

TARGET

Intelligence Report

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CHINA ORIENTED INTERNATIONAL HOLDINGS LTD:

THERE IS MONEY TO BE EARNED

IN TEACHING PEOPLE HOW TO DRIVE MOTOR VEHICLES

In this world of ours, just everybody must be in possession of a valid driving licence.

Driving licences are, normally, issued by various governmental agencies and the possession of a valid driving licence is supposed to mean that the holder is permitted, by law, to operate a motor vehicle, as specified in the details, printed on his/her licence.

In the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, there is, in existence, The Hongkong School of Motoring.

Established in 1983, The Hongkong School of Motoring was the first HKSAR Government - designated driving school to have been recognised by the Government.

In the Henan Province of the PRC, about seven years ago, in Zhumadian City, two driving schools were established to meet the needs of those residents, desirous of obtaining a valid driving licence.

Mr Qi Xiang Zhong (), a resident of Suiping County, Henan Province, was the driving (please excuse the unintentional pun) force behind the creation of the Shun Da School, a driving school, principally engaged in the provision of driving training services for Small Manual Cars.

At Page 77 of the Share Offer Prospectus of China Oriented International Holdings Ltd () (Code: 1871, Main Board, The Stock Exchange of Hongkong Ltd), the holding company of, inter alia, the Shun Da School (Suiping County Shunda Driver Training Company Ltd []), a company, incorporated in the PRC, on December 25, 2012, one was informed:

‘At the time of establishment, Shun Da School had a registered capital of RMB2,000,000 and was owned by Mr. Qi as to 51% and the remaining 39%, 5% and 5% equity interest were held by Mr. Shi Jianmin () (an employee of Shun Da School since January 2013), Mr. Qi Donghai () (an employee of Shun Da School between January 2013 and March 2017) and Ms. Gao Rongmei () (a relative of Mr. Qi) respectively on trust for Mr. Qi.’

From the initial investment of two million renminbi, today, China Oriented International Holdings Ltd can boast of having its Annual Revenue of 77,699,000 renminbi (about \$HK86,667,019), in respect of the 2018 Financial Year, with a Net Profit Attributable to Shareholders of 21,275,000 renminbi (about \$HK23,730,561.00).

Reverting to Page 77 of the Share Offer Prospectus of China Oriented International Holdings Ltd, once again, one was informed:

‘Having considered the rapid development of the logistics industry and the increasing demand for commercial drivers in the PRC, we (the Company) established Tong Tai School (Zhumadian Tongtai Large Vehicles Driver Training Company Ltd [], a company established in the PRC with limited liability on April 24, 2014 and an indirect, wholly-owned subsidiary of our Company), our second operating subsidiary in April (24) 2014. Tong Tai School is principally engaged in the provision of driving training services for Large Vehicles (comprising Large Buses (A1), Towing Vehicles (A2), City Buses (A3), Medium Buses (B1), Large Trucks (B2)) and Small Vehicles (comprising Small Manual Cars (C1) and Small Automatic Cars (C2)), which made material contribution to our Group’s results during the Track Record Period (the 40 months, ended April 30, 2019). Its equity interest was wholly-owned by Mr. Qi’.

The Initial Public Offering (IPO) Of China Oriented International Holdings Ltd

China Oriented International Holdings Ltd pitched its story in a Share Offer Prospectus, dated October 11, 2019.

The Company Offered a total of 100 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.28 to a high of \$HK1.42.

Investors of the HKSAR were Offered the opportunity to subscribe to 10 million Offer Shares (the Public Offer Shares tranche) and (presumably) International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities in which this class of investor had equity control – were asked to subscribe to the remaining 90 million Offer Shares, via Share Placements (the Placing Offer Shares tranche).

On Wednesday, October 23, 2019, Management announced the Offer Price Per Share had been struck at \$HK1.28 – the lowest, acceptable level to Management of the Indicative Offer Price.

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