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China Oriented International Holdings Limited **向中國國際控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1871)

ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019 which were extracted from the audited consolidated financial statements of the Group as set out in the Company's 2019 annual report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
Revenue	4	67,963	93,452
Cost of services rendered		(38,170)	(34,054)
Gross profit		29,793	59,398
Other income	6	6,702	2,495
Other losses	6	(509)	(961)
Impairment losses on other receivables under expected credit loss model		(1,468)	—
Selling and distribution expenses		(4,012)	(2,153)
Administrative expenses		(16,930)	(8,367)
Listing and other expenses		—	(14,622)
Finance costs	7	(3,932)	(4,611)
Profit before tax	8	9,644	31,179
Income tax expense	9	(2,819)	(12,095)
Profit and total comprehensive income for the year		6,825	19,084
Earnings per share	11		
— Basic (RMB cents)		1.71	5.98
— Diluted (RMB cents)		1.71	5.98

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	12	136,917	118,900
Intangible assets		—	—
Deposits paid for construction in progress	13	1,790	2,178
Prepayment paid for property, plant and equipment	13	1,440	2,100
		140,147	123,178
Current assets			
Trade and other receivables, deposits and prepayments	13	5,496	3,349
Amount due from a director		2,283	—
Bank balances and cash		167,588	190,819
		175,367	194,168
Current liabilities			
Trade and other payables and accruals	14	20,419	12,763
Contract liability		34,811	32,509
Tax liabilities		6,174	11,526
Borrowings		36,800	50
Lease liabilities	15	1,207	699
		99,411	57,547
Net current assets		75,956	136,621
Total assets less current liabilities		216,103	259,799
Non-current liabilities			
Borrowings		—	50,100
Lease liabilities	15	2,260	1,035
Deferred taxation	16	3,714	5,360
		5,974	56,495
		210,129	203,304
Capital and reserves			
Share capital		3,608	3,608
Reserves		206,521	199,696
Total equity		210,129	203,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 22 February 2017. The address of the registered office of the Company in Cayman Islands is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The headquarters, head office and principal place of business in the PRC is located at Baililiu Village, Zhutang Township, Suiping County, Zhumadian City, Henan Province, PRC. The principal place of business of the Company in Hong Kong is located at Rooms 1508–1513, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong. The shares of the Company are listed on the Stock Exchange.

The Company is an investment holding company. The principal activity of its subsidiaries is engaged in the provision of driving training services in the PRC.

The consolidated financial statements are presented in RMB, which is the currency of the primary economic environment all the group entities operate (the functional currency of group entities).

2. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 “Leases” and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

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	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

- ¹ Effective for annual periods beginning on or after 1 January 2023.
- ² Effective for annual periods beginning on or after 1 January 2022.
- ³ Effective for annual periods beginning on or after a date to be determined.
- ⁴ Effective for annual periods beginning on or after 1 June 2020.
- ⁵ Effective for annual periods beginning on or after 1 January 2021.

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

4. REVENUE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Driving training service income		
Standard course	3,219	2,118
Premium course	64,082	90,970
Additional training fees	662	364
	<u>67,963</u>	<u>93,452</u>

All the Group's revenue are recognised over time.

5. SEGMENT INFORMATION

The Group is principally engaged in provision of driving training services. For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable and operating segment which is provision of driving training services. The chief executive, Mr. Qi Xiangzhong, reviews the profit for the year of the Group as a whole. Accordingly, no segmental analysis is presented.

Geographical information

No geographical segment information is presented as the Group's revenue is all derived from the PRC based on the location of services provided and all of the Group's non-current assets are located in the PRC by physical location of assets.

Information about major customers

The Group offers packaged driving courses for preparation for driving tests to large number of individual customers. No individual customer accounted for over 10% of the Group's total revenue during both years.

6. OTHER INCOME AND OTHER LOSSES

(a) Other income

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Government grants	5,547	—
Interest income	627	1,772
Income on expiry of driving courses	521	—
Rental income from subleasing	—	583
Others	7	140
	<u>6,702</u>	<u>2,495</u>

(b) Other losses

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Loss on disposal of property, plant and equipment	(93)	—
Exchange loss, net	(416)	(961)
	<u>(509)</u>	<u>(961)</u>

7. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank loans	3,645	4,722
Interest on leases liabilities	287	148
	<u>3,932</u>	<u>4,870</u>
Less: Interest capitalised	—	(259)
	<u>3,932</u>	<u>4,611</u>

8. PROFIT BEFORE TAX

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit before tax has been arrived at after charging:		
Auditor's remuneration	1,347	1,490
Amortisation of intangible assets	—	90
Depreciation of property, plant and equipment	10,540	9,421
Donations	388	80
Directors' remuneration	1,379	427
Other staff costs		
— Salaries and other allowances	20,445	15,960
— Retirement benefit scheme contributions	719	1,554
	<u>21,164</u>	<u>17,514</u>
Total staff costs	<u>22,543</u>	<u>17,941</u>

9. INCOME TAX EXPENSE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
PRC Enterprise Income Tax ("EIT")		
Current year	4,467	8,969
(Over)/underprovision in prior years	(2)	13
	<u>4,465</u>	<u>8,982</u>
Deferred taxation	<u>(1,646)</u>	<u>3,113</u>
	<u>2,819</u>	<u>12,095</u>

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the BVI as they are not subject to any tax during both years.

No provision for Hong Kong Profits Tax has been recognised during the year ended 31 December 2020 as the Group does not have income which arises in, or derived from, Hong Kong.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB109,990,000 as at 31 December 2020 (2019: RMB98,851,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

10. DIVIDENDS

No dividend has been paid or proposed for ordinary shareholders of the Company during 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

11. EARNINGS PER SHARE

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

	2020	2019
Earnings:		
Earnings for the purpose of basic earnings per share (in RMB'000)	<u>6,825</u>	<u>19,084</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>400,000,000</u>	<u>318,904,110</u>

There were no potential ordinary shares in issue for the year ended 31 December 2020. The computation of diluted earnings per share during the year ended 31 December 2019 did not assume the exercise of the Company's over-allotment option because the exercise price of the over-allotment option was higher than the average market price for shares.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Equipment RMB'000	Furniture and fixtures RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Right-of-use assets RMB'000	Total RMB'000
Cost									
At 1 January 2019	30,252	12,831	5,512	511	868	16,764	25,564	48,208	140,510
Additions	—	515	—	24	50	1,665	1,764	336	4,354
Reclassification	1,639	22,993	—	—	—	—	(24,632)	—	—
At 31 December 2019	31,891	36,339	5,512	535	918	18,429	2,696	48,544	144,864
Additions	—	10,659	5,330	474	703	6,326	708	4,541	28,741
Disposals	—	—	—	—	—	(628)	—	—	(628)
Reclassification	844	2,560	—	—	—	—	(3,404)	—	—
At 31 December 2020	32,735	49,558	10,842	1,009	1,621	24,127	—	53,085	172,977
Accumulated depreciation									
At 1 January 2019	2,151	2,023	3,418	422	527	7,810	—	192	16,543
Provided for the year	1,520	3,002	688	66	146	2,167	—	1,832	9,421
At 31 December 2019	3,671	5,025	4,106	488	673	9,977	—	2,024	25,964
Provided for the year	1,615	3,571	414	69	201	2,571	—	2,099	10,540
Eliminated on disposals	—	—	—	—	—	(444)	—	—	(444)
At 31 December 2020	5,286	8,596	4,520	557	874	12,104	—	4,123	36,060
Carrying values									
At 31 December 2020	27,449	40,962	6,322	452	747	12,023	—	48,962	136,917
At 31 December 2019	28,220	31,314	1,406	47	245	8,452	2,696	46,520	118,900

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	592	158
Other receivables	314	1,829
Prepayments	6,030	3,462
Deposits	<u>1,790</u>	<u>2,178</u>
	8,726	7,627
Less: Deposits paid for construction in progress classified as non-current assets	(1,790)	(2,178)
Prepayment paid for property, plant and equipment classified as non-current assets	<u>(1,440)</u>	<u>(2,100)</u>
Trade and other receivables, deposits and prepayments — current portion	<u><u>5,496</u></u>	<u><u>3,349</u></u>

The Group's payment methods with its customers for provision of driving training service are mainly on cash and through online payment platforms. Generally, the course emolument fees are billed in advance with no credit period granted to customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The following is an ageing analysis of trade receivables presented based on the invoice dates:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0–30 days	592	72
31–60 days	—	—
61–90 days	—	—
More than 90 days	<u>—</u>	<u>86</u>
	<u><u>592</u></u>	<u><u>158</u></u>

No balance as at 31 December 2020 (2019: RMB86,000) which is past due more than 90 days are not considered as in default as those balances were mainly with those government authorities with good credit quality and pending for completing their allocating funds procedures. Based on the historical credit loss experience and/or general economic conditions of the debtors, the directors of the Company consider the expected credit loss on these debtors to be insignificant.

The trade and other receivables are all denominated in the functional currency of the respective entities in the Group.

14. TRADE AND OTHER PAYABLES AND ACCRUALS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	2,970	1,086
Accrued construction costs	7,325	3,157
Salaries payable	1,714	2,139
Examination fees payable	2,268	2,242
Other tax payables	2,219	1,746
Other payables	3,923	2,393
	<u>20,419</u>	<u>12,763</u>

No credit period is granted by the trade creditors. Trade payables are normally settled within 30 days from the invoice date.

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0–60 days	<u>2,970</u>	<u>1,086</u>

15. LEASE LIABILITIES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Analysed for reporting purpose as:		
Current liabilities	1,207	699
Non-current liabilities	2,260	1,035
	<u>3,467</u>	<u>1,734</u>

	Present value of minimum lease payments 2020 RMB'000	Present value of minimum lease payments 2019 RMB'000
Lease liabilities due:		
Within one year	1,207	699
Within a period of more than one year but not exceeding two years	962	138
Within a period of more than two years but not exceeding five years	577	364
Over five years	721	533
	<hr/>	<hr/>
Present value of lease liabilities	3,467	1,734
Less: Amounts due for settlement within twelve months (shown under current liabilities)	(1,207)	(699)
	<hr/>	<hr/>
Amounts due for settlement after twelve months	2,260	1,035
	<hr/> <hr/>	<hr/> <hr/>

The rates applied are ranging from 6.0% to 11.5% (2019: 7.1%–7.3%) and variable at 125% of PBOC standard lending rate per annum. All leases are entered at fixed prices. The Group does not face a signification liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

16. DEFERRED TAXATION

The following are the major deferred tax liabilities/(assets) recognised and movements thereon during the year.

	Temporary difference on depreciation of property, plant and equipment RMB'000	Temporary difference on interest capitalisation RMB'000	Revenue recognition RMB'000	Total RMB'000
At 1 January 2019	—	2,265	(18)	2,247
Charged/(credited) to profit or loss	<u>594</u>	<u>(76)</u>	<u>2,595</u>	<u>3,113</u>
At 31 December 2019	594	2,189	2,577	5,360
Credited to profit or loss	<u>(297)</u>	<u>(142)</u>	<u>(1,207)</u>	<u>(1,646)</u>
At 31 December 2020	<u>297</u>	<u>2,047</u>	<u>1,370</u>	<u>3,714</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended 31 December 2020, the Group continued to engage in the provision of driving training services through its operating subsidiaries, namely Shun Da School and Tong Tai School. Shun Da School is a qualified level II driving school established and commenced operation in 2012 which offers driving training services for preparation for Driving Tests of Small Vehicles. Tong Tai School is a qualified level I driving school established and commenced operation in 2014 which offers driving training services for preparation for Driving Tests of both Large Vehicles and Small Vehicles.

The overall business performance and operation of the Group was affected by the outbreak of the COVID-19 pandemic. During the first half of the year 2020, due to the outbreak of the COVID-19 pandemic, public health measures were imposed by the PRC government to contain the spread of the disease, which had eventually led to temporary suspension of our provision of driving training services. Since late February 2020, the situation of the COVID-19 pandemic in Henan province came under control. Tong Tai School and Shun Da School had respectively made an application to the relevant government authority for resumption of provision of driving training services and were permitted to resume operation since 29 February 2020 and 3 April 2020, respectively. During the second half of the year 2020, due to steady recovery of the market conditions from the impact of the COVID-19 pandemic in the PRC, we experienced a rebound in the number of course enrolment for, as well as the number of trainees attended on our driving training courses.

The total number of course enrolments of the Group for the year ended 31 December 2020 amounted to 12,645 (year ended 31 December 2019: 12,662), which remained stable comparing to that of the corresponding period in 2019. Although the provision of driving training services by Tong Tai School was suspended in the first quarter of 2020, the overall number of course enrolments of Tong Tai School amounted to 9,652 (year ended 31 December 2019: 7,626), representing a steady increase of approximately 26.6%. Standard and premium course of Large Vehicle remained the primary growth driver in relation to the number of course enrolments, recording a steady increase of approximately 28.0% from 5,296 for the year ended 31 December 2019 to 6,779 for the year ended 31 December 2020 which has set off the effect of the decrease in the number enrolment of standard and premium courses of Small Vehicles by approximately 20.4% from 7,366 for the year ended

31 December 2019 to 5,866 for the year ended 31 December 2020. The following table sets out the breakdown of the number of course enrolments by our trainees by types of courses for the year ended 31 December 2020, together with the comparative figures for the corresponding period in 2019:

	For the year ended 31 December			
	2020		2019	
	<i>Number of course enrolments</i>	<i>%</i>	<i>Number of course enrolments</i>	<i>%</i>
Tong Tai School				
Large Vehicles				
— Standard courses	611	4.8	1	0.1
— Premium courses	6,168	48.8	5,295	41.7
Small Vehicles				
— Standard courses	207	1.6	—	—
— Premium courses	2,666	21.1	2,330	18.4
Shun Da School				
Small Vehicles				
— Standard courses	1,929	15.3	—	—
— Premium courses	1,064	8.4	5,036	39.8
Total	12,645	100.0	12,662	100.0
Total standard courses	2,747	21.7	1	0.1
Total premium courses	9,898	78.3	12,661	99.9
Total	12,645	100.0	12,662	100.0

The total number of trainees who attended our driving training courses for the year ended 31 December 2020 amounted to 15,046 (year ended 31 December 2019: 15,472), representing a slight decrease of approximately 2.8% comparing to that of the corresponding period in 2019. The total revenue of the Group for the year ended 31 December 2020 amounted to approximately RMB68.0 million (year ended 31 December 2019: approximately RMB93.5 million), representing a decrease of approximately 27.3%. The decrease in total revenue was mainly attributable to (i) the decrease in the average course fee of our premium course of Small Vehicles and Large Vehicles due to the keen competition followed by the outbreak of the COVID-19 pandemic in order to capture the market share and promote business expansion; and (ii) the decrease in the actual number of training hours of our driving course

of Small Vehicles as a result of the suspension of our driving training service of Shun Da School in January 2020 which subsequently resumed in early April 2020. Our provision of driving training services for Large Vehicles remained as our primary source of revenue, accounting for approximately 78.6% of our total revenue (year ended 31 December 2019: 78.9%). Revenue generated from premium courses of Small Vehicles and Large Vehicles contributed to approximately 94.3% of our total revenue (year ended 31 December 2019: 97.4%) and the slight decrease in the percentage of contribution was mainly due to the increase in the number of enrolment of standard course of our Small Vehicles and Large Vehicles for the year ended 31 December 2020. The following table sets out the breakdown of our revenue by types of vehicles and types of driving courses for the year ended 31 December 2020, together with the comparative figures for the corresponding period in 2019:

	For the year ended 31 December					
	2020			2019		
	<i>Number of trainees attended</i>	<i>RMB'000</i>	<i>%</i>	<i>Number of trainees attended</i>	<i>RMB'000</i>	<i>%</i>
Large Vehicles						
— Standard courses	441	1,396	2.1	305	1,402	1.5
— Premium courses	6,307	51,654	76.0	6,103	72,215	77.3
— Additional training services	N/A	344	0.5	N/A	170	0.1
Sub-total	6,748	53,394	78.6	6,408	73,787	78.9
Small Vehicles						
— Standard courses	2,208	1,823	2.7	1,077	716	0.8
— Premium courses	6,090	12,428	18.3	7,987	18,755	20.1
— Additional training services	N/A	318	0.4	N/A	194	0.2
	8,289	14,569	21.4	9,064	19,665	21.1
Total	15,046	67,963	100.0	15,472	93,452	100.0

The bigger the challenge, the bigger the opportunity for growth. In response to the numerous challenges that we are facing in these unprecedented times, and in order to position ourselves well for the rebound of the PRC economy, we adopted the overall approach of “seeking progress amidst stability” in managing our business and operation.

To consolidate our market position in Zhumadian City, we are determined to continue with the parallel development of driving training business for both Large Vehicles and Small Vehicles, as well as the provision of standard and premium courses for both Large Vehicles and Small Vehicles to cater for the needs of different customers. Throughout the year 2020, we have adopted a robust marketing and pricing strategy by offering strategic discounts on course fees of standard and premium courses for both Large Vehicles and Small Vehicles. We have also established a new subsidiary at Suiping County, which is principally engaged in occupational training services, in July 2020. We intend to designate such subsidiary as a platform for occupational training services to our current and forthcoming driving instructors.

To continue with our strategy of expanding our existing training fields for Large Vehicles and to enhance our business operation capacity, we have continued on our identification exercise on the potential targets of land available for acquisition. In May 2020, we have located a parcel of land suitable for development into a new driving training field (the “Land”). To secure the Land before going through the timely process of acquisition, we have entered into a lease agreement with the lessor of the Land, which is an independent third party to our Group, to rent for the Land. We have also purchased new driving training vehicles for Tong Tai School and improving the learning areas of our driving schools to provide a better experience for trainees enrolled into Driving Skill Written Tests.

Future Development and Prospects

The past year has been an extraordinary one, with the global economy undergoing profound changes under the impact of the COVID-19 pandemic and PRC becoming one of the few major economies around the globe with positive annual growth.

We believe that the global economy will gradually bottom out and rebound with the steady prevalence of COVID-19 vaccines. We also believe that PRC’s economy will recover way ahead of other countries with accelerated development. In particular, the logistics and transportation industry, driven by the dynamic industrial economy of PRC, will become vibrant again. Furthermore, the PRC government relaxed the limit on age of taking driver’s license training for Large Vehicles by 10 years at the end of 2020, which is equivalent to increasing the market share of almost 100 million people, and there is no longer an upper age limit for taking driver’s license training for Small Vehicles, which is a favourable thing for the driving training industry from the policy level. We expect that our driving training services business will significantly benefit from the increasing demand for drivers of Large Vehicles arising from the steady recovery of the PRC’s economy, and from favourable policies implemented by the PRC government.

To maintain sustainable growth of our business and create long-term value to our Shareholders, we intend to continue with our business strategies of expanding our existing training fields for Large Vehicles by acquiring and developing new parcel of land. We will continue to negotiate proactively with the lessor to secure the Land for our future expansion. We also intend to continue purchasing new driving training vehicles in order to increase our business operation capacity. We will also continue to strengthen our market position in Zhumadian City by expanding our marketing efforts in Zhumadian City and other nearby cities in Henan Province, with a focus on potential corporate customers across the PRC. We will also continue to provide Road Safety Written Tests at the learning areas of Tong Tai School to realise the joint tests of both Driving Skill Written Tests and Road Safety Written Tests at our driving schools, in order to improve the passing rate of our trainees on written tests and to provide a more comprehensive training services for our trainees.

Financial Review

1. Overview

For the year ended 31 December 2020, we recorded revenue of RMB68.0 million, a 27.3% decrease from RMB93.5 million for the year ended 31 December 2019. A gross profit of RMB29.8 million and gross profit margin of the Group was 43.8% for the year ended 31 December 2020 as compared with RMB59.4 million and 63.6% for the year ended 31 December 2019, respectively.

The net profit attributable to owners of the Group for the year ended 31 December 2020 was RMB6.8 million, representing a significant decrease of RMB12.3 million or a 64.2% decrease from the year ended 31 December 2019. The net profit margin attributable to owners of the Company was 10.0% and 20.4% for the years ended 31 December 2020 and 31 December 2019, respectively. The adjusted net profit, excluding the impact from listing expenses, attributable to owners of the Group for the year ended 31 December 2020 was RMB6.8 million, representing a significant decrease of RMB26.9 million or a 79.8% decrease from RMB33.7 million for the year ended 31 December 2019. The adjusted net profit margin, excluding the impact from listing expenses, attributable to owners of the Company was 10.0% and 36.1% for the years ended 31 December 2020 and 31 December 2019, respectively.

2. Revenue

The total revenue of our Group for the years ended 31 December 2020 and 2019 amounted to approximately RMB68 million and RMB93.5 million, respectively. Our revenue decreased by approximately RMB25.5 million, or approximately 27.3%, for the year ended 31 December 2020 as compared to that for the year ended 31 December 2019. This decrease was mainly attributable to the decrease in revenue generated from the provision of driving training services for both Large Vehicles and Small Vehicles of approximately RMB20.4 million and RMB5.1 million, respectively, mainly due to (i) the significant decrease in the average course fee of our premium course of Small and Large Vehicles due to the keen competition followed by the outbreak of the COVID-19 pandemic in order to capture the market share and promote business expansion and (ii) the decrease in the actual number of training hours of our driving course of Small Vehicles as a result of the suspension of our driving training service of Shun Da School in January 2020 which subsequently resumed in early April 2020.

The revenue generated from the provision of driving training services for Large Vehicles decreased by approximately RMB20.4 million, or approximately 27.6%, to approximately RMB53.4 million for the year ended 31 December 2020 from approximately RMB73.8 million for the year ended 31 December 2019. Such decrease was mainly attributable to the decrease in the average course fee of standard and premium course of Large Vehicles due to the keen competition followed by the outbreak of the COVID-19 pandemic in order to capture the market share and

promote business expansion, which offset the growth in both the number of trainees who attended our driving courses of Large Vehicles and the actual number of training hours of our trainees of Large Vehicles from 6,408 and 368,891 for the year ended 31 December 2019 to 6,748 and 374,028, respectively, for the year ended 31 December 2020 as a result of the recovery of the market demand of driving training services of Large Vehicles in the second half of 2020 and increase in the number of trainees who are faster to attend our driving training courses.

The revenue generated from the provision of driving training services for Small Vehicles also decreased by approximately RMB5.1 million, or approximately 25.9%, to approximately RMB14.6 million for the year ended 31 December 2020 from approximately RMB19.7 million for the year ended 31 December 2019. Such decrease was mainly attributable to the decrease in each of the number of trainees who attended our premium courses for Small Vehicles and the actual number of training hours of our trainees of Small Vehicles from 7,987 and 243,180 for the year ended 31 December 2019 to 6,090 and 203,420, respectively, for the year ended 31 December 2020. The decreases in both the number of trainees who attended our driving courses and the actual number of training hours were mainly due to (i) the suspension of our driving training services in January 2020 which subsequently resumed in early April 2020 for Shun Da School; and (ii) the decrease in the average course fee of standard and premium course of Small Vehicles due to the keen competition followed by the outbreak of the COVID-19 pandemic in order to capture the market share and promote business expansion.

3. *Cost of services rendered*

For the years ended 31 December 2020 and 2019, our Group's cost of services rendered amounted to approximately RMB38.2 million and RMB34.1 million, respectively. Our cost of services rendered mainly comprises employee benefit expenses paid to our driving instructors and other supporting staff, depreciation of property, plant and equipment, fuel expenses, catering expenses and other expenses. Our cost of services rendered increased by approximately RMB4.1 million, or approximately 12.1%, from approximately RMB34.1 million for the year ended 31 December 2019 to approximately RMB38.2 million for the year ended 31 December 2020.

Employee benefit expenses increased by approximately RMB2.9 million, or approximately 20.5%, from approximately RMB14.3 million for the year ended 31 December 2019 to approximately RMB17.2 million for the year ended 31 December 2020 which was mainly attributable to the increased average salaries paid to our driving instructors of Large Vehicles and the increase in the number of driving instructors of Large Vehicles in the second half of 2020 as a result of the increase in the number of trainees who are faster to attend our driving training of our Large Vehicles and the fact that our Group still need to pay the fixed salaries to our driving instructors and other supporting staff to maintain the operation despite our driving training

services were temporarily suspended in January 2020, as a result of the outbreak of the COVID-19 pandemic during the first half of 2020. Our depreciation of property, plant and equipment slightly increased by approximately RMB1.0 million, or approximately 12.5% from approximately RMB8.3 million for the year ended 31 December 2019 to approximately RMB9.3 million for the year ended 31 December 2020, which was mainly attributable to the increase in depreciation charges for the new driving training vehicles, depreciation charges for the dormitory building and the depreciation charges of right-of-use assets for the new parcel of leased land for our expansion of training field and its leasehold improvement.

4. *Gross profit and gross profit margin*

Our gross profit from the provision of driving training services for Large Vehicles decreased by approximately RMB23.5 million, or approximately 47.5%, from approximately RMB49.5 million for the year ended 31 December 2019 to approximately RMB26.0 million for the year ended 31 December 2020, which is in line with the decrease in the revenue generated from the driving training services for Large Vehicles. Consequently, our gross profit margin from the provision of driving training services for Large Vehicles decreased by approximately 18.3% to approximately 48.7% for the year ended 31 December 2020 from approximately 67.0% for the year ended 31 December 2019, which is mainly attributable to (i) the decrease in our average course fee of our standard and premium course of Large Vehicles which contributed a large portion of revenue; (ii) the increased average salaries paid to our driving instructors of Large Vehicles; and (iii) the increase in number of driving instructors of Large Vehicles in the second half of 2020 as a result of the increase in the number of trainees who are faster to attend our driving training of our Large Vehicles and the fact that our Group still need to pay the fixed salaries to our driving instructors and other supporting staff to maintain the operation despite our driving training services of Large Vehicles were temporarily suspended in January 2020.

As a result of the decrease in our revenue from the provision of driving training services for Small Vehicles, which was primarily attributable to (i) the decrease in total number of trainees attended our premium courses for Small Vehicles and the decrease in actual number of training hours of our trainees of Small Vehicles as a result of the suspension of our driving training service; and (ii) the significant decrease in our course fee of Small Vehicles due to the keen competition followed by the outbreak of the COVID-19 pandemic and in order to capture the market share and promote business expansion, our gross profit for the provision of driving training services for Small Vehicles decreased by approximately RMB6.1 million, or approximately 61.6%, from approximately RMB9.9 million for the year ended 31 December 2019 to approximately RMB3.8 million for the year ended 31 December 2020. Our gross profit margin from the provision of driving training services for Small Vehicles decreased by approximately 24.4% to approximately 26.2% for the year ended 31 December 2020 from approximately 50.6% for the year ended 31 December 2019, mainly attributable to

the (i) the significant decrease in our average course fee of our standard and premium course of Small Vehicles and (ii) fixed cost of services rendered were incurred during the year ended 31 December 2020 despite the suspension of driving training services.

5. *Other income*

Our other income increased by approximately RMB4.2 million, or approximately 168.8%, from approximately RMB2.5 million for the year ended 31 December 2019 to approximately RMB6.7 million for the year ended 31 December 2020, which was mainly attributable to the increase in government grants for the successful listing on the Main Board of the Stock Exchange.

6. *Other losses*

Our other losses decreased by approximately RMB0.5 million, or approximately 47.0%, from approximately RMB1.0 million for the year ended 31 December 2019 to approximately RMB0.5 million for the year ended 31 December 2020 which was mainly attributable to the decrease in exchange loss during the year ended 31 December 2020.

7. *Selling and distribution expenses*

Our selling and distribution expenses increased by approximately RMB1.9 million, or approximately 86.3%, from approximately RMB2.2 million for the year ended 31 December 2019 to approximately RMB4.0 million for the year ended 31 December 2020. Such increase was mainly attributable to the increase in entertainment expenses and marketing and advertising expenses.

8. *Administrative expenses*

Our administrative expenses increased by approximately RMB8.6 million, or approximately 102.3%, from approximately RMB8.4 million for the year ended 31 December 2019 to approximately RMB16.9 million for the year ended 31 December 2020, which was mainly attributable to (i) the increase in legal and professional fees paid post listing which were previously recorded as listing and other expenses for the year ended 31 December 2019; (ii) the increase in average salaries paid to our administrative staff, senior management and Directors' remuneration post listing; (iii) the increase in the consultancy fee paid to the independent third parties for the professional fees for the industry reports and consultancy service fee for the monitoring system in the PRC; (iv) the increase in the offices expenses and consumables paid to a third party for the COVID-19 pandemic; (v) the increase in donations contributed to independent third parties for the subsidy of the COVID-19 pandemic; and (vi) the increase in the local tax surcharge, such as the property tax and land use tax incurred for the year 2020.

9. *Listing and other expenses*

Our listing and other expenses decreased by approximately RMB14.6 million, or approximately 100.0%, from approximately RMB14.6 million for the year ended 31 December 2019 to approximately RMB nil for the year ended 31 December 2020. Our listing and other expenses mainly included legal and professional fees paid to professional parties in relation to the Listing in 2019.

10. *Finance costs*

Our finance costs decreased by approximately RMB0.7 million, or approximately 14.7%, from approximately RMB4.6 million for the year ended 31 December 2019 to approximately RMB3.9 million for the year ended 31 December 2020. Such decrease was mainly attributable to the repayment of the bank borrowings in January 2020.

11. *Profit and total comprehensive income for the year*

As a result of the above factors, our profit and total comprehensive income for the year ended 31 December 2020 significantly decreased by approximately RMB12.3 million, or approximately 64.2%, from approximately RMB19.1 million for the year ended 31 December 2019 to approximately RMB6.8 million for the year ended 31 December 2020.

Our adjusted profit and total comprehensive income, excluding the impact from listing expenses, for the year ended 31 December 2020 significantly decreased by approximately RMB26.9 million, or approximately 79.8%, from approximately RMB33.7 million for the year ended 31 December 2019 to approximately RMB6.8 million for the year ended 31 December 2020. Such decrease was mainly attributable (i) the decrease in average course fee of our standard and premium courses of Large Vehicles and Small Vehicles; (ii) the decrease in each of the number of trainees who attended our premium courses of Small Vehicles and the actual number of training hours as a result of the suspension of our driving training services and resumption in late February and early April 2020 for our Tong Tai school and Shun Da school, respectively; and (iii) increased selling and administrative expenses.

The net profit margin attributable to owners of the Company for the year ended 31 December 2020 was 10.0%, as compared to 20.4% for the year ended 31 December 2019 and the adjusted net profit margin attributable to owners of the Company for the year ended 31 December 2020 was 10.0%, as compared to 36.1% for the year ended 31 December 2019. Our adjusted net profit margin, excluding the impact from listing expenses, decreased by approximately 26.1% to approximately 10.0% for the year ended 31 December 2020, mainly attributable to the decreased gross profit margin of Large Vehicles and Small Vehicles, increase in other income, increase in selling and administrative expenses and decreased finance costs.

12. Liquidity and source of funding and borrowing

The Group's bank balances and cash decreased from approximately RMB190.8 million as at 31 December 2019 to approximately RMB167.6 million as at 31 December 2020 which was mainly attributable to the decrease in operating cash flows and cash used in the investing activities.

As at 31 December 2020, the current assets of the Group amounted to approximately RMB176.1 million, including approximately RMB167.6 million in bank balances and cash, approximately RMB5.5 million in trade and other receivables, deposits and prepayments and approximately RMB3.0 million in amount due from a director. The current liabilities of the Group amounted to approximately RMB99.4 million, including approximately RMB20.4 million in trade and other payables and accruals, approximately RMB34.8 million in contract liability, approximately RMB6.2 million in tax liabilities, approximately RMB36.8 million in borrowings and approximately RMB1.2 million in lease liabilities. As at 31 December 2020, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 1.76 (year ended 31 December 2019: 3.37).

As of 31 December 2020, the Group had an aggregate interest-bearing borrowings of approximately RMB36.8 million, as compared to approximately RMB50.2 million as of 31 December 2019. The borrowings of RMB36.8 million are repayable within one year. The decrease in borrowings is mainly due to the repayment of a bank loan in January 2020.

13. Gearing ratio

As at 31 December 2020, the gearing ratio of the Group, which was calculated based on total debt, including all interest-bearing loans and lease liabilities divided by total equity, was approximately 0.19 times (31 December 2019: 0.26 times).

14. Material investments, acquisitions and disposals

On 26 August 2020, Tongtai Cultural, 遂平縣中禾熱力有限公司 (Suiping Zhonghe Thermal Power Limited Company)* and 駐馬店市城鄉建設投資集團有限公司 (Zhumadian City Rural and Urban Construction Investment Limited Company)* entered into an articles of association (the "JV Articles"), pursuant to which the parties agreed to establish a joint venture company named 河南中禾熱電有限公司 (Henan Zhonghe Thermal Power Limited Company)* (the "JV Company") for the purpose of engaging in, inter alia, the production, supply and sales of thermal power. Pursuant to the JV Articles, the registered capital of the JV Company will be RMB100,000,000. Tongtai Cultural will contribute RMB5,000,000 in cash, representing 5% of the total registered capital of the JV Company, towards the registered capital of the JV Company.

The entering into of the JV Articles constituted a discloseable transaction for the Company under the Listing Rules, details of which were set out in the announcements of the Company dated 2 September 2020 and 10 September 2020.

As of the date of this announcement, Tongtai Cultural has not made any cash contributions towards the registered capital of the JV Company. The Board will inform the Shareholders of any updates on capital contribution as and when appropriate.

Apart from the aforesaid, the Group had no material investment, acquisition and disposal as at 31 December 2020.

15. Borrowings and pledge of Assets

As of 31 December 2020, the Group had an aggregate interest-bearing borrowings of approximately RMB36.8 million, as compared to approximately RMB50.2 million as of 31 December 2019. The borrowings of RMB36.8 million are repayable within one year. The decrease in borrowings is mainly due to the repayment of a bank loan in January 2020.

As of 31 December 2020, the Group's borrowings of approximately RMB36.8 million were at fixed interest rates. As at 31 December 2020, the current borrowings of the Group amounting to approximately RMB36.8 million were guaranteed by the spouse of Mr. Qi Xiangzhong and pledged by certain prepaid land lease payments/rights-of-use assets, office buildings and the operation rights of certain subsidiaries of the Group.

16. Contingent liabilities

As at 31 December 2020, our Group did not have any material contingent liabilities or guarantees and no members of our Group were involved in any claims, litigation or arbitration of material importance and no claims, litigation or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group. Accordingly, no provision for the contingent liabilities in respect of litigation is necessary.

17. Foreign exchange exposure

As at 31 December 2020 and 2019, the Group's exposure to foreign currency risk related primarily to certain bank balances and other payables denominated in HK\$. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign currency exposure and will consider hedging foreign currency exposure should the need arise.

18. Employee and remuneration policy

As at 31 December 2020 and 2019, we had 443 and 412 employees, respectively. The number of employees employed by the Group varies from time to time depending on need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' working experiences and performance. The remuneration policy and package of the Group's employees are periodically reviewed. As required by the PRC laws and regulations, the Company participates in various employee social security plans for its employees that are administered by local governments, including among others, housing provident funds, pensions, medical insurance, social insurance and unemployment insurance.

Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and recommends to the Board of Directors the executives' compensation based on the Group's performance and the executives' respective contributions to the Group.

The Company has also adopted a share option scheme on 19 September 2019. For details, please refer to the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix V to the Prospectus.

The total employees benefit expenses incurred by the Group for the year ended 31 December 2020 was approximately RMB21.2 million (for the year ended 31 December 2019: approximately RMB17.5 million).

The following table sets forth the total number of employees by function as at 31 December 2020:

	<i>Number of employees</i>	<i>% of the total</i>
Function		
Driving instructors	348	78.6
Sale and marketing	33	7.4
Finance and accounting	9	2.0
Teaching affair office	14	3.2
Administration	35	7.9
Vehicle management	4	0.9
	<hr/>	<hr/>
Total	<u>443</u>	<u>100.0</u>

Events after the Reporting Period

There are no material events subsequent to 31 December 2020 which would materially affect the operating and financial performance of the Group as of the date of this announcement.

USE OF PROCEEDS

On 24 October 2019, the Shares were listed on the Main Board of the Stock Exchange. The net proceeds from the IPO were approximately HK\$108.4 million after deducting the underwriting fees, the Stock Exchange trading fee, SFC transaction levy for the new shares in the Company and the Listing and other expenses in connection with the Share Offer.

As at 31 December 2020, a total of approximately HK\$30.6 million had been utilised by the Group according to the allocation set out hereinbelow:

	% of net proceeds	Net proceeds from IPO <i>HK\$'000</i>	Utilisation during the period from the Listing Date to 31 December 2020 <i>HK\$'000</i>	Unutilised amount as at 31 December 2020 <i>HK\$'000</i>	Expected timeframe for intended use
Acquisition of a parcel of land	45.7	49,547	—	49,547	By the end of 2021
Construction of training fields	12.3	13,333	—	13,333	By the end of 2021
Purchase of training vehicles	9.7	10,517	5,269	5,248	By the end of 2021
Recruitment and training costs for 40 new driving instructors	9.6	10,408	672	9,736	By the end of 2022
Repayment of bank loans	12.7	13,769	13,769	—	—
Working capital and general corporate purposes	10.0	10,844	10,844	—	—
Total	100.0	108,418	30,554	77,864	

There has been no changes to the intended use of net proceeds as disclosed in the Prospectus and the immediately preceding annual report.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend to shareholders for the year ended 31 December 2020 (year ended 31 December 2019: Nil).

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

For the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

1. Compliance with the code provisions set out in the Corporate Governance Code

The Company is committed to maintaining a high corporate governance standard to enhance the transparency, accountability and corporate value of the Company and safeguard the interests of the Shareholders. Since the Listing Date, the Company has adopted the principles and code provisions in the Corporate Governance Code as fundamental guidelines for the corporate governance practices of the Company.

During the year ended 31 December 2020, the Company has complied with all the applicable code provisions under the Corporate Governance Code.

The Company will continue to review and monitor the corporate governance practices of the Company to ensure compliance with the Corporate Governance Code and maintain high standard of corporate governance practices.

2. Directors' Securities Transactions

The Company has adopted Model Code as its code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code.

Having made specific enquiry of all the Directors, all the Directors have confirmed that they had complied with the required standard set out in the Model Code regarding securities transactions by the Directors and there have been no incidents of non-compliance with the required standard set out in the Model Code.

3. Audit Committee

The audit committee consists of three members, namely Mr. Cheng Chun Shing (as the chairman), Mr. Chan Siu Wah and Mr. Goh Teng Hwee, all being independent non-executive Directors.

The audited consolidated financial statements of the Company for the year ended 31 December 2020 have been reviewed by the Audit Committee of the Company and are duly approved by the Board under the recommendation of the Audit Committee.

PUBLICATION OF THE ANNUAL REPORT

The annual report of the Group for the year ended 31 December 2020 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to the Company's management, staff members and our professional advisers for their dedication and hard work and our Shareholders for their trust and support.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Definitions

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Audit Committee”	The audit committee of the Company, which was established on 19 September 2019 pursuant to the resolutions of the Board on 19 September 2019
“Board”	the board of directors of the Company
“Company”	China Oriented International Holdings Limited (向中國國際控股有限公司), an exempted company incorporated in the Cayman Islands on 22 February 2017
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPO”	the initial public offering of the Shares, further details of which are set out in the Prospectus
“Listing Date”	24 October 2019, the date on which the Shares were listed on the Main Board of the Stock Exchange

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Main Board”	the stock market operated by the Stock Exchange, which excludes GEM and the options market
“Ministry of Public Security”	Ministry of Public Security of the PRC (中華人民共和國公安部)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 11 October 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of the Shares
“Shares”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of our Company, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“Shun Da School”	Suiping County Shunda Driver Training Company Limited* (遂平縣順達駕駛員培訓有限公司), a company established in the PRC with limited liability on 25 December 2012 and an indirect wholly-owned subsidiary of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongtai Cultural”	Zhumadian Tongtai Cultural Media Company Limited* (駐馬店通泰文化傳媒有限公司), a company established in the PRC with limited liability on 2 June 2016 and an indirect wholly-owned subsidiary of our Company
“Tong Tai School”	Zhumadian Tongtai Large Vehicles Driver Training Company Limited* (駐馬店通泰大型機動車駕駛員培訓有限公司), a company established in the PRC with limited liability on 24 April 2014 and an indirect wholly-owned subsidiary of our Company

* for identification purposes only

Glossary of technical terms

This glossary contains explanations of certain terms used in this announcement in connection with us and our business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

“A1 Vehicles”	large vehicles of 6m or longer; or with a capacity for 20 or more passengers, being a type of vehicles classified by the Ministry of Public Security
“A2 Vehicles”	large and medium full-trailers or half-trailer vehicles, being a type of vehicles classified by the Ministry of Public Security
“A3 Vehicles”	vehicles for carrying 10 or more passengers as city buses, being a type of vehicles classified by the Ministry of Public Security
“B1 Vehicles”	medium sized vehicles shorter than 6m; and with a capacity for 10–19 passengers, being a type of vehicles classified by the Ministry of Public Security
“B2 Vehicles”	large and medium sized trucks and large and medium sized working vehicles, being a type of vehicles classified by the Ministry of Public Security
“C1 Vehicles”	small manual vehicles, light-goods manual vehicles and light-duty manual working vehicles, being a type of vehicles classified by the Ministry of Public Security
“Driving Skill Written Test”	the written test organised by the Vehicles Management Office (車管所) of the Traffic Management Department, being the prerequisite for the grant of driving licence in the PRC. A trainee shall pass such test before he or she can take the On-road Driving Test, the On-site Driving Test and/or the Road Safety Written Test
“Driving Tests”	Driving Skill Written Test, On-site Driving Test, On-road Driving Test and Road Safety Written Test
“Large Vehicles”	A1 Vehicles, A2 Vehicles, A3 Vehicles, B1 Vehicles and B2 Vehicles, which are generally used as commercial vehicles

“On-road Driving Test”	the driving test organised by the Vehicles Management Office (車管所) of the Traffic Management Department on public roads, being the prerequisite for the grant of driving licence in the PRC. A trainee shall pass such test before he or she can take the Road Safety Written Test
“On-site Driving Test”	the driving test organised by the Vehicles Management Office (車管所) of the Traffic Management Department at a specific site, being the prerequisite for the grant of driving licence in the PRC. A trainee shall pass such test before he or she can take the Road Safety Written Test
“qualified level I driving school”	a driving school possessing, among others, more than 80 training vehicles, and is qualified under the Qualifications of Motor Vehicle Driving Training Institutions (機動車駕駛員培訓機構資格條件) to provide driving training services in the PRC
“qualified level II driving school”	a driving school possessing, among others, more than 40 driving vehicles, and is qualified under the Qualifications of Motor Vehicle Driving Training Institutions (機動車駕駛員培訓機構資格條件) to provide driving training services in the PRC
“Road Safety Written Test”	the written test organised by the Vehicles Management Office (車管所) of the Traffic Management Department, being the prerequisite for the grant of driving licence in the PRC. A trainee shall pass the Driving Skill Written Test, the On-road Driving Test and the On-site Driving Test before he or she can take the Road Safety Written Test
“Small Vehicles”	C1 Vehicles and C2 Vehicles, which are generally used as private and/or commercial vehicles

By order of the Board
China Oriented International Holdings Limited
Qi Xiangzhong
Chairman and Executive Director

Hong Kong, 31 March 2021

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Qi Xiangzhong and Ms. Zhao Yuxia; one non-executive director, namely Dr. Yeung Cheuk Kwong and three independent non-executive directors, namely Mr. Cheng Chun Shing, Mr. Chan Siu Wah and Mr. Goh Teng Hwee.