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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)**

### **UPDATES ON THE DISCLOSEABLE TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE COMPANY**

#### **INTRODUCTION**

This announcement is made by China Oriented International Holdings Limited (向中國國際控股有限公司) (the “**Company**”) pursuant to Rule 14.36 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcements of the Company dated 2 September 2020 and 10 September 2020 in relation to the entering into of articles of association between 駐馬店通泰文化傳媒有限公司 (Zhumadian Tongtai Cultural Media Company Limited)\* (“**Tongtai Cultural**”), an indirectly wholly-owned subsidiary of the Company, 遂平縣中禾熱力有限公司 (Suiping Zhonghe Thermal Power Limited Company)\* (“**Suiping Zhonghe**”) 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)\* (“**Zhumadian R&U Construction**”, together with Suiping Zhonghe, the “**JV Partners**”). Pursuant to the aforesaid articles of association, Tongtai Cultural, Suiping Zhonghe and Zhumadian R&U Construction agreed to form 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.

Unless otherwise defined herein, capitalised terms used herein shall have the same meaning ascribed to them in the aforesaid announcements.

#### **TRANSFER OF EQUITY INTEREST IN THE JV COMPANY**

The Board wishes to announce that on 8 July 2021 (after trading hours of the Stock Exchange), Tongtai Cultural (as the transferor) entered into an equity transfer agreement with Suiping Zhonghe (as the transferee) (the “**Equity Transfer**”). Pursuant to the agreement, Tongtai Cultural agreed to transfer 5% equity interest, representing its entire equity interest in the JV Company, to Suiping Zhonghe at nil consideration, which was

arrived at after arm's length negotiations taking into account that Tongtai Cultural has not made any capital contribution in respect of its 5% equity interest in the JV Company, or injected any assets in place of capital contribution into the JV Company as at the date of the Equity Transfer.

Save for certain minimal administration expenses incurred relating to the Equity Transfer, there is no material impact on the business operation and financial position of the Group.

Prior to the Equity Transfer, the JV Company was owned as to 85% by Suiping Zhonghe, 10% by Zhumadian R&U Construction and 5% by Tongtai Cultural respectively. Subsequent to the Equity Transfer, the JV Company will be owned as to 90% by Suiping Zhonghe and 10% by Zhumadian R&U Construction. Tongtai Cultural will no longer have any equity interest in the JV Company.

### **REASONS FOR AND BENEFITS OF THE TRANSFER OF THE EQUITY INTEREST**

The Company and the JV Partners were unable to reach a consensus on the proposed timetable on the business development and operation of the JV Company. The Board considers that any further delay in reaching consensus would not be in the interest of the Company and the Shareholders as a whole. Accordingly, the Company, through Tongtai Cultural, sought to withdraw from the JV Company by transferring its entire equity interest to Suiping Zhonghe.

Despite the fact that there has only been approximately ten months after the signing of the JV Articles, the Board chose to proceed with the Equity Transfer since it takes the view that by facilitating the Equity Transfer, the Company may divert our time, effort and resources into our principal business of driving training services and/or other potential business opportunities that may bring better value to the Company and the Shareholders as a whole.

In view of the above reasons and benefits, the Board is of the view that the Equity Transfer is entered into in the ordinary and usual course of business of the Company and is on normal commercial terms, fair and reasonable in the interest of the Company and the Shareholders as a whole.

### **INFORMATION ON THE GROUP AND THE JV COMPANY**

Our Group is principally engaged in the provision of driving training services. Tongtai Cultural is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The JV Company is a company established in the PRC with limited liability. As at the date of this announcement, it is principally engaged in production, supply and sale of electricity, thermal power, installation and sale of thermal power pipelines and fittings, and supply of heat energy to cities subject to approval of relevant authorities.

## **INFORMATION ON THE TRANSFEREE**

Suiping Zhonghe is a company established in the PRC with limited liability. As at the date of this announcement, it is principally engaged in the installation and sales of thermal power pipelines and fittings, and supply of heat energy to cities subject to approval of relevant authorities. According to publicly available information and to the best of the knowledge, information and belief of the Board having all reasonable enquiry, the ultimate beneficial owners of Suiping Zhonghe remained the same as that disclosed in the announcement of the Company dated 10 September 2020.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Suiping Zhonghe and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **COMPLIANCE WITH THE LISTING RULES**

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules as the Equity Transfer constitutes a material variation to the terms of a transaction previously announced by the Company.

Furthermore, as all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Equity Transfer are below 5%, the Equity Transfer is not a notifiable transaction under Chapter 14 of the Listing Rules.

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

8 July 2021

*As at the date of this announcement, the Board comprises Mr. Qi Xiangzhong and Ms. Zhao Yuxia as executive Directors; Dr. Yeung Cheuk Kwong as non-executive Director; Mr. Chan Siu Wah, Mr. Cheng Chun Shing and Mr. Goh Teng Hwee as independent non-executive Directors.*

\* *For identification purpose only*