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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2022, together with the comparative figures for the six months ended 30 June 2021. 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.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

		For the six months ended	
	<i>Notes</i>	30 June 2022	30 June 2021
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	31,455	35,476
Cost of services rendered		(21,087)	(22,475)
		<hr/>	<hr/>
Gross profit		10,368	13,001
Other income and losses, net	6	960	1,727
Selling and marketing expenses		(1,640)	(1,262)
Administrative expenses		(7,094)	(7,181)
Finance costs	7	(2,336)	(1,859)
		<hr/>	<hr/>
Profit before income tax	8	258	4,426
Income tax expense	9	(199)	(386)
		<hr/>	<hr/>
Profit and total comprehensive income for the period attributable to the owners of the Company		59	4,040
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
– Basic and diluted (RMB cents)	11	0.01	1.01
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	12	77,586	82,113
Right-of-use assets	13	48,253	46,644
Deposits paid for construction in progress	14	1,772	1,739
Prepayment paid for property, plant and equipment	14	10,933	1,080
		138,544	131,576
Current assets			
Trade and other receivables, deposits and prepayments	14	3,151	2,997
Bank balances and cash		178,127	175,242
		181,278	178,239
Current liabilities			
Trade and other payables and accruals	15	20,445	17,200
Contract liabilities		23,185	30,463
Tax liabilities		1,882	3,073
Lease liabilities	16	1,452	962
Borrowings	18	46,250	32,750
		93,214	84,448
Net current assets		88,064	93,791
Total assets less current liabilities		226,608	225,367

		As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities	16	2,779	1,298
Borrowings	18	9,000	9,000
Deferred tax liabilities	17	8,091	8,390
		<u>19,870</u>	<u>18,688</u>
Net assets		<u>206,738</u>	<u>206,679</u>
Equity attributable to the owners of the Company			
Share capital		3,608	3,608
Reserves		203,130	203,071
		<u>206,738</u>	<u>206,679</u>
Total equity		<u>206,738</u>	<u>206,679</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands 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, 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.

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 condensed 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

Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2021, and therefore, do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2021.

Basis of measurement

The condensed consolidated financial statements have been prepared on the historical cost basis at the end of the reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The condensed consolidated financial statements have not been audited.

3. ADOPTION OF AMENDMENTS TO HKFRSs

(a) Application of new or revised HKFRSs effective from 1 January 2022

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Amendments to AG 5 (Revised)	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(b) New and amendments to HKFRSs that have been issued but not yet effective

The following new and amendments to HKFRS have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
HKFRS 17	Insurance Contracts and the Related Amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Those new and amendments to HKFRS that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

4. REVENUE

	For the six months ended	
	30 June 2022 <i>RMB'000</i> (Unaudited)	30 June 2021 <i>RMB'000</i> (Unaudited)
Driving training service income		
Standard course	1,754	2,425
Premium course	29,279	32,706
Additional training fees	422	345
	<u>31,455</u>	<u>35,476</u>

All the Group's revenue are recognised over time.

5. SEGMENT INFORMATION

The Group is principally engaged in provision of driving training services. For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable and operating segment which is provision of driving training services. The chief executive, Mr. Qi Xiangzhong, reviews the profit for the period 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 periods.

6. OTHER INCOME AND LOSSES, NET

	For the six months ended	
	30 June 2022 <i>RMB'000</i> (Unaudited)	30 June 2021 <i>RMB'000</i> (Unaudited)
Government grants	140	–
Income on expiry of driving courses	229	254
Income from issuance of certificate of qualification validation	294	766
Interest income	313	326
Value added tax refund	77	494
Others	5	51
Exchange loss, net	(47)	(156)
Loss on disposal of property, plant and equipment	(51)	(8)
	<u>960</u>	<u>1,727</u>

7. FINANCE COSTS

	For the six months ended	
	30 June 2022 <i>RMB'000</i> (Unaudited)	30 June 2021 <i>RMB'000</i> (Unaudited)
Interest on bank loans	2,257	1,725
Interest on leases liabilities	79	134
	<u>2,336</u>	<u>1,859</u>

8. PROFIT BEFORE INCOME TAX

	For the six months ended	
	30 June 2022 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Unaudited)
Profit before income tax has been arrived at after charging:		
Directors' remuneration	657	657
Other staff costs		
– Salaries and other allowances	9,811	11,258
– Retirement benefit scheme contributions	843	811
	<u>11,311</u>	<u>12,726</u>
Auditor's remuneration	10	11
Depreciation of:		
– Property, plant and equipment	5,238	5,119
– Right-of-use assets	1,184	1,159
Donation	16	62
	<u>10</u>	<u>18</u>

9. INCOME TAX EXPENSE

	For the six months ended	
	30 June 2022 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Unaudited)
The PRC Enterprise Income Tax ("EIT")		
– Current year	497	3,365
– Under-provision in prior year	1	423
	<u>498</u>	<u>3,788</u>
Deferred tax credit	<u>(299)</u>	<u>(3,402)</u>
	<u>199</u>	<u>386</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 British Virgin Islands (the "BVI"), the Group is not subject to any income tax under these jurisdictions during both periods.

No provision for Hong Kong Profits Tax has been recognised during the six months ended 30 June 2021 and 2022 as the Group does not have income which arises in, or derived from, Hong Kong.

The PRC EIT has been provided at the rate of 25% (30 June 2021: 25%) on the taxable profits of the Group's subsidiaries in the PRC during the six months ended 30 June 2022.

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 tax has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to RMB115,709,000 as at 30 June 2022 (30 June 2021: RMB117,535,000), 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 during the interim period, nor has any dividend been proposed since the end of the reporting period (30 June 2021: 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:

	For the six months ended	
	30 June	30 June
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to the owners of the Company for the purpose of basic earnings per share (in RMB'000)	59	4,040
	<u><u>59</u></u>	<u><u>4,040</u></u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	400,000,000	400,000,000
	<u><u>400,000,000</u></u>	<u><u>400,000,000</u></u>

Note:

There were no potential ordinary shares in issue for the six months ended 30 June 2022 and 2021.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Equipment	Furniture and fixtures	Office equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2021 (audited)	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 and 1 January 2022 (audited)	32,787	49,558	11,482	1,161	1,881	26,969	123,838
Additions	56	37	240	4	233	245	815
Disposals	–	–	–	–	–	(1,251)	(1,251)
At 30 June 2022 (unaudited)	32,843	49,595	11,722	1,165	2,114	25,963	123,402
ACCUMULATED DEPRECIATION							
At 1 January 2021 (audited)	5,286	8,596	4,520	557	874	12,104	31,937
Provided for the year	1,559	4,277	1,232	99	292	2,891	10,350
Disposals	–	–	–	–	–	(562)	(562)
At 31 December 2021 and 1 January 2022 (audited)	6,845	12,873	5,752	656	1,166	14,433	41,725
Provided for the period	781	2,141	660	54	166	1,436	5,238
Disposals	–	–	–	–	–	(1,147)	(1,147)
At 30 June 2022 (unaudited)	7,626	15,014	6,412	710	1,332	14,722	45,816
CARRYING VALUES							
At 30 June 2022 (unaudited)	<u>25,217</u>	<u>34,581</u>	<u>5,310</u>	<u>455</u>	<u>782</u>	<u>11,241</u>	<u>77,586</u>
At 31 December 2021 (audited)	<u>25,942</u>	<u>36,685</u>	<u>5,730</u>	<u>505</u>	<u>715</u>	<u>12,536</u>	<u>82,113</u>

13. RIGHT-OF-USE ASSETS

	Leasehold lands <i>RMB'000</i>	Building <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
COST				
At 1 January 2021 (audited)	45,500	126	7,459	53,085
Additions	—	—	—	—
At 31 December 2021 and 1 January 2022 (audited)	45,500	126	7,459	53,085
Additions	—	—	2,793	2,793
At 30 June 2022 (unaudited)	45,500	126	10,252	55,878
ACCUMULATED DEPRECIATION				
At 1 January 2021 (audited)	2,625	45	1,453	4,123
Charges for the year	1,355	23	940	2,318
At 31 December 2021 and 1 January 2022 (audited)	3,980	68	2,393	6,441
Charges for the year	674	12	498	1,184
At 30 June 2022 (unaudited)	4,654	80	2,891	7,625
CARRYING VALUES				
At 30 June 2022 (unaudited)	40,846	46	7,361	48,253
At 31 December 2021 (audited)	41,520	58	5,066	46,644

Note:

As at 30 June 2022 and 31 December 2021, all motor vehicles were 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

	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	656	112
Other receivables	41	39
Prepayments	13,387	3,926
Deposits	1,772	1,739
	15,856	5,816
Less: Prepayment paid for property, plant and equipment classified as non-current assets	(10,933)	(1,080)
Deposits paid for construction in progress classified as non-current assets	(1,772)	(1,739)
Current portion	3,151	2,997

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:

	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
0 – 30 days	656	112

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

	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade payables	5,317	1,357
Accrued construction costs	5,344	5,741
Salaries and other staff cost payable	1,669	2,163
Accrued directors' remuneration	1,376	1,096
Examination fees payable	1,895	1,877
Other tax payables	1,397	1,722
Other payables	3,447	3,244
	<u>20,445</u>	<u>17,200</u>

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

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

	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
0 – 30 days	622	1,132
31 – 60 days	915	34
61 – 90 days	360	4
121 – 365 days	3,233	–
Over 365 days	187	187
	<u>5,317</u>	<u>1,357</u>

16. LEASE LIABILITIES

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Lease liabilities due:		
Within one year	1,831	1,098
Within a period of more than one year but not exceeding two years	1,237	445
Within a period of more than two years but not exceeding five years	1,463	514
Over five years	638	710
	5,169	2,767
Less: Future financial charges	(938)	(507)
	4,231	2,260
Less: Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	(1,452)	(962)
Amounts due for settlement after twelve months from the end of the reporting period	2,779	1,298

The weighted average incremental borrowing rates applied to lease liabilities range from 5.8% to 12.8% (2021: 5.8% to 11.0%). 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 following are the major deferred tax liabilities recognised and movements thereon during the six months ended 30 June 2022.

	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 2021 (audited)	297	2,047	1,370	3,714
Charged/(credited) to consolidated profit or loss	<u>3,065</u>	<u>(151)</u>	<u>1,762</u>	<u>4,676</u>
At 31 December 2021 and 1 January 2022 (audited)	3,362	1,896	3,132	8,390
Charged/(credited) to consolidated profit or loss	<u>468</u>	<u>(73)</u>	<u>(694)</u>	<u>(299)</u>
At 30 June 2022 (unaudited)	<u>3,830</u>	<u>1,823</u>	<u>2,438</u>	<u>8,091</u>

18. BORROWINGS

During the current interim period, the Group repaid bank loans amounting to nil (six months ended 30 June 2021: RMB27,800,000) and obtained new bank loan amounting to RMB13,500,000 (six months ended 30 June 2021: RMB27,800,000). The new bank loan amounting to RMB13,500,000 (six months ended 30 June 2021: RMB27,800,000) carry interest at fixed market rates of 4.4% (six months ended 30 June 2021: range from 7.6% to 11.2%), respectively, and are repayable in instalments over a period of one year. The proceeds were used as the general working capital.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We are a provider of driving training service 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.

During the six months ended 30 June 2022, our overall number of course enrolments and our overall number of trainees attended our driving courses declined. We recorded an overall negative growth for both the total number of course enrolment for, and the total number of trainees attended on, our driving courses for the six months ended 30 June 2022, as comparing to that for the corresponding period in 2021. This overall deterioration in our business performance is the effect of decrease in the actual number of training hours provided by the Group during the six months ended 30 June 2022 due to travel restriction occasionally in force in Zhumadian City, Suiping County, caused by sporadic outbreaks of COVID-19 cases, which had temporarily suspended the entire driving training system in Henan province and has a negative impact on our business performance during the six months ended 30 June 2022.

Our total number of course enrolments for the six months ended 30 June 2022 recorded an overall decrease of 27.8% from 8,097 for the six months ended 30 June 2021 to 5,846. Both Tong Tai School and Shun Da School marked negative growth in the overall number of course enrolments for the six months ended 30 June 2022, as comparing to that for six months ended 30 June 2021. The total number of course enrolments of Shun Da School amounted to 991 (six months ended 30 June 2021: 2,220), representing a significant decrease of approximately 55.4%. The total number of course enrolments of Tong Tai School amounted to 4,855 (six months ended 30 June 2021: 5,877), representing a decrease of approximately 17.4%. The overall decrease in the number of course enrolments of both Large Vehicles and Small Vehicles is mainly attributable to the sporadic outbreak of Covid-19 pandemic in Henan province resulting in occasional travel restriction imposed by the relevant authorities.

For premium courses of Small Vehicles, we recorded a slight growth in the number of course enrolments, with an increase of approximately 17.8% from 1,845 for the six months ended 30 June 2021 to 2,173 for the six months ended 30 June 2022. However, the number of course enrolments for premium courses of Large Vehicles decreased by approximately 40.2% from 3,872 for the six months ended 30 June 2021 to 2,314 for the six months ended 30 June 2022. For standard courses, we recorded a significant decrease of approximately 60.2% in the number of course enrolments for standard courses of Large Vehicles from 264 for the six months ended 30 June 2021 to 105 for the six months ended 30 June 2021, and a significant decrease of approximately 40.7% in the number of course enrolments for standard courses of Small Vehicles from 2,116 for the six months ended 30 June 2021 to 1,254 for the six months ended 30 June 2022.

The following table sets out a breakdown of the number of course enrolments by our trainees by types of courses for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021:

	For the six months ended 30 June			
	2022		2021	
	<i>Number of course enrolments</i>	<i>%</i>	<i>Number of course enrolments</i>	<i>%</i>
Tong Tai School				
Large vehicles				
– Standard courses	105	1.8	264	3.3
– Premium courses	2,314	39.6	3,872	47.8
Small Vehicles				
– Standard courses	543	9.2	148	1.8
– Premium courses	1,893	32.4	1,593	19.7
Shun Da School				
Small vehicles				
– Standard courses	711	12.2	1,968	24.3
– Premium courses	280	4.8	252	3.1
Total	5,846	100.0	8,097	100.0
Course				
Total standard courses	1,359	23.2	2,380	29.4
Total premium courses	4,487	76.8	5,717	70.6
Total	5,846	100.0	8,097	100.0
Driving school				
Total Tong Tai School	4,855	83.0	5,877	72.6
Total Shun Da School	991	17.0	2,220	27.4
Total	5,846	100.0	8,097	100.0
Driving course				
Large Vehicles	2,419	41.4	4,136	51.1
Small Vehicles	3,427	58.6	3,961	48.9
Total	5,846	100.0	8,097	100.0

We recorded an overall decrease in both total revenue and the number of trainees attended our driving courses for the six months ended 30 June 2022, but a slight increase in the number of trainees attended our standard courses of Small Vehicles for the six months ended 30 June 2022 as a result of the introduction of different types of standard course of Small Vehicles with lower course fees and less training hours. The total number of trainees who attended our driving courses for the six months ended 30 June 2022 amounted to 8,788 (six months ended 30 June 2021: 10,334), representing a decrease of approximately 15.0%. The total revenue of the Group for the six months ended 30 June 2022 amounted to approximately RMB31.5 million (six months ended 30 June 2021: approximately RMB35.5 million), also representing a decrease of approximately 11.3%. Our provision of driving training services for Large Vehicles continued to be our primary source of revenue, accounting for approximately 82.1% of our total revenue (six months ended 30 June 2021: 81.0%). Revenue generated from premium courses contributed to approximately 93.1% of our total revenue (six months ended 30 June 2021: 92.2%). 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 six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021:

	For the six months ended 30 June					
	2022			2021		
	<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	222	444	1.4	320	630	1.8
– Premium courses	4,006	25,168	80.0	5,786	27,974	78.9
– Additional training services	N/A	233	0.7	N/A	126	0.3
Sub-total	4,228	25,845	82.1	6,106	28,730	81.0
Small Vehicles						
– Standard courses	2,441	1,311	4.2	1,713	1,795	5.1
– Premium courses	2,119	4,110	13.1	2,515	4,733	13.3
– Additional training services	N/A	189	0.6	N/A	218	0.6
Sub-total	4,560	5,610	17.9	4,228	6,746	19.0
Total	8,788	31,455	100.0	10,334	35,476	100.0

Future Development and Prospects

In the first half of 2022, we experienced overall deterioration in our business performance due to travel restriction occasionally in force in Zhumadian City, Suiping County, caused by sporadic outbreaks of COVID-19 cases. The prolonged epidemic has also led to a decline in spending power and a drop in the overall number of people enrolling for driving courses, resulting in driving schools being forced to lower their course fees. We have also adjusted our course fees downward in order to maintain our market share.

On the other hand, the new PRC regulations on the application for and use of motor vehicle driving licences implemented on 1 April 2022 have simplified the process for taking driving tests and application for driving licences countrywide which we believe would provide opportunities to our Group to further expand our market in other PRC provinces.

The new PRC regulations have also introduced a new vehicle type “Small trailer vehicles(C6)” for which a driving licence is required. We are one of the few driving schools in Zhumadian City which currently have the qualification to provide driving training for C6 Vehicles, and as the course fees for C6 Vehicles would generally be higher than the course fees for other Small Vehicles, we intend to develop the market for driving training of C6 Vehicles.

We expect that we would continue to be adversely affected by sporadic outbreaks of COVID-19 cases in the second half of 2022. However, we shall strive to improve our performance and regain our market share by:

1. strengthening our market position in Zhumadian City by expanding our marketing efforts in Zhumadian City and other nearby cities in Henan Province, with a focus on potential public transportation providers to increase our course enrollments for Large Vehicles;
2. stepping up our marketing efforts outside Henan Province to expand our market scope in other PRC provinces;
3. expanding our marketing channels through the use of new media technologies such as WeChat, Douyin, Kuaisho, Xiaohongshu, etc, to reach out to wider potential customers;
4. promoting our driving courses for C6 Vehicles with the view to gaining market share in this potential new source of revenue;
5. improving the contents of our driving courses and increase the passing rate of our trainees and hence our reputation; and
6. improving our teaching quality and customer satisfaction by utilizing the application of artificial intelligence and technology in our driving training.

To prepare for sustainable growth of our business and create long-term value to our Shareholders, we shall continue with our business strategies of expanding our existing training fields for Large and Small Vehicles by acquiring suitable parcels of land and developing additional training fields.

Financial Review

1. Overview

Our overall financial performance for the six months ended 30 June 2022 has worsened as comparing to that for the corresponding period in 2021. We recorded a decline in total revenue by RMB4.0 million (or approximately 11.3%) from RMB35.5 million for the six months ended 30 June 2021 to RMB31.5 million for the six months ended 30 June 2022. Our gross profit has decreased by RMB2.6 million (or approximately 20.3%) from RMB13.0 million for the six months ended 30 June 2021 to RMB10.4 million for the six months ended 30 June 2022. Gross profit margin has also slightly decreased by 3.6 percentage points from 36.6% for the six months ended 30 June 2021 to 33.0% for the six months 30 June 2022.

We recorded the net profit attributable to the owners of the Company of approximately RMB59,000 for the six months ended 30 June 2022 as compared to the net profit attributable to the owners of the Company of approximately RMB4.0 million for the six months ended 30 June 2021. Our net profit margin attributable to the owners of the Company was 0.2% for the six months ended 30 June 2022 as compared to the net profit margin attributable to the owners of the Company of 11.4% for the six months ended 30 June 2021.

2. Revenue

Our revenue decreased by approximately RMB4.0 million, or approximately 11.3% from RMB35.5 million for the six months ended 30 June 2021 to RMB31.5 million for the six months ended 30 June 2022. This decrease was mainly attributable to the decrease in revenue generated from the provision of driving training services for Large Vehicles and Small Vehicles of approximately RMB2.9 million and RMB1.1 million, respectively. This decline in revenue is mainly attributable to the impact of overall decrease in the course enrollments of driving courses for both Large Vehicles and Small Vehicles and the decrease in each of the number of trainees who attended our driving courses and the actual number of training hours provided by the Group during the six months ended 30 June 2022 due to travel restriction occasionally in force in Zhumadian City, Suiping County, caused by sporadic outbreaks of COVID-19 cases.

The revenue generated from the provision of driving training services for Large Vehicles decreased by approximately RMB2.9 million, or approximately 10.0%, from approximately RMB28.7 million for the six months ended 30 June 2021 to approximately RMB25.8 million for the six months ended 30 June 2022. The decrease was mainly attributable to the combined effect of (i) the decrease 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 6,106 and 242,491, respectively, for the six months ended 30 June 2021 to 4,228 and 208,873, for the six months ended 30 June 2022, which offset the positive effect of the higher average course fee per hour recognised as revenue for standard course of Large Vehicles that provided less training hours and contributed higher gross profit margin during the six months ended 30 June 2022.

The revenue generated from the provision of driving training services for Small Vehicles has also decreased by approximately RMB1.1 million, or approximately 16.8%, from approximately RMB6.7 million for the six months ended 30 June 2021 to approximately RMB5.6 million for the six months ended 30 June 2022. Such decrease was mainly attributable to the decrease in the actual number of training hours of our trainees of Small Vehicles from 97,430 for the six months ended 30 June 2021 to 71,601 for the six months ended 30 June 2022 even though the number of trainees who attended our driving courses of Small Vehicles increased from 4,228 for the six months ended 30 June 2021 to 4,560 for the six months ended 30 June 2022 resulted from the increase in the number of trainees who attended our standard course of Small Vehicles, which was offset by the positive effect of the higher average course fee per hour for our standard course of Small Vehicles.

3. *Cost of services rendered*

For the six months ended 30 June 2022 and 2021, our Group's cost of services rendered amounted to approximately RMB21.1 million and RMB22.5 million, respectively. Our cost of services rendered mainly comprises employee benefit expenses paid to our driving instructors and other supporting staff, depreciation on property, plant and equipment and rights-of-use assets and fuel expenses. Our cost of services rendered decreased by approximately RMB1.4 million, or approximately 6.2%, from approximately RMB22.5 million for the six months ended 30 June 2021 to approximately RMB21.1 million for the six months ended 30 June 2022.

Employee benefit expenses decreased by approximately RMB1.6 million, or approximately 16.6%, from approximately RMB9.3 million for the six months ended 30 June 2021 to approximately RMB7.8 million for the six months ended 30 June 2022 which was mainly attributable to the decrease in salaries paid to our driving instructors and other supporting staff in line with the decrease in the actual number of training hours of our trainees. Our fuel expenses adversely increased by approximately RMB0.5 million, or approximately 10.2%, from approximately RMB5.2 million for the six months ended 30 June 2021 to approximately RMB5.7 million for the six months ended 30 June 2022, which was mainly attributable to the increase in the average unit price of gasoline since early 2021 despite the decrease in the actual number of training hours of our trainees. Our depreciation on property, plant and equipment and rights-of-use assets is stable at approximately RMB5.4 million and RMB5.5 million for the six months ended 30 June 2021 and 2022, respectively.

4. *Gross profit and gross profit margin*

Our overall gross profit from the provision of driving training services decreased by approximately RMB2.6 million, or approximately 20.3%, from approximately RMB13.0 million for the six months ended 30 June 2021 to approximately RMB10.4 million for the six months ended 30 June 2022 in line with the decrease in the revenue. Our gross profit margin from the provision of driving training services decreased by approximately 3.6 percentage points from approximately 36.6% for the six months ended 30 June 2021 to approximately 33.0% for the six months ended 30 June 2022.

Our gross profit for Large Vehicles decreased by approximately RMB2.9 million, or approximately 24.1%, from approximately RMB11.9 million for the six months ended 30 June 2021 to approximately RMB9.0 million for the six months ended 30 June 2022. Our gross profit margin from the provision of driving training services for Large Vehicles decreased by approximately 6.4 percentage points from approximately 41.4% for the six months ended 30 June 2021 to approximately 35.0% for the six months ended 30 June 2022. The decrease in both gross profit and gross profit margin was mainly attributable to the increase in the fuel expenses due to the overall increase in the average unit price of gasoline since early 2021 even though the overall decrease in the number of the trainees who attended our driving training course and the decrease in the actual number of training hours of our trainees of Large Vehicles.

Our gross profit for Small Vehicle increased by approximately RMB0.2 million, or approximately 21.1%, from approximately RMB1.1 million for the six months ended 30 June 2021 to approximately RMB1.3 million for the six months ended 30 June 2022. Our gross profit margin from the provision of driving training services for Small Vehicles increased by approximately 7.4 percentage points from approximately 16.3% for the six months ended 30 June 2021 to approximately 23.7% for the six months ended 30 June 2022. The increase in both gross profit and gross profit margin was mainly attributable to the higher average course fees per hour for our standard course of Small Vehicles, which contributed higher gross profit margin, that totally offset the negative impact from the increase in the fuel expenses due to the overall increase in the average unit price of gasoline since early 2021 despite the overall decrease in the actual number of training hours of our trainees of Small Vehicles.

5. *Other income and losses, net*

Our other income and losses, net decreased by approximately RMB0.8 million, or approximately 44.4%, from approximately RMB1.7 million for the six months ended 30 June 2021 to approximately RMB1.0 million for the six months ended 30 June 2022 which was mainly attributable to (i) significant decrease in income from issuance of certificate of qualification validation from approximately RMB0.8 million for the six months ended 30 June 2021 to approximately RMB0.3 million for the six months ended 30 June 2022 and (ii) significant decrease in value-added tax refund from approximately RMB0.5 million for the six months ended 30 June 2021 to approximately RMB0.1 million for the six months ended 30 June 2022.

6. *Selling and marketing expenses*

Our selling and marketing expenses increased by approximately RMB0.4 million, or approximately 30.0%, from approximately RMB1.3 million for the six months ended 30 June 2021 to approximately RMB1.6 million for the six months ended 30 June 2022. Such increase was mainly attributable to the increase in marketing and advertising expenses.

7. *Administrative expenses*

Our administrative expenses are stable at approximately RMB7.2 million and RMB7.1 million for the six months ended 30 June 2021 and 2022, respectively.

8. *Finance costs*

Our finance costs increased by approximately RMB0.5 million, or approximately 25.7%, from approximately RMB1.9 million for the six months ended 30 June 2021 to approximately RMB2.3 million for the six months ended 30 June 2022. Such increase was mainly attributable to the increase in interest paid for our new bank borrowing.

9. Profit and total comprehensive income for the period

As a result of the above factors, our profit and total comprehensive income decreased by approximately RMB4.0 million from approximately RMB4.0 million for the six months ended 30 June 2021 to our profit and total comprehensive income of approximately RMB59,000 for the six months ended 30 June 2022 which was mainly attributable to the overall decrease in each of the number of trainees who attended our driving courses of Large and Small vehicles as well as the actual number of training hours; (ii) the lower gross profit margin of Large Vehicles due to the increased average unit price of gasoline; and (iii) the decrease in other income and losses, net. Accordingly, the net profit margin attributable to owners of the Company for the six months ended 30 June 2021 was 11.4%, as compared to the net profit margin attributable to owners of the Company of 0.2% for the six months ended 30 June 2022.

10. Liquidity and Source of Funding and Borrowing

The Group's bank balances and cash increased from approximately RMB175.2 million as at 31 December 2021 to approximately RMB178.1 million as at 30 June 2022, which was mainly attributable to the increase in operating cash flows. The Group has concentration of credit risk arising from bank balances as there was a bank which individually contributed 86.4% (2021: 59.8%) of the Group's bank balances as at 30 June 2022. The management considers that the credit risk on liquid funds is low as counterparties are financial institutions with good reputation and have provided financing to the Group.

As at 30 June 2022, the current assets of the Group amounted to approximately RMB181.3 million, including approximately RMB178.1 million in bank balances and cash, and approximately RMB3.2 million in trade and other receivables, deposits and prepayments. The current liabilities of the Group amounted to approximately RMB93.2 million, including approximately RMB20.4 million in trade and other payables and accruals, approximately RMB23.2 million in contract liabilities, approximately RMB1.9 million in tax liabilities, approximately RMB46.3 million in borrowings and approximately RMB1.5 million in lease liabilities. As at 30 June 2022, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 1.94 (31 December 2021: 2.11).

As of 30 June 2022, the Group had aggregate interest-bearing borrowings of approximately RMB46.3 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 RMB32.8 million which are repayable within one year as of 31 December 2021 and approximately RMB9.0 million which are repayable within a period of more than one year but not exceeding two years. The increase in borrowings is mainly due to the new bank loans in January 2022.

11. *Gearing ratio*

As at 30 June 2022, 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 0.29 times (31 December 2021: 0.19 times).

12. *Material Investments*

The Group did not make any material investments during the six months ended 30 June 2022.

13. *Material acquisitions and disposals*

The Group did not make any material acquisitions and disposals during the six months ended 30 June 2022.

14. *Borrowings and pledge of Assets*

As of 30 June 2022, the Group had aggregate interest-bearing borrowings of approximately RMB55.3 million as compared to approximately RMB41.8 million as of 31 December 2021. The borrowings of RMB46.3 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 30 June 2022, the Group's borrowings of approximately RMB55.3 million were at fixed interest rates. As at 30 June 2022, the current portion and non-current portion borrowings of the Group amounting to approximately RMB46.3 million and approximately RMB9.0 million, respectively, 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.

15. *Contingent Liabilities*

As at 30 June 2022, 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.

16. Foreign Exchange Exposure

As at 30 June 2022, 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.

17. Employee and Remuneration Policy

As at 30 June 2022, we had 387 employees, representing a slight decrease from that of 423 employees as at 31 December 2021. 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 six months ended 30 June 2022 was approximately RMB11.3 million (six months ended 30 June 2021: approximately RMB12.7 million).

The following table sets forth the total number of employees by function as at 30 June 2022:

Function	<i>Number of employees</i>	<i>% of the total</i>
Directors	6	1.6
Driving instructors	278	71.8
Sale and marketing	31	8.0
Finance and accounting	8	2.1
Teaching affair office	18	4.7
Administration	42	10.8
Vehicle management	4	1.0
	<hr/>	<hr/>
Total	387	100.0
	<hr/> <hr/>	<hr/> <hr/>

Subsequent Events

There are no material events subsequent to 30 June 2022 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 Future Commission transaction levy for the new shares in the Company and the listing and other expenses in connection with the IPO.

As at 30 June 2022, a total of approximately HK\$33.5 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 30 June 2022 HK\$'000	Unutilised amount as at 30 June 2022 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 December 2022
Construction of training fields	12.3	13,333	–	13,333	By the end of December 2022
Purchase of training vehicles	9.7	10,517	5,269	5,248	By the end of December 2022
Recruitment and training costs for 40 new driving instructors	9.6	10,408	3,611	6,797	By the end of December 2022
Repayment of bank loans	12.7	13,769	13,769	–	–
Working capital and general corporate purposes	10.0	10,844	10,844	–	–
Total	100.0	108,418	33,493	74,925	

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

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend to Shareholders for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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

During the six months ended 30 June 2022, 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 six months ended 30 June 2022, 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 unaudited consolidated financial statements of the Group for the six months ended 30 June 2022. 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 INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 interim report of the Group for the six months ended 30 June 2022 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to the Company's management, staff members and 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”	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
“Ministry of Public Security”	Ministry of Public Security of the PRC (中華人民共和國公安部)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 11 October 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of the Shares

“Shares”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of our Company, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“Shun Da School”	Suiping County Shunda Driver Training Company Limited* (遂平縣順達駕駛員培訓有限公司), a company established in the PRC with limited liability on 25 December 2012 and an indirect wholly-owned subsidiary of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongtai Cultural”	Zhumadian Tongtai Cultural Media Company Limited* (駐馬店通泰文化傳媒有限公司), a company established in the PRC with limited liability on 2 June 2016 and an indirect wholly-owned subsidiary of the Company
“Tong Tai School”	Zhumadian Tongtai Large Vehicles Driver Training Company Limited* (駐馬店通泰大型機動車駕駛員培訓有限公司), a company established in the PRC with limited liability on 24 April 2014 and an indirect wholly-owned subsidiary of our Company

* *for identification purposes only*

Glossary of technical terms

This glossary contains explanations of certain terms used in this 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 passenger vehicles, being a type of vehicles classified by the Ministry of Public Security
“A2 Vehicles”	large trailer vehicles with a total mass equal to or more than 4.5 metric tonnes, being a type of vehicles classified by the Ministry of Public Security
“A3 Vehicles”	vehicles for carrying 10 or more passengers as city buses, being a type of vehicles classified by the Ministry of Public Security
“B1 Vehicles”	medium passenger vehicles 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
“C2 Vehicles”	small automatic vehicles, light-goods automatic vehicles and light-duty automatic working vehicles, being a type of vehicles classified by the Ministry of Public Security
“C6 Vehicles”	trailer vehicles with a total mass of less than 4.5 metric tonnes, being a type of vehicles classified by the Ministry of Public Security
“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
“Small Vehicles”	C1 Vehicles, C2 Vehicles and C6 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

31 August 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.