledge of the Board, the Company had complied with 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. During the six months ended 30 June 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. 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 unaudited condensed financial results for the Period have not been audited by the Company’s independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such results complied with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By order of the Board

China Oral Industry Group Holdings Limited
Yan Ping

Chairlady and executive Director

Hong Kong, 14 August 2023

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.