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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1871)

ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS

The Board announces the unaudited consolidated results of the Group for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018. Capitalised terms and certain technical terms shall have the meaning as defined in the paragraph headed "Definitions and Glossary of Technical Terms" in this announcement. The term "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group.

The consolidated financial statements of the Group for the year ended 31 December 2019 have not been audited by the Group's auditor, as the audit process has not been completed due to the travel restrictions imposed by the PRC government authority to contain the outbreak of the novel coronavirus COVID-19. In particular, the audit process is delayed as a result of the postponement of the auditor's field works. Accordingly, the financial results contained herein have neither been reviewed nor agreed by the external auditor as required under Rule 13.49(2) of the Listing Rules.

The Audit Committee has reviewed the financial results and is of the view that save as those disclosed herein in this announcement, such results complied with the applicable accounting standards and requirements under the Listing Rules and other applicable legal and regulatory requirements. The Company estimates that the external auditor's field works will be carried out in April 2020 on the condition that the travel restrictions imposed by the relevant government authority are lifted. Following the completion of the auditing process, a further announcement relating to the audited financial results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.china-oriented.com).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** **RMB'000** **(Unaudited)**	2018 *RMB'000* (Audited)
Revenue	*4*	**93,452**	77,699
Cost of services rendered		**(34,054)**	(27,208)
Gross profit		**59,398**	50,491
Other income	*6a*	**2,495**	1,116
Other gain and losses, net	*6b*	**(961)**	634
Selling and distribution expenses		**(2,153)**	(1,758)
Administrative expenses		**(8,367)**	(6,302)
Listing expenses		**(14,622)**	(10,333)
Finance costs	*7*	**(4,611)**	(1,910)
Profit before tax	*8*	**31,179**	31,938
Income tax expense	*9*	**(12,095)**	(10,663)
Profit and total comprehensive income for the year		**19,084**	21,275
Earnings per share	*11*		
— Basic (RMB cents)		**5.98**	7.55
— Diluted (RMB cents)		**5.98**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**118,900**	79,080
Prepaid land lease payments		—	42,713
Intangible assets		—	90
Deposits paid for construction in progress		**2,178**	1,171
Prepayment paid for property, plant and equipment		**2,100**	—
		123,178	123,054
Current assets			
Prepaid land lease payments		—	1,189
Trade and other receivables, deposits and prepayments	*12*	**3,349**	4,743
Bank balances and cash		**190,819**	77,487
		194,168	83,419
Current liabilities			
Trade and other payables and accruals	*13*	**12,763**	25,922
Contract liability		**32,509**	29,092
Amount due to a director		—	16
Tax liabilities		**11,526**	9,314
Borrowings		**50**	50
Obligations under finance leases		—	1,068
Lease liabilities		**699**	—
		57,547	65,462
Net current assets		**136,621**	17,957
Total assets less current liabilities		**259,799**	141,011

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current liabilities		
Deferred taxation	**5,360**	2,247
Borrowings	**50,100**	50,150
Obligations under finance leases	**—**	571
Lease liabilities	**1,035**	—
	56,495	52,968
	203,304	88,043
Capital and reserves		
Share capital	**3,608**	—
Reserves	**199,696**	88,043
Total equity	**203,304**	88,043

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 Main Board of The Stock Exchange of Hong Kong Limited (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) and all values are rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

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"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The Group has consistently applied the Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and an interpretations ("HK(IFRIC)-Int") issued by the HKICPA which are effective for the accounting period beginning on 1 January 2019 throughout the years ended 31 December 2018 and 2019, except that the Group adopted HKFRS 16 "Leases" ("HKFRS 16") on 1 January 2019 and adopted HKAS 17 "Leases" ("HKAS 17") for the year ended 31 December 2018.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time during the year. HKFRS 16 superseded HKAS 17, and the related interpretations.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payment by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review; and

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 7.3%.

		At 1 January 2019
	Note	*RMB'000*
Operating lease commitments disclosed as at 31 December 2018		1,529
Less: Recognition exemption — short-term lease		(20)
Lease liabilities relating to operating leases discounted at relevant incremental borrowing rates and recognised upon application of HKFRS 16		985
Add: Obligations under finance leases recognised at 31 December 2018	*(a)*	1,639
Lease liabilities as at 1 January 2019		2,624
Analysed as		
Current		1,132
Non-current		1,492
		2,624

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	**Right-of-use assets** *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	*(b)*	985
Reclassified from prepaid land lease payments	*(c)*	43,902
Amounts included in property, plant and equipment under HKAS 17 — Assets previously under finance leases	*(a)*	3,129
		48,016
By class:		
Leasehold lands		44,749
Building		138
Motor vehicles		3,129
		48,016

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective on 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*(a),(b),(c)*	79,080	44,887	123,967
Prepaid land lease payments	*(c)*	42,713	(42,713)	—
Current assets				
Prepaid land lease payments	*(c)*	1,189	(1,189)	—
Current liabilities				
Lease liabilities	*(a)*	—	1,132	1,132
Obligations under finance leases	*(a)*	1,068	(1,068)	—
Non-current liabilities				
Lease liabilities	*(a)*	—	1,492	1,492
Obligations under finance leases	*(a)*	571	(571)	—

Notes:

(a) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to RMB3,129,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of RMB1,068,000 and RMB571,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

(b) Upon the application of HKFRS 16, an amount of RMB985,000 representing right-of-use assets and lease liabilities relating to operating leases previously under HKAS 17 was recognised.

(c) Upfront payments for leasehold lands in the PRC were classified as prepaid land lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid land lease payments amounting to RMB1,189,000 and RMB42,713,000 respectively were reclassified to right-of-use assets.

New and revised 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[1]
Amendments to HKFRS 3	Definition of a Business[2]
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 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, "the Amendments to References to the Conceptual Framework in HKFRS Standards", will be effective for annual periods beginning on or after 1 January 2020.

Except for the amendments to HKFRSs and the revised Conceptual Framework mentioned below, 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.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual period beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

4. REVENUE

	2019	2018
	RMB'000	*RMB'000*
Driving training service income		
Standard course	**2,118**	7,519
Premium course	**90,970**	68,804
Additional training fees	**364**	1,376
	93,452	77,699

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

No individual customer accounted for over 10% of the Group's total revenue during both years.

6. OTHER INCOME AND OTHER GAIN AND LOSSES, NET

(a) Other income

	2019	2018
	RMB'000	*RMB'000*
Interest income	**1,772**	203
Rental income from subleasing	**583**	911
Others	**140**	2
	2,495	1,116

(b) Other gain and losses, net

	2019	2018
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	**—**	(26)
Exchange (loss) gain, net	**(961)**	660
	(961)	634

7. FINANCE COSTS

	2019 *RMB'000*	2018 *RMB'000*
Interest on bank loans	**4,722**	4,792
Interest on finance leases	**—**	55
Interest on leases liabilities	**148**	—
	4,870	4,847
Less: Interest capitalised	**(259)**	(2,937)
	4,611	1,910

8. PROFIT BEFORE TAX

	2019 *RMB'000*	2018 *RMB'000*
Profit before tax has been arrived at after charging:		
Auditor's remuneration	**1,490**	55
Amortisation of intangible assets	**90**	108
Amortisation of prepaid land lease payments	**—**	1,189
Depreciation of property, plant and equipment	**9,421**	4,946
Donation	**80**	105
Directors' remuneration	**427**	155
Other staff costs		
— Salaries and other allowances	**15,960**	13,110
— Retirement benefit scheme contributions	**1,554**	1,415
	17,514	14,525
Total staff costs	**17,941**	14,680

9. INCOME TAX EXPENSE

	2019 *RMB'000*	2018 *RMB'000*
PRC Enterprise Income Tax ("EIT")		
Current year	**8,969**	10,447
Underprovision in prior year	**13**	26
	8,982	10,473
Deferred taxation	**3,113**	190
	12,095	10,663

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 both years 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 RMB98,851,000 as at 31 December 2019 (2018: RMB65,321,000), 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 2019, nor has any dividend been proposed since the end of the reporting period (2018: 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:

	2019	2018
Earnings:		
Earnings for the purpose of basic earnings per share (in RMB'000)	**19,084**	21,275
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**318,904,110**	281,819,178
Effect of dilutive potential ordinary shares:		
Over-allotment option *(Note)*	—	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**318,904,110**	N/A

Note: The computation of diluted earnings per share during the year ended 31 December 2019 does 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. No diluted earnings per share during the year ended 31 December 2018 was presented as there was no potential ordinary shares in issue.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**158**	241
Other receivables	**1,829**	1,218
Prepayments	**3,462**	189
Deposits	**2,178**	1,174
Deferred share issue costs	**—**	3,092
	7,627	5,914
Less: Prepayment paid for property, plant and equipment classified as non-current assets	**(2,100)**	—
Deposits paid for construction in progress classified as non-current assets	**(2,178)**	(1,171)
Trade and other receivables, deposits and prepayments — current portion	**3,349**	4,743

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:

	2019	2018
	RMB'000	*RMB'000*
0–30 days	**72**	155
31–60 days	**—**	—
61–90 days	**—**	—
More than 90 days	**86**	86
	158	241

The balance of RMB86,000 as at 31 December 2019 (2018: RMB86,000) which is past due more than 90 days are not considered as in default as those balances are 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.

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**1,086**	3,975
Accrued construction costs	**3,157**	6,750
Salaries payable	**2,139**	2,282
Accrued listing expenses	**—**	5,047
Accrued share issue costs	**—**	1,677
Examination fees payable	**2,242**	3,530
Other tax payables	**1,746**	1,324
Other payables	**2,393**	1,337
	12,763	25,922

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:

	2019	2018
	RMB'000	*RMB'000*
0–30 days	**1,086**	3,975

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We operated two driving schools, 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.

Driven by the requirement of the Driving Training Curriculum that trainees registered on or after 1 October 2018 must satisfy the relevant minimum training hours requirement before they apply for taking the relevant driving tests, the demand for our premium courses, which offer higher numbers of training hours than our standard courses, has increased significantly.

The following table sets out the breakdown of the number of course enrolments by our trainees by types of courses during the year ended 31 December 2019:

	For the year ended 31 December			
	2019		**2018**	
	Number of course enrollments	*%*	*Number of course enrollments*	*%*
Tong Tai School				
Large vehicles				
— Standard courses	**1**	**0.1**	391	3.2
— Premium courses	**5,295**	**41.7**	4,606	37.2
Small Vehicles				
— Standard courses	**—**	**—**	454	3.7
— Premium courses	**2,330**	**18.4**	1,858	15.0
Shun Da School				
Small vehicles				
— Standard courses	**—**	**—**	1,750	14.1
— Premium courses	**5,036**	**39.8**	3,325	26.8
Total	**12,662**	**100.0**	12,384	100.0
Total standard courses	**1**	**0.1**	2,595	21.0
Total premium courses	**12,661**	**99.9**	9,789	79.0
Total	**12,662**	**100.0**	12,384	100.0

In order to meet different customer needs, our driving schools still offer standard courses and premium courses to our trainees. For the two years ended 31 December 2018 and 2019, we had 15,324 and 15,472 trainees who attended our driving courses, respectively. Our trainees may make advance bookings for driving lessons according to their own learning schedules, subject to confirmations by our teaching affair office. In respect of our premium courses, our driving schools currently offer to our trainees driving training for a number of training hours that is equal to the minimum training hours requirements specified in the Driving Training Curriculum. For the two years ended 31 December 2018 and 2019, our premium courses comprised holidays and weekends courses, economy courses and VIP courses. Our VIP courses for Large Vehicles provide different complimentary supporting services including pick-up services, catering services and/or accommodation services without additional charges.

The following table sets out the breakdown of our revenue by types of vehicles and types of driving courses for the two years ended 31 December 2018 and 2019:

	For the year ended 31 December					
	2019			2018		
	Number of trainees attended	***RMB'000***	***%***	*Number of trainees attended*	*RMB'000*	*%*
Large Vehicles						
— Standard courses	**305**	**1,402**	**1.5**	776	4,618	5.9
— Premium courses	**6,103**	**72,215**	**77.3**	5,074	59,071	76.0
— Additional training services	**N/A**	**170**	**0.1**	N/A	749	1.0
Sub-total	**6,408**	**73,787**	**78.9**	5,850	64,438	82.9
Small Vehicles						
— Standard courses	**1,077**	**716**	**0.8**	4,249	2,901	3.7
— Premium courses	**7,987**	**18,755**	**20.1**	5,225	9,733	12.5
— Additional training services	**N/A**	**194**	**0.2**	N/A	627	0.9
	9,064	**19,665**	**21.1**	9,474	13,261	17.1
Total	**15,472**	**93,452**	**100.0**	15,324	77,699	100.0

For the two years ended 31 December 2018 and 2019, our total revenue amounted to approximately RMB77.7 million and RMB93.5 million, respectively. For the year ended 31 December 2019, our driving schools generated revenues from large and small vehicles of approximately RMB73.8 million and RMB19.7 million, respectively, representing approximately 78.9% and 21.1% of the total revenue of our Group, respectively. Our driving schools generated revenues from standard courses, including the revenue from additional training services, and premium courses of approximately RMB2.5 million and RMB91.0 million, respectively, representing approximately 2.6% and 97.4% of the total revenue of our Group, respectively.

During the year ended 31 December 2019, the revenue generated from our premium courses increased both in magnitude and proportion. We believe that this was mainly attributable to the Driving Training Curriculum and the Assessment Framework Adjustment, which imposed the requirements on minimum training hours and certain new requirements on the On-site Driving Test and the On-road Driving Test, respectively. We believe that as a result of the Driving Training Curriculum and the Assessment Framework Adjustment, our premium courses, which offered training hours which satisfied the requirement on minimum training hours on or after 21 March 2018, became more attractive.

Financial Review

1. Overview

For the year ended 31 December 2019, we recorded revenue of RMB93.5 million, a 20.3% increase RMB77.7 million for the year ended 31 December 2018. A gross profit of RMB59.4 million and gross profit margin of the Group was 63.6% for the year ended 31 December 2019 as compared with RMB50.5 million and 65.0% for the year ended 31 December 2018, respectively.

The net profit attributable to owners of the Group for the year ended 31 December 2019 was RMB19.1 million, representing an decrease of RMB2.2 million or a 10.3% decrease from the corresponding period in 2018. The net profit margin attributable to owners of the Company was 20.4% and 27.4% for the years ended 31 December 2019 and 31 December 2018, respectively. The adjusted net profit, excluding the impact from listing expenses, attributable to owners of the Group for the year ended 31 December 2019 was RMB33.7 million, representing an increase of RMB2.1 million or a 6.6% increase from the corresponding period in 2018. The adjusted net profit margin, excluding the impact from listing expenses, attributable to owners of the Company was 36.1% and 40.7% for the years ended 31 December 2019 and 31 December 2018, respectively.

2. *Revenue*

Total revenue of our Group for the year ended 31 December 2018 and 2019 amounted to approximately RMB77.7 million and RMB93.5 million, respectively. Our revenue increased by approximately RMB15.8 million, or approximately 20.3%, for the year ended 31 December 2019 as compared to that for the year ended 31 December 2018. This increase was primarily attributable to the increase in revenue generated from the provision of driving training services for Large Vehicles and Small Vehicles of approximately RMB9.3 million and RMB6.4 million, respectively.

The revenue generated from the provision of driving training services for Large Vehicles increased by approximately RMB9.3 million, or approximately 14.5%, to approximately RMB73.8 million for the year ended 31 December 2019 from approximately RMB64.4 million for the year ended 31 December 2018. Such increase was mainly attributable to the increase in each of 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 5,850 and 318,668, respectively, for the year ended 31 December 2018 to 6,408 and 368,891, respectively, for the year ended 31 December 2019 as a result of the increase in the number of trainees who attended our premium courses.

The revenue generated from the provision of driving training services for Small Vehicles increased by approximately RMB6.4 million, or approximately 48.3%, to approximately RMB19.7 million for the year ended 31 December 2019 from approximately RMB13.3 million for the year ended 31 December 2018. Such increase was mainly attributable to the increase 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 5,225 and 199,353 for the year ended 31 December 2018 to 7,987 and 243,180, respectively, for the year ended 31 December 2019 as a result of the increased focus on promoting driving courses for Small Vehicles at Shun Da School and Tong Tai School and the increase in course fees of premium courses for Small Vehicles since second quarter of 2018.

During the year ended 31 December 2019, the revenue generated from our premium courses of both Large Vehicles and Small Vehicles increased both in magnitude and proportion which was mainly attributable to (i) the Driving Training Curriculum and the Assessment Framework Adjustment on 1 October 2018, which imposed the requirements on minimum training hours and certain new requirements on the on-site driving test and the on-road driving test, respectively and (ii) our intention to continue to develop our driving training business for Large Vehicles and Small Vehicles in parallel because pursuant to the Provisions on the Application for and Use of Motor Vehicle Driving Licenses (2016 Amendment), the application for a B1 license requires the applicant to be a holder of other types of driving licenses, of which two being C1 license and C2 license; and our trainees of Small Vehicles who successfully pass all the Driving Tests and obtain driving licenses of Small Vehicles are quite likely, though not necessarily, to take or have preference to take, our driving courses of Large Vehicles.

3. *Cost of services rendered*

For the year ended 31 December 2018 and 2019, our Group's cost of services rendered amounted to approximately RMB27.2 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 charges, depreciation of rights-of-use assets, fuel expenses and other expenses. Our cost of services rendered increased by approximately RMB6.8 million, or approximately 25.2%.

Employee benefit expenses increased by approximately RMB2.5 million, or approximately 21.0%, from approximately RMB11.8 million for the year ended 31 December 2018 to approximately RMB14.3 million for the year ended 31 December 2019 which was mainly attributable to the increase in the number of driving instructors, despite decreased average salaries of our driving instructors and other supporting staff as a result of the business expansion during the year ended 31 December 2019. Our fuel expenses increased by approximately RMB0.5 million, or approximately 6.7%, from approximately RMB7.7 million for the year ended 31 December 2018 to approximately RMB8.3 million for the year ended 31 December 2019, which was mainly attributable to the increase in the actual number of training hours of our trainees. Our depreciation and amortisation charges increased by approximately RMB3.9 million, or approximately 91.1% from approximately RMB4.3 million for the year ended 31 December 2018 to approximately RMB8.3 million for the year ended 31 December 2019 mainly attributable to the increase in depreciation charges for the transfer of construction in progress upon the completion of part of the dormitory building in January 2019. Other expenses increased by approximately RMB0.3 million, or approximately 23.7%, from approximately RMB1.1 million for the year ended 31 December 2018 to approximately RMB1.3 million for the year ended 31 December 2019, mainly attributable to the increase in repair and maintenance expenses of motor vehicles and motor vehicles expenses.

4. Gross profit and gross profit margin

As a result of the increase in our revenue from the provision of driving training services for Large Vehicles, which was primarily attributable to the significant increase in the total number of trainees for our premium of courses of Large Vehicles for reasons explained above, our gross profit for Large Vehicles increased by approximately RMB5.3 million, or approximately 12.1%, from approximately RMB44.1 million for the year ended 31 December 2018 to approximately RMB49.5 million for the year ended 31 December 2019. Our gross profit margin from the provision of driving training services for large vehicles decreased by approximately 1.4 percentage points to approximately 67.0% for the year ended 31 December 2019 from approximately 68.4% for the year ended 31 December 2018, mainly attributable to the increase in gross profit contributed from the enrolment of our premium courses for large vehicles with lower gross profit margin than the one from standard courses.

As a result of the combined effect of the increase in our revenue from the provision of driving training services for small vehicles, which was primarily attributable to the increase in total number of trainees of our premium courses for Small Vehicles and the increase in actual number of training hours of our trainees of small vehicles, our gross profit for Small Vehicles increased by approximately RMB3.6 million, or approximately 55.7%, from approximately RMB6.4 million for the year ended 31 December 2018 to approximately RMB9.9 million for the year ended 31 December 2019. Our gross profit margin from the provision of driving training services for Small Vehicles increased by approximately 2.5 percentage points to approximately 50.6% for the year ended 31 December 2019 from approximately 48.1% for the year ended 31 December 2018, mainly attributable to the increase in gross profit margin of our premium courses for Small Vehicles as a result of the gradual increase in the course fees for our premium courses for small vehicles since May 2018.

5. Listing expenses

Our listing expenses increased by approximately RMB4.3 million, or approximately 41.5%, from approximately RMB10.3 million for the year ended 31 December 2018 to approximately RMB14.6 million for the year ended 31 December 2019. Our listing expenses mainly included legal and professional fees paid to professional parties in relation to the Listing.

6. Finance costs

Our finance costs increased by approximately RMB2.7 million, or approximately 141.4%, from approximately RMB1.9 million for the year ended 31 December 2018 to approximately RMB4.6 million for the year ended 31 December 2019 mainly attributable to the decreased capitalised interest upon the completion of leasehold improvement of staff quarter.

7. Liquidity and Source of Funding and Borrowing

The Group's bank balances and cash increased from approximately RMB77.5 million as at 31 December 2018 to approximately RMB190.8 million as at 31 December 2019 which was mainly attributable to the increase in operating cash flows and proceeds from the IPO.

As at 31 December 2019, the current assets of the Group amounted to approximately RMB194.2 million, including approximately RMB190.8 million in bank balances and cash and approximately RMB3.3 million in trade and other receivables, deposits and prepayments. The current liabilities of the Group amounted to approximately RMB57.5 million, including approximately RMB12.8 million in trade and other payables and accruals, approximately RMB32.5 million in contract liability, approximately RMB11.5 million in tax liabilities, approximately RMB50,000 in borrowings and approximately RMB0.7 million in lease liabilities. As at 31 December 2019, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 3.37 (31 December 2018: 1.28).

8. Gearing ratio

As at 31 December 2019, the gearing ratio of the Group, which was calculated based on total debt, including all interest-bearing loans, obligations under finance lease/lease liabilities and amount due to a director divided by total equity, was approximately 0.26 times (31 December 2018: 0.59 times).

9. Material Investments

The Group did not make any material investments during the year ended 31 December 2019.

10. Material acquisitions and disposals

The Group did not make any material acquisitions and disposals during the year ended 31 December 2019.

11. Pledge of Assets

As at 31 December 2019, the current and non-current borrowings of the Group amounting to approximately RMB50.1 million were guaranteed and pledged by certain prepaid land lease payments/rights-of-use assets, office buildings and the operation rights of certain subsidiaries of the Group.

12. Contingent Liabilities

As at 31 December 2019, our Group did not have any material contingent liabilities or guarantees and no member of our Group was involved in any claim, litigation or arbitration of material importance and no claim, 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.

13. Foreign Exchange Exposure

As at 31 December 2019 and 2018, 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.

14. Employee and Remuneration Policy

As at 31 December 2019 and 2018, we had 412 and 371 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 the Directors and the senior management of the Group is determined by the Company's remuneration committee which reviews and recommends to the Board of the compensation of the Directors and the senior management based on the Group's performance and their respective contributions to the Group.

The Company also has a Share Option Scheme and please refer to the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix V to the Prospectus for further details.

The total employees benefit expenses incurred by the Group for the year ended 31 December 2019 was approximately RMB17.5 million (for the year ended 31 December 2018: approximately RMB14.7 million).

The following table sets forth the total number of employees by function as at 31 December 2019:

	Number of employees	*% of the total*
Function		
Driving instructors	328	79.6
Sale and marketing	30	7.3
Finance and accounting	7	1.7
Teaching affair office	10	2.4
Administration	33	8.0
Vehicle management	4	1.0
Total	412	100.0

Events after the Reporting Period

Subsequent to the Reporting Period, the Company made announcements on 3 February 2020 and 13 March 2020 in relation to the suspension of driving training services due to the influence of the COVID-19 and the partial resumption of the provision of driving training services, respectively.

Road Transport Management Bureau of Suiping County* (遂平縣道路運輸管理局) (the "**Bureau**") issued the "Notice on Suspension of Driving Training Services of Driving Training Service Providers in Suiping County"* (關於遂平縣駕駛員培訓機構暫停學員培訓的通知) (the "**Notice**") on 26 January 2020 to all driving training service providers regulated by the Bureau. Under the Notice, all driving training service providers in Suiping County were requested to, among other things, suspend the provision of all driving training services in Suiping County until further notice. All driving training service providers were strictly prohibited from resuming their services without the permission of the Bureau.

Tong Tai School and Shun Da School, both being indirect wholly-owned subsidiaries of our Company which are principally engaged in the provision of driving training services, are regulated by the Bureau and accordingly had to suspend the provision of all driving training services until further notice. Both Tong Tai School and Shun Da School had already informed their respective trainees on the suspension.

On 13 March 2020, the Company has made a further announcement on the partial resumption of provision of driving training services. Tong Tai School made an application for resumption of the provision of driving training services to the Bureau and relevant government authority on 19 February 2020 and received an official notice from the Bureau and relevant government authority on the permission to resume operation. Subsequent to the receipt of the official notice, and in light of the travel restriction which remained in force in Suiping County whereby the Board expected that certain driving instructors and employees, as well as trainees of Tong Tai School might be unable to return to Tong Tai School, the Board partially resumed the provision of driving training services of Tong Tai School from 29 February 2020.

The Board will continue to monitor the latest development of the COVID-19 pandemic in Henan province and if it thinks fit, direct Tong Tai School to resume its full operation and direct Shun Da School to make an application to the Bureau for resumption of the provision of driving training services.

As at the date of this announcement, Tong Tai School continues to maintain partial operation, and Shun Da School has yet to make an application to the Bureau for resumption of the provision of driving training services since travel restriction still remains in force.

Future Development and Prospects

I. Overall macro economy

The year 2020 is destined to be an extraordinary year and the year for China to achieve the decisive victory in "comprehensively eliminating absolute poverty", while 2021 is the year by which the goal of "building China into a moderately prosperous society in all respects by the centennial anniversary of the founding of Chinese Communist Party" as set by Chinese government will be reached, which attaches great importance to 2020. At the beginning of the critical year of 2020, due to the impact of the COVID-19, the economic activities throughout the country were suspended, which was destructive to the economy. Fortunately, the pandemic improved and stabilised after February and economies in various areas other than Hubei Province began to rebound in March. It is expected that the Chinese economy will maintain stable growth with momentum in the second quarter and achieve fast growth in the second half of the year. In light of the resilience of Chinese economy, the impact of the pandemic is transient and the recovery is certain.

II. Changes of impacts on the driving training services industry

With the economic recovery, online transactions will experience significant growth. Since the consumer purchase is inhibited during the whole Spring Festival holidays, consumer purchases is expected to rebound in the second quarter. Coupled with people's preference for online shopping due to the change of consumption habits as a result of the pandemic, the logistics and transportation industry is expected to grow in the second quarter. As such, the accompanying demand for freight drivers is expected to surge in the second quarter, and the demand for driving training services is expected to increase. At the same time, due to the impact of the pandemic, people tend to consciously avoid travelling by public transportation means to prevent themselves from being infected. We expect that people who do not have a vehicle may plan to learn to drive and buy a vehicle, which is expected to be beneficial to the driving training services market as a whole. All in all, the industry is adversely affected by the pandemic in the first quarter, but the industry is expected to gradually recover in the second quarter and return to the normal level of development in the second half of the year.

III. Our measures for the current situation

We expect the operating targets our Group had set for the first half of the year 2020 to be adversely affected by the outbreak of the COVID-19 pandemic. Given that our provision of driving training services has been gradually resuming since early March 2020, we will strive to achieve the annual targets set for the first half of the year 2020. During this period of partial resumption, we will improve our internal management system and provide our driving instructors with continuous educational support. We will continue with our effective internal measures on disease prevention and control and collaborate with the relevant government authority to minimise the impact of COVID-19 pandemic on our business operation. We will also extensively utilise online marketing methods to secure customers and encourage course enrollment by telephone and WeChat in advance. Throughout the year, we will continue with our strategy on the acquisition of land for new training fields and commence with our plans to acquire training vehicles and recruit driving instructors.

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, the Securities and Futures Commission of Hong Kong transaction levy for the new Shares in the Company and the listing expenses in connection with the Share Offer.

As at 31 December 2019, a total of approximately HK$8.2 million had been utilised by the Group according to the allocation set out hereinbelow:

	% of net proceeds	**Net proceeds from IPO** *HK$'000*	**Utilisation during the year ended 31 December 2019** *HK$'000*	**Unutilised amount as at 31 December 2019** *HK$'000*
Acquisition of a parcel of land	45.7	49,547	—	49,547
Construction of training fields	12.3	13,333	—	13,333
Purchase of training vehicles	9.7	10,517	—	10,517
Recruitment and training costs for 40 new driving instructors	9.6	10,408	—	10,408
Repayment of bank loans	12.7	13,769	—	13,769
Working capital and general corporate purposes	10.0	10,844	8,230	2,614
Total	100.0	108,418	8,230	100,188

As disclosed in the section headed "Business — Our Strategy" of the Prospectus, the Group intended to expand the existing training fields for Large Vehicles by acquiring and developing a new parcel of land. According to the expected timeline of land acquisition, the Group intended to, among other things, identify the acquisition target in November 2019 and commence with the bidding, auction and quotation of the relevant parcel of land in December 2019.

Immediately after the listing exercise, studies were conducted by the management of the Group to identify potential targets available for acquisition at the time being. However, having considered the locations of the pool of the then available land parcels, and the adverse implications on cost efficiency and the operation model of our Group should the land parcel be too distant from our current driving schools sites, the Board was of the view that it was for the best interests of the Company and the Shareholders as a whole to prolong the identification exercise in order to locate a more suitable and desirable target for acquisition. Due to the influence of the COVID-19 as disclosed in the section headed "Events after the Reporting Period" in this announcement, the Board expects the identification exercise to be further prolonged and the Company was not able to proceed to further stages as at the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend to the Shareholders for the year ended 31 December 2019 (2018: Nil).

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

During the Reporting Period, 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.

Save as disclosed hereinbelow, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code:

a. Code provision A.1.1 of the Corporate Governance Code states that meetings of the board of directors of a listed issuer should be held at least four times a year at approximately quarterly intervals. Since the Shares were listed on 24 October 2019, being the Listing Date, only one Board meeting was held during the year ended 31 December 2019. Immediately after the Reporting Period and up to the date of this announcement, the Board has held one meeting on 27 March 2020 with all the Directors present. The Board will make arrangements for holding at least four meetings for every subsequent years.

b. Code provision A.2.7 of the Corporate Governance Code states that the chairman of the board of directors of a listed issuer should hold meetings with the independent non-executive directors at least annually without the presence of other directors. Since the Shares were listed on 24 October 2019, being the Listing Date, there were no urgent matters to be discussed back then. The Chairman will make arrangements for holding at least one meeting with the independent non-executive Directors for every subsequent years.

c. Code provision C.2.5 of the Corporate Governance Code states that a listed issuer should have an internal audit function. Having assessed the scale, nature and complexity of the business of the Group, the Board is of the view that it would be more cost effective to appoint an external independent consultant to perform the internal audit functions for the Group should the need arises. The Board will continue to review the need for an internal audit function on an annual basis.

d. Code provision C.3.3(i) of the Corporate Governance Code states that the terms of reference of the audit committee of a listed issuer shall have the terms that the members of the committee must meet at least twice a year with the auditors of the listed issuer. The Company has included such terms in relevant terms of reference, and thus complied with the code provision during the Reporting Period. However, since the Shares were listed on 24 October 2019, being the Listing Date, only one meeting was held during the Reporting Period to discuss, among other things, the audit planning and major accounting, financial reporting and audit issues. Immediately after the Reporting Period and up to the date of this annual report, the Audit Committee has held one meeting on 27 March 2020 with all the members present. The Audit Committee will make arrangements for holding at least two meetings for every subsequent years.

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 the 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. Review by the 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 Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2019 and is of the view that save as those disclosed herein in this announcement, such results complied with the applicable accounting standards and requirements under the Listing Rules and other applicable legal and regulatory requirements.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.china-oriented.com). The annual report of the Group for the year ended 31 December 2019 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

FURTHER ANNOUNCEMENT

The Company estimates that the audit process will be completed in April 2020 subject to the travel restriction imposed by the relevant government authority are lifted. Following the completion of the auditing process, a further announcement relating to the audited financial results; the proposed date on which the forthcoming annual general meeting will be held; and the period during which the register of members holding Shares will be closed for the purpose of ascertaining the eligibility of the Shareholders to attend and vote at the said meeting will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.china-oriented.com).

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to the Company's management and staff members 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 of 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"	the listing of and the commencement of dealings in the Shares, on the Main Board of the Stock Exchange
"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 of 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
"Reporting Period"	the period from the Listing Date to 31 December 2019
"RMB" or "Renminbi"	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
"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 prospectus 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
"Assessment Framework Adjustment"	the adjustment to the assessment framework of the Driving Tests promulgated by the Ministry of Public Security on 15 August 2017 and effective on 1 October 2017
"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

"Driving Training Curriculum"	the Driving Training Curriculum (機動車駕駛培訓教學大綱), being a part of the Outline of the Motor Vehicle Driver Training, Education and Examination (《機動車駕駛培訓教學與考試大綱》) issued by the Ministry of Transport and the Ministry of Public Security on 18 August 2016 specifying, among others, the minimum training hours required for preparation of each of the Driving Tests for driving training for various vehicle types in the PRC
"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

27 March 2020

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.