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

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL**  
**OF THE TARGET COMPANY**  
**INVOLVING ISSUE OF CONSIDERATION SHARES**  
**UNDER GENERAL MANDATE**

**THE ACQUISITION**

The Board is pleased to announce that on 4 January 2024 (after trading hours), the Vendor and the Purchaser, namely Hong Kong Beimeiao Capital Limited, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from the Vendor, the Sale Shares, representing the entire issued share capital of the Target Company.

The Consideration is HK\$25,600,000 which shall be fully settled and discharged by (i) the allotment and issue of 180,000,000 Consideration Shares at the Issue Price of HK\$0.12 per Consideration Share to the Vendor; and (ii) the payment of cash of HK\$4,000,000 by the Purchaser to Vendor at Completion. The Consideration Shares will be issued under the General Mandate.

Upon Completion, the Target Company will become a subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Group.

**GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

**As Completion is subject to and conditional upon fulfilment or waiver (as the case maybe) of the conditions precedent set out in the Sale and Purchase Agreement and the Completion may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.**

## **DISCLOSEABLE TRANSACTION**

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Major terms of the Sale and Purchase Agreement are set out below.

## **THE SALE AND PURCHASE AGREEMENT**

- Date** 4 January 2024 (after trading hours)
- Parties**
- (i) The Vendor, a citizen of the PRC, who holds the entire issued share capital in the Target Company prior to the Acquisition; and
  - (ii) Hong Kong Beimeiao Capital Limited, a wholly-owned subsidiary of the Company, as the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, immediately prior to Completion, the Vendor and his associates are third parties independent of the Company and its Connected Persons.

Upon the allotment and issue of the Consideration Shares to the Vendor as settlement of the Consideration at Completion, the Vendor will become a Substantial Shareholder and thus a Connected Person.

## **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares. The Sale Shares, representing the entire issued share capital of the Target Company, will be sold free from all encumbrances together with all rights to any dividend or other distribution declared, made or paid after the date of the Sale and Purchase Agreement. Details of the Target Group are set out in the section headed "Information of the Target Group" below.

## **Consideration**

The Consideration in the sum of HK\$25,600,000 shall be fully settled and discharged by (i) the allotment and issue of 180,000,000 Consideration Shares to the Vendor, at the Issue Price of HK\$0.12 per Consideration Share to the Vendor; and (ii) the payment of cash of HK\$4,000,000 by the Purchaser to Vendor at Completion. The Vendor will be allotted 180,000,000 Consideration Shares.

## **Basis of determination of the Consideration**

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor taking into account (i) the Valuation on the entire equity interest in Huiguan Textile, the principal operating company of the Target Group, of RMB23,300,000, which represents approximately HK\$25.6 million, as prepared by the Valuer with reference to adjusted net asset value of the Target Group; (ii) the effective 100% equity interest in the Target Group to be held by the Purchaser upon Completion; (iii) the historical financial performance of the Target Group; (iv) the business overview and outlook of the Target Group; and (v) the reasons for and benefits of the Acquisition as set out in the section headed "Reasons for and benefits of the Acquisition" below.

In light of the above, the Directors consider that the Acquisition is on normal commercial terms, which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **The Valuation**

The independent professional Valuer, AP Appraisal Limited, has considered the appropriateness of three generally accepted valuation approaches in the course of the Valuation, including the asset approach, market approach and income approach.

In selecting the appropriate valuation approach, the Valuer has taken into consideration, among others, the nature and history of Huiguan Textile, financial conditions of Huiguan Textile, economic condition and the industry outlook, specific economic environment and competition of Huiguan Textile, market-derived investment returns of entities engaged in similar lines of business of Huiguan Textile and the financial and business risk of Huiguan Textile including the continuity of income and the projected future results.

The income approach was not adopted by the Valuer as the business of Huiguan Textile is subject to seasonality and certain extent of uncertainty and a valid and reliable financial forecast cannot be guaranteed. The market approach was also not adopted by the Valuer as Huiguan Textile may have different level of profit or loss each year and market multiples that are derived from comparables may not form a reliable basis for the Valuer's opinion of value.

The Valuer considered the asset approach was the most appropriate valuation approach and the adjusted net asset value method under the asset approach was applied in the valuation.

## **Major inputs and assumptions considered by the Valuer**

In conducting the Valuation, the Valuer has adopted the following major inputs and assumptions, including, among others:

- there will be no major changes in the political, legal, economic or financial conditions and taxation laws in the jurisdiction where Huiguan Textile currently operates or will operate which will materially affect the revenues attributable to Huiguan Textile, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- the financial projections in respect of the Huiguan Textile has been prepared on a reasonable basis, reflecting estimates that have been arrived at after due and careful consideration by the management;
- the Valuer uses reasonable effort to adjust the cashflow projection;
- for Huiguan Textile to continue as a going concern, Huiguan Textile will successfully carry out all necessary activities for the development of its business;
- market trends and conditions where Huiguan Textile's operation will not deviate significantly from the economic forecasts in general;
- key management, competent personnel, and technical staff will all be retained to support ongoing operations of Huiguan Textile;
- there will be no material changes in the business strategy of Huiguan Textile and its operating structure;
- interest rates and exchange rates in the localities for the operation of Huiguan Textile will not differ materially from those presently prevailing;
- all relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where Huiguan Textile operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- the major shareholder of Huiguan Textile will support and provide interest-free financing for the current and future business of Huiguan Textile (including but not limited to working capital needs).

The Board considered that the major inputs and assumptions adopted by the Valuer in the Valuation are fair and reasonable, taking into consideration, among others, (i) the principal businesses and operation of the Target Company; (ii) the major risks relating to the business and industry of the Target Company; and (iii) the inputs and assumptions generally adopted by the Valuer in the valuation of companies similar to the Target Company.

## **Issue of the Consideration Shares**

The 180,000,000 Consideration Shares represent:

- (a) approximately 18.75% of the total issued share capital of the Company as at the date of this announcement; and
- (b) approximately 15.79% of the total issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued under the General Mandate at Completion. As at the date of this announcement, no Share has been allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Consideration Shares is within the limit of the General Mandate and is not subject to the approval of the Shareholders.

## **Issue Price**

The Issue Price of the Consideration Shares of HK\$0.12 per Consideration Share, represents:

- (a) a premium of approximately 9.09% to the closing price of HK\$0.11 per Share as quoted on the Stock Exchange on 4 January 2024, being the date of the Sale and Purchase Agreement; and
- (b) a premium of approximately 11.52% to the average closing price of approximately HK\$0.1076 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement.

The Issue Price was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the prevailing market price of the Shares. The Directors consider that the Issue Price is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

An application will be made to the GEM Listing Committee for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued upon Completion, will rank pari passu in all respects with the existing Shares then in issue.

## **Conditions Precedent**

Completion shall be subject to the following conditions precedent having been fulfilled or waived (as the case may be):

- (i) the Purchaser being reasonably satisfied with the results of the due diligence review on the Target Group including but not limited to the assets, indebtedness, operation and financial aspect of the Target Group;
- (ii) the Vendor and the Target Company having obtained all necessary consent and approval relating to the Acquisition;

- (iii) the Purchaser having obtained all necessary consent and approval relating to the Acquisition;
- (iv) a legal opinion having been issued by a PRC legal adviser appointed by the Purchaser on the matters relating to the Acquisition in the form and substance to the satisfaction of the Purchaser;
- (v) the GEM Listing Committee having granted the listing of and permission to deal in the Consideration Shares;
- (vi) the warranties remaining true and accurate and not misleading from the date of the Sale and Purchase Agreement until the date of Completion; and
- (vii) the Purchaser being satisfied that there being no material adverse change to the members of the Target Group.

The Purchaser is entitled to waive by written notice conditions (i), (vi) and (vii) set out above by written notice. Other conditions precedent is not capable of being waived by either party. In the event that the above conditions are not fulfilled or waived (as the case may be) on or before 31 March 2024 (or such later date that may be agreed by both parties in writing), the Sale and Purchase Agreement shall cease to be effective and the parties shall be released from all obligations and liabilities thereunder (save for any antecedent breach).

## Completion

Subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement, Completion shall take place on the Completion Date.

Upon Completion, the Target Company will become a subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Group.

## EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares:

	<b>(i) As at the date of this announcement</b>		<b>(ii) Immediately after the allotment and issue of the Consideration Shares</b>	
	<i>No. of Shares</i>	<i>approx. %</i>	<i>No. of Shares</i>	<i>approx. %</i>
RISEN THRIVE LIMITED <sup>(Note 1)</sup>	424,560,000	44.23%	424,560,000	37.24%
The Vendor	–	–	180,000,000	15.79%
Public Shareholders	<u>535,440,000</u>	<u>55.77%</u>	<u>535,440,000</u>	<u>46.97%</u>
Total	<u><u>960,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>1,140,000,000</u></u>	<u><u>100.00%</u></u>

*Note 1: RISEN THRIVE LIMITED, an investment holding company, is wholly and beneficially owned by Ms. Yan Ping who is the chairlady and an executive Director of the Company. Therefore, Ms. Yan Ping is deemed to be interested in the 424,560,000 Shares held by RISEN THRIVE LIMITED by virtue of her 100% shareholding interest in RISEN THRIVE LIMITED.*

## **INFORMATION OF THE TARGET GROUP**

The Target Company is an investment holding company incorporated in Hong Kong. The Target Company owns the entire issued share capital of Huixiangmei Consultancy, which is an investment holding company incorporated in the PRC. As at the date of this announcement, Huixiangmei Consultancy has a registered share capital of RMB5 million.

Huixiangmei Consultancy holds the entire equity interest in Huiguan Textile which is the principal operating company of the Target Group. Huiguan Textile is a company established in the PRC with limited liability. As at the date of this announcement, Huiguan Textile has a registered capital of RMB5 million. Huiguan Textile is principally engaged in selling of textile products such as polyester yarn and knitted fabric in the PRC. Its customers mainly include clothing companies, textile manufacturing companies, sports equipment companies and clothing trading companies in the PRC.

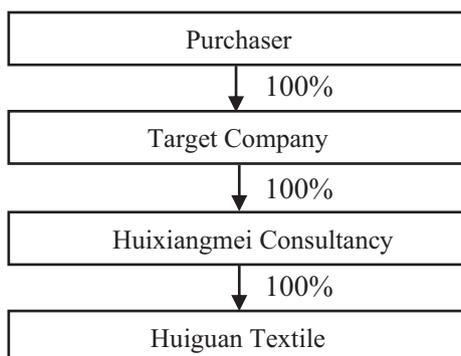
## **SHAREHOLDING STRUCTURE OF THE TARGET GROUP**

Set out below is the shareholding structure of the Target Group:

### **Immediately prior to Completion**



### **Immediately after Completion**



## Financial information of the Target Group

The Target Company and Huixiangmei Consultancy do not carry on any business other than holding indirectly or directly (as the case may be) the entire equity interest in Huiguan Textile. Huiguan Textile is principally engaged in selling of textile products such as polyester yarn and knitted fabric in the PRC.

Set out below is the summary of the audited financial figures of Huiguan Textile for the financial years ended 31 December 2022 and 2021, respectively:

	<b>For the year ended 31 December 2022</b> <i>(RMB'000)</i>	<b>For the year ended 31 December 2021</b> <i>(RMB'000)</i>
Revenue	36,267	27,186
Profit before tax	1,615	510
Profit after tax	1,559	503
Total assets	37,950	33,466
Net asset value	22,407	20,848

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is an investment holding company mainly engaged in the manufacturing and sales of inflatable products and related accessories, and the provision of dental clinic services.

Whilst remaining focused on developing its existing businesses, the Group has been exploring potential investment opportunities from time to time in order to broaden its profit source and eventually optimise the returns to the Shareholders. Meanwhile, the Board is eyeing on the opportunity arising from the rebound in retail sales in the textile and garment industries during the post-COVID pandemic era. Particularly, the PRC government indicated in mid-2023 that it would make greater efforts to meet the requirement of new industrialization to strengthen made in China products. The Board expected that the branding and quality of Chinese textile products will experience a transformation and improve significantly, resulting a surge in demand for textile products made in the PRC from the mainland and the overseas. Huiguan Textile, which specialised in the selling of textile products, will be able to capture the opportunity of increased demand and increase in its revenue.

The Target Group is principally engaged in the textile industry in the PRC through its principal operating company, Huiguan Textile. Huiguan Textile is principally engaged in selling of textile products such as polyester yarn and knitted fabric in the PRC. Its customers mainly include clothing companies, textile manufacturing companies, sports equipment companies and clothing trading companies in the PRC. Huiguan Textile recorded an increase of revenue of 33.4% from approximately RMB27.2 million for the year ended 31 December 2021 to approximately RMB36.3 million for the year ended 31 December 2022. Huiguan Textile's profit after tax also increased by 209.9% from approximately RMB0.5 million for the year ended 31 December 2021 to approximately RMB1.6 million for the year ended 31 December

2022. Since its establishment in 2016, Huiguan Textile has accumulated solid clientele with over 150 companies in the PRC. After review of the business and financial information of Huiguan Textile, the Directors are satisfied with the financial performance of the Target Group and are optimistic about its prospects. Further, the Directors consider that it is in line with the Group's investment objective by riding the upside potential of the textile industry and investing in the Target Group.

Based on the above, the Directors are of the view that the terms of the Sale and Purchase Agreement and the Acquisition are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

**As Completion is subject to and conditional upon fulfilment or waiver (as the case maybe) of the conditions precedent set out in the Sale and Purchase Agreement and the Completion may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Company”	China Oral Industry Group Holdings Limited (stock code: 8406), a company incorporated in Cayman Islands with limited liability whose shares are listed on GEM of the Stock Exchange;
“Completion”	Completion of the Acquisition;
“Completion Date”	the date on which Completion takes place, which shall be any business day falling within five (5) business days after satisfaction and/or fulfilment and/or waiver (as the case may be) of all the conditions precedent (or such other date as shall be agreed in writing between the parties pursuant to the Sale and Purchase Agreement;

“Connected Persons”	has the meaning ascribed to it under the GEM Listing Rules;
“Consideration”	HK\$25,600,000, being the total consideration for the Acquisition;
“Consideration Share(s)”	180,000,000 new Shares to be allotted and issued by the Company free from any encumbrance at the issue price of HK\$0.12 per each such new Share;
“Director(s)”	the director(s) of the Company;
“GEM”	the GEM of the Stock Exchange;
“GEM Listing Committee”	the listing committee of the GEM, which has the meaning ascribed to it under the GEM Listing Rules;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“General Mandate”	The general mandate granted to the Directors by the Shareholders at the annual general meeting on 15 May 2023 to allot, issue and otherwise deal with up to 20% of the issued share capital of the Company as at the date of the annual general meeting;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Huiguan Textile”	Shishishi Huiguan Textile Trading Co., Limited* (石獅市惠冠紡織貿易有限公司), a company established in the PRC with limited liability and the principal operating company of the Target Group;
“Huixiangmei Consultancy”	Shishishi Huixiangmei Consultancy Service Co., Limited* (石獅市惠祥美管理諮詢有限公司), a company established in the PRC with limited liability, is wholly-owned by the Target Company;
“Issue Price”	HK\$0.12 per Consideration Share;

“PRC”	People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Hong Kong Beimeiao Capital Limited (香港貝美奧資本有限公司), a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 January 2024 entered into between the Purchaser and the Vendor in relation to the Acquisition;
“Sale Share(s)”	the entire issued share capital of the Target Company;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Company’s Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Target Company”	HongKong Taixing Holding Co., Limited, an investment holding company incorporated in Hong Kong with limited liability;
“Target Group”	the Target Company and its subsidiaries;
“Valuation”	the independent valuation on the entire equity interest in Huiguan Textile carried out by the Valuer;
“Valuer”	AP Appraisal Limited, an independent valuer engaged by the Company to carry out the Valuation;

“Vendor” Chen Rongren (陳榮任), a PRC citizen who holds the entire issued share capital in the Target Company prior to the Acquisition;

“%” Per cent.

\* For identification only

# For the purpose of illustration only, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00000 to HK\$1.09955.

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

Hong Kong, 4 January 2024

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

*This announcement, 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).*