

**IPO FACT SHEET**
**China Oriented International Holdings Ltd (1871)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$128m – HK\$142m
<b>Placement Tranche:</b>	100m
<b>Price:</b>	HK\$1.28 – HK\$1.42
<b>Board lot:</b>	4,000
<b>Entry fee:</b>	HK\$5,737.23
<b>Historical PE</b>	21.66x – 24.03x
<b>Net tangible asset per share:</b>	HK\$0.528 – HK\$0.561
<b>Market Cap (post-IPO):</b>	HK\$512m – HK\$568m
<b>Open:</b>	11 Oct 2019
<b>Close:</b>	12.00 noon on 16 Oct 2019
<b>Trading:</b>	24 Oct 2019
<b>Sponsor:</b>	Cinda International Capital Limited

<b>Year ended 31 Dec</b>	<b>(RMB'000)</b>	<b>yoy % chg</b>
Revenue		
2017	61,509	32.9%
2018	77,699	26.3%
Profit and total comprehensive income for the year/period		
2017	16,902	-6.7%
2018	21,275	25.9%

**BACKGROUND**

- Established in 2012, they are a provider of driving training services with two driving schools, namely, Shun Da School and Tong Tai School, in Zhumadian City, Henan Province, the PRC.
- They offer extensive driving courses for preparation for Driving Tests of Large Vehicles and Small Vehicles.
- According to the Frost & Sullivan Report, they ranked first among driving schools in Zhumadian City with a market share of approximately 7.2% in Zhumadian City in terms of revenue in 2018 and a market share of approximately 33.8% in Zhumadian City in terms of revenue generated from the provision of driving courses for Large Vehicles in 2018.
- According to the Frost & Sullivan Report, they had a market share of approximately 0.8% in Henan Province in terms of revenue in 2018.
- Shun Da School is their first driving school established in 2012. It is a qualified level II driving school. During the Track Record Period, it offered driving training services for preparation for Driving Tests of Small Manual Cars (C1).
- Tong Tai School is their second driving school established in 2014. It is a qualified level I driving school. During the Track Record Period, it offered driving training services for preparation for Driving Tests of both Large Vehicles and Small Vehicles.

**BUSINESS STRATEGIES**

- Expand their existing training fields for Large Vehicles by acquiring and developing a new parcel of land.
- Expand their operational capacity by acquiring new training vehicles.
- Continue to provide high-quality training services and maintain a strong team of driving instructors.
- Strengthen their market position in Zhumadian City by expansion of their marketing efforts in Zhumadian City and other nearby cities in Henan Province with a focus on potential corporate customers across the PRC.
- Continue the parallel development of their driving training business for Large Vehicles and Small Vehicles.

**COMPETITIVE STRENGTHS**

- Their well-equipped driving schools enable their trainees to acquire necessary driving skills in an effective way.
- They offer different types of driving courses with well-trained driving instructors to meet different customer needs.
- With a centralised and standardised management system, they operate their business in a scalable manner.

- They have a visionary management team.

### KEY RISKS

- Their business and results of operations depend on the number of course enrolments and the level of course fees they are able to charge.
- If they fail to recruit or retain capable driving instructors, they may be unable to maintain efficiency in their operations and service quality and their reputation, operations and expansion plans may be materially and adversely affected.
- They may not be able to maintain all necessary or renew licences and permits for their services in the PRC.
- Their Group's business plans may not be materialised within the expected time frame or within the estimated budget.
- Their limited operating history may make it difficult for potential investors to evaluate their business and future prospects.
- They operate in a highly competitive market in Henan Province, the PRC, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of experienced employees and increased capital expenditures.
- The PRC legal system has inherent uncertainties regarding the interpretation and enforcement of PRC laws and regulations which could limit the legal protections available to investors.
- There has been no prior public market for the Shares and an active trading market may not develop.

### DIVIDEND POLICY

- No fixed dividend policy.

### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Will be used to finance the expansion of their training fields for Large Vehicles.	62.9	58.0%
Will be used as recruiting and training costs for 40 new driving instructors for Large Vehicles.	10.4	9.6%
Will be used for purchasing new training vehicles which are Large Vehicles.	10.5	9.7%
Will be used for repayment of bank loans.	13.8	12.7%
Will be used for their working capital and general corporate purposes.	10.8	10.0%
<b>Total:</b>	<b>108.4</b>	<b>100.0%</b>

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