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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 2021

RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 which were extracted from the audited consolidated financial statements of the Group as set out in the Company's 2020 annual report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Revenue	4	67,151	67,963
Cost of services rendered		(44,488)	(38,170)
Gross profit		22,663	29,793
Other income and losses, net	6	2,595	6,193
Reversal of/(provision for) allowance for expected credit loss on other receivables		40	(1,468)
Selling and marketing expenses		(3,027)	(4,012)
Administrative expenses		(16,764)	(16,930)
Finance costs	7	(3,894)	(3,932)
Profit before income tax	8	1,613	9,644
Income tax expense	9	(5,063)	(2,819)
(Loss)/profit and total comprehensive (loss)/ income for the year attributable to the owners of the Company		(3,450)	6,825
(Loss)/earnings per share attributable to the owners of the Company	11		
– Basic and diluted (RMB cents)		(0.86)	1.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	<i>12</i>	82,113	87,955
Right-of-use assets	<i>13</i>	46,644	48,962
Intangible assets		–	–
Deposits paid for construction in progress	<i>14</i>	1,739	1,790
Prepayment paid for property, plant and equipment	<i>14</i>	1,080	1,440
		<hr/> 131,576	<hr/> 140,147
Current assets			
Trade and other receivables, deposits and prepayments	<i>14</i>	2,997	5,496
Amount due from a director of the Company		–	2,283
Bank balances and cash		175,242	167,588
		<hr/> 178,239	<hr/> 175,367
Current liabilities			
Trade and other payables and accruals	<i>15</i>	17,200	20,419
Contract liabilities		30,463	34,811
Tax liabilities		3,073	6,174
Lease liabilities	<i>16</i>	962	1,207
Borrowings		32,750	36,800
		<hr/> 84,448	<hr/> 99,411
Net current assets		<hr/> 93,791	<hr/> 75,956
Total assets less current liabilities		<hr/> 225,367	<hr/> 216,103

		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Lease liabilities	16	1,298	2,260
Borrowings		9,000	–
Deferred tax liabilities	17	8,390	3,714
		<u>18,688</u>	<u>5,974</u>
Net assets		<u>206,679</u>	<u>210,129</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		3,608	3,608
Reserves		203,071	206,521
		<u>206,679</u>	<u>210,129</u>
Total equity		<u>206,679</u>	<u>210,129</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 February 2017 under the Companies Law of the Cayman Islands. 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, the 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 are listed on the Main Board of the Stock Exchange.

In the opinion of the directors of the Company, the Company's immediate and ultimate holding company is Alpha Leap Holdings Limited, which is incorporated in the British Virgin Islands (the "BVI") and is wholly-owned by Mr. Qi Xiangzhong.

The Company is an investment holding company. Its operating subsidiaries are 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 of all the group entities operate (the functional currency of group entities).

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of amendments to HKFRSs effective from 1 January 2021

In the preparation of the consolidated financial statements for the year ended 31 December 2021, the Group has applied the following amendments to HKFRSs, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform Phase 2

The application of the amendments to HKFRSs in the current year has 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.

(b) 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:

		Effective for annual reporting periods beginning on or after
Amendment to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendment to AG 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts and the Related Amendments	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors are in the progress of assessing the impact to the Group's consolidated financial performance and position by adopting the new and amendments to HKFRSs.

4. REVENUE

Revenue, which is also the Group's turnover, represents the income from provision for driving training services and recognised over time. Revenue recognised during the year are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Driving training service income		
Standard course	4,253	3,219
Premium course	62,229	64,082
Additional training fees	669	662
	<u>67,151</u>	<u>67,963</u>

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 executive directors of the Company review the (loss)/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 a 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 LOSSES, NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Government grants (<i>Note</i>)	–	5,547
Income from issuance of certificate of qualification validation	1,270	–
Interest income	657	627
Value-added tax refund	606	–
Income on expiry of driving courses	252	521
Loss on disposal of property, plant and equipment	(28)	(93)
Exchange loss, net	(196)	(416)
Others	34	7
	<u>2,595</u>	<u>6,193</u>

Note: During the year ended 31 December 2020, the Group received government grants amounting to RMB5,000,000 from the PRC government for the successful listing by the Company of its Share on the Main Board of the Stock Exchange. There were no unfulfilled conditions or other contingencies attached to these subsidies.

7. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank loans	3,655	3,645
Interest on leases liabilities	239	287
	<u>3,894</u>	<u>3,932</u>

8. PROFIT BEFORE INCOME TAX

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Directors' remuneration	1,514	1,379
Other staff costs		
– Salaries and other allowances	21,399	20,445
– Retirement benefit scheme contributions	1,718	719
	<u>24,631</u>	<u>22,543</u>
Auditor's remuneration	750	1,347
Depreciation of:		
– Property, plant and equipment	10,350	8,441
– Right-of-use assets	2,318	2,099
Donations	270	388
	<u>270</u>	<u>388</u>

9. INCOME TAX EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
The PRC Enterprise Income Tax (“EIT”)		
– Current year	3,007	4,467
– Over-provision in prior years	<u>(2,620)</u>	<u>(2)</u>
	387	4,465
Deferred tax	<u>4,676</u>	<u>(1,646)</u>
	<u><u>5,063</u></u>	<u><u>2,819</u></u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Pursuant to the applicable laws, rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions during the year ended 31 December 2021 (2020: Nil).

No provision for Hong Kong Profits Tax has been recognised in the consolidated financial statements during the year ended 31 December 2021 as the Group does not have income which arises in, or derived from, Hong Kong (2020: Nil).

The PRC EIT has been provided at the rate of 25% (2020: 25%) on the taxable profits of the Group’s subsidiaries in the PRC during the year ended 31 December 2021.

Under the Law of the PRC on EIT, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to approximately RMB114,047,000 as at 31 December 2021 (2020: RMB109,990,000), 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 was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

11. (LOSS)/EARNINGS PER SHARE

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

	2021	2020
(Loss)/earnings		
(Loss)/profit for the year attributable to the owners of the Company for the purpose of basic (loss)/earnings per share (in RMB'000)	<u><u>(3,450)</u></u>	<u><u>6,825</u></u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u><u>400,000,000</u></u>	<u><u>400,000,000</u></u>

There were no potential ordinary shares in issue for the year ended 31 December 2021 (2020: Nil).

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	Total RMB'000
COST								
At 1 January 2020	31,891	36,339	5,512	535	918	18,429	2,696	96,320
Additions	-	10,659	5,330	474	703	6,326	708	24,200
Disposals	-	-	-	-	-	(628)	-	(628)
Reclassification	844	2,560	-	-	-	-	(3,404)	-
At 31 December 2020 and 1 January 2021	32,735	49,558	10,842	1,009	1,621	24,127	-	119,892
Additions	52	-	640	152	260	3,620	-	4,724
Disposals	-	-	-	-	-	(778)	-	(778)
At 31 December 2021	32,787	49,558	11,482	1,161	1,881	26,969	-	123,838
ACCUMULATED DEPRECIATION								
At 1 January 2020	3,671	5,025	4,106	488	673	9,977	-	23,940
Provided for the year	1,615	3,571	414	69	201	2,571	-	8,441
Disposals	-	-	-	-	-	(444)	-	(444)
At 31 December 2020 and 1 January 2021	5,286	8,596	4,520	557	874	12,104	-	31,937
Provided for the period	1,559	4,277	1,232	99	292	2,891	-	10,350
Disposals	-	-	-	-	-	(562)	-	(562)
At 31 December 2021	6,845	12,873	5,752	656	1,166	14,433	-	41,725
CARRYING VALUES								
At 31 December 2021	<u>25,942</u>	<u>36,685</u>	<u>5,730</u>	<u>505</u>	<u>715</u>	<u>12,536</u>	<u>-</u>	<u>82,113</u>
At 31 December 2020	<u>27,449</u>	<u>40,962</u>	<u>6,322</u>	<u>452</u>	<u>747</u>	<u>12,023</u>	<u>-</u>	<u>87,955</u>

13. RIGHT-OF-USE ASSETS

	Leasehold lands <i>RMB'000</i>	Building <i>RMB'000</i>	Motor vehicles <i>RMB'000</i> <i>(Note)</i>	Total <i>RMB'000</i>
COST				
At 1 January 2020	44,990	126	3,428	48,544
Additions	510	–	4,031	4,541
At 31 December 2020, 1 January 2021 and 31 December 2021	45,500	126	7,459	53,085
ACCUMULATED DEPRECIATION				
At 1 January 2020	1,290	23	711	2,024
Charges for the year	1,335	22	742	2,099
At 31 December 2020 and 1 January 2021	2,625	45	1,453	4,123
Charges for the year	1,355	23	940	2,318
At 31 December 2021	3,980	68	2,393	6,441
CARRYING VALUES				
At 31 December 2021	41,520	58	5,066	46,644
At 31 December 2020	42,875	81	6,006	48,962

Note:

As at 31 December 2021 and 2020, all motor vehicles under hire-purchase arrangement with purchase options. The Group is reasonably certain to exercise the purchase options and the exercise price of purchase options, if any were included in lease liabilities.

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	112	592
Other receivables	39	314
Prepayments	3,926	6,030
Deposits	1,739	1,790
	5,816	8,726
Less: Prepayment paid for property, plant and equipment classified as non-current assets	(1,080)	(1,440)
Deposits paid for construction in progress classified as non-current assets	(1,739)	(1,790)
Current portion	2,997	5,496

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:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 30 days	112	592

No balance as at 31 December 2021 (2020: Nil) 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 and deposits are all denominated in the functional currency of the respective entities in the Group.

15. TRADE AND OTHER PAYABLES AND ACCRUALS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables (<i>Note</i>)	1,357	2,970
Accrued construction costs	5,741	7,325
Salaries and other staff cost payables	2,163	1,927
Accrued directors' remuneration	1,096	616
Examination fees payables	1,877	2,269
Other tax payables	1,722	1,937
Other payables	3,244	3,375
	<u>17,200</u>	<u>20,419</u>

Note:

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0 – 60 days	1,132	2,970
61 – 90 days	34	–
91 – 120 days	4	–
121 – 365 days	–	–
Over 365 days	187	–
	<u>1,357</u>	<u>2,970</u>

16. LEASE LIABILITIES

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Lease liabilities payable:		
Within one year	1,098	1,446
Within a period of more than one year but not exceeding two years	445	1,098
Within a period of more than two years but not exceeding five years	514	787
Over five years	710	882
	<u>2,767</u>	<u>4,213</u>
Less: Future financial charges	(507)	(746)
	<u>2,260</u>	3,467
Less: Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	(962)	(1,207)
	<u>1,298</u>	<u>2,260</u>
Amounts due for settlement after twelve months from the end of the reporting period	<u>1,298</u>	<u>2,260</u>

The weighted average incremental borrowing rates applied to lease liabilities range from 5.8% to 11.0% (2020: 6.0% to 11.5%). All leases are entered at fixed prices. The Group does not face significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

17. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereon during the year:

	Temporary difference on depreciation of property, plant and equipment <i>RMB'000</i>	Temporary difference on interest capitalisation <i>RMB'000</i>	Revenue recognition <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2020	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 and 1 January 2021	297	2,047	1,370	3,714
Charged/(credited) to profit or loss	<u>3,065</u>	<u>(151)</u>	<u>1,762</u>	<u>4,676</u>
At 31 December 2021	<u><u>3,362</u></u>	<u><u>1,896</u></u>	<u><u>3,132</u></u>	<u><u>8,390</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We are a provider of driving training services based in Zhumadian City, Henan province, the PRC. We engage in the provision of driving training services through our two major 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.

Each of Tong Tai School and Shun Da School are currently offering two types of driving training courses for our trainees, namely standard courses and premium courses. Standard courses are designed for trainees who wish to complete only part of the minimum training hours requirements. Trainees, who have enrolled in our standard courses, wish to fulfil the minimum training hours requirements, or for other reasons wish to have further training, may subscribe from the respective school for additional training services on an hourly basis. Premium courses offer to trainees driving training for a number of training hours that is equal to the minimum training hours requirements specified in the Driving Training Curriculum. 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 and/or accommodation services without additional charges.

Throughout the year ended 31 December 2021, our overall number of course enrolments and our overall number of trainees attended our driving courses continued to improve. We recorded an overall positive growth for both the total number of course enrolment for, and the total number of trainees attended on, our driving courses for the year ended 31 December 2021, as comparing to that for the year ended 31 December 2020. We attribute the overall improvement in our business performance to the steady recovery of market conditions in the PRC throughout the year 2021, the effect of which was however partially offset by the occurrence of extreme weather conditions and flooding, as well as the sporadic outbreak of Covid-19 pandemic in Henan province during the second half of the year 2021, which had temporarily suspended the entire driving training system in Henan province and has a negative impact on our business performance for the second half of the year ended 31 December 2021.

Our total number of course enrolments for the year ended 31 December 2021 recorded an overall increase of 3.1% from 12,645 for the year ended 31 December 2020 to 13,040.

Both Tong Tai School and Shun Da School marked positive growth in the overall number of course enrolments for the year ended 31 December 2021, as comparing to that for the year ended 31 December 2020. The total number of course enrolments of Shun Da School amounted to 3,264 (the year ended 31 December 2020: 2,993), representing an increase of approximately 9.1%. The total number of course enrolments of Tong Tai School amounted to 9,776 (the year ended 31 December 2020: 9,652), representing a slight increase of approximately 1.3%.

The number of course enrolments for both Large Vehicles and Small Vehicles also recorded an overall improvement. For premium courses, we recorded a slight growth in the number of course enrolments for premium courses of Large Vehicles, with an increase of approximately 3.2% from 6,168 for the year ended 31 December 2020 to 6,365 for the year ended 31 December 2021. However, the number of course enrolments for premium courses of Small Vehicles decreased by approximately 19.1% from 3,730 for the year ended 31 December 2020 to 3,018 for the year ended 31 December 2021. Meanwhile, for standard courses, we recorded a decrease of approximately 26.8% in the number of course enrolments for standard courses of Large Vehicles from 611 for the year ended 31 December 2020 to 447 for the year ended 31 December 2021. On the other hand, the number of course enrolments for standard courses of Small Vehicles improved by approximately 50.3%, from 2,136 for the year ended 31 December 2020 to 3,210 for the year ended 31 December 2021.

The following table sets out a breakdown of the number of course enrolments for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020:

	For the year ended 31 December		2020	
	2021		2020	
	<i>Number of course enrolments</i>	<i>%</i>	<i>Number of course enrolments</i>	<i>%</i>
Tong Tai School				
Large vehicles				
– Standard courses	447	3.4	611	4.8
– Premium courses	6,365	48.8	6,168	48.8
Small Vehicles				
– Standard courses	403	3.1	207	1.6
– Premium courses	2,561	19.7	2,666	21.1
Shun Da School				
Small vehicles				
– Standard courses	2,807	21.5	1,929	15.3
– Premium courses	457	3.5	1,064	8.4
Total	13,040	100.0	12,645	100.0
<u>Course</u>				
Total standard courses	3,657	28.0	2,747	21.7
Total premium courses	9,383	72.0	9,898	78.3
Total	13,040	100.0	12,645	100.0
<u>Driving school</u>				
Tong Tai School	9,776	75.0	9,652	76.3
Shun Da School	3,264	25.0	2,993	23.7
Total	13,040	100.0	12,645	100.0
<u>Driving course</u>				
Large Vehicles	6,812	52.2	6,779	53.6
Small Vehicles	6,228	47.8	5,866	46.4
Total	13,040	100.0	12,645	100.0

We recorded an overall increase in the number of trainees attended our driving course for the year ended 31 December 2021, but a slight decrease in total revenue for the year ended 31 December 2021. The total number of trainees who attended our driving courses for the year ended 31 December 2021 amounted to 15,183 (year ended 31 December 2020: 15,046), representing a slight increase of approximately 0.9%. The total revenue of the Group for the year ended 31 December 2021 amounted to approximately RMB67.2 million (year ended 31 December 2020: approximately RMB68.0 million), representing a slight decrease of approximately 1.2%. Our provision of driving training services for Large Vehicles continued to be our primary source of revenue, accounting for approximately 82.7% of our total revenue (year ended 31 December 2020: 78.6%). Revenue generated from premium courses contributed to approximately 92.7% of our total revenue (the year ended 31 December 2020: 94.3%).

The following table sets out a breakdown of the number of trainees attended our driving courses, as well as our revenue by types of vehicles and types of driving courses for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020:

	For the year ended 31 December					
	2021			2020		
	<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	548	1,266	1.9	441	1,426	2.1
– Premium courses	8,111	53,985	80.4	6,307	51,625	76.0
– Additional training services	N/A	264	0.4	N/A	343	0.5
Sub-total	<u>8,659</u>	<u>55,515</u>	<u>82.7</u>	<u>6,748</u>	<u>53,394</u>	<u>78.6</u>
Small Vehicles						
– Standard courses	2,761	2,987	4.4	2,208	1,823	2.6
– Premium courses	3,763	8,244	12.3	6,090	12,428	18.3
– Additional training services	N/A	405	0.6	N/A	318	0.5
	<u>6,524</u>	<u>11,636</u>	<u>17.3</u>	<u>8,298</u>	<u>14,569</u>	<u>21.4</u>
Total	<u><u>15,183</u></u>	<u><u>67,151</u></u>	<u><u>100.0</u></u>	<u><u>15,046</u></u>	<u><u>67,963</u></u>	<u><u>100.0</u></u>

Future Development and Prospects

The year 2021 was a year with unexpected challenges. Despite positive signs of economic rebound during the first half of the year 2021, the overall economy of Henan province for the second half of the year 2021 was adversely impacted by sporadic outbreaks of Covid-19 cases, extreme weather conditions and flooding. The entire driving training system in Henan province was temporarily suspended during the third quarter of the year 2021, affecting driving training and testing of trainees. Meanwhile, there were regulatory changes introduced by the PRC government relating to setting-up of driving schools in the PRC which came into effect since the third quarter of the year 2021, which lowered the threshold for existing Small Vehicles driving schools to enter into the field of providing Large Vehicles driving training services, thus intensified the competition in the driving training services market and putting pressure on Tong Tai School and Shun Da School in adjusting course fees to capture and maintain market shares. To overcome the challenging environment, we have in response adopted the following strategies throughout the year 2021 to improve our business and operational performance:

1. Cross-region and cross-province enrolments and training were restricted due to the impact of the epidemic. Setting foot in the core market of Zhumadian City, we developed the market to reach natural villages in order to set up outlets and promotion points in all villages, and lay a solid market foundation for further development in the core market.
2. We strictly followed the epidemic prevention measures. Entering or exiting our driving schools at any time of the year requires QR code scanning, temperature testing and nucleic acid test report within 48 hours, and we kept traceable records of external visitors. We ensured that our driving schools provide training in a safe environment and effectively prevent the occurrence of Covid-19 outbreaks.
3. We have been actively searching for suitable lands for potential targets of acquisitions and development into new training fields. We have also acquired new training vehicles and built ancillary facilities to improve our operational capacity.
4. We adjusted our internal organisation structure to improve the professional ability and management level of our senior management, so as to facilitate better market development and improve service level.
5. We adjusted our marketing strategy and expanded the market scope, by stepping up our marketing effect outside Henan province, with a focus on the market penetration in Xinjiang, Hunan, Hainan and Zhejiang to further improve our number of course enrolment. We timely adjusted our policies in the epidemic inflicted areas to recruit trainees under the premise of safe epidemic prevention.

6. We actively participated in the skill competition for motor vehicle driving instructors organised by the Henan Provincial Department of Transportation, with two of our driving training instructors entered the provincial team for training. With the training base located at Tong Tai School, our teaching standard was uplifted while our teaching method was standardised at the same time.

Going forward to the year 2022, we will earnestly implement the following strategies;

1. With the established foothold at Zhumadian City, we will extend to the surrounding areas. As the enrolment network of Zhumadian City is being set up, we also expand the scope of the market to the surrounding areas, so as to ensure our leading position in the core market and reduce the impact on enrolment due to sporadic outbreaks of the epidemic.
2. We will continue to expand our operational capacity and speed up relevant process to ensure profit as we need to improve our course enrolment numbers in response to the downward price adjustment for course fees.
3. Standardised instruction will be normalised to improve our teaching quality and teaching results, thus increasing the satisfaction of our regular customers, which in turn will improve our market share and trainee enrolment.
4. We will further step up our marketing and advertising effort outside Henan province to gradually expand our market scope and share in other PRC provinces and regions. Emphasis is put on the development of the markets outside the province with low passing rates on tests, to achieve enrolments in these areas by providing quality teaching methods and high passing rates.
5. We will also continue with our efforts on online enrolment. As online enrolment is not restricted by space or time, when complemented with offline market development, online and offline interactions can be achieved and enrolments can be accomplished in key areas.

Financial Review

1. Overview

Our overall financial performance for the year ended 31 December 2021 has worsened as comparing to that for the year ended 31 December 2020. We recorded a slight decline in total revenue by RMB0.8 million (or approximately 1.2%) from RMB68.0 million for the year ended 31 December 2020 to RMB67.2 million for the year ended 31 December 2021. Our gross profit has decreased by RMB7.1 million (or approximately 23.9%) from RMB29.8 million for the year ended 31 December 2020 to RMB22.7 million for the year ended 31 December 2021. Our gross profit margin has also decreased by 10.1 percentage points from 43.8% for the year ended 31 December 2020 to 33.7% for the year ended 31 December 2021.

We recorded the net loss attributable to the owners of the Company of approximately RMB3.5 million for the year ended 31 December 2021 as compared to the net profit attributable to the owners of the Company by RMB6.8 million for the year ended 31 December 2020. We also recorded a net loss margin attributable to the owners of the Company of 5.1% for the year ended 31 December 2021 as compared to the net profit margin attributable to the owners of the Company of 10.0% for the year ended 31 December 2020. The profit before income tax attributable to the owners of the Company has decreased by RMB8.0 million (or approximately 83.3%) from approximately RMB9.6 million for the year ended 31 December 2020 to approximately RMB1.6 million for the year ended 31 December 2021.

2. Revenue

Our revenue decreased slightly by approximately RMB0.8 million (or approximately 1.2%) from RMB68.0 million for the year ended 31 December 2020 to RMB67.2 million for the year ended 31 December 2021. The slight decrease was resulted from the combined effect of increase in revenue generated from the provision of driving training services for Large Vehicles of approximately RMB2.1 million, which was offset by the decrease in revenue generated from the provision of driving training services for Small Vehicles of approximately RMB2.9 million, which was mainly attributable to the impact of downward price adjustment to our course fees for driving courses for both Large Vehicles and Small Vehicles in response to (i) regulatory changes with effect from the third quarter of the year 2021 relating to setting-up of driving schools in the PRC, which had lowered the threshold for entry into the industry and increased the number of competing driving training service provider for Large Vehicles in the PRC; and (ii) keen competition following the outbreak of Covid-19 pandemic.

The revenue generated from the provision of driving training services for Large Vehicles slightly increased by approximately RMB2.1 million (or approximately 4.0%), from approximately RMB53.4 million for the year ended 31 December 2020 to approximately RMB55.5 million for the year ended 31 December 2021. The increase was mainly attributable to the combined effect of 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 6,748 and 374,028, respectively, for the year ended 31 December 2020 to 8,659 and 486,813, for the year ended 31 December 2021, respectively, the positive effect of which on revenue was, however, offset by the effect of the downward price adjustments to our course fee for Large Vehicles throughout the year 2021, which led to decrease in the average course fee per hour and thus revenue.

The revenue generated from the provision of driving training services for Small Vehicles has decreased by approximately RMB2.9 million (or approximately 20.1%), from approximately RMB14.6 million for the year ended 31 December 2020 to approximately RMB11.6 million for the year ended 31 December 2021. Such decrease was mainly attributable to (i) the downward price adjustments to our course fee throughout the year 2021 which led to decrease in the average course fee per hour and thus revenue and (ii) the decrease in the number of trainees who attended our driving courses of Small Vehicles and the actual number of training hours of our trainees of Small Vehicles from 8,298 and 203,420 for the year ended 31 December 2020 to 6,524 and 171,742, for the year ended 31 December 2021, respectively. The decrease in both the number of trainees who attended our driving courses of Small Vehicles and the actual number of training hours of our trainees of Small Vehicles were mainly due to the combined effect of the increase in the number of trainees who attended our standard courses, which is offset by the effect of the significant decrease in the number of trainees attended our premium course.

3. *Cost of services rendered*

Our cost of services rendered mainly comprises (i) employee benefit expenses paid to our driving instructors and other supporting staff; (ii) depreciation on property, plant and equipment and rights-of-use assets; and (iii) fuel expenses. Our cost of services rendered increased by approximately RMB6.3 million (or approximately 16.6%), from approximately RMB38.2 million for the year ended 31 December 2020 to approximately RMB44.5 million for the year ended 31 December 2021.

Employee benefit expenses increased by approximately RMB0.9 million (or approximately 5.0%), from approximately RMB17.2 million for the year ended 31 December 2020 to approximately RMB18.0 million for the year ended 31 December 2021. The increase was mainly attributable to the combined effect of the increase in salaries paid to our driving instructors and other supporting staff in line with the increase in the actual number of training hours of our trainees, which was offset by the decreased average salaries resulted from the change in the calculation bases of salaries.

Our fuel expenses increased by approximately RMB3.5 million (or approximately 47.5%), from approximately RMB7.3 million for the year ended 31 December 2020 to approximately RMB10.8 million for the year ended 31 December 2021, which was mainly attributable to the increase in the actual number of training hours of our trainees as well as the overall increase in the average unit price of gasoline .

Our depreciation and amortisation charges increased by approximately RMB1.7 million (or approximately 17.8%) from approximately RMB9.3 million for the year ended 31 December 2020 to approximately RMB11.0 million for the year ended 31 December 2021, which was mainly attributable to the increase in depreciation charges for the new training motor vehicles and the depreciation charges of right-of-use assets for the new parcel of leased land for our expansion of training field since second half of the year 2020 and the depreciation charges for the office equipment for our new computer software and monitoring system of our training fields.

4. *Gross profit and gross profit margin*

Our overall gross profit from the provision of driving training services decreased by approximately RMB7.1 million (or approximately 23.9%), from approximately RMB29.8 million for the year ended 31 December 2020 to approximately RMB22.7 million for the year ended 31 December 2021. The decrease in our overall gross profit is in line with the decrease in our total revenue. Our gross profit margin from the provision of driving training services also decreased by approximately 10.1 percentage points from approximately 43.8% for the year ended 31 December 2020 to approximately 33.7% for the year ended 31 December 2021.

Our gross profit for Large Vehicles decreased by approximately RMB5.2 million (or approximately 19.9%), from approximately RMB26.0 million for the year ended 31 December 2020 to approximately RMB20.8 million for the year ended 31 December 2021. Our gross profit margin from the provision of driving training services for Large Vehicles decreased by approximately 11.2 percentage points from approximately 48.7% for the year ended 31 December 2020 to approximately 37.5% for the year ended 31 December 2021. The decrease in both gross profit and gross profit margin was mainly attributable to (i) the downward price adjustments to our course fee for the driving courses of Large Vehicles in response to (a) keen competition following the outbreak of Covid-19 pandemic; and (b) regulatory changes with effect from the third quarter of the year 2021 relating to setting-up of a driving schools in the PRC, throughout the year 2021 which had intensified competitions and put pressure on Tong Tai School in adjusting course fees eventually led to decrease in the average course fee per hour in 2021; (ii) the increase in the fuel expenses due to increase in the number of the trainees who attended our driving training course and the increase in the actual number of training hours of our trainees of Large Vehicles, as well as the overall increase in the average unit price of gasoline; and (iii) the increase in the depreciation and amortization charges from the driving training services for Large Vehicles.

Our gross profit for Small Vehicles decreased by approximately RMB2.0 million (or approximately 51.4%), from approximately RMB3.8 million for the year ended 31 December 2020 to approximately RMB1.9 million for the year ended 31 December 2021. Our gross profit margin from the provision of driving training services for Small Vehicles also decreased by approximately 10.3 percentage points from approximately 26.2% for the year ended 31 December 2020 to approximately 15.9% for the year ended 31 December 2021. The decrease in both gross profit and gross profit margin was mainly attributable to (i) the decrease in our revenue for the provision of driving training services for Small Vehicles, which is attributable to the decrease in the total number of trainees attended our driving courses for Small Vehicles as well as the decrease in actual number of training hours of our trainees of Small Vehicles, and (ii) the effect of the downward price adjustments to our course fee for the driving courses of Small Vehicles in response to keen competition following the outbreak of Covid-19 pandemic, which led to decrease in the average course fee per hour.

5. *Other Income and losses, net*

Our other income decreased by approximately RMB3.6 million (or approximately 58.1%), from approximately RMB6.2 million for the year ended 31 December 2020 to approximately RMB2.6 million for the year ended 31 December 2021. The decrease was mainly attributable to (i) the increase in value-added tax refund benefited from the subsidy from local tax authority in face of the outbreak of Covid-19 and (ii) the increase in income from the provision of service for the issuance of certificate of qualification validation for Large Vehicles, which was offset by the effect of (i) the absence of the one-off government grants for approximately RMB5.0 million received by the Group in the second half of the year 2020 for the successful listing by the Company of its Shares on the Main Board of the Stock Exchange and (ii) the decrease in the written-back from the other payables to our trainees withdrawn of enrolment over three years during the year ended 31 December 2021.

6. *Selling and marketing expenses*

Our selling and marketing expenses decreased by approximately RMB1.0 million, (or approximately 24.6%), from approximately RMB4.0 million for the year ended 31 December 2020 to approximately RMB3.0 million for the year ended 31 December 2021. Such decrease was mainly attributable to the decrease in marketing and advertising expenses.

7. *Administrative expenses*

Our administrative expenses are stable and slightly decreased by approximately RMB0.2 million (or approximately 1.0%) from approximately RMB16.9 million for the year ended 31 December 2020 to approximately RMB16.8 million for the year ended 31 December 2021.

8. *Finance costs*

Our finance costs are stable at approximately RMB3.9 million for the year ended 31 December 2021 and 2020.

9. *Income tax expense*

Our income tax expense increased by approximately RMB2.2 million (or approximately 79.6%), from approximately RMB2.8 million for the year ended 31 December 2020 to approximately RMB5.1 million for the year ended 31 December 2021, which was mainly attributable to the combined effect of the increase in deferred tax expense recognised for the temporary difference in depreciation of property, plant and equipment of approximately RMB3.1 million and revenue recognition of approximately RMB1.8 million, respectively, for the year ended 31 December 2021 as compared to the deferred tax credited for the temporary difference in depreciation of property, plant and equipment of approximately RMB0.3 million and revenue recognition of approximately RMB1.2 million, respectively, for the year ended 31 December 2020 which was offset by the decrease in current income tax of approximately RMB1.5 million and an over-provision in prior year's income tax of approximately RMB2.6 million for the year ended 31 December 2021.

10. *(Loss)/profit and total comprehensive (loss)/income for the year*

As a result of the above factors, we recorded loss and total comprehensive loss of approximately RMB3.5 million for the year ended 31 December 2021, as compared to the profit and total comprehensive income of approximately RMB6.8 million for the year ended 31 December 2020, which was mainly attributable to (i) the lower gross profit margin of both Small and Large Vehicles resulting from the downward price adjustment to our course fee for the driving courses of both Large Vehicles and Small Vehicles; (ii) the increase in the actual number of training hours of our trainees as well as the overall increase in the average unit price of gasoline; (iii) the overall decrease in other income and (iv) increase in deferred tax expenses recognised for the temporary difference on depreciation of property, plant and equipment and revenue recognition. Accordingly, the net loss margin attributable to the owners of the Company for the year ended 31 December 2021 was 5.1%, as compared to the net profit margin attributable to the owners of the Company of 10.0% for the year ended 31 December 2020.

11. *Liquidity and Source of Funding and Borrowing*

The Group's bank balances and cash increased from approximately RMB167.6 million as at 31 December 2020 to approximately RMB175.2 million as at 31 December 2021, which was mainly attributable to the increase in operating cash flows.

As at 31 December 2021, the current assets of the Group amounted to approximately RMB178.2 million, including approximately RMB175.2 million in bank balances and cash, and approximately RMB3.0 million in trade and other receivables, deposits and prepayments. The current liabilities of the Group amounted to approximately RMB84.4 million, including approximately RMB17.2 million in trade and other payables and accruals, approximately RMB30.5 million in contract liabilities, approximately RMB3.1 million in tax liabilities, approximately RMB32.8 million in borrowings and approximately RMB1.0 million in lease liabilities. As at 31 December 2021, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 2.11 (31 December 2020: 1.76).

As of 31 December 2021, the Group had aggregate interest-bearing borrowings of approximately RMB32.8 million which are repayable within one year and approximately RMB9.0 million which are repayable within a period of more than one year but not exceeding two years, as compared to approximately RMB36.8 million which are repayable within one year as of 31 December 2020. The increase in borrowings is mainly due to the new bank loans in July and August 2021, respectively.

12. Gearing ratio

As at 31 December 2021, 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 0.21 times (31 December 2020: 0.19 times).

13. Material Investments

The Group did not make any material investments during the year ended 31 December 2021.

14. Material acquisitions and disposals

On 8 July 2021 (after trading hours of the Stock Exchange), Tongtai Cultural (as the transferor) entered into an equity transfer agreement with 遂平縣中禾熱力有限公司 (Suiping Zhonghe Thermal Power Limited Company) (“Suiping Zhonghe”) (as the transferee). Pursuant to the agreement, Tongtai Cultural agreed to transfer 5% equity interest, representing its entire equity interest in 河南中禾熱電有限公司 (Henan Zhonghe Thermal Power Limited Company), to Suiping Zhonghe at nil consideration. As at 8 July 2021, Tongtai Cultural had not made any capital contribution in respect of its 5% equity interest in Henan Zhonghe Thermal Power Limited Company, or injected any assets in place of capital contribution into Henan Zhonghe Thermal Power Limited Company. As a result, there is no financial impact to the Group’s consolidated financial statements. Details of the said transfer were set out in the announcement of the Company dated 8 July 2021. Other than the aforesaid, the Group had not made any other material acquisitions and/or disposals during the year ended 31 December 2021.

15. Borrowings and pledge of Assets

As of 31 December 2021, the Group had an aggregate interest-bearing borrowings of approximately RMB41.8 million as compared to approximately RMB36.8 million as of 31 December 2020. The borrowings of RMB32.8 million are repayable within one year and RMB9.0 million are repayable within a period of more than one year but not exceeding two years.

As of 31 December 2021, the Group’s borrowings of approximately RMB41.8 million were at fixed interest rates. As at 31 December 2021, the current portion and non-current portion borrowings of the Group amounting to approximately RMB32.8 million and approximately RMB9.0 million, respectively. Bank borrowings of approximately RMB38.8 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 and a bank borrowing of RMB3.0 million is unsecured and unguaranteed.

16. Contingent Liabilities

As at 31 December 2021, 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.

17. *Foreign Exchange Exposure*

As at 31 December 2021, 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 arises.

18. *Employee and Remuneration Policy*

As at 31 December 2021, we had 423 employees, representing a slight decrease from that of 443 employees as at 31 December 2020. 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. 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 2021 was approximately RMB23.1 million (for the year ended 31 December 2020: approximately RMB21.2 million).

The following table sets forth the total number of Directors and employees by function as at 31 December 2021:

Function	<i>Number of employees</i>	<i>% of the total</i>
Directors	6	1.4
Driving instructors	312	73.8
Sale and marketing	31	7.3
Finance and accounting	10	2.4
Teaching affair office	20	4.7
Administration	39	9.2
Vehicle management	5	1.2
	<hr/>	<hr/>
Total	423	100.0
	<hr/> <hr/>	<hr/> <hr/>

Subsequent Events

There are no material events subsequent to 31 December 2021 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, Securities and Futures Commission transaction levy for the new shares in the Company and the listing and other expenses in connection with the IPO.

As at 31 December 2021, a total of approximately HK\$32.7 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 period from the listing date (i.e 24 October 2019) to 31 December 2021 HK\$'000	Unutilised amount as at 31 December 2021 HK\$'000	Expected timeframe for intend use HK\$'000
Acquisition of a parcel of land	45.7	49,547	–	49,547	By the end of June 2022
Construction of training fields	12.3	13,333	–	13,333	By the end of June 2022
Purchase of training vehicles	9.7	10,517	5,269	5,248	By the end of June 2022
Recruitment and training costs for 40 new driving instructors	9.6	10,408	2,769	7,639	By the end of June 2022
Repayment of bank loans	12.7	13,769	13,769	–	–
Working capital and general corporate purposes	10.0	10,844	10,844	–	–
Total	<u>100.0</u>	<u>108,418</u>	<u>32,651</u>	<u>75,767</u>	

The Board does not anticipate any changes to the intended use of net proceeds as previously disclosed in the Prospectus.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend to Shareholders for the year ended 31 December 2021 (year ended 31 December 2020: Nil).

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

During the year ended 31 December 2021, 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. 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 2021, the Company has complied with all applicable code provisions set out in 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. 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 discussed with the management in reviewing the consolidated financial statements of the Group for the year ended 31 December 2021, The Audit Committee is of the view that 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

This announcement is published on the websites of the Stock Exchange at (www.hkexnews.hk) and the website of the Company at (www.china-oriented.com). The annual report of the Group for the year ended 31 December 2021 will also be published on the aforesaid websites and will be dispatched to the Shareholders in due course.

ACKNOWLEDGEMENT

On behalf of the Board, we would like to express our sincere gratitude to our management, staff members and 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;
“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” or “we”	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 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;
“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 the Company; and
“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, also commonly known as “Large Buses”;
“A2 Vehicles”	large and medium full-trailers or half-trailer vehicles, also commonly known as “Towing Vehicles”;
“A3 Vehicles”	vehicles for carrying 10 or more passengers as city buses, also commonly known as “City Buses”;
“B1 Vehicles”	medium sized vehicles shorter than 6m; and with a capacity for 10-19 passengers, also commonly known as “Medium Buses”;
“B2 Vehicles”	large and medium sized trucks and large and medium sized working vehicles, also commonly known as “Large Trucks”;
“C1 Vehicles”	small manual vehicles, light-goods manual vehicles and light-duty manual working vehicles, also commonly known as “Small Manual Cars”;
“C2 Vehicles”	small automatic vehicles, light-goods automatic vehicles and light-duty automatic working vehicles, also commonly known as “Small Automatic Cars”;
“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;

“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; and
“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

29 March 2022

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.